DIRECTORS' REPORT

AMREST HOLDINGS N.V.

FOR THE FIRST HALF OF 2007

CONTENTS

1. THE COMPANY'S OPERATIONS

1.1. Basic services provided by the Group

AmRest Holdings N.V. (AmRest) manages KFC restaurants (in Poland, the Czech Republic, Hungary and Russia), Pizza Hut restaurants (in Poland, Hungary and Russia) and, as of May 2007, Burger King restaurants (in Poland). Additionally, AmRest operates freshpoint restaurants (in Poland) and Rodeo Drive restaurants (in Poland and the Czech Republic). The Company is planning to open the first KFC restaurants in Bulgaria and Serbia by the end of 2007, and the first Starbucks store in the first half of 2008. The new brands – freshpoint, Rodeo Drive, Burger King and Starbucks – will enable the Company to diversify its services and to ensure customer satisfaction thanks to the wide product offer.

AmRest restaurants provide dine-in services, take-away services, drive-in services in special sales points and telephone deliveries. The aim is to provide reasonably priced craveable food while ensuring expeptional customer service. The AmRest restaurant menus include brand dishes prepared from fresh products in accordance with the original recipes and with KFC, Pizza Hut and Burger King chain standards, and dishes prepared on the basis of proprietary ideas (freshpoint and Rodeo Drive).

AmRest is a franchise of Yum! Brands Inc. in respect of KFC and Pizza Hut brands. Burger King restaurants also operate on a franchise basis following from an agreement concluded with Burger King Europe GmbH. Rodeo Drive and freshpoint are AmRest's proprietary brands, therefore, sales in those restaurants are not charged with franchise fees. Starbucks restaurants will be opened by joint venture companies (82% AmRest and 18% Starbucks), which will be granted the rights and licences to develop and operate Starbucks stores in Poland, the Czech Republic and Hungary.

a) Restaurants in the *Quick Service Restaurants (QSR)* segment

KFC is a quick service restaurant chain offering various chicken dishes in the Hot&Spicy and Kentucky versions, as well as fresh salads, which vary depending on the season, cakes and deserts, originally prepared corn, hot and cold drinks. The chicken prepared in KFC is freshly marinated and crumb-coated every day at the restaurant, which results in the highest quality flavour and quality of the served dishes. In terms of sales and the number of restaurants, KFC AmRest is one of the largest operators of restaurant chains in Central and Eastern Europe.

In 2007, along with the introduction of Qurrito to the KFC menu, a new platform of grilled products was launched. KFC continues its efforts aimed at increasing the value for its customers. In the first half of 2007 in most KFC restaurants in Poland and the Czech Republic free-of-charge WiFi on-line access was launched. Additionally, in most KFC restaurants in Poland a "Free Refill" option is now available in respect of the drinks served in the restaurant. In 2007, a change process was implemented in KFC aimed at shifting its image towards "Fast Casual". The change is aimed at ensuring that customers spend time more comfortably in the restaurants, in accordance with their requirements. The so-called club zones were introduced where customers may enjoy the unique flavour of KFC chicken sitting in comfortable armchairs or on leather sofas, in the company of their friends or relations. At the same the renovated restaurants bear a new KFC logo.

In June 2007, Mr. Drew O'Malley, the then Brand President of KFC, took up the position of Brand President of Starbucks. At the same time, the position of Brand President KFC was taken up by Mr Olgierd Danielewicz, who was responsible for launching the Burger King brand in Poland. Mr Olgierd Danielewicz began his career in AmRest in 1998, as shift manager in a KFC restaurant.

Currently, 8 freshpoint restaurants are operational. The freshpoint sandwich chain is aimed at people who lead a busy life but who would nevertheless like to eat healthy food. freshpoint sandwiches are a fresher and healthier alternative to eating out. The freshpoint chain offers a wide range of various breads and rolls, fresh ingredients and various sauces.

All the components of the menu are offered in a comfortable form enabling easy consumption in the restaurant or as take-away. The freshness of the freshpoint sandwiches is ensured by using natural ingredients and the possibility of watching the preparation process of each sandwich ordered. The bread used to prepare the sandwiches is fresh as it is baked on site. In March 2007 a *premium* offer was launched – sandwiches prepared with a new type of ciabatta bread with sunflower seeds.

Sandwich bars are expected to become the next step in the development of the catering sector in Poland. The correctness of these expectations is attested by the current trends of food in society. Additional factors which condition Polish development include: the increased professional activity of women, longer working hours, an increase in the number of commercial centres with a well developed catering offer and an increase in the number of students.

At the beginning of March 2007, AmRest signed a Development Agreement with Burger King Europe GmbH regarding the opening and operating of Burger King restaurants in Poland. Adding the Burger King brand to the AmRest portfolio represents the Company's entry to the largest QSR sector. Burger King is the second largest global fast-food restaurant chain. Currently over 11 thousand Burger King restaurants operate in more than 65 countries.

The first Burger King restaurant was opened very successfully in May 2007 in Warsaw. The restaurant boasts very good sales results. Soon another Burger King restaurant will be opened in Wrocław.

The products on the menu of Burger King restaurants – large, tasty burgers prepared on open-fire grills – are addressed especially to men aged 18-35. Apart from the *Whopper*, which is the key Burger King product, the restaurants offer a wide range of salads and chicken sandwiches. In accordance with the slogan "*Have It Your Way"*, Burger King customers may make up their own burgers according to their fancy and culinary tastes. Burger King's mission is to deliver to customers the unique taste of flamed grilled burgers , served in a friendly and comfortable atmosphere.

In May 2007, joint venture agreements were signed with Starbucks Coffee International, Inc. ("Starbucks") relating to cooperation in the area of developing and operating Starbucks stores in Poland, the Czech Republic and Hungary. The parties decided to establish three separate Joint Ventures in each of the 3 countries. AmRest took up 82%, and Starbucks 18% of the share capital of the Joint Venture Companies (RB 23/2007 dated 25 May 2007). In June Mr Drew O'Malley, the former KFC Brand President in AmRest, took up the position of Brand President of Starbucks.

Starbucks is the the leading purveyor of premium coffee globally, currently comprising over 13 thousand stores. In March 2007, Starbucks announced that its long-term goal is to operate 20 thousand restaurants outside the US; in 2007 alone, Starbucks intends to open 700 new international stores.

AmRest's experience in Central and Eastern Europe, its high quality operations, its developed network of suppliers, and the global domination of Starbucks in a dynamically developing specialty coffee segment is the leverage which the joint ventures of both companies intends to apply. Currently, preparations to open the first Starbucks store in the region are in the pipeline – AmRest plans to open the first restaurant in the first half of 2008.

b) Restaurants from the *Casual Dining Restaurants (CDR)* segment

Pizza Hut is one of the largest chains of casual dining restaurants in Central and Eastern Europe; the restaurants which ensure waiter service and a wide variety of different dishes. In Poland, the Pizza Hut chain has been present for 15 years. The brand strategy is to strengthen the long-term advantage of the restaurants in order for them to become the favourite "casual dining" brand in each town and city where they are present. Operations in this respect relate to three major areas: the product, the service and the atmosphere.

The products offered by Pizza Hut respond to the quickly changing expectations of customers and are included in the "Pizza – Pasta – Salad" offer. The richness of flavours, a world-wide culinary art, freshness and lightness were the key assumptions behind the subsequent product promotions in the first half of 2007.

The first promotion entitled "New Italian Menu" was a festival of pasta and products inspired by Italian cuisine – which is very popular among clients. The next line of 14 kinds of pizzas ("The Whole World in Pizza Hut") allowed customers to "travel" through the cuisines from different parts of the world and strengthened the brand's position as "pizza expert". Another promotion "Taste fresh acquaintances" was the answer to a summer line of products based on a variety of fresh vegetables accompanied by bruschetta prepared with fresh pastry in various flavours. Many of the ideas were introduced in the permanent menu – among them, for example, are 8 new pizzas, a new flavour of pasta, Alfredo with chicken and a very popular lemonade prepared with fresh lemons. Among Pizza Hut's regular offers are thick crust and classic pizzas, a "no limits" salad bar, lasagne and pasta.

Under the "Favourite Restaurant" plan, several projects are being realized relating to the area of customer service – a new training program for waiters, a new structure for improving the qualifications of kitchen staff, a modified system of quality assessment for CMS product and service (the so-called Mysterious Client). This multi-month plan stipulates a set of activities and changes aimed at improving customers' experience in each of the significant areas (product, service, atmosphere).

Rodeo Drive (American Bar & Grill) is a *casual dining* restaurant serving dishes based chiefly on grilled meat and a wide variety of drinks. Rodeo Drive restaurants are traditional Texas "saloons".

Rodeo Drive is a place where you can eat lunch, hold a business meeting and an evening beer party. The décor of the restaurant refers to the American tradition – wooden benches, tables, beams on the ceiling, stone elements on the walls, "ranch" gadgets: ranchers' hats, saddles, cart wheels. The grill in full view of the visitors is an element which distinguishes this place and emphasizes the character of the restaurant.

