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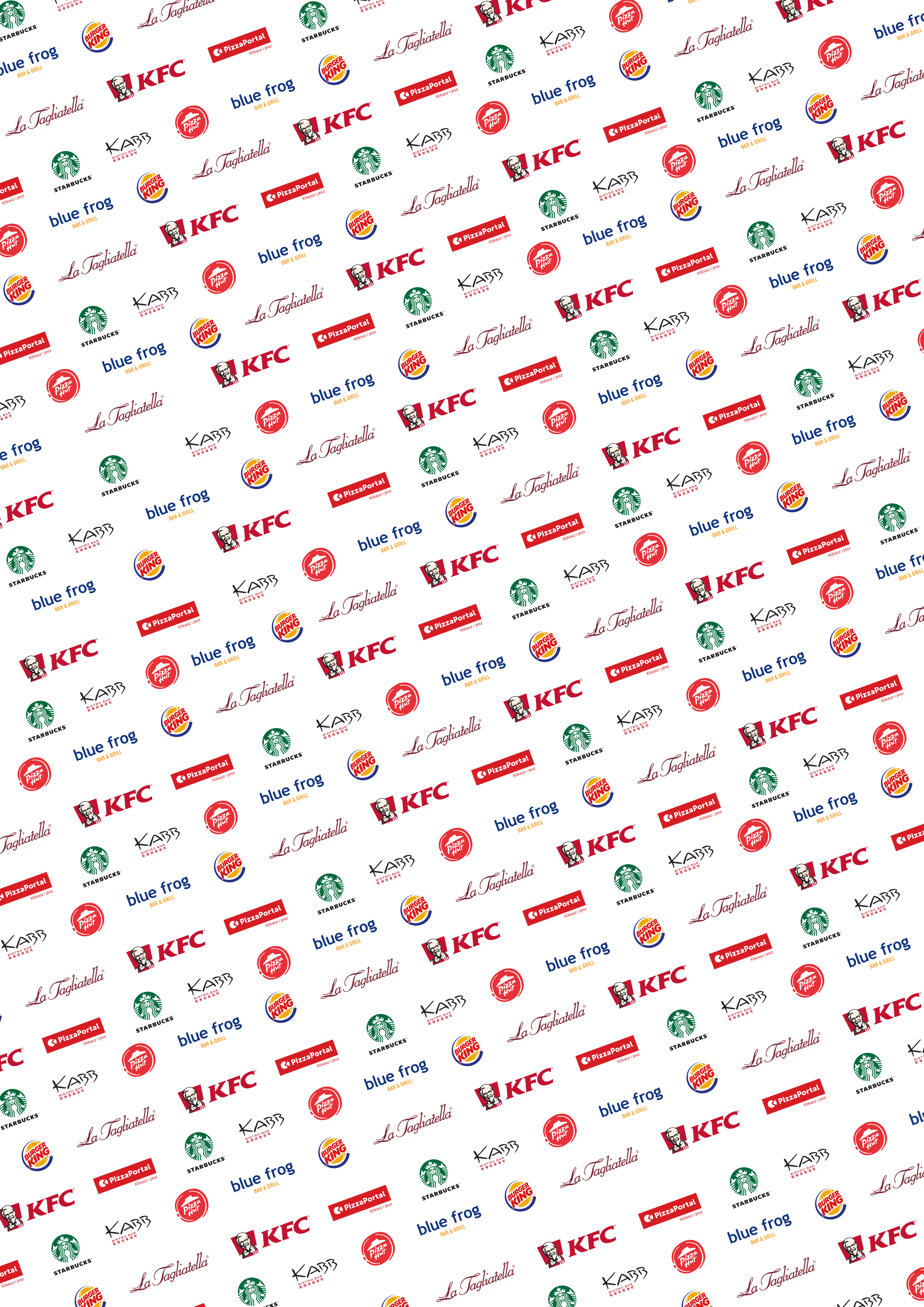
Condensed Consolidated Financial Statements for 6 months ended 30 June 2018

AmRest Holdings SE

21 September 2018

AmRest


KFC
blue frog
BAR & GRILL
La Tagliatella
PizzaPortal
Klikasz i jesz
STARBUCKS
BURGER KING
Pizza Hut
KABB
BISTRO BAR

Contents

(all figures in EUR millions unless stated otherwise)

Condensed consolidated income statement for 6 months ended 30 June 2018

	Note	6 months ended	
		30 June 2018	**30 June 2017** (*restated**)
Continuing operations			
Restaurant sales		671.7	527.4
Franchise and other sales		39.9	32.9
Total revenue	**3**	**711.6**	**560.3**
Company operated restaurant expenses:			
Food and material		(193.3)	(154.6)
Payroll and employee benefits		(173.3)	(131.4)
Royalties		(34.8)	(26.7)
Occupancy and other operating expenses		(201.2)	(162.5)
Franchise and other expenses		(29.3)	(20.6)
General and administrative (G&A) expenses		(53.1)	(42.9)
Net impairment losses on financial assets	**20**	(0.8)	(0.1)
Net impairment losses on other assets	**7,9**	(5.0)	(1.5)
Total operating costs and losses		**(690.8)**	**(540.3)**
Other operating income		**3.6**	**4.1**
Profit from operations		**24.4**	**24.1**
Finance costs		(7.3)	(6.8)
Finance income		0.3	0.3
Profit before tax		**17.4**	**17.6**
Income tax	**19**	(5.3)	(4.5)
Net profit for the period		**12.1**	**13.1**
Net profit attributable to:			
Shareholders of the parent		13.3	12.6
Non-controlling interests		(1.2)	0.5
Net profit for the period		**12.1**	**13.1**
Basic earnings per ordinary share in EUR	**5**	0.63	0.59
Diluted earnings per ordinary share in EUR	**5**	0.63	0.59

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of comprehensive income for 6 months ended 30 June 2018

	Note	6 months ended	
		30 June 2018	**30 June 2017** (*restated**)
Net profit for the period		**12.1**	**13.1**
Other comprehensive incomes:	**14**		
Exchanges differences on translation of foreign operations		(0.8)	(11.4)
Net investment hedges		(6.8)	8.3
Income tax concerning net investment hedges		1.3	(1.6)
Total items that may be reclassified subsequently to profit or loss		(6.3)	(4.7)
Other comprehensive income for the period		**(6.3)**	**(4.7)**
Total comprehensive income for the period		**5.8**	**8.4**
Attributable to:			
Shareholders of the parent		6.9	10.4
Non-controlling interests		(1.1)	(2.0)

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of financial position as at 30 June 2018

	Note	30 June 2018	31 December 2017 (*restated**)
Assets			
Property, plant and equipment	**7**	**410.4**	**403.9**
Goodwill	**8**	216.2	218.3
Intangible assets	**9**	144.0	146.7
Investment properties		5.1	5.3
Other non-current assets	**10**	25.2	22.9
Deferred tax assets	**19**	18.1	14.3
Total non-current assets		**819.0**	**811.4**
Inventories		22.3	22.4
Trade and other receivables	**11,20**	37.8	38.6
Corporate income tax receivables	**19**	2.3	1.0
Other current assets	**12**	35.4	29.1
Cash and cash equivalents	**13**	117.8	131.2
Total current assets		**215.6**	**222.3**
Total assets		**1 034.6**	**1 033.7**
Equity	**14**		
Share capital		21.2	0.2
Reserves		129.1	152.3
Retained earnings		204.1	190.8
Translation reserve		(30.5)	(29.6)
Equity attributable to shareholders of the parent		**323.9**	**313.7**
Non-controlling interests		9.2	8.4
Total equity		**333.1**	**322.1**
Liabilities			
Interest-bearing loans and borrowings	**15,20**	397.5	433.8
Finance lease liabilities		1.5	1.7
Employee benefits liability	**16**	1.4	3.0
Provisions		9.5	9.4
Deferred tax liability	**19**	26.0	27.1
Other non-current liabilities		7.7	5.9
Total non-current liabilities		**443.6**	**480.9**
Interest-bearing loans and borrowings	**15,20**	69.2	37.8
Finance lease liabilities		0.4	0.4
Trade and other accounts payable	**17**	180.5	186.7
Corporate income tax liabilities	**19**	7.8	5.8
Total current liabilities		**257.9**	**230.7**
Total liabilities		**701.5**	**711.6**
Total equity and liabilities		**1 034.6**	**1 033.7**

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of cash flows for 6 months ended 30 June 2018

	Note	6 months ended	
		30 June 2018	**30 June 2017** (*restated**)
Cash flows from operating activities			
Profit before tax from continued operations		17.4	17.6
Adjustments for:			
Amortisation		5.7	4.6
Depreciation		38.1	32.1
Interest expense, net		5.5	4.3
Foreign exchange result		0.1	1.1
(Gain)/loss on disposal of property, plant and equipment and intangibles		(0.1)	0.5
Impairment of property, plant and equipment and intangibles		5.0	1.5
Share-based payments expenses		3.6	2.4
Other		(1.8)	-
Working capital changes:	**13**		
Increase in trade and othe receivables		(0.5)	(3.6)
Increase in inventories		(0.3)	(0.1)
Increase in other assets		(6.6)	(1.4)
Decrease in payables and other liabilities		(4.0)	(12.1)
Decrease in other provisions and employee benefits		(0.7)	(4.0)
Income tax paid		(7.2)	(1.4)
Net cash provided by operating activities		**54.2**	**41.5**
Cash flows from investing activities			
Net cash outflows on acquisition		(5.1)	(22.3)
Prepayment for the acquisition of restaurants		-	(4.5)
Acquisition of property, plant and equipment		(58.6)	(47.4)
Acquisition of intangible assets		(3.7)	(1.9)
Net cash used in investing activities		**(67.4)**	**(76.1)**
Cash flows from financing activities			
Proceeds from share transfers (employees options)		0.5	0.9
Expense on acquisition of treasury shares (employees options)		(0.8)	(10.8)
Expense on settlement of employee stock options in cash		(0.8)	(0.8)
Proceeds from loans and borrowings	**15**	2.2	68.2
Repayment of loans and borrowings	**15**	(1.6)	-
Interest paid	**15**	(5.4)	(4.5)
Interest received		0.3	0.3
Transactions with non-controlling interest		1.9	(13.3)
Repayment of finance lease payables		(0.2)	(0.1)
Net cash provided by/(used in) financing activities		**(3.9)**	**39.9**
Net change in cash and cash equivalents		**(17.1)**	**(5.3)**
Effect of foreign exchange rate movements		3.7	4.8
Balance sheet change of cash and cash equivalents		(13.4)	10.1
Cash and cash equivalents, beginning of period		131.2	66.1
Cash and cash equivalents, end of period	**13**	**117.8**	**76.2**

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2018

	Attributable to owners of AmRest Holdings SE							
		Reserves						
	Share capital	Treasury shares	Other reserved capital	Retained Earnings	Translation reserve	**Total**	Non-controlling interest	**Total Equity**
As at 1 January 2018 *(restated*)*	**0.2**	**(10.6)**	**162.9**	**190.8**	**(29.6)**	**313.7**	**8.4**	**322.1**
COMPREHENSIVE INCOME								
Net profit for the period	-	-	-	13.3	-	13.3	(1.2)	12.1
Currency translation differences	-	-	-	-	(0.9)	(0.9)	0.1	(0.8)
Net investment hedges valuation	-	-	(6.8)	-	-	(6.8)	-	(6.8)
Deferred tax related to net investment hedges	-	-	1.3	-	-	1.3	-	1.3
Total Comprehensive Income	**-**	**-**	**(5.5)**	**13.3**	**(0.9)**	**6.9**	**(1.1)**	**5.8**
TRANSACTION WITH NON-CONTROLLING INTERESTS								
Equity attributable to non-controlling interests	-	-	-	-	-	-	1.9	1.9
Dividends allocated to non-controlling shareholders	-	-	-	-	-	-	-	-
Total transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**1.9**	**1.9**
TRANSACTION WITH EQUITY HOLDERS OF THE PARENT								
Share capital increase from share premium	21.0	-	(21.0)	-	-	-	-	-
Purchase of treasury shares	-	(0.8)	-	-	-	(0.8)	-	(0.8)
Value of disposed treasury shares	-	3.5	(3.5)	-	-	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	2.2	-	-	2.2	-	2.2
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.5	-	-	0.5	-	0.5
Employee stock option plan – change in unexercised options	-	-	1.5	-	-	1.5	-	1.5
Change of deferred tax related to unexercised employee benefits	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Total transactions with equity holders	**-**	**2.7**	**(20.4)**	**-**	**-**	**3.3**	**-**	**3.3**
As at 30 June 2018	**21.2**	**(7.9)**	**137.0**	**204.1**	**(30.5)**	**323.9**	**9.2**	**333.1**

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

(all figures in EUR millions unless stated otherwise)

Condensed consolidated statement of changes in equity for 6 months ended 30 June 2018 (cont.)

	Attributable to owners of AmRest Holdings SE							
		Reserves						
	Share capital	Treasury shares	Other reserved capital	Retained Earnings	Translation reserve	**Total**	Non-controlling interest	**Total Equity**
As at 1 January 2017 *(restated*)*	**0.2**	**(2.5)**	**165.2**	**147.9**	**(15.1)**	**295.7**	**16.2**	**311.9**
COMPREHENSIVE INCOME								
Net profit for the period	-	-	-	12.6	-	12.6	0.5	13.1
Currency translation differences	-	-	-	-	(8.9)	(8.9)	(2.5)	(11.4)
Net investment hedges valuation	-	-	8.3	-	-	8.3	-	8.3
Deferred tax related to net investment hedges	-	-	(1.6)	-	-	(1.6)	-	(1.6)
Total Comprehensive Income	**-**	**-**	**6.7**	**12.6**	**(8.9)**	**10.4**	**(2.0)**	**8.4**
TRANSACTION WITH NON-CONTROLLING INTERESTS								
Acquisition of non-controlling interest	-	-	(7.0)	-	-	(7.0)	(6.1)	(13.1)
Total transactions with non-controlling interests	-	-	(7.0)	-	-	(7.0)	(6.1)	(13.1)
TRANSACTION WITH SHAREHOLDERS								
Purchase of treasury shares	-	(10.8)	-	-	-	(10.8)	-	(10.8)
Value of disposed treasury shares	-	8.7	(8.7)	-	-		-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	2.4	-	-	2.4	-	2.4
Employee stock option plan – proceeds from employees for transferred shares	-	-	0.3	-	-	0.3	-	0.3
Employee stock option plan – change in unexercised options	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Effect of modification of employee stock option plan	-	-	0.5	-	-	0.5	-	0.5
Change of deferred tax related to unexercised employee benefits	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Total transactions with equity holders	**-**	**(2.1)**	**6.0**	**-**	**-**	**(8.1)**	**-**	**(8.1)**
As at 30 June 2017 *(restated*)*	**0.2**	**(4.6)**	**158.9**	**160.5**	**(24.0)**	**291.0**	**8.1**	**299.1**

** The restatement was described in the note 26 to the Condensed Consolidated Financial Statements for 6 months ended 30 June 2018.*

Notes to the Condensed Consolidated Financial Statements

1. Corporate information

AmRest Holdings SE ("Company", "AmRest") was established in the Netherlands in October 2000. On 19 September 2008 the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. Since March 2018 the Company register office's address is Enrique Granados 6, 28224 Pozuelo de Alarcón (Madrid), Spain. Previously, the Company had a registered office in Wroclaw, Poland.