Rodeo Drive means real American food – the food of the true cowboy. The signature dish is beefsteak grilled over a slow fire. Another very popular dish is grilled spare ribs served with BBQ sauce, chilli, garlic or honey. The restaurants are located in attractive locations and are capable of servicing 150 to 250 guests at a time. Currently AmRest operates 4 Rodeo Drive restaurants – 3 located in Poland and 1 in the Czech Republic. Recently the consecutive Rodeo Drive restaurant has been opened in Poznań, in Stary Browar.

AmRest is continuing to develop its proprietary brands – freshpoint and Rodeo Drive. In May and in September 2007 two next Rodeo Drive restaurants were opened in Warsaw on Nowy Świat Street and in Poznan in Stary Browar. At the same time, 4 new freshpoint restaurants were opened – 3 in Warsaw and 1 in Wrocław. Currently, a total of 8 freshpoint and 4 Rodeo Drive restaurants are operating. A full evaluation of both projects will be possible once an appropriate scale is reached (9 freshpoint and 4 Rodeo Drive restaurants).

c) New markets

At the end of the first half of 2007, a full year of operations of the Hungarian restaurants in the AmRest structures was completed. The restaurants were purchased in June 2006. Currently, 11 KFC restaurants and 9 Pizza Hut restaurants operate in Hungary, and all of them are operated by AmRest. In 2007 we opened 6 KFC restaurants and closed 3 Pizza Hut restaurants, as part of the restructuring programme for Hungarian business which was adopted upon finalizing the purchase.

The key aim in 2007 is the construction of a team of people ready to operate and develop chains of restaurants in this country. Since the beginning of the year, as a result of external and internal recruitment, 50 new managers were employed. By the end of the current year, we plan to employ another 30 in total for both brands. By the end of 2007 further improvement in the operating standards of Hungarian restaurants is planned (product quality, service, operating systems – among others DOS+) and the implementation of a new sales system (POS), which will allow us to increase effectiveness and better understand our clients' requirements.

By the end of the first quarter of 2008 we plan to finalize the process of renovating the oldest and largest restaurants located in Budapest so as to ensure that all KFC restaurants in Hungary are consistent with the brand's standards.

In March 2007, the Company announced that it will begin operating in Bulgaria, and in May a subsidiary of AmRest was registered in Sofia. Due to the fact that Yum! Brands are already present on the Bulgarian market (11 KFC and Pizza Hut restaurants already operate there), AmRest does not have exclusive rights to the brands. At the initial phase of the Bulgarian investment, the Company will concentrate on developing its KFC restaurants.

The task of creating a solid and profitable business in that country was entrusted to one of the most experienced operating managers of AmRest. Bulgaria's membership in the

European Union will allow the Company to leverage its operations, especially in respect of supply. The opening of the first KFC restaurant in Bulgaria is planned for the end of 2007.

In connection with the ultimate finalization of the Merger Agreement (RB 20/20 07 dated 21 May 2007 and RB 35/2007 dated 3 July 2007) at the beginning of July 2007 AmRest acquired OOO Pizza Nord, the operator of 22 KFC and 19 Pizza Hut restaurants in Russia. The restaurants are located mainly in St. Petersburg. The results of the Russian restaurants will be consolidated with the results of AmRest as of the third quarter of 2007. The Company estimates that by the end of 2007 the Russian chain of restaurants will increase the Group's sales revenues by ca. PLN 67 million.

Russia is a very dynamically developing restaurant market – analysts assess it at 30% growth per annum. AmRest intends to develop the chain of restaurants throughout Russia, but in the next few years the Company intends to concentrate on St. Petersburg which has not been fully penetrated as yet.

In the foreseeable future, the Company will concentrate on integrating its systems and implementing AmRest standards in Russian restaurants. The key purpose of all the activities is to form a foundation on which future growth will be based.

At the beginning of September, a Joint Venture Agreement ("JV Agreement") was signed which relates to opening and operating restaurants in Serbia (RB 53/2007 dated 10 September 2007). The opening of the first KFC restaurant in Belgrade is planned by the end of 2007.

JVC's initial capital will amount to EUR 1,500,000, of which 60% will be taken up by AmRest Polska and the remaining 40% by ProFood. After 5 years have elapsed from the date of the JV Agreement, AmRest Polska will be entitled to repurchase ProFood's share in the JVC. The condition for finalizing the JV Agreement is to obtain Yum!'s acceptance of chicken meat suppliers for the KFC restaurants which are to be opened by the JVC. Acceptance must be obtained by 31 October 2007 at the latest.

1.2. Structure of revenues

The first half of 2007 was another period of increase in sales revenues for AmRest – an increase of 30.2% (PLN 365 million in H1 2007 compared with PLN 280 million in H1 2006). To compare, the CAGR ratio for sales in the first six months of 2004–2007 amounted to 17.2%. The high sales dynamics was achieved mainly thanks to the systematic increase in sales in existing restaurants and sales revenues gererated by the chain of restaurants in Hungary. Sales in Hungary amounted to PLN 22,724 thousand in total in the first and second quarter of 2007.

The AmRest Group generates most of its revenues in the Quick Service Restaurants (QSR) segment – KFC, Burger King and freshpoint. Revenues from the QSR segment comprised 78.5% of the Company's total sales in H1 2007 (compared to 80.3% in the same period of 2006). At the same time, the sales dynamics in this segment amounted to 27.4%. The other segment of AmRest, Casual Dining Restaurants (CDR), comprises such restaurants as Pizza Hut and Rodeo Drive. CDR segment sales amounted to 21.5% of the Company's total sales in H1 2007 (compared to 19.7% in the same period of 2006). In this segment sales dynamics amounted to 41.7%.

Table: Structure of AmRest sales by business segment

SEGMENT	01 - 06.2007		01 - 06.2006	
	PLN'000	% share	PLN'000	% share
Quick Service Restaurants	286 339	78.5%	224 744	80.3%
Casual Dining Restaurants	78 321	21.5%	55 265	19.7%
Total	**364 660**	**100.0%**	**280 009**	**100.0%**

In Poland in the first half of 2007 AmRest generated 68.6% of its sales compared with 71.6% in 2006. The share of the Czech Republic dropped from 28.4% in the first half of 2006 to 25.2 % in the same period of 2007. Hungarian restaurants had a 6.2% share in the semi-annual sales of AmRest.

The sales dynamics of Polish restaurants in the first half of 2007 amounted to 24.7% compared with 15.6% in respect of Czech restaurants. Restaurants operating in Poland had a 58.5% share in the total sales increase, restaurants in the Czech Republic 14.7% and restaurants in Hungary 26.8%.

Table: AmRest sales structure by geographical segment

COUNTRY	01 - 06.2007		01 - 06.2006	
	PLN'000	% share	PLN'000	% share
Poland	250 021	68.6%	200 530	71.6%
Czech Republic	91 915	25.2%	79 478	28.4%
Hungary	22 724	6.2%	-	0.0%
Total	**364 660**	**100.0%**	**280 009**	**100.0%**

AmRest sales is subject to seasonality. The lowest sales are recorded in the first quarter of the year, which is attributable primarily to fewer operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping centres;

1.3. Customers

AmRest products are directed to a wide circle of individual customers via a chain of proprietary restaurants located in Poland, the Czech Republic, Hungary and Russia, mainly located in cities or in their vicinity.

The target group of potential KFC customers are people aged between 15 and 39 who comprise about 70% of all the restaurants' guests. Around 65% have at least secondary school education and over 63% live in towns with a population exceeding 20 000. The key target group of Pizza Hut customers, about 75%, are people aged from 15 to 39. About 73% of Pizza Hut customers have at least secondary school education and 60% of them live in towns with more than 20,000 inhabitants.

1.4. Suppliers

The strategy for purchasing food products and packaging by AmRest is based on the following criteria: ensuring quality, a high level of services and competitiveness on the market – after the first two conditions have been met. The Company has a very rigorous programme for approving new suppliers and products and for monitoring existing ones. The system ensures that all required parameters are met by the products delivered to AmRest restaurants.

In the first half of 2007 the priority task of SCM, AmRest's subsidiary responsible for the coordination of supplies for the restaurants, was to widen the supply base in Poland. This was due to an increase in sales, mainly of chicken products. Thanks to the constant expansion of the volume of purchases, in connection with the introduction of new technologies and better use of resources, companies cooperating with SCM, were able to increase production effectiveness in the whole chain, which reduced the dynamics and sometimes even compensated for the effect of price increases in the food production sector.

In the second half of 2007 a significant increase in the prices of milk and corn was observed which transfers to an increase in the prices of end products. Despite the fact that to date firms cooperating with AmRest were able to partly offset the effects, should the trend continue, the pressure on increasing food prices will be more and more noticeable. However, taking into consideration the central distribution system in force in AmRest and the permanent business relationships built with cooperating firms, the potential increase in food prices will be lower in the Company compared with the rest of the catering market. The central distribution system ensures direct cooperation with the manufacturers who were selected based on the criteria specified above. They are companies which invested in the development if their own raw materials base which is particularly important in the production of chickens. In the foreseeable future, the strategy based on developing the Group's own supply base will be continued and will be one of the key elements in selecting AmRest suppliers.

After entering the Hungarian market the supply system in Poland, the Czech Republic, and Hungary will be integrated in connection with the standardization of products and further consolidation of purchases. The process will be continued with the development of business on other markets.

The development of new products and cooperation with specialized firms which manufacture dedicated products for Pizza Hut, KFC, freshpoint and Burger King in Poland is a very important component of cooperation for SCM. These activities are supported mainly by McCormick, a lead global spices and pickles manufacturer. This company conducted several training courses for cooperating firms and for SCM and AmRest staff. The effects of the cooperation are, among other things, the new products which appear in AmRest restaurants.

2. THE COMPANY'S SHAREHOLDERS

2.1. Shareholding structure

According to the information held by the Company, as at the date of signing the semi-annual report, 27 September 2007, the following shareholders submitted information on holding directly or indirectly (through subsidiaries) at least 5% of the total number of voting rights at the General Shareholders' Meeting of AmRest:

Shareholder	Number of shares	Interest %	Number of voting rights at the GSM	Share of voting rights at the GSM %
BZ WBK AIB AM *	1 685 913	12.49%	1 685 913	12.49%
BZ WBK AIB TFI	1 201 827	8.90%	1 201 827	8.90%
IRI LLC **	1 199 420	8.88%	1 199 420	8.88%
ING Nationale – Nederlanden Polska OFE	750 000	5.56%	750 000	5.56%
Michael Tseytin	720 016	5.33%	720 016	5.33%
CU OFE	678 075	5.02%	678 075	5.02%

* BZ WBK AIB AM manages assets which include, among others, funds of BZ WBK AIB TFI
** IRI LLC is a company wholly controlled by ARC.

2.2. Changes to shareholding structure

In the period from the publication of the last periodic report (report for the second quarter of 2007 published on 14 August 2007) the Company obtained the following information on changes in its shareholding structure:

As a result of a purchase of shares settled on 27 August 2007, Commercial Union Otwarty Fundusz Emerytalny ("CU OFE") became the owner of 678 075 shares in AmRest, which is 5.02% of the Company's share capital and gives entitlement to a total of 678 075 votes, i.e. 5.02% of the total number of voting rights at the Company's General Meeting. Before the change in the shareholding structure, CU OFE held 665 000 shares in AmRest, which represented 4.93% of the Company's share capital and gave entitlement to a total of 665 000 votes, i.e. 4.93% of the total number of voting rights at the Company's General Meeting.

3. MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

Below we present the Management and Supervisory Boards of AmRest:

a) Management Board

AmRest's Management Board comprises:

Henry McGovern

Wojciech Mroczyński

b) Supervisory Board

On 23 August 2007 a Member of the Supervisory Board of AmRest, Mr Christian Eisenbeiss, resigned as Chairman of the Supervisory Board for personal reasons.

The Management Board of AmRest intends to convene an Extraordinary General Shareholders' Meeting to appoint a new Member of the Supervisory Board. The Management Board will propose Mr Michael Tseytin, a former shareholder of Pizza Nord (Russia), acquired by AmRest on 2 July 2007.

The Supervisory Board of AmRest currently comprises:

Donald Macintosh Kendall Sr.

Donald Macintosh Kendall Jr.

Przemysław Schmidt

Jan Sykora

Per Steen Breimyr

4. ORGANIZATIONAL STRUCTURE OF THE GROUP

The current structure of the AmRest Group is presented in Note 1a to the consolidated financial statements as at and for the six months ended 30 June 2007. Below we present the changes which were made to the composition of the Group during the period.

On 27 March 2007, AmRest Coffee Sp. z o.o. was established. American Restaurants Sp. z o.o. ("AmRest Polska") holds 100% shares in AmRest Coffee. 100% of AmRest Polska shares belong to AmRest. The new company was established in connection with the cooperation with Starbucks Coffee International, Inc. ("Starbucks") in the development and operation of Starbucks stores. The establishment of AmRest Coffee was described in detail in RB 9/2007 dated 28 March 2007.

Also in March 2007 SCM s.r.o. ("SCM Czech") was registered in the Czech Republic, a subsidiary of SCM sp. z o.o. ("SCM Polska"), an associated entity of the AmRest Group. SCM Polska holds 40.5% shares in SCM Czech. The newly established Czech company, similarly to SCM Polska, is engaged in supply services on behalf of AmRest restaurants.

On 19 April 2007 American Restaurants Kft. ("AmRest Hungary"), a subsidiary of AmRest Polska, purchased 100% of shares in Bécsi út 13. Kft. ("Bécsi"). Bécsi is the owner of an office building located at 13 Bécsi Street in Budapest. AmRest Hungary had been the tenant of office space at the said location. The purchase of the building referred to above should enable AmRest to expand its offices in Budapest. Details of the transaction are provided in Note 3. The transaction was also described in detail in RB 12/2007 dated 19 April 2007.

On 27 April 2007, the Article of Associations of American Restaurants EOOD ("AmRest Bulgaria") was signed by AmRest Polska. The company's registered office is in Sofia, Bulgaria. AmRest Polska took up 100% of shares in the new company. AmRest Bulgaria was established to open and operate restaurants in Bulgaria. The establishment of AmRest Bulgaria was described in detail in RB 17/2007 dated 11 May 2007.

Also in May 2007 AmRest Acquisition Subsidiary, Inc. ("AA Subsidiary") was established, with its registered office in Delaware, United States of America. AmRest holds a 100% interest in the newly established company. AA Subsidiary was established to merge with US Strategies, Inc ("USSI"), with its registered office in New Jersey. USSI was the key shareholder of OOO Pizza Nord, the franchisee and operator of 41 Pizza Hut and Rostic-KFC restaurants in Russia. The establishment of AA Subsidiary was described in detail in RB 19/2007 dated 21 May 2007.

Group offices are located in Wrocław, Poland. Currently restaurants operated by the Group are located in Poland, the Czech Republic, Hungary and Russia.

5. FINANCIAL POSITION OF THE COMPANY

5.1. Assessment of the Company’s results and the structure of its balance sheet

Table: Basic financial data of AmRest (first half of 2004-2007)

In PLN’000 unless stated otherwise	H1 2007	H1 2006	H1 2005	H1 2004
Sales	364 660	280 009	227 863	226 808
Operating profit before amortization and depreciation (PLN’000 EBITDA)	54 777	39 359	26 198	23 344
EBITDA margin	*15.0%*	*14.1%*	*11.5%*	*10.3%*
Operating profit (loss) (PLN’000)	32 230	18 412	10 533	7 808
Operating margin (EBIT margin)	*8.8%*	*6.6%*	*4.6%*	*3.4%*
Profit (loss) before tax (PLN’000)	30 723	22 082	6 457	1 062
Gross margin	*8.4%*	*7.9%*	*2.8%*	*0.5%*
Net profit (loss) (PLN’000)	25 359	18 951	9 891	(284)
Net profitability	*7.0%*	*6.8%*	*4.3%*	*(0.1%)*
Equity	184 091	139 473	107 910	9 533
Return on equity (ROE)	*15%*	*14%*	*16%*	*(3%)*
Balance sheet total	339 862	299 649	244642	218 797
Return on assets (ROA)	*8%*	*6%*	*4%*	*(0%)*

Definitions:

- *Operating margin after amortization and depreciation – operating profit before amortization and depreciation (EBITDA) to sales;*
- *Operating margin – operating profit to sales;*
- *Gross margin – profit before tax to sales;*
- *Net profitability – net profit to sales;*
- *Return on equity (ROE) – net profit to average equity;*
- *Return on assets (ROA) – net profit to average assets.*

Table: Liquidity analysis (first half of 2004-2007)

In PLN'000 unless stated otherwise	**H1 2007**	**H1 2006**	**H1 2005**	**H1 2004**
Current assets	65 230	46 295	42 255	36 716
Inventories	8 671	7 416	5 635	5 443
Short-term liabilities	85 227	74 296	64 954	183 554
Quick ratio	*0.66*	*0.52*	*0.56*	*0.17*
Current ratio	*0.77*	*0.62*	*0.65*	*0.20*
Cash and cash equivalents	39 068	20 613	18 628	11 433
Cash ratio	*0.46*	*0.28*	*0.29*	*0.06*
Inventories turnover ratio (in days)	*4.21*	*4.36*	*4.59*	*4.77*
Trade receivables	10 412	9 481	13 069	11 345
Receivables ratio (in days)	*5.47*	*7.48*	*8.46*	*9.65*
Operating ratio (cycle) (in days)	*9.68*	*11.84*	*13.05*	*14.42*
Trade payables	75 679	64 871	50 958	57 985
Payables turnover ratio (in days)	*37.82*	*39.03*	*40.74*	*46.11*
Cash conversion ratio (in days)	*(28.14)*	*(27.19)*	*(27.68)*	*(31.68)*

Definitions:

- *Quick ratio – current assets net of inventories to current liabilities;*
- *Current ratio – current assets to current liabilities;*
- *Cash ratio – cash and cash equivalents to current liabilities at the end of the period;*
- *Inventories turnover ratio (in days) – average inventories to sales multiplied by the number of days in the period;*
- *Receivables turnover ratio (in days) – average trade receivables to sales multiplied by the number of days in the period;*
- *Operating ratio (cycle) (in days) – total of inventories turnover and receivables turnover;*
- *Payables turnover ratio (in days) – ratio of average trade payables to sales multiplied by the number of days in the period;*
- *Cash conversion ratio – difference between the operating ratio (cycle) and the payables turnover ratio.*

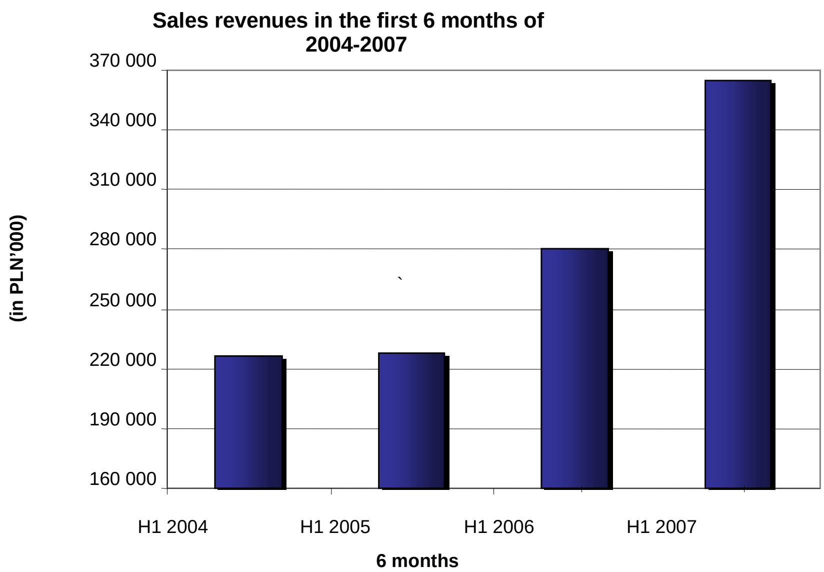
Table: Debt analysis (first half of 2004-2007)

In PLN'000 unless stated otherwise	H1 2007	H1 2006	H1 2005	H1 2004
Current assets	65 230	46 295	42 255	36 716
Non-current assets	274 632	253 354	202 387	182 081
Trade receivables	10 412	9 481	13 069	11 345
Liabilities	155 771	160 176	136 732	209 031
Long-term liabilities	70 544	85 880	71 778	25 477
Share of inventories in current assets (%)	*13.29%*	*16.02%*	*13.34%*	*14.82%*
Share of trade receivables in current assets (%)	*15.96%*	*20.48%*	*30.93%*	*30.90%*
Share of cash and cash equivalents in current assets (%)	*59.89%*	*44.53%*	*44.08%*	*31.14%*
Equity to fixed assets ratio ratio	*0.67x*	*0.55x*	*0.53x*	*0.05x*
Debt ratio	*0.46x*	*0.53x*	*0.56x*	*0.96x*
Long-term debt ratio	*0.38x*	*0.62x*	*0.67x*	*2.67x*
Debt to equity ratio	*0.8x*	*1.1x*	*1.3x*	*21.9x*

Definitions:

- *Share of inventories, trade receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;*
- *Equity to fixed assets ratio –- equity to fixed assets;*
- *Debt ratio – total liabilities and provisions to total assets;*
- *Long-term debt ratio – long-term liabilities to total assets;*
- *Debt to equity – liabilities and provisions as at the end of a given period to the value of equity.*

In the first half of 2007, sales of the AmRest Group amounted to PLN 364 660 thousand and increased by 30.2% compared with the same period of 2006. The increase in sales was achieved mainly as a result of systematic increases in sales by the existing restaurants and sales made by the restaurant chain in Hungary. Sales of Hungarian restaurants are included in Group results commencing from the third quarter of 2006. Sales in Hungary, in the first and second quarter of 2007 amounted to a total of PLN 22 724 thousand.



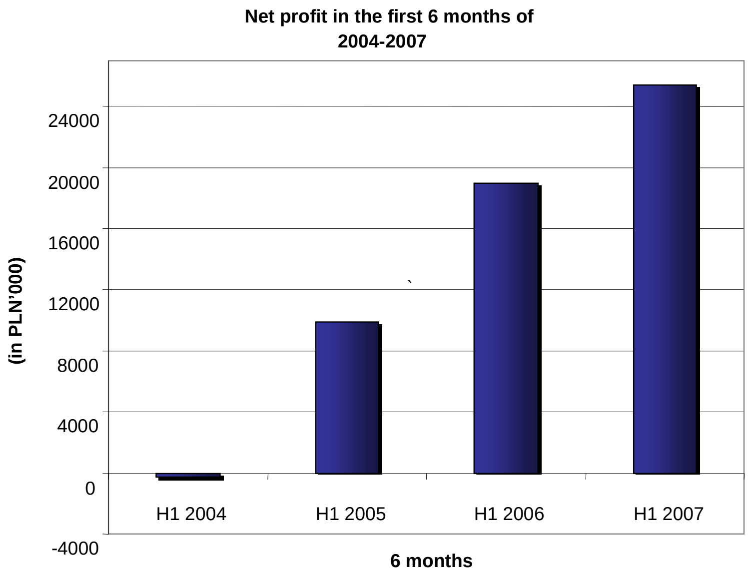
AmRest is systematically improving its operating margins. In the first half of 2007 the dynamics of restaurant costs were lower than the sales dynamics; therefore, the gross profit on sales margin increased to 14.5% (compared with 12.1% in 2006). The value of gross profit on sales in the first half of 2007 increased by 55.2% compared with the same period of 2006 and amounted to PLN 52 744 thousand.

In 2007, chiefly the lower occupancy costs and other operating expenses in relation to sales, as well as costs of food, had a favourable impact on the results in the first half of 2007. On the other hand, higher costs of payroll and employee benefits, in relation to sales, had a negative impact on margins. The drop in occupancy costs and other operating expenses in respect of sales is caused mainly by the economies of scale resulting from high sales in the first half of 2007. The increase in payroll and employee benefits is related to the general trends noted on the labour markets of Poland, the Czech Republic and Hungary. This relates mainly to payroll paid to employees.

In the first half of 2007, the Company's marketing expenses dropped to 4.3% in respect of sales (compared to 5.1% in the same period of 2006) and amounted to PLN 15 662 thousand. The difference mainly results from the uneven dispersion of marketing expenses over time.

In the first half of 2007 operating profit increased to PLN 32 230 thousand (by 75.0% compared with the same period of 2006), and EBITDA amounted to PLN 54 777 thousand (an increase of 39.2% compared with the same period of 2006). Due to the very good gross result on sales in the first half of 2007, the operating profit margin in the period increased to 8.8% compared with 6.6% in 2006. Therefore, the EBITDA margin in the first half of 2007 increased to 15.0% compared with 14.1% in the same period of 2006.

The net profit in the first half of 2007 amounted to PLN 25 359 thousand (an increase of 33.8% compared with 2006), and the net profit margin increased from 6.8% to 7.0%. Differences in the results of financial activities in the first half of 2007 and in the same period of 2006 are mainly related to one-off waiver of the debt relating to the IRI loan and foreign exchange gains on AmRest Group intercompany loans noted in the second quarter of 2006.



As at the end of the first half of 2007, mainly in connection with an increase in the current assets, the quick and current liquidity ratios also increased compared with 2006, to 0.66 and 0.77 respectively. The significant increase in cash and cash equivalents had an impact on the cash liquidity ratio which increased to 0.46 (compared with 0.28 in 2006).

Despite the growing number of newly-opened restaurants, optimization of management of the supply chain allowed the Group to maintain inventories at a level similar to that as at the end of 2006. This enabled further improvement in inventory turnover which dropped from 4.4 days in the first half of 2006 to 4.2 days in the first half of 2007. The improve of receivables turnover (to 5.5 days) and substantial drop of liabilities turnover (to 37.8 days) allows the Group to finance most of its current operations with trade credit.

The results described above show an improvement in AmRest Group's liquidity. With respect to the specific nature of the restaurant business, it can be stated that the liquidity ratios are on a level ensuring uninterrupted operation. Generating surplus cash inflows on a current basis allows fluid servicing of the existing debt and financing of the planned investment expenditure.

AmRest Group's equity is systematically increasing. Its value increased from PLN 157 864 thousand as at the end of 2006 to PLN 184 091 thousand as at the end of the first half of 2007. The debt to equity ratio dropped from 1.1 as at the end of the first half of 2006 to 0.8 as at the end of the first half of 2007. Debt ratio dropped from 0.53 to 0.46 in the respective periods.

The balance sheet total as at the end of the first half of 2007 amounted to PLN 339 862 thousand and increased by 5.9% compared with the end of 2006. This was mainly due to an increase in the value of fixed assets related to the construction of new restaurants. The Company's total liabilities dropped by 4.5% compared with the end of 2006 and amounted to PLN 155 771 thousand.