Hereinafter the Company and its subsidiaries shall be referred to as the "Group".

The Group's core activity is operating Kentucky Fried Chicken ("KFC"), Pizza Hut ("PH"), Burger King ("BK") and Starbucks ("SBX") restaurants through its subsidiaries in Poland, Czech Republic (further Czechia), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania, Germany, France, Austria, Slovenia and Spain, on the basis of franchises granted. Starting from 1 October 2016 the Group as a master-franchisee has the right to grant a licence to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest. Pizza Hut restaurants acquired in France in May 2017, in Germany in July 2017 and in Russia in June 2018 are operated both by AmRest and its sub-franchisees. In Spain, France, Germany and Portugal the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on own restaurants and the franchise agreements signed with non-related companies. It is supported by the central kitchen based in Spain which produces and delivers products to the whole network of own brands. Additionally, the Group operates its own brands Blue Frog (in China, Spain and Poland) and KABB (in China).

As at the date of release of this half year report, that is 21 September 2018, the Group operates 1 799 restaurants.

These Condensed Consolidated Financial Statement were not a subject of an audit but a review performed by the independent auditor and were approved by the Company's Board of Directors on 21 September 2018.

The Group operates its restaurants mainly on a franchise basis. However being master-franchisee and performing business through own brands become more important. The table below shows the terms and conditions of cooperation with franchisors and franchisees of particular brands operated by AmRest as at 30 June 2018.

Activity performed based on franchise agreement

Brand	KFC	Pizza Hut Dine-In	Pizza Hut Express, Delivery	Burger King	Starbucks [1]
Franchisor/Partner	KFC Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	PH Europe Sarl (US Branch)	Burger King Europe GmbH	Starbucks Coffee International, Inc/Starbucks EMEA Ltd., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czechia, Hungary, Bulgaria, Serbia, Croatia, Russia, Spain, Germany, France, Austria, Slovenia	Poland	Opened restaurants: Poland, Czechia, Hungary, France, Russia, Germany. Possibility of opening in: Bulgaria, Serbia, Croatia, Slovakia, Slovenia	Poland, Czechia, Bulgaria, Slovakia	Poland, Czechia, Hungary, Romania, Bulgaria, Germany, Slovakia Possibility of opening in Serbia
Term of agreement	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	10 years with possibility of extension for a further 10 years	Poland, Czechia, Bulgaria – 20 years or 10 years [5]	15 years, possibility of extension for a further 5 years; in Romania till 10 October 2023 16 years, in Bulgaria till 1 October 2027 20 years
Preliminary fee	up to USD 51.2 thousand [2]	up to USD 51.2 thousand [2]	USD 25.6 thousand [2]	USD 50 thousand or USD 25 thousand in Czechia – USD 60 thousand [5]	USD 25 thousand
Franchise fee	6% of sales revenues [3]	6% of sales revenues [3]	6% of sales revenues [3]	5% of sales revenues in Czechia (for 5 restaurants) 3% of sales revenues for first 5 years, than 5%	6% of sales revenues
Marketing costs	5% of sales revenues	5% of sales revenues	21 June 2017 – 31 December 2021 6% of sales revenues; 1 January 2022 – 31 December 2026 5% of sales revenues; 6% later on 3)	5% of sales revenues, in Czechia 3% of sales revenues for first 5 years, than 5% [4]	amount agreed each year

(all figures in EUR millions unless stated otherwise)

Activity performed through own brands

Brand	La Tagliatella	Blue Frog	KABB
Area of the activity	Spain, France, Germany, Portugal	China, Spain, Poland	China

Activity performed based on master-franchise agreement (the right to grant a license to third parties)

Brand	Pizza Hut Dine-In	Pizza Hut Express, Delivery	La Tagliatella
Partner	Yum Restaurants International Holdings LLC	PH Europe S.à.r.l., (US Branch), Yum Restaurants International Holdings LLC	Own brand
Area covered by the agreement	Germany, Russia, Armenia and Azerbaijan	Germany, France, CEE (Bulgaria, Hungary, Czechia, Poland, Slovakia, Slovenia, Serbia, Croatia), Russia, Armenia and Azerbaijan	Spain, France, Monaco
Term of agreement	10 years with possibility of extension	10 years with possibility of extension	10 years with possibility of extension

Explanations:

1) AmRest Group took up 82% and Starbucks 18% of the share capital of the newly-established companies in Poland, Czechia and Hungary. Starting from the ninth year Starbucks has an unconditional option of increasing its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to the Group's assessment as at the day of this report issuance, there are no indicators making the mentioned above options realisable. The Group acquired 100% of shares in Romanian and Bulgarian entities being the sole operators on these markets. In Germany the Group acquired 100% of shares in a key operator on this market.

2) The fee is revalorised at the beginning of each calendar year by the inflation rate.

3) Preliminary franchise fees and marketing costs might be changed if certain conditions set in the agreement are met.

4) Marketing expenses for the Burger King brand amount to 2.5% of the sales revenues over the first 2 years of operation, 2% in the third year and 5% in consecutive years of operation.

5) Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in period from 1 March 2009 till 30 June 2010, and also for newly-opened restaurants in Poland was extended from 10 to 20 years since date of restaurant opening, however without the option of prolongation for the next 10 years, which was provided in the original development agreement with AmRest Sp. z o.o. In relation to restaurants opened in Poland in the period from 1 March 2009 to 30 June 2010 and in relation to restaurants opened after this period (for franchise agreements for 20 years) the initial franchise payment was increased from USD 25.000 to USD 50.000.

(all figures in EUR millions unless stated otherwise)

2. Going concern assumption

The Condensed Consolidated Financial Statements for 6 months ended 30 June 2018 have been prepared on the assumption that the Group companies will continue as a going concern in the foreseeable future. As at the date of authorisation of these Condensed Consolidated Financial Statements, the parent company's Board of Directors is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group.

Financing available under credit agreement signed on 5 October 2017 between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A. and Česká spořitelna, a.s. does not have any debt maturing in the next 12 months. The funds for refinancing of Polish bonds, maturing on 30 June 2018 and 30 September 2019 are available under Tranche E granted by the banks on 14 June 2018.

3. Segment Reporting

AmRest as a group of dynamic developing entities running operations in many markets and various restaurant business segments is under constant analysis of the Board of Directors. The Board is also constantly reviewing the way how business is analysed and adjust it accordingly to changing the Group structure as a consequence of strategic decisions. Operating segments are set on the basis of management reports used by the Board of Directors during making strategic decisions. The Board of Directors analysis the Group's performance in geographic breakdown.

As at 30 June 2018 and as at the date of this Report the Board of Directors defines segments in the layout presented below:

Segment	Description
Central and Eastern Europe (CEE)	Restaurant operations in: ▪ Poland - KFC, Pizza Hut, Starbucks, Burger King, Blue Frog, ▪ Czechia - KFC, Pizza Hut, Starbucks, Burger King, ▪ Hungary - KFC, Pizza Hut, Starbucks, ▪ Bulgaria - KFC, Starbucks, Burger King, ▪ Croatia, Austria, Slovenia and Serbia - KFC, ▪ Romania, Slovakia – Starbucks.
Western Europe	Restaurant operations together with supply chain and franchise activity in: ▪ Spain - KFC, La Tagliatella, Blue Frog, ▪ France - KFC, Pizza Hut, La Tagliatella, ▪ Germany - Starbucks, KFC, Pizza Hut, La Tagliatella, ▪ Portugal - La Tagliatella.
China	Blue Frog and KABB restaurant operations in China.
Russia	KFC and Pizza Hut restaurant operations in Russia.
Unallocated	Asset and liability balances non-allocated to segments (including borrowings and lease liabilities), transactions of SCM sp. z o.o. and its subsidiaries, Restaurant Partner Polska, AmRest Holdings SE, AmRest Capital Zrt, AmRest Finance Zrt and financial costs and incomes, income tax, net income from continued operation, total net income.

	CEE	Western Europe	Russia	China	Unallocated	Total
6 months ended 30 June 2018						
Total segment revenue	335.9	250.3	81.7	35.4	8.3	711.6
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	**335.9**	**250.3**	**81.7**	**35.4**	**8.3**	**711.6**
EBITDA	**46.6**	**22.2**	**10.4**	**4.4**	**(9.6)**	**74.0**
Capital investment*	35.6	23.9	5.9	2.8	0.2	68.4
6 months ended 30 June 2017 *(restated)*						
Total segment revenue	281.8	173.7	67.5	31.1	6.2	560.3
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	**281.8**	**173.7**	**67.5**	**31.1**	**6.2**	**560.3**
EBITDA	**39.9**	**15.4**	**6.9**	**3.7**	**(3.5)**	**62.4**
Capital investment*	27.3	25.6	7.2	2.4	0.2	62.7
30 June 2018						
Total segment assets	336.2	494.5	106.2	51.9	45.8	1 034.6
Goodwill	8.2	148.0	38.6	20.1	1.3	216.2
Deferred tax assets	6.6	7.6	-	0.4	3.5	18.1
Total segment liabilities	83.2	86.2	13.6	10.7	507.8	701.5
31 December 2017 *(restated)*						
Total segment assets	344.4	485.0	101.9	48.2	54.2	1 033.7
Goodwill	8.5	147.8	40.6	20.0	1.4	218.3
Deferred tax assets	4.8	5.4	-	0.4	3.7	14.3
Total segment liabilities	94.7	85.7	9.2	10.9	511.1	711.6

**Capital investment comprises increases and acquisition in property, plant and equipment, intangible assets, adjusted for change in investment liabilities.*

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
EBITDA	**74.0**	**62.4**
Depreciation	(38.1)	(32.1)
Amortisation	(5.7)	(4.6)
Impairment of assets	(5.8)	(1.6)
Finance income	0.3	0.3
Finance costs	(7.3)	(6.8)
Profit before income tax from continuing operations	**17.4**	**17.6**

Value of assets and liabilities and results of given reporting segments have been established on the basis of the Group accounting policies, compliant with the policies applied for preparation of these Condensed Consolidated Financial Statements.

(all figures in EUR millions unless stated otherwise)

4. Business combinations in 6 months ended 30 June 2018

New acquisitions

Acquisition of Pizza Hut restaurants in Russia and signing of master franchise agreement

DESCRIPTION OF THE ACQUISITION

On 30 April 2018 AmRest signed assets sale and transfer agreement (the "APA") between AmRest and Pizza Hut Europe S.à.r.l. under the terms of APA AmRest acquires operating assets of 16 PH restaurants in the Russian market. On 1 June 2018 the transaction was completed. Additionally operating processes were taken over as agreed with Seller: AmRest Group re-signed employee contracts and re-signed all important operating contracts (supply chain, lease agreements ect). Consequently Group obtained control over respective PH businesses. OOO Pizza Company became the operator of 16 PH restaurants.

Within the transaction the master franchise agreement was also signed, under which AmRest becomes the exclusive master-franchisee and has the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in Russia, Azerbaijan and Armenia. Furthermore Group became the franchisor for 29 restaurants currently operated by multiple independent sub-franchisees in above mentioned countries.

Acquisition price amounted to RUB 18.9 million (EUR 0.3 million)

PRELIMINARY ALLOCATION OF THE ACQUISITION PRICE

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio. The Group has not finalised process of identification and fair valuation of acquired assets and liabilities therefore the below purchase price allocation results as at 30 June 2018 are provisional. In particular the Group is verifying and confirming fair values of acquired property plant and equipment, intangible assets and deferred revenues related to loyalty programs.

Details of preliminary established fair values of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

OOO Pizza Company	**Fair value** RUB million	**Fair value** EUR million
Property, plant and equipment	82.0	1.1
Intangible assets	27.2	0.4
Other non-current assets	110.6	1.5
Other current assets and inventories	47.4	0.7
Deferred tax liabilities	(8.9)	(0.1)
Payables towards seller	(142.6)	(2.0)
Loyalty program deferred revenues	(57.1)	(0.8)
Net assets acquired	**58.6**	**0.8**
Purchase price	18.9	0.3
The fair value of net assets	58.6	0.8
Preliminary gain on bargain purchase	**39.7**	**0.5**
Cash outflows on acquisition	**18.9**	**0.3**

Purchase price of EUR 0.3 million represents total amounts paid and payable to Seller with regards to the purchase of tangible assets, intangible assets, inventories, reimbursements for deposits ect. and decreased by the value of royalty rebates agreed.

The preliminary gain on bargain purchase is recognised in a deferred revenues line until the process of allocating the acquisition price to the purchased assets and acquired liabilities will be finalised.

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED INCOME STATEMENT

As the acquisition of PH Russia business occurred in 1 June 2018, the results of acquired assets for the first five months of 2018 have not been reported in these Condensed Consolidated Financial Statements. If described above acquisition would have happened as at 1 January 2018 estimated consolidated revenues for 6 months ended 30 June 2018 would grew by EUR 2.7 million and net profit would be decreased by EUR 0.7 million. The below data are based on non-audited internal reporting packages prepared based on Russian accounting standards by previous owner. In the period of 6 months ended 30 June 2018 the acquisition cost of EUR 0.1 million related to the transaction has been recognised as general and administrative expense.

Entrance into KFC French restaurant market

In October 2017 the Group started process of acquisition of 42 KFC restaurants operating on French market from KFC France SAS. Total agreed price for the acquired restaurant business was set as EUR 39.9 million. Till the end of 2017 final agreements were signed for 37 out of 42 planned restaurants for total purchase price of EUR 33.4 million. In 2018 2 more restaurants were acquired.

Additionally, the Group acquired 5 more KFC restaurants on French market. For the purpose of the disclosure all stores are considered as one acquisition on French market.

In the first half of 2018 the Group continued the process of acquisition of KFC restaurants operating on French market from KFC France SAS. As a result, property, plant and equipment increased for EUR 4.4 million, and did not increased goodwill value significantly.