5.2. The Group's borrowings.

On 2 July 2007 a Share Loan Agreement was signed for 670,606 Shares in AmRest by and between IRI ("the Lender") and AmRest ("the Borrower"). The Lender at that time owned 4,756,850 shares of the Borrower, which comprised 35.24% of the total number of shares (RB 36/2007 dated 3 July 2007). The purpose of the Share Loan Agreement was to finalize the transaction following from the Merger Agreement.

On 2 July 2007 Annexe No. 3 to the Facility Agreement concluded on 4 April 2005 was signed between AmRest Holdings N.V., American Restaurants Sp. z o.o., American Restaurants s.r.o. and ABN AMRO Bank N.V. (RB 37/2007 dated 3 July 2007). The Annexe related to an increase to PLN 210 million of the total amount of the credit facility in connection with financing the purchase of USSI. The signing of Annexe No. 3 to the Facility Agreement was preceded by a process of researching the market in respect of the terms and conditions for financing business entities. An invitation to submit proposals was sent out to 6 renowned banks. The invitation met with great interest on the part of all the banks invited to the RFP process which expressed their willingness to finance the Group and to service it on a current basis. At the beginning of June, the Banks presented their proposals which were considered very competitive compared with the terms the Group has had to date. This process was the starting point for negotiating new, more favourable facility terms offered by ABN AMRO Bank. The negotiations were successful for AmRest. Apart from increasing the limit of the funds awarded, better financing terms were obtained which will contribute to significant economies in finance costs in 2007 and in the following years.

On 3 July 2007 a Bond Issue Agreement was signed between AmRest ("the Issuer") and AmRest Polska ("the Bondholder"). The purpose of the issue of bonds is to settle the liabilities following from the Merger Agreement. On 3 July 2007, the Issuer issued 100 zero-coupon bonds with a nominal value of PLN 839,107 each, for a period of 5 years ("the Bonds"). The issue price of one Bond was PLN 650,000. The total issue price of all Bonds amounted to PLN 65,000,000 (RB 38/2007 dated 3 July 2007).

On 3 August 2007 AmRest Polska, a subsidiary of AmRest, signed a loan agreement with OOO Pizza Nord for an amount of PLN 2.2 million. The loan was granted for a period of one year. AmRest Polska owns 9% of shares in OOO Pizza Nord. At the same time, on 17 September 2007, a loan agreement was signed by and between AmRest Polska and OOO Pizza Nord for an amount of PLN 15.0 million. The loan is a revolving loan and was granted until the end of 2008.

Detailed information on loans and advances as at 30 June 2007 is set out in Note 19 to the financial statements.

The listing of borrowings to related entities is as follows:

a. AmRest Holdings N.V.

Borrower	Currency of the loan	In PLN'000	
		Value of borrowings according to loan agreements *	Value of borrowings as at 30/06/2007**
American Restaurants s.r.o.	CZK	21 934	22 929

**translated at the NBP rate as at 30/06/2007*

*** including interest accrued until 30/06/2007*

b. American Restaurants sp. z o.o.

Borrower	Currency of the loan	In PLN'000	
		Value of borrowings according to loan agreements *	Value of borrowings as at 30/06/2007**
American Restaurants Kft	PLN	15 000	8 737
American Ukraina t.o.w.	USD	560	266
Doris Sp. z o.o.	PLN	500	93
IFFP	PLN	985	1 134

**translated at the NBP rate as at 30/06/2007*

*** including interest accrued until 30/06/2007*

c. Pizza Hut s.r.o.

Borrower	Currency of the loan	In PLN'000	
		Value of borrowings according to loan agreements *	Value of borrowings as at 30/06/2007**
American Restaurants Sp. z o.o.	USD	2 211	557

**translated at the NBP rate as at 30/06/2007*

*** including interest accrued until 30/06/2007*

As at 30 June 2007, the AmRest Group had the following available credit lines:

a) ABN Amro Bank - PLN 20 000 thousand (renewable loan PLN/CZK)
b) ABN Amro Bank - PLN 3 766 thousand (overdraft facility CZK)
c) ABN Amro Bank - PLN 10 000 thousand (overdraft facility PLN)

5.3. Description of key domestic and foreign investments.

The table below presents purchases of non-current assets in the first half of 2007 and comparable data for the first half of 2006.

Table: Purchases of non-current assets in AmRest Holdings N.V.

Value in PLN'000		30/06/2007	30/06/2006
Intangible assets, including:			
	Licences to use the Pizza Hut and KFC trademarks	1 063	381
	Trade mark	-	-
	Favourable lease agreements	-	-
	Goodwill	-	-
	Other intangible assets	2 910	817
Property, plant and equipment, including:			
	Land	-	-
	Buildings	3 850	4 895
	Machinery and equipment for catering	7 465	6 270
	Vehicles	-	113
	Other (in consideration of fixed assets under construction)	33 864	14 191
Total		**49 152**	**26 667**

The investment expenditure incurred by AmRest relates mainly to new restaurants and the reconstruction and replacement of the value of non-current assets in the existing restaurants. In the first half of 2007, the purchase of 100% of shares in Bésci út.13 Kft. also had an impact on investment expenditure. The Company's investment expenditure depends mainly on the number and type of restaurants opened.

Table: Number of restaurants of AmRest Holdings N.V. (2004-2006)

As at	28.09.2007	31.12.2006	31.12.2005	31.12.2004
Number of restaurants				
Pizza Hut in Poland	50	52	52	55
Pizza Hut in the Czech Republic	0	0	0	1
Pizza Hut in Hungary	9	12	0	0
Pizza Hut in Russia	18	0	0	0
KFC in Poland	82	79	76	71
KFC in the Czech Republic	43	43	41	30
KFC in Hungary	11	5	0	0
KFC in Russia	22	0	0	0
Burger King in Poland	1	0	0	0
freshpoint in Poland	8	4	0	0
Rodeo Drive in Poland	3	1	0	0
Rodeo Drive in the Czech Republic	1	1	0	0
Total	**248**	**197**	**169**	**157**
Total opened restaurants	60	33	25	13
Total closed restaurants	9	5	13	4
Net increase in the number of restaurants in the reporting period	**51**	**28**	**12**	**9**

In the first half of 2007, AmRest expanded its operations by one new brand – Burger King. Additionally, in the period under discussion, the Company finalized its agreement on opening and running Starbucks stores, started operating in Bulgaria and purchased 41 KFC-Rostic and Pizza Hut restaurants in Russia.

From the beginning of 2007, 60 restaurants were added to the portfolio of AmRest, mainly as a result of acquiring restaurants in Russia. Among the 34 KFC restaurants added to the AmRest portfolio since the beginning of 2007, 22 were acquired after taking over OOO Pizza Nord in Russia. The number of Pizza Hut restaurants increased by a total of 19 restaurants of which 18 were acquired as a result of taking over the Russian business. Additionally, 4 freshpoint restaurants were opened, 2 Rodeo Drive restaurants and 1 Burger King restaurant.

In the period discussed above, a total of 9 restaurants were closed. The closures resulted mainly from reorganization of the Pizza Hut brand in Hungary and multibrand concepts (KFC and Pizza Hut in one location) in Poland.

5.4. Major events with a significant impact on the Company's operations and results

1) On 8 March 2007, a Development Agreement was signed with Burger King Europe GmbH relating to development and operating Burger King restaurants as franchisee within the territory of Poland. Details of the agreement are set out in RB 5/2007 dated 8 March 2007. On 9 March 2007, AmRest provided information about the framework terms of the Franchise Agreements concluded each time with Burger King Europe GmbH upon opening the consecutive Burger King restaurants. Details of the agreement are set out in RB 6/2007 dated 8 March 2007. The first Burger King restaurant was opened on 3 May 2007 in Warsaw.

2) On 16 March 2007, AmRest provided information about having obtained the approval of Yum!, the franchiser of KFC and Pizza Hut, in respect of opening and running restaurants of those brands in Bulgaria. Due to the fact that Yum! brands are already present on the Bulgarian market, currently 11 KFC and Pizza Hut restaurants in total are operating there, AmRest does not have exclusive rights to those brands. At the initial stage of the Bulgarian investments the Company will concentrate on developing KFC restaurants. It is planned that the first restaurant of this brand in Bulgaria will be opened by the end of 2007.

3) On 27 March 2007, AmRest Coffee Sp. z o.o. was established. Details relating to the establishment of the company are described in Point 4.

4) On 19 April 2007, AmRest Hungary purchased shares in Bécsi út 13. Kft. Details of the transaction are described in Point 4.

5) On 27 April 2007 American Restaurants EOOD („AmRest Bulgaria") was established. Details of the transaction are described in Point 4.

6) On 21 May 2007, AmRest provided information about establishing AA Subsidiary. Details of the transaction are described in Point 4. At the same time, an Agreement and Merger Plan ("Merger Agreement") were signed between AmRest, AA Subsidiary, USSI and Michael Tseytin relating to the acquisition of OOO Pizza Nord (RB 20/2007 dated 21 May 2007). The final conclusion of the Merger Agreement depended, among other things, on AmRest successfully finalizing its due diligence process in respect of USSI and its subsidiaries, and obtaining approval from the shareholders of AmRest. The Merger Agreement was finalized with certain amendments on 2 July 2007 (RB 35/2007 dated 3 July 2007). As a result of finalizing the Merger Agreement, USSI merged with AA Subsidiary (AA Subsidiary is the company which will continue in operation). Before the merger, USSI held a 91% interest in OOO Pizza Nord. The remaining 9%, held by minority shareholders, was acquired by American Restaurants Sp. z o.o., a 100% subsidiary of AmRest.

7) On 22 May 2007, the Annual General Shareholders' Meeting of AmRest took place. Two companies with shareholdings exceeding 5% were present at the Meeting: IRI with 4 756 850 voting rights, i.e. 81.85% votes at the General Shareholders' Meeting, and 35.24% of the total number of voting rights, and ING Nationale-Nederlanden Polska OFE with 750 000 voting rights, i.e. 12.90% votes at the General Shareholders' Meeting and 5.56% of the total number of voting rights. The General Shareholders' Meeting did

not forego any of the items on the agenda and passed resolutions relating to the approval of the financial statements for the financial year 2006, appropriation of the 2006 profit to offset prior years' losses, approving the operations of the Members of the Supervisory Board and Management Board of AmRest. The contents of all the resolutions passed are included in an Appendix to RB 21/2007 dated 22 May 2007.

8) On 25 May 2007, Joint Venture Agreements were signed by and between AmRest Polska and Starbucks Coffee International, Inc. ("Starbucks") relating to cooperation in the development and running of Starbucks stores in Poland, the Czech Republic and Hungary ("the Territory"). The parties decided to establish three separate Joint Venture Companies in each of the countries of the Territory. AmRest Poland will take up 82%, and Starbucks 18% of the share capital of the Joint Venture Companies (RB 23/2007 dated 25 May 2007).

9) On 29 May 2007, AmRest provided information about the key assumptions of the Company's current strategy (RB 25/2007 dated 29 May 2007). AmRest intends to become the largest catering company in Central and Eastern Europe, running brand restaurant chains in the Quick Service and Casual Dining sectors with minimum sales revenues of USD 50 million and profitability exceeding 20% (ROIC). AmRest estimates that in respect of brands currently operated by the Company, the current potential of the markets on which it operates is several times larger than the restaurant portfolio held. Therefore, the Company intends to significantly accelerate its growth. By the end of 2009, AmRest plans to increase its sales threefold (compared with 2006). AmRest plans to finance its growth by generating positive cash flows and external debt (the Debt/Equity ratio should not exceed 1.5). AmRest will realize its strategy by continuing the development of the existing brands in the current countries, increasing sales in existing restaurants, introducing new brands and further acquisitions in the region. A full presentation of AmRest's strategy is available on the Company's website.

10) In connection with the intensive development of AmRest and introducing of two new brands to the Company's portfolio: Burger King and Starbucks, as of 1 June 2007, significant changes took place in human resources. Mr Drew O'Malley, the former Brand President of KFC, took up the position of Brand President of Starbucks. The position of Brand President of KFC was taken up by Mr Olgierd Danielewicz, formerly responsible for introducing the Burger King brand to Poland, whereas Mr Daniel Kasper, formerly the General Director of Spar Polska Sp. z o.o. will manage the Burger King brand.

11) On 28 June 2007, an Extraordinary General Shareholders' Meeting of AmRest took place. Two companies with at least 5% of the total voting rights at the General Meeting participated: IRI with 4 756 850 voting rights, i.e. 76.87% of votes at the General Shareholders Meeting and 35.24% of the total number of voting rights and ING Nationale-Nederlanden Polska OFE with 750 000 voting rights, i.e. 12.12% of votes at the General Shareholders' Meeting and 5.56% of the total number of voting rights. The General Shareholders' Meeting did not forego any of the items on the agenda and passed resolutions giving consent to AA Subsidiary merging with USSI, the issue of shares relating to a part of the payment following from the Merger Agreement and a change to the Company's Articles of Association. The contents of all the resolutions passed are included in the Appendix to RB 30/2007 dated 28 June 2007.

12) On 30 June 2007, AmRest published a statement with reference to the Corporate Governance Rules included in "Best Practices 2005". In accordance with the statement, AmRest does not comply with 5 of the 48 good practice policies. The full text of the statement is included in the Appendix to RB 32/2007 dated 30 June 2007.

13) On 2 July 2007, an AmRest Share Loan Agreement was signed by and between IRI ("the Lender") and AmRest ("the Borrower"). Details of this agreement are discussed in Point 5.2.

14) On 2 July 2007, Annexe No. 3 to the Facility Agreement dated 4 April 2005 was signed. Details of this agreement are discussed in Point 5.2.

15) On 3 July 2007 a Bond Issue Agreement was signed by and between AmRest ("the Issuer") and AmRest Polska ("the Bondholder"). Details of this agreement are discussed in Point 5.2.

16) On 3 August 2007 AmRest Polska signed a loan agreement with OOO Pizza Nord. Details of this agreement are discussed in Point 5.2.

17) On 7 August 2007, AmRest provided information about an increase in the share capital of AmRest Hungary. After registration of the increase, the share capital of AmRest Hungary is HUF 584,000,000. After the change, AmRest Polska remains the 100% shareholder of AmRest Hungary (RB 49/2007 dated 7 August 2007).

18) On 8 August 2007, AmRest provided information about an increase in the share capital of its subsidiary American Restaurants EOOD ("AmRest Bulgaria"). After registration of the increase, the share capital of AmRest Bulgaria amounts to BGN 1,225,000. After the change, AmRest Polska remains the 100% shareholder of AmRest Bulgaria (RB 50/2007 dated 8 August 2007).

19) On 10 September 2007, a Joint Venture Agreement was signed by and between AmRest Polska and PROFOOD INVEST GMBH ("ProFood") relating to establishing a Joint Venture Company which will be responsible for opening and operating Quick Service Restaurants and Casual Dining restaurants in Serbia. The Joint Venture Company is planning to open the first KFC restaurant in Belgrade by the end of 2007. The initial share capital of the Joint Venture Company will amount to EUR 1,500,000, of which 60% will be taken up by AmRest Polska and the remaining 40% by ProFood. The Management Board of the Joint Venture Company will comprise one representative of AmRest and one representative of ProFood. The agreement stipulates that the Annual Operating Plan and the Business Plan will be approved by the General Shareholders' Meeting. After the fifth year of the date of the Agreement, AmRest Polska will have a right to repurchase ProFood's share in the Joint Venture. The premise for finalizing the Agreement is obtaining the approval of Yum! in respect of the delivery of chickens to the KFC restaurants which are to be opened by the Joint Venture Company. Approval must be obtained by 31 October 2007 at the latest; otherwise, AmRest Polska will be entitled to immediately withdraw from the agreement.

20) On 19 September 2007 AmRest informed that AmRest Poland and Starbucks Coffee International, Inc. (“Starbucks”) signed the Articles of Association of AmRest Coffee, s.r.o., seated in Prague, Czech Republic. The new company has been established in connection with the Joint Venture Agreement signed on May 25, 2007 (RB 23/2007 dated 25 May 2007), to develop and operate Starbucks stores in Czech Republic. The total equity of AmRest Coffee, s.r.o. amounts to CZK 134 million. The nominal value of share amounts to CZK 1,000. AmRest Poland contributed 82% of AmRest Coffee, s.r.o. equity and Starbucks contributed 18% of the new company equity.

21) On 19 September 2007 AmRest informed that AmRest Coffee, s.r.o. and Starbucks Coffee EMEA BV and Starbucks Manufacturing EMEA B.V. (collectively, “Starbucks”) signed Area Development and Operation Agreement, Shared Services Agreement, Services Agreement and Supply Agreement regarding the rights and license to develop, own and operate Starbucks stores in Czech Republic (collectively, the “Agreements”).The Agreements have a term ending on May 31, 2022, with an option to extend the term of the Agreements for an additional 5 years upon the fulfillment of certain conditions. AmRest Coffee, s.r.o. will be the only entity with the right to develop and operate Starbucks stores in the Czech Republic during the term of the Agreements with non-exclusive rights to certain institutional locations. The key fees and costs to be borne by the AmRest Coffee, s.r.o. will be: (i) the services fee for initial operation support equal to an amount of USD 275 thousand for the Czech Republic, (ii) the initial franchise fee of USD 25 thousand for each Starbucks store, (iii) the continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store, (iv) a local marketing spend obligation is to be mutually agreed annually. AmRest Coffee, s.r.o. agrees to open and operate Starbucks stores in strict accordance with the development schedule which includes the minimum numbers of openings in each year within the Agreements’ period. If AmRest Coffee, s.r.o. fails to meet the development obligations, Starbucks will have the right to charge a development default fee or to terminate the Agreements. The Agreements include the provision concerning the purchase of coffee and other basic supplies either from Starbucks or other approved or designated suppliers.