Process of acquisition of KFC stores will be continued in next quarter.

The process of allocating the acquisition price to the purchased assets and acquired liabilities has not been completed due to the ongoing process of integration and verification of risks and assets portfolio.

Change in the purchase price allocation process

Entrance into German restaurant market – acquisition of KFC restaurants

In the first quarter of 2018 AmRest Group finalised the process of tax settlement of the acquisition of 15 KFC restaurants operating in the German market and completed the purchase price allocation process.

The fair value of goodwill and deferred tax asset presented in the acquisition note in the annual consolidated financial statements as at 31 December 2017 was adjusted: goodwill was decreased by EUR 0.1 million and deferred tax asset was increased by EUR 0.1 million. The fair value of other net assets was not changed.

Adjustments introduced did not materially affect the comparative data presented in this Condensed Consolidated Financial Statements for the consolidated statement of comprehensive income; cash flows from operating, investing and financing activities in the consolidated cash flow statement and earnings per share, hence the data were note restated. Consolidated statements of financial position as at 31 December 2017 was adjusted to reflect final purchase price allocation figures.

Acquisition of Pizza Hut Delivery operator on French market

DESCRIPTION OF THE ACQUISITION

On 16 May 2017 AmRest completed the Share Purchase Agreement ("SPA") between AmRest and Top Brands NV and thereby acquired 100% shares of Pizza Topco France SAS (currently AmRest Topco France SAS).

Within the transaction the master franchisee agreement was also signed, under which AmRest becomes the exclusive master-franchisee and has the right to granting the license to the third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in France and Monaco.

ALLOCATION OF THE ACQUISITION PRICE

In second quarter of 2018 Group finalised process of allocating the acquisition price to the purchased assets and acquired liabilities.

Below table presents comparison of preliminary purchase price allocation as presented in annual consolidated financial statements for the year ended 31 December 2017 and finally determined values.

Pizza TopCo France SAS (currently AmRest TopCo France SAS)	**Preliminary fair value** EUR million	**Final fair value** EUR million
Cash and cash equivalents	0.8	0.8
Property, plant and equipment	1.1	0.4
Intangible assets	6.2	6.2
Other non-current assets	0.1	0.1
Trade and other receivables	1.5	1.3
Inventories and other current assets	0.7	0.7
Deferred tax liabilities	(2.0)	(1.8)
Provisions	(0.4)	(0.4)
Trade and other payables	(3.3)	(3.3)
Net assets acquired	**4.7**	**4.0**
Purchase price	12.8	12.8
The fair value of net assets	4.7	4.0
Goodwill	**8.1**	**8.8**
Amount paid in cash	12.8	12.8
Acquired cash and cash equivalents	0.8	0.8
Cash outflows on acquisition	**12.0**	**12.0**

In final purchase price process allocation Group has in particular verified fair values of property plant and equipment and trade receivables acquired. Based on the purchase agreement, the Group did not acquire some of the receivables from sub- franchisees that arose prior to the takeover of control by AmRest. The Group is required to periodically verify the cash inflows from settling these invoices, and settle with previous owner of PH France business.

Group has recognised in purchase price process the value of intangible asset related to exclusive right of master- franchisee on French market in Delivery and Express area. Total fair value amounted to EUR 6 million. An asset is amortised over its useful life assessed as 10 years.

Estimates made and assumptions used are verified by independent entity specialising in such valuations. Deferred tax liability was as well recognised on respective temporary difference between tax and accounting values.

Group also considered potential recognition of other intangible assists such as favourable rental agreements, customer loyalty database and other, and did not identified any other material assets to be recognised.

Goodwill recognised on this acquisition consists mostly of synergies unidentified separately, unexploited market potential and expected economies of scale from combining the current activities of the AmRest Group and the acquired business.

Adjustments introduced did not materially affect the comparative data presented in this Condensed Consolidated Financial Statements for the consolidated statement of comprehensive income; cash flows from operating, investing and financing activities in the consolidated cash flow statement and earnings per share, hence the data were note restated. Consolidated statements of financial position as at 31 December 2017 was adjusted to reflect final purchase price allocation figures.

5. Earnings per share

The basic and diluted earnings per ordinary share for the 6 months period ended 30 June 2018 and 2017 was calculated as follows:

	6 months ended	
EPS calculation without effect of share split	**30 June 2018**	**30 June 2017** *(restated)*
Net profit attributable to shareholders of the parent	13.3	12.6
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Weighted average number of ordinary shares for diluted earnings per share	21 213 893	21 213 893
Basic earnings per ordinary share (EUR)	0.63	0.59
Diluted earnings per ordinary share (EUR)	0.63	0.59

As at the date of this report i.e. 21 September 2018 the Company is in the process of registration the share split. As the split is registered in the KDPW (a central infrastructure institution responsible for the management and supervision of the depository, clearing and settlement system on Warsaw Stock Exchange), what will happen in the nearest future, the following will occur:

- Nominal value of the Company's shares will be reduced from EUR 1.0 to EUR 0.1 each without any influence on the total share capital. 10 new shares will be declared for each one old share.
- The share capital of AmRest Holding SE consists of 212 138 930 shares, with a nominal value of EUR 0.1 each belonging to the same class and series.
- The basic and diluted earnings per ordinary share for the 6 months ended 30 June 2018 and 2017 will amount to:

	6 months ended	
EPS calculation without effect of share split	**30 June 2018**	**30 June 2017** *(restated)*
Net profit attributable to shareholders of the parent	13.3	12.6
Weighted average number of ordinary shares in issue	212 138 930	212 138 930
Weighted average number of ordinary shares for diluted earnings per share	212 138 930	212 138 930
Basic earnings per ordinary share (EUR)	0.06	0.06
Diluted earnings per ordinary share (EUR)	0.06	0.06

(all figures in EUR millions unless stated otherwise)

As at 30 June 2017 the Company had no availability to issue new shares to settle employee option plans. Settlements of the employee options plans are available through treasury stocks in a secondary market or in cash.

On 6 June 2018 Annual General Meeting adopted a resolution no 13 authorizing the Board of Directors of the Company to increase the share capital in compliance with the provisions of article 297.1.b) of the Spanish Companies Act, within a period of no more than five years, with the power to exclude the pre-emption rights on subscription in the terms of article 506 of the Companies Act, up to the maximum amount of the equivalent of 20% of the share capital at the time when the increase is authorized. Increases in share capital under this authorisation shall be carried out through the issuance and quotation of new shares (with or without a premium), the consideration for which shall be cash contributions. In each increase, the Board of Directors shall decide whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or any other kind of shares among those permitted by law. Furthermore, as to all matters not otherwise contemplated, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares, and may also freely offer the new shares that are not subscribed within the period or periods for the exercise of pre-emption rights.

6. Dividends paid and received

In the period covered by these Condensed Consolidated Financial Statements the Group has paid a dividend to non-controlling interest of SCM s.r.o amounting to EUR 13 thousand (CZK 339 thousand).

7. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 6 months ended 30 June 2018 and 2017:

2018	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 1 January 2018	**16.3**	**431.4**	**234.1**	**2.2**	**47.9**	**40.8**	**772.7**
Acquisition	-	2.1	3.3	-	0.2	-	5.6
Additions	-	25.0	15.7	0.2	6.5	8.7	56.1
Disposals	-	(2.1)	(1.0)	(0.3)	(0.1)	-	(3.5)
Foreign exchange differences	(0.2)	(12.0)	(7.0)	(0.1)	(1.6)	(1.4)	(22.3)
As at 30 June 2018	**16.1**	**444.4**	**245.1**	**2.0**	**52.9**	**48.1**	**808.6**
Accumulated depreciation							
As at 1 January 2018	**-**	**187.1**	**120.4**	**1.0**	**24.7**	**-**	**333.2**
Additions	-	18.7	14.2	0.2	5.0	-	38.1
Disposals	-	(0.5)	(0.2)	(0.2)	(0.1)	-	(1.0)
Foreign exchange differences	-	(5.9)	(4.2)	(0.1)	(0.9)	-	(11.1)
As at 30 June 2018	**-**	**199.4**	**130.2**	**0.9**	**28.7**	**-**	**359.2**
Impairment write-downs							
As at 1 January 2018	**0.1**	**25.8**	**7.1**	**-**	**0.9**	**1.7**	**35.6**
Additions	-	2.9	1.8	-	0.1	-	4.8
Disposals	-	(0.3)	(0.8)	-	-	-	(1.1)
Foreign exchange differences	-	(0.3)	-	-	-	-	(0.3)
As at 30 June 2018	**0.1**	**28.1**	**8.1**	**-**	**1.0**	**1.7**	**39.0**
Net book value							
As at 1 January 2018	**16.2**	**218.5**	**106.6**	**1.2**	**22.3**	**39.1**	**403.9**
As at 30 June 2018	**16.0**	**216.9**	**106.8**	**1.1**	**23.2**	**46.4**	**410.4**

(all figures in EUR millions unless stated otherwise)

2017 (*restated*)	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
As at 1 January 2017	**5.2**	**349.2**	**185.0**	**1.8**	**39.6**	**21.7**	**602.5**
Acquisition	-	4.2	3.1	-	-	-	7.3
Additions	-	14.9	12.3	0.2	2.8	12.1	42.3
Disposals	-	(1.8)	(2.9)	(0.1)	(0.8)	(0.2)	(5.8)
Foreign exchange differences	(0.1)	4.4	2.8	0.1	0.6	0.1	7.9
As at 30 June 2017	**5.1**	**370.9**	**200.3**	**2.0**	**42.2**	**33.7**	**654.2**
Accumulated depreciation							
As at 1 January 2017	**-**	**149.6**	**98.7**	**0.8**	**17.5**	**-**	**266.6**
Additions	-	16.2	11.8	0.2	3.9	-	32.1
Disposals	-	(0.8)	(2.1)	(0.1)	(0.8)	-	(3.8)
Foreign exchange differences	-	2.6	1.9	-	0.4	-	4.9
As at 30 June 2017	**-**	**167.6**	**110.3**	**0.9**	**21.0**	**-**	**299.8**
Impairment write-downs							
As at 1 January 2017	**-**	**23.8**	**5.7**	**-**	**0.9**	**0.9**	**31.3**
Additions	0.2	0.5	0.3	-	-	-	1.0
Disposals	-	(1.0)	-	-	-	(0.2)	(1.2)
Foreign exchange differences	-	(0.2)	-	-	-	(0.1)	(0.3)
As at 30 June 2017	**0.2**	**23.1**	**6.0**	**-**	**0.9**	**0.6**	**30.8**
Net book value							
As at 1 January 2017	**5.2**	**175.8**	**80.6**	**1.0**	**21.2**	**20.8**	**304.6**
As at 30 June 2017	**4.9**	**180.2**	**84.0**	**1.1**	**20.3**	**33.1**	**323.6**

The depreciation was charged to the:

- costs of restaurant operations – EUR 36.4 million (prior period: EUR 30.8 million);
- franchise expenses and other – EUR 0.7 million (prior period: EUR 0.5 million);
- administrative expenses EUR 1.0 million (prior period: EUR 0.8 million).

(all figures in EUR millions unless stated otherwise)

8. Goodwill

Below table presents changes of goodwill in division of particular acquisitions as at 30 June 2018 and 30 June 2017:

2018	**1 January 2018**	**Increases**	**Foreign exchange differences**	**30 June 2018**
Czechia	1.4	-	-	1.4
Hungary	4.0	-	(0.3)	3.7
Russia	40.6	-	(2.0)	38.6
Poland	1.8	-	(0.1)	1.7
Spain	89.6	-	-	89.6
China	20.0	-	0.1	20.1
Romania	2.7	-	-	2.7
Germany	39.6	-	-	39.6
France	18.6	0.3	(0.1)	18.8
Total	**218.3**	**0.3**	**(2.4)**	**216.2**

2017 *(restated)*	**1 January 2017**	**Increases**	**Foreign exchange differences**	**30 June 2017**
Czechia	1.3	-	0.1	1.4
Hungary	4.0	-	-	4.0
Russia	21.8	-	(1.0)	20.8
Poland	0.2	-	-	0.2
Spain	89.6	-	-	89.6
China	21.3	-	(1.1)	20.2
Romania	2.8	-	(0.1)	2.7
Germany	35.1	4.4	-	39.5
France	-	8.8	-	8.8
Total	**176.1**	**13.2**	**(2.1)**	**187.2**

(all figures in EUR millions unless stated otherwise)

9. Intangible assets

The table below presents changes in the value of intangible assets in 6 months ended 30 June 2018 and 2017:

2018	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 1 January 2018	**69.8**	**1.6**	**34.9**	**48.7**	**43.0**	**198.0**
Acquisition	-	-	0.2	0.3	-	**0.5**
Additions	-	-	1.6	2.2	-	**3.8**
Decreases	-	-	-	(0.8)	-	**(0.8)**
Foreign exchange differences	0.1	-	(1.1)	(1.1)	-	**(2.1)**
As at 30 June 2018	**69.9**	**1.6**	**35.6**	**49.3**	**43.0**	**199.4**
Accumulated amortisation						
As at 1 January 2018	**1.2**	**1.2**	**13.5**	**21.3**	**11.9**	**49.1**
Additions	0.1	-	1.5	3.2	0.9	**5.7**
Decreases	-	-	-	(0.7)	-	**(0.7)**
Foreign exchange differences	-	-	(0.5)	(0.6)	-	**(1.1)**
As at 30 June 2018	**1.3**	**1.2**	**14.5**	**23.2**	**12.8**	**53.0**
Impairment write-downs						
As at 1 January 2018	**-**	**-**	**1.1**	**1.1**	**-**	**2.2**
Additions	-	-	0.2	-	-	**0.2**
Decreases	-	-	-	-	-	**-**
Foreign exchange differences	-	-	-	-	-	**-**
As at 30 June 2018	**-**	**-**	**1.3**	**1.1**	**-**	**2.4**
Net book value						
As at 1 January 2018	**68.6**	**0.4**	**20.3**	**26.3**	**31.1**	**146.7**
As at 30 June 2018	**68.6**	**0.4**	**19.8**	**25.0**	**30.2**	**144.0**

(all figures in EUR millions unless stated otherwise)

2017 (*restated*)	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 1 January 2017	**70.2**	**1.1**	**25.4**	**41.2**	**43.0**	**180.9**
Acquisition	-	0.5	0.4	6.1	-	**7.0**
Additions	-	-	0.9	0.9	-	**1.8**
Decreases	-	-	-	(0.1)	-	**(0.1)**
Foreign exchange differences	(0.3)	-	0.3	0.7	-	**0.7**
As at 30 June 2017	**69.9**	**1.6**	**27.0**	**48.8**	**43.0**	**190.3**
Accumulated amortisation						
As at 1 January 2017	**1.0**	**1.1**	**10.2**	**17.9**	**10.2**	**40.4**
Additions	0.1	-	1.1	2.5	0.9	**4.6**
Decreases	-	-	-	(0.1)	-	**(0.1)**
Foreign exchange differences	(0.1)	-	0.3	0.4	-	**0.6**
As at 30 June 2017	**1.0**	**1.1**	**11.6**	**20.7**	**11.1**	**45.5**
Impairment write-downs						
As at 1 January 2017	**-**	**-**	**0.5**	**0.3**	**-**	**0.8**
Additions	-	-	-	0.5	-	**0.5**
Decreases	-	-	-	-	-	**-**
Foreign exchange differences	-	-	-	0.2	-	**0.2**
As at 30 June 2017	**-**	**-**	**0.5**	**1.0**	**-**	**1.5**
Net book value						
As at 1 January 2017	**69.2**	**-**	**14.7**	**23.0**	**32.8**	**139.7**
As at 30 June 2017	**68.9**	**0.5**	**14.9**	**27.1**	**31.9**	**143.3**

Other intangible assets cover mainly exclusivity right of brand operator (in amount of EUR 14.4 million) and computer software.