22) On 19 September 2007 AmRest that AmRest Coffee Sp. z o.o., Starbucks Coffee EMEA BV and Starbucks Manufacturing EMEA B.V. (collectively, “Starbucks”) signed Area Development and Operation Agreement, Shared Services Agreement, Services Agreement and Supply Agreement regarding the rights and license to develop, own and operate Starbucks stores in Poland (collectively, the “Agreements”). AmRest Coffee Sp. z o.o. is the joint venture company of American Restaurants Sp. z o.o. (“AmRest Poland”), the AmRest subsidiary, and Starbucks Coffee International, Inc. (82% AmRest Poland and 18% Starbucks Coffee International). The Agreements have a term ending on May 31, 2022, with an option to extend the term of the Agreements for an additional 5 years upon the fulfillment of certain conditions. AmRest Coffee Sp. z o.o. will be the only entity with the right to develop and operate Starbucks stores in Poland during the term of the Agreements with non-exclusive rights to certain institutional locations. The key fees and costs to be borne by the AmRest Coffee Sp. z o.o. will be: (i) the development fee equal to an amount of USD 100 thousand and the services fee for initial operation support equal to an amount of USD 300 thousand for Poland, (ii) the initial franchise fee of USD 25 thousand for each Starbucks store, (iii) the continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store, (iv) a local marketing spend obligation is to be mutually agreed annually. AmRest Coffee Sp. z o.o. agrees to

open and operate Starbucks stores in strict accordance with the development schedule which includes the minimum numbers of openings in each year within the term of the Agreements. If AmRest Coffee Sp. z o.o. fails to meet the development obligations, Starbucks will have the right to charge a development default fee or to terminate the Agreements. The Agreements include the provision concerning the purchase of coffee and other basic supplies either from Starbucks or other approved or designated suppliers.

23) On 19 September 2007 AmRest informed that it received the confirmation regarding the registration of the change in the Company's share capital by Amsterdam's Chamber of Commerce, dated 27 August 2007. Pursuant to the received confirmation the authorized capital of AmRest has been increased from EUR 150,000 to EUR 160,000 (from 15,000,000 shares to 16,000,000 shares) and the issued capital of the Company has been increased from EUR 135,000.00 to EUR 141,706.06 (from 13,500,000 shares to 14,170,606 shares). The nominal value of one AmRest share amounts to EUR 0.01. Following the registration of this change the total number of votes, resulting from all AmRest issued shares, amounts to 14,170,606 (100% of the total number of votes). The above mentioned changes in AmRest's capital result from the Company's acquisition transaction of 100% of OOO Pizza Nord shares, the operator of Pizza Hut and KFC restaurants in Russia (described in RB 35/2007 dated 3 July 2007). The increase of authorized capital was approved by AmRest General Meeting of Shareholders dated 28 June 2007 through the Resolution No 3 (RB 30/2007 dated 28 June 2007). The issuance of 670,606 shares (the increase of the issued capital to 14.170.606 shares) has been approved by AmRest General Meeting of Shareholders dated 28 June 2007 through the Resolution No 2 (RB 30/2007 dated 28 June 2007). The issuance results from the Share Loan Agreement signed on 2 July 2007 (RB 36/2007 dated 3 July 2007) between AmRest and International Restaurant Investments, LLC („IRI"), the former main shareholder of the Company. Due to the Share Loan Agreement the Company was able to finalize the acquisition of OOO Pizza Nord. The newly-issued shares will be returned to IRI following their admission to trading on the Warsaw Stock Exchange.

5.5. Other factors and non-recurring events with a significant impact on the results of the Group.

a) 4 cases are being litigated by the Circuit Court in Warsaw, 16th Business Department, against IFFP, where the claimant is DOMONT Stefan Pastryk Anna Pastryk spółka jawna (civil law company). The subject matter of the dispute is the payment of the bills of exchange issued by IFFP on behalf of DOMONT Stefan Pastryk Anna Pastryk spółka jawna, in the total amount of PLN 4 030 000. The claims of DOMONT are related to the settlement of construction works provided by DOMONT to IFFP in the period preceding November 2000, i.e. before the acquisition of shares in IFFP by American Restaurants Sp. z o.o. In accordance with the Management's opinion, the claims are groundless and there is no evidence to this effect in the balance of settlements between IFFP and DOMONT, and the documents disclosed show that they do not entitle to claim the amount which is under litigation. On 16 August 2007 the first hearings were held; however, they did not result in any substantial conclusion. The court obliged DOMONT to complete the evidentiary material and to give the precise calculations on which its claims are based. It should be emphasized that IFFP is not engaged in operating activities and is not considered to be an entity material to the Issuer's and its Group's operations.

5.6. Planned investment activities and assessment of their feasibility

AmRest's purpose is to further develop the basic Group brands, KFC and Pizza Hut, by the end of 2007, by opening new restaurants and increasing sales in the existing ones; developing new brands – freshpoint, Rodeo Drive, Burger King and Starbucks – and engaging in regional expansion by entering new markets in Central and Eastern Europe.

Moreover, the Company stipulates the continuation of the programme for constant modernization of the existing restaurants at a level no higher than 2.5% of the planned sales in 2007. A significant part of the renovation budget will be consumed by the modernization activities in Hungary.

The existing AmRest restaurant network will be developed mainly by opening more than ten new Pizza Hut and KFC restaurants in Poland and the Czech Republic and several new restaurants in Hungary in 2007. The cost of opening a new Pizza Hut or KFC restaurant varies between PLN 1.6 and 2.8 million depending on the location and type of restaurant.

Further development of Rodeo Drive and freshpoint restaurants will depend on the successful completion of tests of these brands. The Company stipulates running a total of 9 freshpoint and 4 Rodeo Drive restaurants during the testing period. The average cost of opening one new RD restaurant varies between PLN 3.0 and 5.0 million depending on the size of the restaurant. The average cost of opening one freshpoint restaurant is ca. PLN 0.5 million.

Under the development agreement signed with Burger King GmbH, AmRest is also planning to develop a chain of these restaurants in Poland. In May the opening of the first Burger King restaurant in Warsaw was a great success. The Company stipulates that several restaurants will be opened in 2007. The average cost of opening one new Burger King restaurant is similar to the cost in respect of KFC.

Due to the joint venture agreements concluded with Starbucks Coffee International, Inc., AmRest also began intense action to launch the Starbucks brand in Poland, the Czech Republic and Hungary. The Company expects to open the first Starbucks stores in the first half of 2008.

Under its regional expansion plan AmRest is also planning to develop a chain of restaurants in Bulgaria and Serbia. The Company is planning to open its first KFC restaurants on those markets by the end of 2007.

It should be added that the plan for new openings will be adapted to the market conditions and to the ability to acquire new attractive locations in particular countries on a current basis.

The AmRest Group intends to appropriate a significant portion of its capital expenditure in 2007 to creating new IT systems and integrating the systems which are already in operation. The key projects will relate to the implementation of a new POS (Point of Sale) system, an ERP (Enterprise Resource Planning) system and a central reporting system BI (Business Intelligence). The purpose of implementing the new computer information systems is the standardization of systems in all countries and achieving higher automation of business processes. These changes will increase the work efficiency and effectiveness in the whole Group and will enhance business control and monitoring. Integration and improvement of the computer information systems will form the basis for the further expansion and growth of AmRest.

The Management Board stipulates that the long-term development will be financed both with own funds and additional third-party financing. The capital investment plans for 2007 will be realized mainly from the Group's own funds.

6. AMREST HOLDINGS N.V. IN 2007

6.1. External and internal factors important to the Company's development in 2007

In the opinion of AmRest's Management Board, the factors with a material impact on the Company's future development and results include:

a) external factors:

- competitiveness – in terms of prices, quality of service, location and quality of food;
- demographic changes, trends in respect of the number of people using the restaurant and the type and number and location of competitors' restaurants;
- changes in law and regulations which have a direct impact on the functioning of the restaurants and their employees;
- change in the lease prices of the real estate and related costs;
- change in the prices of foodstuffs used to prepare the dishes and change in the prices of packaging materials;
- change in the overall economic condition of Poland, the Czech Republic, Hungary, Bulgaria, Russia and Serbia, and in consumer confidence, the amount of spendable income and individual methods of spending money.

b) internal factors:

- acquiring and preparing the human resources necessary to develop the existing and open new chains of restaurants;
- acquiring new attractive locations;
- effectiveness in implementing new chains of restaurants and new products;
- building an integrated computer information system.

6.2. Basic risks and threats to which the Company is exposed

a) Factors outside the Company's control

This risk is connected with the impact of factors outside the Company's control in AmRest's development strategy which is based on opening new restaurants. These factors comprise, among others: the ability to find and ensure available and appropriate locations for the restaurants, ability to obtain the permits required by relevant authorities on time, possibility of delays in opening new restaurants.

b) Dependence on the franchiser

AmRest manages KFC, Pizza Hut and Burger King restaurants as a franchisee; therefore, many factors and decisions relating to the activities in which AmRest engages depend on the restrictions or specifications requested by the franchiser or on its granting respective permissions.