Own brands with indefinite useful life value (La Tagliatella) as at 30 June 2018 was equal to EUR 65.0 million and as at 30 June 2017 EUR 65.0 million.

The amortisation was charged to the:

- costs of restaurant operations – EUR 1.9 million (prior period: EUR 1.5 million);
- franchise expenses and other – EUR 1.5 million (prior period: EUR 0.9 million);
- administrative expenses – EUR 2.3 million (prior period: EUR 2.2 million).

(all figures in EUR millions unless stated otherwise)

10. Other non-current assets

As at 30 June 2018 and 31 December 2017 the balances of other non-current assets were as follows:

	30 June 2018	31 December 2017 (*restated*)
Prepaid rental fees	0.1	0.3
Deposits for rentals	20.6	18.8
Prepaid other services	1.0	1.1
Settlement referring to acquisition	0.6	1.1
Prepaid tax costs	-	0.4
Asset related to right to compensation resulting from the acquisition agreement (note 4)	1.6	-
Other	1.3	1.2
	25.2	**22.9**

11. Trade and other receivables

	30 June 2018	31 December 2017 (*restated*)
Trade receivables from non-related entities	18.3	18.8
Other tax receivables	17.4	17.3
Other	6.0	5.7
Write-downs of receivables (note 20)	(3.9)	(3.2)
	37.8	**38.6**

(all figures in EUR millions unless stated otherwise)

12. Other current assets

	30 June 2018	31 December 2017 (*restated*)
Prepaid costs in respect of deliveries of utilities	2.7	0.3
Prepaid lease costs	7.7	6.0
Prepaid professional services cost	1.5	0.6
Prepaid tax costs	2.2	1.3
Assets related to a right to compensation resulting from the acquisition agreement	14.3	15.9
Other	7.2	5.1
Write-downs of other current assets	(0.2)	(0.1)
	35.4	**29.1**

13. Cash and cash equivalents

Cash and cash equivalents as at 30 June 2018 and 31 December 2017 are presented in the table below:

	30 June 2018	31 December 2017 (*restated*)
Cash at bank	105.1	113.2
Cash in hand	12.7	18.0
	117.8	**131.2**

(all figures in EUR millions unless stated otherwise)

Reconciliation of working capital changes as at 30 June 2018 and 30 June 2017 is presented in the table below:

H1 2018	**The balance sheet change**	Increase from acquisition	Recognition of capital elements in the employee share option plan	Prepayment of restaurant purchase	Change in investment liabilities	Foreign exchange differences	**Working capital changes**
Change in trade and other receivables	**0.8**	-	-	-	-	(1.3)	**(0.5)**
Change in inventories	**0.1**	-	-	-	-	(0.4)	**(0.3)**
Change in other assets	**(8.6)**	2.2	-	-	-	(0.2)	**(6.6)**
Change in payables and other liabilities	**(4.4)**	(3.3)	-	-	2.5	1.2	**(4.0)**
Change in other provisions and employee benefits	**(1.5)**	-	0.9	-	-	(0.1)	**(0.7)**

H1 2017 *(restated)*	**The balance sheet change**	Increase from acquisition	Recognition of capital elements in the employee share option plan	Prepayment of restaurant purchase	Change in investment liabilities	Foreign exchange differences	**Working capital changes**
Change in receivables	**(4.7)**	1.5	(0.6)	-	-	0.2	**(3.6)**
Change in inventories	**(0.4)**	0.3	-	-	-	-	**(0.1)**
Change in other assets	**(6.1)**	0.4	-	4.5	-	(0.2)	**(1.4)**
Change in payables and other liabilities	**(7.2)**	(4.1)	-	-	(5.2)	4.4	**(12.1)**
Change in other provisions and employee benefits	**(2.2)**	(1.3)	0.8	-	-	(1.3)	**(4.0)**

(all figures in EUR millions unless stated otherwise)

14. Equity

Share capital

On 27 April 2005 the shares of AmRest Holdings SE were floated on the Warsaw Stock Exchange ("WSE").

On 6 June 2018 at the Annual General Shareholders Meeting it was agreed that AmRest Holdings SE is allowed to start a process of application for stock market listing of its shares on the Spanish Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. Up until the date of these Condensed Consolidated Financial Statements, such process has not been completed.

Holders of ordinary shares are authorised to receive dividend and have voting rights at the Group's General Shareholders' Meetings ("AGM") proportionate to their holdings.

At the Annual General Shareholders Meeting held on 6 June 2018 it was approved to increase the share capital up to EUR 1.0 for each share. Total increase amounts to EUR 21 001 754.07 and was approved by offsetting the share premium reserve.

The Board of Directors have considered that the execution moment of this transaction is the approval of the Shareholder's Meeting resolution. Additionally, the capital increase was registered on 20 September 2018, before the approval and publication of these Condensed Consolidated Financial Statements.

Additionally, at the Annual General Shareholders Meeting held on 6 June 2018 it was also approved to perform a share split by reducing the nominal value of the Company's shares from EUR 1.0 to EUR 0.1 each without any influence on the total share capital. The decrease of share value was approved to be done by dividing the number of outstanding shares - for each old share 10 new were declared (split).

On 31 July 2018 the Public Deed of Execution of the Capital Increase and Stock Split approved on 6 June 2018 was granted, and presented in the trade registry on 9 August 2018.

The effect of the above mentioned change will be reflected on the WSE at the date of the registration of split of shares in the KDPW.

After the above transactions the share capital of AmRest Holdings SE will consist of 212 138 930 shares, with a nominal value of EUR 0.1 each belonging to the same class and series.

Reserves

Structure of Reserves is as follows:

	Surplus over nominal value (share premium)	Impact of put option valuation	Employee options	Treasury shares	Hedges valuation influence	Transactions with non-controlling interests	**Reserves total**
As at 1 January 2018							
OTHER COMPREHENSIVE INCOME	**189.1**	**(40.7)**	**(7.8)**	**(10.6)**	**2.8**	**19.5**	**152.3**
Net investment hedges valuation	-	-	-	-	(6.8)	-	(6.8)
Deferred tax related to net investment hedges	-	-	-	-	1.3	-	1.3
Total Other Comprehensive Income	**-**	**-**	**-**	**-**	**(5.5)**	**-**	**(5.5)**
TRANSACTIONS WITH NON-CONTROLLING INTEREST							
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Total Transactions with Non-controlling Interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TRANSACTIONS WITH SHAREHOLDERS							
Share capital increase from share premium	(21.0)	-	-	-	-	-	(21.0)
Own shares purchase	-	-	-	(0.8)	-	-	(0.8)
Proceeds from treasury shares	-	-	(3.5)	3.5	-	-	-
Employee stock option plan – value of employee benefits exercised in the period	-	-	2.2	-	-	-	2.2
Employee stock option plan – proceeds from employees for shares disposal	-	-	0.5	-	-	-	0.5
Employee stock option plan – change in unexercised options	-	-	1.5	-	-	-	1.5
Change of deferred tax related to unexercised employee benefits	-	-	(0.1)	-	-	-	(0.1)
Effect of modification of employee stock option plan	-	-	-	-	-	-	-
Total Transactions with Shareholders	**-**	**-**	**0.6**	**2.7**	**-**	**-**	**3.3**
As at 30 June 2018	**168.1**	**(40.7)**	**(7.2)**	**(7.9)**	**(2.7)**	**19.5**	**129.1**
As at 1 January 2017 *(restated)*							
OTHER COMPREHENSIVE INCOME	**189.1**	**(40.7)**	**(2.7)**	**(2.5)**	**(7.0)**	**26.5**	**162.7**
Net investment hedges valuation	-	-	-	-	8.3	-	8.3
Deferred tax related to net investment hedges	-	-	-	-	(1.6)	-	(1.6)
Total Other Comprehensive Income	**-**	**-**	**-**	**-**	**6.7**	**-**	**6.7**
TRANSACTIONS WITH NON-CONTROLLING INTEREST							
Acquisition of non-controlling interest	-	-	-	-	-	(7.0)	(7.0)
Total Transactions with Non-controlling Interests	**-**	**-**	**-**	**-**	**-**	**(7.0)**	**(7.0)**
TRANSACTIONS WITH SHAREHOLDERS							
Own shares purchase	-	-	-	(10.8)	-	-	(10.8)
Proceeds from treasury shares	-	-	(8.7)	8.7	-	-	
Employee stock option plan – value of employee benefits exercised in the period	-	-	2.4	-	-	-	2.4
Employee stock option plan – proceeds from employees for shares disposal	-	-	0.3	-	-	-	0.3
Employee stock option plan – change in unexercised options	-	-	(0.4)	-	-	-	(0.4)
Change of deferred tax related to unexercised employee benefits	-	-	(0.1)	-	-	-	(0.1)
Effect of modification of employee stock option plan	-	-	0.5	-	-	-	0.5
Total Transactions with Shareholders	**-**	**-**	**(6.0)**	**(2.1)**	**-**	**-**	**(8.1)**
As at 30 June 2017 *(restated)*	**189.1**	**(40.7)**	**(8.7)**	**(4.6)**	**(0.3)**	**19.5**	**154.3**

(all figures in EUR millions unless stated otherwise)

Hedges valuation influence

As at 30 June 2018 within the EUR denominated debt, a bank loan of EUR 220 million has been hedging net investment in Hungarian subsidiary AmRest Capital ZRT and in the Spanish subsidiaries. The EUR denominated debt, hedged the Group against the foreign currency risk resulting from revaluations of net assets. Within the PLN denominated debt, PLN 280 million (EUR 64.0 million) has been hedging net investment in Poland. Gains or losses arising from the translation of the liability at the relevant exchange rate at the end of the period are charged to reserve capital in order to offset gains or losses on translation of the net investment in subsidiaries. During the period of 6 months ended 30 July 2018 hedge was fully effective.

As at 30 June 2018 accumulated value of currency revaluation recognised in reserve capital (resulted from net investment hedges) amounted to EUR 6.8 million and deferred tax concerning this revaluation EUR 1.3 million.

Foreign exchange differences on translation

Foreign exchange differences on translation cover all the foreign exchange differences resulting from the translation of the financial statements of the Group's foreign operations into euro.

15. Borrowings

Long-term	30 June 2018	31 December 2017 (*restated*)
Bank loans	294.9	299.5
Bonds and SSD	102.6	134.3
	397.5	**433.8**

Short-term	30 June 2018	31 December 2017 (*restated*)
Bank loans	4.0	1.7
Bonds	65.2	36.1
	69.2	**37.8**

(all figures in EUR millions unless stated otherwise)

Bank loans and bonds

Currency	Lender/ bookbuilder	Effective interest rate	30 June 2018	31 December 2017 (*restated*)
PLN	Syndicated bank loan	3M WIBOR+margin	67.9	30.1
EUR	Syndicated bank loan	3M EURIBOR/fixed +margin	219.0	259.6
CZK	Syndicated bank loan	3M PRIBOR+margin	9.0	9.2
PLN	Bonds 5 – years (issued in 2013 & 2014)	6M WIBOR+margin	65.2	68.4
EUR	Schuldscheinedarlehen Bonds	6M EURIBOR/fixed +margin	102.6	102.0
EUR	Bank Loans Germany	EURIBOR+margin	0.4	-
CNY	Bank loan – China	Fixed	2.6	2.3
			466.7	**471.6**

Bank loans comprise mainly investment loans bearing a variable interest rate based on reference rates WIBOR, PRIBOR and EURIBOR. Exposure of the loans to interest rate risk and contractual dates for changing the interest rates occur in 3 month cycles.

On 5 October 2017 a Credit Agreement („the Agreement") between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski Polska S.A. and Česká spořitelna, a.s. – jointly „the Lenders" was signed. AmRest Sp. z o.o. and AmRest s.r.o. are fully owned by AmRest Holdings SE.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 430 million, app. PLN 1 848 million (tranche A-D granted at the moment of signing the contract), which might be increased by amount of EUR 148 million, app. PLN 623 million (what stands for tranche E-F) upon fulfilment of certain conditions. Final repayment date bank financing is 30 September 2022.

The facility is dedicated for repayment of the obligations under the credit agreement signed 10 September 2013 along with further annexes, financing development activities of AmRest and working capital management.

The facility (available as at the day of signing the contract) consists of four tranches:

- tranche A in maximum amount of EUR 250 million,
- tranche B in maximum amount of PLN 300 million,
- tranche C in maximum amount of CZK 300 million,
- tranche D granted as a revolving credit facility in amount of PLN 450 million.

Additionally, two more tranches might be granted:

- tranche E – PLN 280 million that might be used for Polish bonds repayment,
- tranche F – PLN 350 million that might be used for general corporate purpose, including development activities.

(all figures in EUR millions unless stated otherwise)

All Borrowers bear joint liability for any obligations resulting from the Agreement.

Majority of the facility is provided at variable interest rate and a part of tranche A is provided on fixed rate.

AmRest is required to maintain certain ratios at agreed levels, in particular, net debt/EBITDA is to be held below 3.5 and EBITDA/interest charge is to stay above 3.5 (note 20).

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities and presented above does not differ significantly from their carrying amounts.

On 14 June 2018 the Lenders increased their total commitments by granting to the Borrowers PLN 280 million as Tranche E, to be used for repayments of Polish bonds.

On 18 June 2013 bonds in the amount of PLN 140 million were issued and on 10 September 2014 another issue was completed, also for PLN 140 million. Both issues were completed under agreement signed with Pekao S.A. on 22 August 2012.

Bonds were issued with variable interest rate 6M WIBOR increased by a margin and are due on 30 June 2018 and 10 September 2019, respectively. Interest is paid on semi-annual basis (30 June and 30 December) and the Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the respective Issue Terms and Conditions. There are no additional securities on the bond issues.

As at 30 June 2018 bonds described above were presented as a short term interest-bearing loans and borrowings as:

- the bonds issued on 18 June 2013 with the maturity date falling on 30 June 2018 were redeemed on 2 July 2018,
- the bonds issued on 10 September 2014 with the maturity date falling on 10 September 2019 will be earlier redeemed on 28 September 2018.

On 7 April 2017 AmRest issued Schuldscheinedarlehen (“SSD” – debt instrument under German law) in the amount of EUR 26 million. SSD were issued on a fixed interest rate with EUR 17 million maturing on 7 April 2022 and 9 million maturing on 5 April 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG and CaixaBank S.A. acted as Co-lead Arranger.

On 3 July 2017 AmRest finalised another issue of Schuldscheindarlehen („SSD”) for the total value of EUR 75 million. The SSD interest is fixed on the following tranches: EUR 45.5 million - repayment due on 1 July 2022 and EUR 20 million - repayment due on 3 July 2024. EUR 9.5 million tranche was issued with variable interest rate and repayment date of 3 July 2024. The role of the Lead Arranger and Paying Agent was entrusted to Erste Group Bank AG with CaixaBank S.A. and Santander Bank Polska S.A. (former Bank Zachodni WBK S.A.) acting as Co-lead Arrangers.

Both issues aimed at diversifying financing sources and also allowed to diversify interest rate structure of debt. The proceeds were used for the development of the Company and refinancing of its debt. As at 30 June 2018 the payables concerning bonds issued are EUR 167.8 million.

The maturity of long- and short-term loans as at 30 June 2018 and 31 December 2017 is presented in the table below:

	31 June 2018	**31 December 2017** (*restated*)
Up to 1 year	69.2	37.8
Between 1 and 2 years	-	33.5
Between 2 and 5 years	359.0	361.8
More than 5 years	38.5	38.5
	466.7	**471.6**

The Group has the following unused, awarded credit limits as at 30 June 2018 and 31 December 2017:

	31 June 2018	**31 December 2017** (*restated*)
With floating interest rate		
- expiring within one year	-	-
- expiring beyond one year	186.9	140.3
	186.9	**140.3**

The table below presents the reconciliation of the debt:

	Loans and borrowings	**Bonds**	**SSD**	**Finance lease liabilities**	**Total**
As at 1 January 2018	**301.2**	**68.2**	**102.3**	**2.1**	**473.7**
Payment	(1.4)	-	-	(0.2)	(1.6)
Loan taken/ new contracts	2.2	-	-	-	2.2
Accrued interests	3.2	1.4	1.1	0.1	5.8
Payment of interests	(3.2)	(1.4)	(0.7)	(0.1)	(5.4)
Issuance	-	-	-	-	-
Redemption	-	-	-	-	-
FX valuation	(3.3)	(3.1)	-	-	(6.4)
Other	0.3	-	-	-	0.3
As at 30 June 2018	**298.9**	**65.1**	**102.7**	**1.9**	**468.6**

(all figures in EUR millions unless stated otherwise)

16. Employee Benefits Liabilities

During 6 months ended 30 June 2018, the Group granted additional 571 thousand options under existing programs 4 and 5. There were no new employee share options plans introduced. The costs recognised in connection with incentive programs for 6 months ending 30 June 2018 and 2017 respectively are presented below:

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
Employee share option plan 2	1.7	2.0
Employee share option plan 3	-	0.1
Employee share option plan 4	0.6	0.1
Employee share option plan 5	1.3	0.3
Value of employee benefits in local incentive programs (Spain)	-	0.3
	3.6	**2.8**

The Group recognises in reserve capital accrual for equity-settled options. The amounts as at 30 June 2018 and 31 December 2017 are presented in a table below:

	30 June 2018	**31 December 2017** (*restated*)
Reserve capital - share option plan 2	3.4	3.7
Reserve capital - share option plan 3	1.2	1.3
Reserve capital - share option plan 4	1.0	0.4
Reserve capital - share option plan 5	2.2	0.9
	7.8	**6.3**

The Group recognises liability for cash-settled options. The amounts as at 30 June 2018 and 31 December 2017 are presented in a table below:

	30 June 2018	**31 December 2017** (*restated*)
Liability for share option plan 2	1.3	2.2
Other liabilities	0.1	0.8
	1.4	**3.0**

(all figures in EUR millions unless stated otherwise)

17. Trade and other accounts payables

Trade and other accounts payables as at 30 June 2018 and 31 December 2017 cover the following items:

	30 June 2018	31 December 2017 (*restated*)
Payables to non-related entities, including:	**124.6**	**137.7**
Trade payables	63.0	74.0
Payables in respect of uninvoiced deliveries of food	8.5	8.3
Employee payables	9.5	10.2
Social insurance payables	8.2	9.0
Pre-acquisition tax settlements liability	9.7	11.3
Other tax payables	7.4	6.7
Investing and other payables	18.3	18.2
Contract liabilities - loyalty programs	**1.4**	**0.6**
Contract liabilities - gift cards	**3.2**	**3.0**
Accruals, including:	**48.5**	**43.9**
Employee bonuses	8.9	10.3
Marketing services	4.8	1.9
Holiday pay accrual	11.5	9.9
Professional services	9.3	4.4
Franchise fees	6.9	5.1
Lease cost provisions	4.3	5.4
Investment payables accrual	1.9	5.4
Other	0.9	1.5
Deferred income – short-term portion	**2.4**	**1.2**
Social fund	**0.4**	**0.3**
Total trade and other accounts payables	**180.5**	**186.7**

(all figures in EUR millions unless stated otherwise)

18. Operating leases

The Group concluded many irrevocable operating lease agreements, mainly relating to leases of restaurants. In respect of restaurants, lease agreements are concluded on an average for a period of 10 years and require a minimum notice period on termination.

The expected minimum lease fees relating to operating leases without the possibility of earlier cancellation are presented below:

	30 June 2018	**31 December 2017** (*restated*)
Payable within 1 year	107.5	103.5
Payable from 1 to 5 years	320.4	302.9
Payable after 5 years	295.5	261.4
Total minimum lease payments	**723.4**	**667.8**

In respect of many restaurants (especially those in shopping malls) lease payments comprise two components: a fixed fee and a conditional fee depending on the restaurant's revenues. The conditional fee usually constitutes from 2.5% to 9% of a restaurant's revenue.

(all figures in EUR millions unless stated otherwise)

19. Taxes

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
Current tax	(8.2)	(5.0)
Total change in deferred tax assets/liabilities	2.9	0.5
Income tax recognised in the income statement	**(5.3)**	**(4.5)**

	30 June 2018	**31 December 2017** (*restated*)
Deferred tax asset		
Opening balance	14.3	10.2
Closing balance	18.1	14.3
Deferred tax liability		
Opening balance	27.1	26.7
Closing balance	26.0	27.1
Change in deferred tax assets/liabilities	**4.9**	**3.7**
Of which:		
Deferred income tax recognised in income statement	2.9	5.2
Deferred income tax regarding titles directly reported in goodwill	(0.1)	(2.5)
Deferred tax assets/liabilities directly reported in equity – hedge instruments valuation	(1.3)	2.3
Deferred tax assets/liabilities directly reported in equity – valuation of employee options	0.1	(0.6)
Foreign exchange differences	3.3	(0.7)

As at 30 June 2018 and 30 June 2017 balance of deferred tax liability was mostly caused by tax effect of temporary differences on property, plant and equipment and intangible assets.

The tax authority may control tax returns (if they have not already been controlled) of Group companies from 3 to 5 years of the date of their filing.

(all figures in EUR millions unless stated otherwise)

Tax inspections in AmRest Sp. z o.o.

a. On 28 July 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for 2014. On 11 September 2017 the Company received the tax inspection report issued by the Head of the Lower Silesia Tax Office ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head claimed in his decision tax liability amounting to PLN 4.3 million (EUR 1.0 million) and the amount of the return received unduly of PLN 10.2 million (EUR 2.3 million). Once both amounts are due, there will be interests charged accordingly to the Tax Ordinance Act. On 22 September 2017 the Company submitted an appeal referring to the above decision.

   On 10 October 2017 the Company received the response to the appeal which confirmed the Head's decision on that matter.

   On 7 August 2018 the Company received the final decision issued by Tax Administration Chamber which confirmed that VAT settlements were in accordance with individual tax ruling obtained by the Company and no tax liability should arise.

   Additionally in August 2018 Company has received cash resulting from submitted in 2016 VAT corrective return (with respective interests).

b. On 15 September 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period January – September 2013.

   On 2 October 2017 the Company received the tax inspection report issued by the Lesser Poland Customs and Tax Office in Cracow ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head claimed in his decision the tax liability amounting to PLN 3.1 million (EUR 0.7 million) and the amount of the return received unduly of PLN 11.2 million (EUR 2.6 million). Once both amounts are due, there will be interests charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

   On 16 October 2017 the Company submitted an appeal referring to the above described decision. As a result of decision issued on 17 January 2018 by the Head of the Tax Administration Chamber which revoked the decision of first instance and submitted it for further examination, another decision has been issued by the Head and Company has submitted the appeal on 15 June 2018.

c. On 28 September 2016 in AmRest Sp. z o.o. a tax inspection began on VAT returns for 2012. On 11 September 2017 the Company received a decision issued by the Head of the Lesser Poland Customs and the Tax Office in Cracow ("Head"), which questioned the correctness of output VAT settlement on a part of operational sales revenues. The Head claimed in his decision underestimated output VAT amounting to PLN 18.5 million (EUR 4.2 million). Once the amount becomes due, there will be interest charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

On 16 October 2017 the Company received a response to the appeal submitted on 25 September 2017 which confirmed the Head's decision on that matter. As a result of the decision issued on 12 December 2017 by the Head of the Tax Administration Chamber which revoked the decision of first instance and submitted it for further examination, another decision has been issued by the Head and Company has submitted the appeal on 15 June 2018.

On 7 November 2017 the Company received the decision of the Head's of the Lower Silesia Tax Office on the basis of which the above decision of the Head of the Lesser Poland Customs and Tax Office became immediately enforceable. As a result, on 7 November 2017 the Company's bank account was seized in order to cover tax liabilities consisting of VAT liability for July, August and September 2012 amounting to PLN 1.3 million (EUR 0.3 million), unduly received in the December 2012 VAT return (for July 2012) in the amount of PLN 0.5 million (EUR 0.1 million), interest accrued in the amount of PLN 0.8 million (EUR 0.2 million) and enforcement costs in the amount of PLN 0.2 million (EUR 0.04 million).

On 14 November 2017 the Company submitted an appeal to that decision and administrative action taken. On 12 February 2018 the Head of the Tax Administration Chamber issued a decision upholding the decision of the first instance concerning the execution. On 19 March 2018 the Company appealed to the Local Administrative Court in this respect and on 16 August 2018 the Company received the decision of the Court stating that the complaint has been dismissed.

d. On 3 November 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for August and September 2016.

   On 14 September 2017 the Company received the tax inspection report issued by the Head of the Lower Silesia Tax Office ("Head"), which questioned the correctness of output VAT settlement for a part of operational sales revenues. The Head claimed in his decision that the amount of tax difference to be refunded was exceeded by PLN 3.9 million (EUR 0.9 million) and the amount to be carried over for August was exceeded by PLN 0.6 million (EUR 0.1 million) and for September by PLN 1.1 million (EUR 0.3 million). Once both amounts become due, there will be interests charged accordingly to the Tax Ordinance Act.

   On 13 October 2017 the Company received the response to the appeal submitted on 28 September 2017 which confirmed the Head's decision on that matter.

   On 7 August 2018 the Company received the final decision issued by Tax Administration Chamber which confirmed that VAT settlements were in accordance with individual tax ruling obtained by the Company and no tax liability should arise.

   Additionally in August 2018 Company has received from tax office cash payments for VAT receivables related to described VAT settlements (with respective interests).

e. On 24 March 2017 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for December 2016. On 28 September 2017 the Company received the tax protocol and on 11 October 2017 the Company submitted its reservations.

As at the date of publication of this Report the proceedings has not been finished.

Despite lack of final decision from tax office, in August 2018 Company has received cash payments for VAT receivables related to described VAT settlements (with respective interests).

f. On 24 May 2016 in AmRest Sp. z o.o. a tax inspection began regarding VAT returns for March 2016. On 12 October 2017 the Company received the tax inspection report and on 25 October 2017 the Company submitted its reservations.

   On 20 August 2018 the Company received the decision issued by the Head of the Lower Silesia Tax and Customs Office which confirmed that VAT settlements were in accordance with individual tax ruling obtained by the Company and no tax liability should arise.

g. On 11 October 2016 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period January – July 2017. On 8 February 2018 the Company received the tax inspection report and on 22 February 2018 the Company submitted its reservations. On 9 March 2018 the tax authorities issued the response to the appeal upholding their decision.

   As at the date of publication of this Report the proceedings has not been finished.

   Despite lack of final decision from tax office, in August 2018 Company has received cash payments for VAT receivables related to described VAT settlements (with respective interests).

h. On 1 February 2018 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period August – November 2017. On 30 April 2018 the Company received the tax protocol and on 11 May 2018 the Company submitted its reservations.

   As at the date of publication of this Report the proceedings has not been finished.

   Despite lack of final decision from tax office, in August 2018 Company has received cash payments for VAT receivables related to described VAT settlements (with respective interests).

i. On 30 July 2018 at AmRest Sp. z o.o. a tax inspection began regarding VAT returns for the period December 2017 – March 2018.

   On 29 August 2018 the Company received the tax protocol and on 12 September 2018 the Company submitted its reservations.

   Despite the lack of final decision from tax office, in August 2018 Company has received from tax office cash payments for VAT receivables related to described VAT settlements (with respective interests).

In all issued decisions the tax authorities of the fist instance have indicated an incorrect classification of the operations run by the Company, with regards to the Value-Added Tax Act (sales of goods vs. sales of gastronomic services) as well as inconsistency between the actual state described in the Company's individual binding tax rulings and the actual state (except for decision in respect to the period of March 2018 received by the Company on 20 August 2018).

The Company does not agree with the claims raised by the Head. The circumstances of the case and the allegations of the Head have been thoroughly analysed by the Company and its tax advisors, who found the Head's standpoint to be completely unjustified and against the law. In the opinion of the Company, the individual binding tax rulings issued by the Minister of Finance present a reliable and true actual state and consequently have protective power according to Article 14k and Article 14m of the Tax Ordinance Act.