The term of all the franchise agreements is 10 years. AmRest is entitled to an option to extend the agreements by another 10 years on condition that the terms and conditions specified in the franchise agreements and other conditions are met; this includes making an appropriate payment for the extension of the agreements. Irrespective of meeting these terms, there is no guarantee that after the first two periods the given franchise agreement will be further extended. In respect of KFC and Pizza Hut restaurants, the first period began in 2000, in respect of Burger King, the first period will begin in 2007, when the first restaurant of the brand is opened.

c) Dependence on joint venture partners

AmRest will open Starbucks restaurants via its Joint Venture Companies in Poland, the Czech Republic and Hungary on partnership terms, under a joint venture agreement. Therefore, some of the decisions under the mutually agreed policy will depend on the consent of the partners.

Agreements of the JV with Starbucks were concluded for a period of 15 years, with the possibility of extending them for an additional 5 years after the specific terms and conditions have been met. In the event that AmRest does not meet its obligations in respect of opening and running a minimum number of stores, Starbucks Coffee International, Inc. will be entitled to increase its share in the Joint Venture Companies by acquiring shares from AmRest Polska at a price mutually agreed by the parties on the basis of a valuation of the Joint Venture Companies.

d) Non-exclusivity

The franchise agreements which relate to running KFC, Pizza Hut and Burger King restaurants do not include any provisions on granting AmRest any exclusivity rights in a given territory or any other rights on a territory, area or market surrounding the AmRest restaurants. However, in practice, in connection with the scale of AmRest's operations (among other things, a well-developed distribution network), the possibility of a competitive operator arising (in respect of the brands currently maintained by the Company) who would be able to successfully compete with AmRest Group restaurants is relatively small.

In respect of Starbucks restaurants, joint venture companies will be the only entities authorized to run Starbucks cafés within Poland, Czech Republic and Hungary, with no exclusivity rights in respect of certain institutional locations.

e) Lease agreements and the option to extend them

Almost all AmRest restaurants operate in leased facilities. Most of the lease agreements are long-term leases, usually concluded for a period of at least 10 years from the date of commencement of the lease (on the assumption that all the extension options are used, on specific terms, and without taking into consideration the agreements which are periodically renewed if they are not terminated, and agreements for unspecified periods). Many lease agreements entitle AmRest to extend the term of the agreement on condition that the Company meets the terms of the lease. Irrespective of meeting these terms there is no guarantee that AmRest will be able to extend the period of the lease agreements on the terms and conditions satisfactory from the commercial perspective. Should there be no such option, the potential loss of important locations for the restaurants may have an unfavourable impact on the operating results of AmRest and on its activities.

Moreover, in some instances AmRest may decide to close a given restaurant and terminating the respective lease agreement on cost effective terms may prove impossible. Such a situation may also have a negative impact on the operations and operating results of the Company. Closing any of the restaurants depends on the consent of the franchiser, and it is impossible to know whether such consent will be granted.

In case of Russian restaurants, taken over in July 2007, the average period of lease agreement is relatively shorter compared with AmRest restaurants operating in the remaining countries. It is a result of this specific market.

f) Risk related to AmRest’s status as a foreign entity

The Issuer is a joint-stock company established on the basis of the Dutch law, therefore, its relationships with third parties are also subject to that law. Polish investors should be aware that the shareholders’ rights following from the Shares are subject to Dutch law and that there are many differences between the Dutch legal regulations relating to companies and the provisions of the Polish Code of Commercial Companies. Lack of knowledge of the Dutch regulations may hamper the execution of Polish investors’ rights from the Shares. Moreover, taking into consideration the head office of the Company, investors who wish to make claims in respect of AmRest may have problems with delivering the process documents and with handling the dispute.

g) Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the health value of chicken meat which is the key component of the KFC menu, or as a result of unfavourable information proliferated by the mass media on the quality of the products, the respective diseases caused by them and the damage incurred as a result of using AmRest restaurants and the restaurants of other KFC, Pizza Hut and Burger King franchisees, as well as in consequence of disclosing unfavourable data obtained by the government or a given market sector on the products served in AmRest restaurants and in restaurants of other KFC, Pizza Hut and Burger King franchisees, health issues and the method of operation of one or more restaurants maintained by AmRest or by its competitors. The risk referred to above is mitigated by using the highest quality components in AmRest restaurants – which come from verified and renowned suppliers, abiding by strict standards in respect of quality and hygiene control and applying state-of-the-art equipment and processes to ensure the absolute safety of the dishes.

h) Risk related to the restrictions placed by lenders

On 4 April 2005, AmRest Holdings N.V., American Restaurants Sp. z o.o. and American Restaurants s.r.o. (the Obligors) concluded a loan agreement for PLN 110 million (the amount was increased by Annexe No. 3 dated 2 July 2007 to PLN 210 million).

In accordance with the loan agreement, each of the Obligors committed themselves to abiding by specific restrictions in respect of the possibility of obtaining loans and advances, incurring capital expenditure, granting security and disposing of assets, as well as committed themselves to maintaining specific values of financial ratios. It is possible that accepting these obligations will significantly limit the possibility of AmRest's engaging in business in the future, and potentially not meeting the requirements may result in the need to repay the loan tranches early, which in turn may have a negative impact on the financial condition and results of operations of AmRest.

i) Risk related to developing new brands

In the first half of 2007, AmRest opened its first Burger King restaurant in Poland. The Company also started intensive efforts to launch the Starbucks brand in Poland, the Czech Republic and Hungary. At the same time, work is in progress to develop two proprietary brands of AmRest, freshpoint and Rodeo Drive (the first restaurants of these brands were opened in 2006). As these are quite new concepts for the Company, there is a risk related to demand for the products offered and their acceptance by consumers.

j) Risk related to opening restaurants in new countries

The restaurants opened in Bulgaria, Russia, Serbia and Hungary will be the first AmRest restaurants opened in the new geographical and political area. This is connected with a risk of different consumer preferences, lack of good knowledge of the market, risk of legal restrictions which follow from the local regulations and the political risk of the countries.

k) Currency risk

AmRest results are exposed to currency risk related to transactions in currencies other than the measurement currency of particular Group companies. A detailed description of this risk may be found in Note 32.

l) Risk related to implementing new IT systems

The costs related to implementing new IT systems may in the short term have a negative impact on the Company's results. However, in the long term the expected benefits will have a positive effect on the Group's profitability.

m) End of the temporary period of lower VAT rate

In July 2007, the European Commission proposed extending the temporary period for applying lower VAT rates by Member States (including the lower, 7-percent VAT rate on catering services in Poland) until 2010. In accordance with the initial plan, by 2008 the tax would have to increase to 22 percent. However, the extension has to be approved by the Council of Europe, by its amending the relevant Directives, and then passed by the Polish Parliament in the form of an amendment to the VAT Act. Eventual increase of the VAT rate on catering services could lead to an increase in the prices of such services which in turn could lead to a temporary decrease in demand.

In the Czech Republic, as of the beginning of 2008, the reduced VAT rate (5%), on “take away” catering services will also be increased (to 9%). The change to the VAT rate in the Czech Republic may have the same effect on the demand for catering services as the increase in Poland.

6.3. The Company’s development trends and strategies

AmRest’s strategy stipulates achieving the status of the dominating restaurant company in Central and Eastern Europe which operates brand restaurant chains in the Quick Service and Casual Dining sector with minimum annual sales revenues of USD 50 million and profitability exceeding 20% (ROIC). AmRest will realize its strategy by continuing the development of the existing brands in the current countries, increasing sales in existing restaurants, launching new brands and making further acquisitions in the region.

AmRest plans to further improve its profitability at the restaurant level and increase its operating effectiveness. At the same time, the Company expects that in introducing new restaurant concepts it will incur significant costs related to their launch and the construction of the organizational structure necessary for them to develop. AmRest expects that the factors specified above may have a negative impact on the Group’s profitability in the short term. Another material pillar of the Group’s development will be the integration of, and improvement to, the IT systems by the end of 2008.

In the second half of 2007 the process of simplifying the holding structure will be continued. Smaller companies will be included in the structures of American Restaurants Sp. z o.o. or American Restaurants s.r.o. – the largest of the holding’s companies. Restructuring is aimed at reducing management expenses.

The Company intends to consistently continue actions aimed at increasing its value to the customer. By further enhancing customer service, offering tasty dishes prepared with fresh ingredients and launching new products, AmRest intends to increase customers’ awareness of its excellent value for money.

7. MANAGEMENT REPRESENTATIONS

7.1. Truth and fairness of the presented financial statements.

According to AmRest Holdings N.V. Management Board's best knowledge, the financial statements and comparable data presented in the semi-annual financial statements of the AmRest Group were prepared in accordance with the binding accounting principles and present in a true, fair and clear manner the financial position of the AmRest Group and its financial result. The semi-annual Directors Report included in this document reflects the actual development and achievements and the position of the AmRest Group, including a description of the basic risks and threats.

7.2. Appointment of the registered audit company.

The registered audit company – PricewaterhouseCoopers Sp. z o.o. – which has reviewed the semi-annual consolidated financial statements of the AmRest Group, was appointed in accordance with the provisions of the law. Both the registered audit company and the registered auditors who performed the review met the conditions necessary to issue an unbiased and independent report based on the review, in accordance with appropriate regulations.

Wrocław, 27 September 2007

Henry McGovern	Wojciech Mroczyński
AmRest Holdings N.V.	AmRest Holdings N.V.
Member of the Management Board	Member of the Management Board