Additionally, the matter of applying 5% VAT rate to the take-away segment was verified and confirmed by positive decisions issued by the Head in 2014 (inspections for October, November and December 2013).

The Company would like to draw attention to the fact that administrative courts in many cases present a standpoint consistent with the Company's. Also, the case law of the European Court of Justice presents such an approach.

According to the statement of reasons issued on 22 January 2018 by the Head of the Lower Silesia Tax and Customs Office, the reason for missing the tax proceedings deadline was the re- examination of the collected evidence in order to state a view on the correctness of VAT rate applied, taking into account the different approach in current case law of administrative courts and review bodies.

Furthermore, the Company insist that the case should be determined with application of Article 2a of the Tax Ordinance Act of 29 August 1997 (which states that, when the provisions of the law are not clear the case should be resolved in favour of the taxpayer).

The Board of Directors of the Parent analysed the risk in regards to ongoing tax inspections and assessed the risk as less than 50%. In reference to the IAS 37, point 14 in the Board of Directors' opinion there is no legal obligation and any cash outflows require a higher probability of materialisation of the risk. Therefore, the Board of Directors decided that as at 30 June 2018 and as at the date of publication of this Report there are no obligating events, so there are no grounds for booking the provisions for the aforementioned risk.

It should be noted that in fist two decisions issued by Tax Administration Chamber and in decision issued by the Head of the Lower Silesia Tax and Customs Office – as stated above - it was confirmed that individual tax ruling issued by the Minister of Finance to the Company should have protective power and there is no basis for assessment any additionnal tax.

As described above in August 2018 Company has received from tax office cash payments relating to VAT tax receivables. In total Company received over EUR 10 million of cash which is a settlement of the VAT tax receivables presented in these Condensed Consolidated Financial Statements.

j. On 23 February 2018 at AmRest Sp. z o.o. a tax inspection began regarding CIT for 2016. As at the date of publication of this Report the inspection has not been finished.

Tax inspections in other group companies

a. On 17 January 2018 at AmRest Coffee Sp. z o.o. a tax inspection began regarding VAT returns for the period December 2012 – March 2013. On 18 July 2018 tax protocol has been issued and the Company submitted its reservation within due deadline. On 13 September 2018 the Company received a decision issued by the Head of the Lesser Poland Customs and the Tax Office in Cracow ("Head"), which questioned the correctness of output VAT settlement on a part of operational sales revenues. The Head claimed in his decision underestimated output VAT amounting to PLN 185 thousands (EUR 42 thousands). Once the amount becomes due, there will be interest charged accordingly to the Tax Ordinance Act. As at the date of publication of this Report the decision is not final and has not become enforceable.

b. In September 2016 AmRest Coffee Deutschland Sp. z o.o. & Co. KG identified the products that were sold with an incorrectly applied VAT rate. This fact was presented to the tax officer who was responsible for the inspection of periods prior to the acquisition of the business by AmRest. The Company undertook to correct the VAT calculation for not lapsed.

   The corrective tax declaration were submitted and the outstanding tax liability was already paid in July 2018. Currently the Company expects a confirmation of proposed approach to possible tax returns from the German Tax Office. Once the approach is confirmed the company will file amended VAT tax returns for the period from FY 2009 through 2015 considering the (opportunity) effects resulting from the tax audit.

c. On 22 June 2017 at AmRest Topco SAS a tax inspection began regarding tax settlements for 2014 and 2015. On 11 July 2018 the Company received tax notification letter and Company will respond within deadline.

d. On 16 November 2017 at AmRest Holdings SE a tax inspection began regarding CIT for 2012. On 12 February 2018 the Company received a decision regarding the tax inspection based on which the Company submitted on 22 February 2018 a corrective tax return increasing the taxable income. The corrected amount was immaterial.

e. On 11 January 2018 at AmRest Holdings SE a tax inspection began regarding CIT for 2013. As at the date of publication of this Report the inspection has not been finished.

f. On 1 November 2017 at AmRest DE Sp. z o.o. & Co. KG a tax inspection began regarding VAT returns for August 2017. No material irregularties were noted during this tax inspection.

In the Board of Directors' opinion, there is no other contingent liabilities concerning pending audits and tax proceedings, other than stated above.

20. Financial instruments

Fair value

The carrying amount of short-term receivables, other assets, cash and cash equivalent, loans and payables is a reasonable approximation of their fair value due to their short-term settlement. According to the estimations of the Group, fair values of non-current assets and liabilities immaterially differs from their respective carrying amount.

As at 30 June 2018 the Group did not possess financial instruments measured at fair value. As at 30 June 2018 the Group did not recognise the transfers between levels of fair value valuations.

Risk management

The Group is exposed to several financial risks in connection with its activities, including: the risk of market fluctuations (covering the foreign exchange risk and risk of changes in interest rates), risk related to financial liquidity and – to a limited extent – credit risk. The risk management program implemented by the Group is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Company's financial results. Risk management is based on procedures approved by the Board of Directors.

Credit risk

Financial instruments held by the Group especially exposed to credit risk include cash and cash equivalents and trade and other receivables. The Group invests cash and cash equivalents with highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to the fact that sales are based mainly on cash and credit card payments. The Group increased an impairment of the Group's receivables exposed to credit risk in amount of EUR 0.8 million. The maximum credit risk exposure amounts to EUR 155.6 million.

The ageing break-down of receivables and receivable write-downs as at presents the table below:

	Current	Overdue in days				Total
		<90	91 - 180	181 - 365	>365	
Trade and other receivables	32.6	1.3	2.8	0.9	4.1	**41.7**
Receivable write-downs	(0.1)	(0.4)	-	(0.1)	(3.3)	**(3.9)**
Total	**32.5**	**0.9**	**2.8**	**0.8**	**0.8**	**37.8**

(all figures in EUR millions unless stated otherwise)

Value of impairment provisions for receivables as at 30 June 2018 and 30 June 2017 presents the table below:

	30 June 2018	30 June 2017 (*restated*)
Value for the beginning of the period	**3.2**	**2.3**
Provision created	1.3	0.3
Provisions released	(0.5)	(0.2)
Provisions used	-	-
Other	(0.1)	(0.3)
Value for the end of the period	**3.9**	**2.1**

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 15). As at 30 June 2018 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyses the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results is analysed in quarterly periods.

Had the interest rates on loans denominated in Polish zlotys during the 6 months ended 30 June 2018 30 base points higher/lower, the profit before tax for the period would have been EUR 203 thousand lower/higher (2017: EUR 173 thousand).

Had the interest rates on loans denominated in Czech crowns during the 6 months ended 30 June 2018 been 30 base points higher/lower, the profit before tax for the period would have been EUR 13 thousand lower/higher (2017: EUR 19 thousand).

Had the interest rates on loans denominated in euro during the 6 months ended 30 June 2018 been 30 base points higher/lower, the profit before tax for the period would have been EUR 30 thousand lower/higher (2017: EUR 224 thousand).

Foreign exchange risk

The Group is exposed to foreign exchange risk related to transactions in currencies other than the functional currency in which the business operations are measured in particular Group companies. Foreign exchange risk results from future business transactions and recognised assets and liabilities. Moreover, lease payments related to a significant part of the Group's lease agreements are indexed to the exchange rate of EUR or USD. Nevertheless, the Group is trying to sign lease agreements in local currencies whenever possible, but many landlords require that the lease payments be indexed to EUR or to USD.

For hedging transactional risk and risk resulting from revaluation of recognised assets and liabilities Group uses derivative forward financial instruments.

(all figures in EUR millions unless stated otherwise)

Net investment foreign currency valuation risk

Group is exposed to risk of net investment valuation in subsidiaries valued in foreign currencies. This risk is hedged for key positions with use of net investment hedge.

Group applies hedging accounting for revaluation of borrowings, in EUR and PLN. Details concerning hedging on currency risk are described in note 14.

Liquidity risk

Prudent financial liquidity management assumes that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines.

The table below shows an analysis of the Group's financial liabilities which will be settled in net amounts in particular ageing brackets, on the basis of the term to maturity as at the balance sheet date. The amounts shown in the table constitute contractual, undiscounted cash flows.

The maturity break-down of long- and short-term borrowings as at 30 June 2018 and 31 December 2017 presents the table below:

	30 June 2018			31 December 2017 (*restated*)		
	Loan instalments	**Interest and other charges**	**Total**	**Loan instalments**	**Interest and other charges**	**Total**
Up to 1 year	70.1	12.6	82.7	37.8	12.4	50.2
1 - 2 years	-	14.6	14.6	33.5	12.5	46.0
2 - 5 years	360.2	31.8	392.0	364.2	23.2	387.4
More than 5 years	38.5	1.3	39.8	38.5	1.2	39.7
Payable gross value	**468.8**	**60.3**	**529.1**	**474.0**	**49.3**	**523.3**
Not amortised loan cost	(2.1)	-	(2.1)	(2.4)	-	(2.4)
Payable net value	**466.7**	**60.3**	**527.0**	**471.6**	**49.3**	**520.9**

Capital risk

The Group manages capital risk to protect its ability to continue in operation, so as to enable it to realise returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost. Financing at the level of 3.5 of yearly EBITDA is treated as acceptable target and safe level of capital risk.

The Group monitors capital using the leverage ratio. The ratio is calculated as net debt to the value of EBITDA. Net debt is calculated as the sum of borrowings (comprising loans and advances, and finance lease liabilities) net of cash and cash equivalents. EBITDA is calculated as the annualised profit from operations before interest, taxes, depreciation and amortisation and impairment.

(all figures in EUR millions unless stated otherwise)

The Group's leverage as 30 June 2018 and 31 December 2017 was as follows:

	Note	30 June 2018	31 December 2017 (*restated*)
Total borrowings	**15**	466.7	471.6
Finance lease liabilities		1.9	2.1
Less: cash and cash equivalents	**13**	(117.8)	(131.2)
Net debt		350.8	342.5
Annualised income from operating activity before interests, tax, depreciation, gain/loss on fixed assets sale and impairment (EBITDA according to the bank agreement)		160.2	152.2
Leverage ratio		2.2	2.2

21. Future commitments and contingent liabilities

In accordance with the franchise agreements signed with franchisors, the Group is obliged to periodically improve the standard, modify, renovate and replace all or parts of its restaurants or their installations, marking or any other equipment, systems or inventories used in restaurants to make them compliant with the current standards. The agreements require no more than one thorough renovation of all installations, markings, equipment, systems and inventories stored in the back of each restaurant to comply with the current standards, as well as no more than two thorough renovations of all installations, markings, equipment, systems and inventories stored in the dining rooms of each of the restaurants during the period of a given franchise agreement or the period of potential extension of the agreement. The expenses for the purpose forecast by the Group amount to ca. 1.5% of annual sales from the restaurants' operations in the future periods.

Other future commitments resulting from the agreements with the Burger King, Starbucks and the current and future franchise agreements were described in note 1.

According to Group Management the above-mentioned requirements are fulfilled and any discrepancies are communicated to third parties, mitigating any potential risks affecting business and financial performance of the Group.

With regards to credit agreement described in note 15 the following Group entities provided surety: AmRest Kaffee sp. z o.o., AmRest Coffee Deutschland Sp. z o.o. & Co.KG, AmRest DE Sp. z o.o. & Co.KG, AmRest Capital ZRT., AmRest KFT, OOO AmRest, AmRest Tag, S.L.U., Amrestavia, S.L.U., Restauravia Grupo Empresarial, S.L., Restauravia Food, S.L.U., Pastificio Service, S.L.U., AmRest Coffee SRL and Chicken Yug Limited Liability Company for the following banks Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Česka Sporitelna a.s., ING Bank Śląski S.A. in amount of EUR 375 million, PLN 1 544.5 million (EUR 353.2 million), CZK 450 million (EUR 17.3 million) till the date of debt payment however not later than 5 October 2025.

(all figures in EUR millions unless stated otherwise)

22. Transactions with related entities

	30 June 2018	31 December 2017 (*restated*)
Trade and other receivables from related entities		
MPI Sp. z o. o.	-	-
Trade and other payables to related entities		
MPI Sp. z o. o.	-	-

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
Sales of goods for resale and services		
MPI Sp. z o. o.	-	-
Purchase of goods for resale and services		
MPI Sp. z o. o.	0.2	0.2

Other related parties

Metropolitan Properties International Sp. z o. o.

As at 31 December 2017 and 30 June 2018 Metropolitan Properties International Sp. z o.o. was a company owned by Henry McGovern. Henry McGovern entered on 31 December 2016 Supervisory Board of AmRest Holdings SE and as at 30 June 2018 was a member of the Board of Directors of AmRest Holdings SE.

Company Metropolitan Properties International Sp. z o.o is involved in activities related to real estate. The Group leases from Metropolitan Properties International Sp. z o.o three restaurants on conditions similar to those lease agreements concluded with third parties. Rental fees and other charges paid to MPI amounted to EUR 0.2 million and EUR 0.2 million in a period of 6 months ending 30 June 2018 and 2017 respectively.

Group shareholders

As at 30 June 2018, FCapital Dutch B.V. was the largest shareholder of AmRest and held 56.38% of its shares and voting rights, and as such was its related entity. No transactions with FCapital Dutch B.V. related parties were noted.

(all figures in EUR millions unless stated otherwise)

Transactions with the Top Management/Board of Directors

The remuneration of the Board of Directors of AmRest Holdings SE paid by the Group was as follows:

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
The Board of Directors' and the Top Management's remuneration paid directly by the Group	1.7	1.4
Total remuneration paid to the Board of Directors' and the Top Management	**1.7**	**1.4**

The Group's key employees also participate in an employee share option plan. The costs relating to the employee option plan in respect of management amounted to EUR 1.1 million and EUR 0.3 million respectively in 6 months ended 30 June 2018 and 30 June 2017.

	6 months ended	
	30 June 2018	**30 June 2017** (*restated*)
Number of options awarded	876 266	488 066
Number of available options	250 766	248 366
Fair value of options as at the moment of awarding	16.1	5.1

As at 30 June 2018 and 31 December 2017 there were no liabilities to former employees.

(all figures in EUR millions unless stated otherwise)

23. Shareholders of AmRest Holdings SE

According to the best AmRest's knowledge as at 30 June 2018 AmRest Holdings had the following shareholder structure:

Shareholder	Number of shares and votes at the Shareholders' meeting	% of shares and votes at the Shareholders' meeting
FCapital Dutch B. V.	11 959 697	56.38%
Gosha Holding S.à.r.l	2 263 511	10.67%
Nationale-Nederlanden OFE	1 105 060	5.21%
Artal International S.C.A.	1 050 000	4.95%
Aviva OFE	701 370	3.31%
Other Shareholders	4 134 255	19.48%

** FCapital Dutch B. V. is the dominant entity of FCapital Lux (previously Cullinan S.à.r.l.) (holding 5 232 907 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is a member of the AmRest Board of Directors.*

*** Gosha Holding S.à.r.l. is a person closely associated with Mr. Henry McGovern and Mr. Steven Kent Winegar Clark – members of the AmRest Board of Directors.*

According to the best AmRest's knowledge as at the date of this Report the AmRest Holdings' shareholders structure remains the same.

24. Seasonality of sales

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business. The restaurants record the lowest sales in the first quarter of the year, which is attributable primarily to fewer people dining out. The highest sales are achieved in the fourth quarter mostly because of the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

(all figures in EUR millions unless stated otherwise)

25. Composition of the AmRest Group

As at 30 June 2018 the Group comprised the following subsidiaries:

Company name	Registered office	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Ltd.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U.	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U	16.52% 83.48%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
AmRest China Group PTE Ltd	Singapore	AmRest Holdings SE	100.00%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, China	AmRest China Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	AmRest China Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants	Road Town, Tortola, BVI	AmRest China Group PTE Ltd	100.00%	December 2012
Kai Fu Restaurant Management (Shanghai) Co., Ltd	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100.00%	December 2016
		Restaurant activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czechia	AmRest Holdings SE	100.00%	December 2000
AmRest Kft***	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	March 2007
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Inc.AmRest Sp. z o.o.	0.1% 99.9%	July 2007
AmRest Coffee s.r.o.	Prague, Czechia	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	August 2007
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o. Starbucks Coffee International, Inc.	82.00% 18.00%	August 2007
AmRest d.o.o.	Belgrade, Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00% 40.00%	October 2007
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Pastificio S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH*	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Shanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Shanghai, China	Horizon Group Consultants	100.00%	December 2012

(all figures in EUR millions unless stated otherwise)

AmRest Skyline GMBH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	December 2015
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o. AmRest Capital Zrt	77.00% 23.00%	May 2016
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Madrid, Spain	Pastificio Service S.L.U.	100.00%	December 2016
LTP La Tagliatella Portugal, Lda	Lisbon, Portugal	AmRest TAG S.L.U. AmRestavia S.L.U.	74.00% 26.00%	February 2017
AmRest AT GmbH	Vienna, Austria	AmRest Sp. z o.o.	100.00%	March 2017
AmRest Topco SAS	Paris, France	AmRest Holdings SE	100.00%	May 2017
AmRest Delco SAS	Paris, France	AmRest Topco SAS	100.00%	May 2017
AmRest Opco SAS	Paris, France	AmRest Holdings SE	100.00%	July 2017
OOO Chicken Yug	Saint Petersburg, Russia	OOO AmRest	100.00%	October 2017
OOO Pizza Company	Saint Petersburg, Russia	AmRest Acquisition Subsidiary Ltd. OOO AmRest	99.9% 0.1%	November 2017
AmRest Coffee SRB	Belgrade, Serbia	AmRest Holdings SE	100.00%	November 2017
AmRest Chamnord SAS	Paris, France	AmRest Opco SAS	100.00%	March 2018
AmRest SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o. AmRest Sp. z o.o.	99.00% 1.00%	April 2018
AmRest Pizza GmbH	Berlin, Germany	AmRest DE Sp. z o.o. & Co. KG	100.00%	June 2018
Financial services and others for the Group				
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
AmRest Capital Zrt	Budapest, Hungary (branch in Malta)	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt***	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft**	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC LLC	Wilmington, USA	AmRest Holdings SE	100.00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2016
Restaurant Partner Polska Sp. z o.o.	Łódź, Poland	AmRest Holdings SE Delivery Hero GmbH	51.00% 49.00%	August 2017
AmRest Estate SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
AmRest Leasing SAS	Paris, France	AmRest Opco SAS	100.00%	September 2017
Supply services for restaurants operated by the Group				
SCM s.r.o.	Prague, Czechia	SCM Sp. z o.o. Ondrej Razga	90.00% 10.00%	March 2007
SCM Sp. z o.o.	Warsaw, Poland	AmRest Sp. z o.o. R&d Sp. z o.o. Beata Szfarczyk-Cylny Zbigniew Cylny	51.00% 43.80% 5.00% 0.20%	October 2008
SCM Due Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100.00%	October 2014

** On 25 November 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, has decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

*** On 5 September 2017 Amrestavia, S.L.U., the sole shareholder of La Tagliatella Financing Kft, has decided to liquidate this company. The liquidation process has not been finished up until the date of this Report.*

**** On 11 September 2018 the Company Registry Court has registered the merger between AmRest Kft and AmRest Finance Zrt. The effective merger date is 31 October 2018 that is AmRest Finance Zrt will cease to exist from the merger date, Company Registry Court cancels it from the companies register and its rights and obligations transfer to AmRest Kft as successor company.*

New entities in the Group marked in red.

(all figures in EUR millions unless stated otherwise)

26. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

These Condensed Consolidated Financial Statements for 6 months ended 30 June 2018 have been prepared in accordance with the IAS 34 Interim Financial Reporting.

Amounts in this Report are presented in euro (EUR), rounded off to full millions with one decimal place.

These Condensed Consolidated Financial Statements do not include all information or disclosures which are required in the annual financial statements and they should be read together with the annual Consolidated Financial Statements of the Group for 2017.

The preparation of the IFRS condensed financial statements requires the Group to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets and liabilities and reported revenues and expenses during the period. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates. The estimates and the assumptions on which they are based are subject to continuous verification. The adjustment of accounting estimates is recognised in the period in which it was made (on condition that it only relates to that period), or in the period in which it was made, and prospectively, in future periods (if it relates both to the current and future periods).

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of new standards and interpretations.

The accounting policies described in the annual Consolidated Financial Statements for 2017 have been applied consistently in all periods presented in this Condensed Consolidated Report and have been applied consistently by all members of the Group with exceptions of the amendments of IFRSs applicable from 1 January 2018 and changes presented below.

New standards, interpretations and amendments adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

- Amendments to IFRS 2, Share-based Payment
- Annual Improvements to IFRSs 2014-2016 cycle
- Transfers of Investment Property – Amendments to IAS 40
- IFRIC 22 – Foreign Currency Transaction and Advance Consideration

However, as stated in the Annual Consolidated Financial Statements of the Group as at 31 December 2017, the impact on figures starting from 1 January 2018 was not significant.

IFRS 9

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

All financial instruments in the Group consolidated balance sheet are classified as measured at amortised cost and adoption of IFRS 9 did not bring significant changes in those financial instruments value. As a consequence there were no presentation or valuation changes in consolidated balance sheet. According to standard requirement in the consolidated income statement new line was added called „Net impairment losses on financial assets".

The following accounting policy was adopted by the Group.

Investments and other financial assets

a. Classification

   From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

   - those to be measured subsequently at fair value through OCI
   - those to be measured subsequently at fair value through profit or loss
   - those to be measured at amortised cost.

   The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

   For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

As at 1 January 2018 the result of the calculation of impairment according to IFRS 9 despite changes in methodology did not differ significantly from the one calculated under IAS 39.

Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. As the Group uses net investment hedge, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Group's financial statements or the accounting policy.

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). The impact of standard application is not significant.

The Group has revenues from three main streams:

- Revenue from restaurants (operation based on franchise agreement and on own brands) where goods are sold to customers on cash basis. Revenue from the sale of goods is recognised at the moment of transaction which is when our obligation to perform is satisfied and is presented in "Restaurant sales" line in the Condensed Consolidated Income Statement.

- Revenue from royalties for the master-franchise agreements (the right to grant a license to third parties) and franchise of own brands. Royalty fees recognized as the related sales occurred. Revenue from royalties is presented in line "Franchise and other sales" in the Condensed Consolidated Income Statement.
- Revenue from sale of products to franchisees is recognized at the moment of transaction which is when our obligation to perform is satisfied and is presented in "Franchise and other sales" line in the Condensed Consolidated Income Statement.

IFRS 15 requires a disaggregation of revenue on different categories that depict how the nature, amount, timing an uncertainty of revenue and cash flows are affected by the economic factors. However, taking into account the nature of revenue streams the Group don't see any reason to present more detailed disaggregation of revenue than described above and presented in the segment note.

Customer loyalty programs

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire or are likely to expire.

In previous reporting periods, the consideration received from the sale of goods was allocated to the points and the goods sold using the residual method. Under this method, a part of the consideration equalling the fair value of the points was allocated to the points. The residual part of the consideration was allocated to the goods sold.

Under IFRS 15, the total consideration must be allocated to the points and goods based on the relative stand-alone selling prices. Using this new method, the amounts allocated to the goods sold are, on average, higher than the amounts allocated under the residual value method. The adoption of the standard had no significant impact on the Group's financial statements.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on these Condensed Consolidated Financial Statements of the Group. Contract liability resulting from customer loyalty programs was presented in note 17.

Gift cards

The Group performs also the operations within sales and realization of gift cards. Group records a contract liability in the period in which gift cards are issued and proceeds are received. This liability is calculated taking into account the probability of the gift cards' redemption. The redemption rate is calculated based on own and industry experience, historical and legal analysis. As gift cards are redeemed and the performance obligation is fulfilled the liability is reduced and revenue is recognized. The adoption of the standard had no impact on the Group's financial statements. Contract liability resulting from customer loyalty programs was presented in note 17.

Change of the presentation currency and level of aggregation of data

In second half of 2017 the shareholders of AmRest decided on change of domicile from Wroclaw, Poland to Madrid, Spain. Respective legal documents were submitted to Spanish Court on 1 March 2018. On 14 March 2018 the Company received the confirmation and reported on both Warsaw and Madrid Stock Exchange that as at 12 March 2018 the Spanish Court approved the change of domicile and registered AmRest's domicile in Madrid.

The annual reporting for year 2017 (for both separate and consolidated financial statements) was prepared in accordance with IFRSs and was published on 8 March 2018 in PLN thousands.

Decision about changing the domicile caused considerations of changing the presentation currency of the Group from PLN to EUR. Taking into account among others matters listed below, the Group decided to change its presentation currency into EUR, as currency that better responds to needs to users of consolidated financial reports:

- AmRest is a global restaurant operator conducting its activities in many countries and currency zones. Large number of the companies from the Group use EUR as a functional and presentation currency.
- The vast majority of acquisitions done by AmRest are conducted in EUR.
- With the change of domicile Group will be required to report its financial statements both on Warsaw Stock Exchange (where it is quoted) and on Madrid Stock Exchange (where is domiciled). EUR is a widely used currency in presentation of financial statements of entities domiciled in Spain.
- Warsaw Stock Exchange allows to publish reports in EUR.
- EUR is a widely used in financial reporting, especially by entities domiciled in European Union.
- Long term development plan includes investments in Western Europe where EUR is a functional currency.
- The Group also changed its internal reporting into EUR.

The change of presentation currency under IFRSs is being considered as a change in the accounting policy and should be applied retrospectively. Change of the presentation currency had no impact on assets, liabilities and total equity but impacts translation the particular equity positions.

For the purpose of translation comparative data the following rules were applied:

- For share capital, which is actually issued in EUR – historical values in EUR were assigned. Share capital value is not material.
- For share premium items historical movements were analysed. Material share capital increases were translated using historical exchange rate from date of transaction.

- Treasury shares transaction since year 2015 were recalculated for all movements. FIFO is used for treasury shares disposals. Consequently, treasury shares were translated into EUR using historical costs.
- For share based payments (“SBP”) transactions recognised in 2015 and later on an average exchange rate for each year (years 2015- 2016) or for each quarter (year 2017) was applied.
- Non-controlling interest transactions were recognised at historical exchange rate.
- For translation of profit or loss positions and retained earnings recognised in 2015 and earlier an average exchange rate for each quarter was applied and for those recognised in 2016 and 2017 monthly exchange rate was applied for each group company. As a consequence quarterly consolidated data for each line of income statements are effectively translated with different exchange rates.
- As a consequence of the above transactions new balance of currency translation reserve was determined. Exchange differences needed to be established at new, for group operations where functional currency is other than EUR. Differences between currency translation reserve were recognised in other comprehensive income.
- For translation of all the assets and liabilities closing rate was applied.
- Cash flow positions referring to profit and loss positions were translated with monthly average exchange rate for each company. For those referring to acquisitions historical exchange rates were applied and for all other positions a quarterly average exchange rate was applied. The difference resulting from translation of cash flow was presented in effect of foreign exchange rate movements.

Subsequently, in order to present information better and more clearly, data was aggregated into EUR millions with one decimal place.

After publishing Q1 2018 interim report Group identified minor inconsistencies in some re-translation procedures made from PLN to EUR.

These Condensed Consolidated Financial Statements present slightly different balance of equity details (Reserves, Retained earnings and Translation reserve) as at 1 January 2018 than previously submitted Q1 2018 Interim reports. Adjustment made had no impact on total equity value.

Changes to the Group’s accounting policies

Changes in Cash Flow Statement

In 2017 the Group decided to change the presentation of interests paid and received in the cash flow statement. The change was inspired by the desire to reflect better the nature of the transactions as well as the growing magnitude of cash flow. Interests are now presented in the financing activities instead of operating activities (Adjustment 2). As a result, cash flow statement presented in the published condensed consolidated report for Q1 2017 had to be restated. The following table presents details. Adjustment 1 presents the change of presentation currency mentioned above having an impact on the particular CF positions.

Condensed consolidated cash flow statement for 6 months ended 30 June 2017

	6 months ended 30 June 2017			
	Published PLN thousands	**Adjustment 1** EUR millions	**Adjustment 2** EUR millions	**Restated** EUR millions
Cash flows from different positions of operating activities	176 368	41.5	-	41.5
Interest paid	(19 266)	(4.5)	4.5	-
Interest received	1 365	0.3	(0.3)	-
Net cash provided by operating activities	**158 467**	**37.3**	**4.2**	**41.5**
Net cash used in investing activities	**(323 808)**	**(86.3)**	**-**	**(86.3)**
Cash flows from different positions of financing activities	184 168	44.1	-	44.1
Interest paid	-	-	(4.5)	(4.5)
Interest received	-	-	0.3	0.3
Net cash provided by financing activities	**184 168**	**44.1**	**(4.2)**	**39.9**
Net change in cash and cash equivalents	**18 827**	**(4.9)**	**-**	**(4.9)**

Summary of restatements regarding the changes described above, i.e.:

- Change in the presentation currency,
- Change of the level of aggregation,
- Change in the cash flow statement,
- Change in the purchase price allocation process (as described in note 4) are presented in the tables below.

Condensed consolidated income statement effect of change of the currency

	6 months ended	
	30 June 2017 Published PLN thousands	**30 June 2017** Restated EUR millions
Continuing operations		
Restaurant sales	2 250 342	527.4
Franchise and other sales	140 199	32.9
Total revenue	**2 390 541**	**560.3**
Company operated restaurant expenses:		
Food and material	(659 753)	(154.6)
Payroll and employee benefits	(560 663)	(131.4)
Royalties	(113 699)	(26.7)
Occupancy and other operating expenses	(696 554)	(162.5)
Franchise and other expenses	(87 913)	(20.6)
General and administrative (G&A) expenses	(180 715)	(42.9)
Net impairment losses on financial assets	(6 748)	(0.1)
Net impairment losses on other assets	-	(1.5)
Total operating costs and losses	**(2 306 045)**	**(540.3)**
Other operating income	**17 611**	**4.1**
Profit from operations	**102 107**	**24.1**
Finance costs	(29 080)	(6.8)
Finance income	1 430	0.3
Profit before tax	**74 457**	**17.6**
Income tax	(18 916)	(4.5)
Profit for the period	**55 541**	**13.1**
Profit attributable to:		
Shareholders of the parent	53 615	12.6
Non-controlling interests	1 926	0.5

Condensed consolidated statement of comprehensive income effect of change of the currency

	6 months ended	
	30 June 2017 Published PLN thousands	**30 June 2017** Restated EUR millions
Net profit	**55 541**	**13.1**
Other comprehensive incomes:		
Exchanges differences on translation of foreign operations	(107 370)	(11.4)
Net investment hedges	35 489	8.3
Income tax concerning net investment hedges	(6 743)	(1.6)
Total items that may be reclassified subsequently to profit or loss	(78 624)	(4.7)
Other comprehensive income net of tax	**(78 624)**	**(4.7)**
Total comprehensive income	**(23 083)**	**8.4**
Attributable to:		
Shareholders of the parent	(15 520)	10.4
Non-controlling interests	(7 563)	(2.0)

Condensed consolidated statement of financial position effect of change of the currency and final PPA recognition

	31 December 2017				
	Published PLN thousands	**Adjustment 1** EUR millions	**Adjustment 2** EUR millions	**Adjustment 3** EUR millions	**Restated** EUR millions
Assets					
Property, plant and equipment	1 690 155	404.6	-	(0.7)	403.9
Goodwill	909 310	217.7	-	0.6	218.3
Other intangible assets	612 690	146.7	-	-	146.7
Investment properties	22 152	5.3	-	-	5.3
Other non-current assets	95 853	22.9	-	-	22.9
Deferred tax assets	59 302	14.2	-	0.1	14.3
Total non-current assets	**3 389 462**	**811.4**	**-**	**-**	**811.4**
Inventories	93 628	22.4	-	-	22.4
Trade and other receivables	162 004	38.8	-	(0.2)	38.6
Corporate income tax receivables	4 174	1.0	-	-	1.0
Other current assets	121 571	29.1	-	-	29.1
Cash and cash equivalents	548 248	131.2	-	-	131.2
Total current assets	**929 625**	**222.5**	**-**	**(0.2)**	**222.3**
Total assets	**4 319 087**	**1 033.9**	**-**	**(0.2)**	**1 033.7**
Equity					
Share capital	714	0.2	-	-	0.2
Reserves	606 366	145.2	7.1	-	152.3
Retained earnings	837 301	200.4	(9.6)	-	190.8
Translation reserve	(133 917)	(32.1)	2.5	-	(29.6)
Equity attributable to shareholders of the parent	**1 310 464**	**313.7**	**-**	**-**	**313.7**
Non-controlling interests	35 184	8.4	-	-	8.4
Total equity	**1 345 648**	**322.1**	**-**	**-**	**322.1**
Liabilities					
Interest-bearing loans and borrowings	1 811 975	433.8	-	-	433.8
Finance lease liabilities	7 001	1.7	-	-	1.7
Employee benefits liability	12 488	3.0	-	-	3.0
Provisions	39 543	9.4	-	-	9.4
Deferred tax liability	114 242	27.3	-	(0.2)	27.1
Other non-current liabilities	24 508	5.9	-	-	5.9
Total non-current liabilities	**2 009 757**	**481.1**	**-**	**(0.2)**	**480.9**
Interest-bearing loans and borrowings	157 880	37.8	-	-	37.8
Finance lease liabilities	1 777	0.4	-	-	0.4
Trade and other accounts payable	779 839	186.7	-	-	186.7
Corporate income tax liabilities	24 186	5.8	-	-	5.8
Total current liabilities	**963 682**	**230.7**	**-**	**-**	**230.7**
Total liabilities	**2 973 439**	**711.8**	**-**	**(0.2)**	**711.6**
Total equity and liabilities	**4 319 087**	**1033.9**	**-**	**(0.2)**	**1 033.7**

Adjustment 1 - translated with the exchange rate of ECB PLN/EUR 4.1770 and divided by 1000.

Adjustment 2 - effect of the retranslation from PLN as a presentation currency into EUR as a presentation currency based on the historical and average FX rates as applicable.

Adjustment 3 – final recognition of PPA for KFC business in Germany and PH business in France.

Condensed consolidated statement of cash flows effect of change of the currency

	6 months ended	
	30 June 2017 Published* PLN thousands	**30 June 2017** Restated EUR millions
Cash flows from operating activities		
Profit before tax from continued operations	74 457	17.6
Adjustments for:		
Amortisation	19 541	4.6
Depreciation	137 617	32.1
Interest expense, net	18 486	4.3
Foreign exchange result	4 617	1.1
Loss on disposal of property, plant and equipment and intangibles	2 023	0.5
Impairment of property, plant and equipment and intangibles	6 166	1.5
Share-based payments expenses	10 344	2.4
Other	(606)	(0.1)
Working capital changes:		
Increase in trade and other receivables	(15 007)	(3.6)
Increase in inventories	(217)	(0.1)
Increase in other assets	(5 898)	(1.4)
Decrease in payables and other liabilities	(52 670)	(12.1)
Decrease in other provisions and employee benefits	(16 618)	(4.0)
Income taxes paid	(5 867)	(1.4)
Net cash provided by operating activities	**176 368**	**41.5**
Cash flows from investing activities		
Net cash outflows on acquisition	(94 662)	(22.3)
Prepayment for the acquisition of restaurants	(19 140)	(4.5)
Acquisition of property, plant and equipment	(202 159)	(47.4)
Acquisition of intangible assets	(7 847)	(1.9)
Net cash used in investing activities	**(323 808)**	**(76.1)**
Cash flows from financing activities		
Proceeds from share transfers (employees options)	3 846	0.9
Expense on acquisition of treasury shares (employees options)	(45 745)	(10.8)
Expense on settlement of employee stock option in cash	(3 323)	(0.8)
Proceeds from loans and borrowings	290 555	68.2
Interest paid	(19 266)	(4.5)
Interest received	1 365	0.3
Dividends paid to non-controlling interest owners	(100)	-
Transactions with non-controlling interest	(60 619)	(13.3)
Repayment of finance lease payables	(446)	(0.1)
Net cash provided by financing activities	**166 267**	**39.9**
Net change in cash and cash equivalents	**18 827**	**5.3**
Effect of foreign exchange rate movements	11 091	4.8
Balance sheet change of cash and cash equivalents	29 918	10.1
Cash and cash equivalents, beginning of period	291 641	66.1
Cash and cash equivalents, end of period	**321 559**	**76.2**

** Data in Report for H1 2017 was presented in different order. However the amounts have not been changed.*

27. Impact of standards issued but not yet applied by the entity

The following standards have been issued but are not effective yet as well as the Group did not decide on the earlier adoption:

- IFRS 16 Leases

  The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

  The Group will apply the standard from 1 January 2019.

  The Group is currently assessing the impact of the amendments on its financial statements. Taking into consideration large scale and value of signed lease agreements, the Group expects a significant impact of the implementation of standard on the consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments

  IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 is effective for annual periods beginning 1 January 2019 or later.

  The Group will apply the standard from 1 January 2019.

  At the date of preparation this financial statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

  At the date of preparation of these Condensed Consolidated Financial Statements, this standard has not yet been approved by the European Union.

- Annual Improvements to IFRSs 2015-2017 cycle

  IASB issued in December 2017 annual improvements to IFRSs 2015-2017 cycle changing IFRS 3, IFRS 11, IAS 12 and IAS 23. Amendments contain clarifications and specification relating to recognition and valuation.

  The Group will apply the standard from 1 January 2019.

  At the date of preparation these Condensed Consolidated Financial Statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these Condensed Consolidated Financial Statements this standard has not yet been approved by the European Union.

- Amendments to IAS 19: Plan Amendment. Curtailment or Settlement

The amendments were issued on 7 February 2018 and are effective for annual periods beginning 1 January 2019 or later. The amendments specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan.

The Group will apply the standard from 1 January 2019.

At the date of preparation these Condensed Consolidated Financial Statements the Group has not yet completed its assessment of the impact of the amendments on the consolidated financial statement.

At the date of preparation of these Condensed Consolidated Financial Statements this standard has not yet been approved by the European Union.

- Amendment to IAS 28: Long-term Interests in Associates and Joint Ventures

The standard has been published to clarify that an entity applies IFRS 9 ,Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

At the date of preparation of these Condensed Consolidated Financial Statements this standard has not yet been approved by the European Union.

- Amendments to References to the Conceptual Framework in IFRS Standards

Amendments will be effective from 1 January 2020.

At the date of preparation of these Condensed Consolidated Financial Statements this standard has not yet been approved by the European Union.

Other issued but not yet endorsed standards or interpretations do not affect the Group's activity.

28. Events after the balance sheet date

Bonds redemption

On 2 July 2018 the Company made a redemption of 14 000 dematerialised bearer bonds AMRE03300618 series, with a par value of PLN 10 000 (EUR 2 286.7) per one bond and the total nominal value of PLN 140.0 million (EUR 32.0 million). The bonds were issued by AmRest on 18 June 2013 with the maturity date falling on 30 June 2018.

As at 30 June 2018 bonds are presented as non-current Interest bearing loans and borrowings.

Early bonds redemption

On 20 August 2018 AmRest Holdings SE ("AmRest", "Company") informed that the Company plans to make on 28 September 2018 an early redemption of 14 000 dematerialised bearer bonds AMRE04100919 series ("Bonds"), with a par value of PLN 10 000 (EUR 2 286.7) per one bond and the total nominal value of PLN 140.0 million (EUR 32.0 million).

The Bonds were issued by AmRest on 10 September 2014 with the maturity date falling on 10 September 2019.

The early redemption of the Bonds at the request of the Issuer will be carried out by a cash payment in the amount of the nominal value of the Bonds increased by accrued interest and early redemption premium calculated in accordance with point 3 and 4 of the Terms and Conditions of the Bonds Issue. The buyout of the Bonds will be refinanced with bank loans.

As at 30 June 2018 bonds are presented as current Interest bearing loans and borrowings.

Investment in Shares of Glovoapp23. S.L.

On 17 July 2018 AmRest Holdings SE signed the Shareholders' Agreement, Subscription Agreement and Share Purchase Agreement with Glovoapp23. S.L., based in Barcelona, Spain ("Glovo") and its existing and new shareholders. Based on these agreements AmRest acquired a tranche of newly issued shares in Glovo as well as purchased a portion of existing shares from certain shareholders of Glovo. As a result of the investment in the total amount of EUR 25 million, AmRest became co-lead investor holding 10% of total number of Glovo shares. The investment assured AmRest a board seat in Glovo. On 17 July 2018 the transaction was completed and the Group obtained control over the respective shares.

Glovo is one of the key players in digital food delivery on the Spanish market. It is an application that allows to buy, collect and send any product within the same city at a time. It has more than 1 million users and 5 600 associated partners. In Spain, the service is available in the urban areas of 21 cities. Internationally, Glovo operates in the main capital cities in Europe and EMEA, and also in 9 countries of LATAM. Currently Glovo is present in 61 cities of 17 countries throughout the world.

Share Purchase Agreement to acquire Sushi Shop Group SAS

On 27 July 2018 AmRest Holdings SE signed the Share Purchase Agreement with Mr. Grégory Marciano, Naxicap Partners SA and remaining sellers (jointly "Sellers") aimed at the acquisition of 100% shares in Sushi Shop Group SAS ("Sushi Shop", „Group") (the "Agreement").

Sushi Shop is the operator of the leading European chain of Japanese cuisine restaurants comprising of 165 stores, of which about one third are restaurants run by franchisees. Upscale Sushi Shop restaurants are present in France (72% of the entire business) and in 11 other countries (including Spain, Belgium, Great Britain, Germany, Switzerland, Italy). The Group's business model is based mainly on the "delivery" (55% of sales) and "take-away" (32% of sales) channels.

The parties of the SPA intend to close the transaction within the next couple of months ("Completion"), which will be a subject obtaining clearance by the relevant antitrust authorities and lack of the material adverse change ("MAC").

Share Purchase Agreement with Bloom Motion, S.L. and Mr. Johann Spielthenner

On 31 July 2018 AmRest Tag. S.L.U. ("AmRest Tag", which is an indirect 100% subsidiary of AmRest) signed the Share Purchase Agreement ("SPA") with Bloom Motion, S.L. and Mr. Johann Spielthenner (jointly the "Seller") aimed at the acquisition by AmRest Tag of 100% of Bacoa Holding, S.L. and Black Rice, S.L. share capital.

As the result of SPA AmRest acquired a restaurant chain consisting of six burger restaurants under BACOA brand in Spain (in Barcelona and in Madrid) operated through both equity and franchise model. The purchase price based on Enterprise Value (on the cash-free and debt-free basis) amounted to approx. EUR 3.7 million. On 31 July 2018 the transaction was completed and the Group obtained control over the respective company.

Tax inspections

All information regarding tax inspections began after 30 June 2018 and update of ongoing tax inspections (including positive decision issued in relation to VAT tax inspections) were describe in note 19.

Signatures of the Board of Directors

José Parés Gutiérrez
Chairman of the Board

Carlos Fernández González
Member of the Board

Luis Miguel Álvarez Pérez
Member of the Board

Henry McGovern
Member of the Board

Steven Kent Winegar Clark
Member of the Board

Pablo Castilla Reparaz
Member of the Board

Mustafa Ogretici
Member of the Board

Wrocław, 21 September 2018

Condensed Consolidated Financial Statements for 6 months ended 30 June 2018
AmRest Holdings SE