

AmRest Holdings Spółka Europejska Group

**Report on the consolidated financial statements
as at and for the year ended 31 December 2011**

**Report on the consolidated financial statements
for the financial year ended 31 December 2011
to the General Shareholders' Meeting and Supervisory
Board of AmRest Holdings Spółka Europejska**

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AmRest Holdings SE Group
Report on the consolidated financial statements
as at and for the year ended 31 December 2011

I. General information about the Group

- a. AmRest Holdings Spółka Europejska with its registered office in Wrocław, pl. Grunwaldzki 25-27, is the Parent Company (“the Parent Company”) of AmRest Holding Spółka Europejska Group (“The Group”).
- b. AmRest Holdings Spółka Europejska (the “Parent Company”) was established in the Netherlands in October 2000 as a joint-stock company. On 19 September 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Parent Company to a European Company (Societas Europea) and of its name to AmRest Holdings Spółka Europejska. On 22 December 2008, the Parent Company was entered in the Register of Businesses maintained by the District Court in Wrocław-Fabryczna, the 6th Business Department of the National Court Register, with the reference number KRS 0000320252. The Court also registered the changes in the Memorandum of Association of the Parent Company relating to the transfer of the registered office of AmRest to Poland.
- c. On 16 January 2009, the Parent Company was assigned a tax identification number NIP 101-00-02-998 for the purpose of making tax settlements. On 5 January 2009, the Parent Company was assigned a REGON number 020891041 for statistical purposes.
- d. As at 31 December 2011 the share capital of the Parent Company amounted to EUR 212,138.93 and consisted of 21,213,893 shares with a nominal value of EUR 0.01 per share. As at 31 December 2011, equity was positive and amounted to PLN 927,791 thousand.
- e. As at the date of signing the following Report , i.e. 20 March 2012, the Parent Company’s shareholders were as follows:

Shareholder’s name	Number of shares held	Par value of shares held PLN’ 000	Type of shares held	Votes (%)
WP Holdings VII B.V.	6,997,853	235	ordinary	32.99
ING otwarty Fundusz	3,633,013	122	ordinary	17.13
BZ WBK AIB Asset Management S.A.	2,077,569	76	ordinary	9.79
Henry McGovern	1,482,766	50	ordinary	6.99
Aviva Otwarty Fundusz	1,411,207	50	ordinary	6.65
Other	5,611,485	181	ordinary	26.45
	21,213,893	714	ordinary	100.00

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I. General information about the Group (cont'd)

f. In the audited year, the Group's operations comprised operating, through its subsidiaries Kentucky Fried Chicken ("KFC"), "Pizza Hut", "Burger King" and "Starbucks" restaurants in Poland, the Czech Republic, Hungary, Russia, Serbia, Croatia, Spain and Bulgaria, and Applebee's restaurants in the USA on the basis of franchise agreements. Additionally, on the territory of Spain and France, the Group operates its private brands La Tagliatella, Trastevere and il Pastifico, on the basis of franchise agreements through unrelated parties and through own restaurants, using the central kitchen which produces and distributes products to the whole network of the above-mentioned private brands.

g. During the audited year, the Management Board of the Parent Company comprised:

- Piotr Boliński Board Member,
- Drew O`Malley Board Member,
- Mark Chandler Board Member,
- Wojciech Mroczyński Board Member, to 28 February 2011.

On 13 December 2011 the Supervisory Board of Parent Company adopted resolutions on dismissing Mr. Piotr Boliński from the function of AmRest Management Board Member and appointing Mr. Wojciech Mroczyński to hold this position. The resolutions became effective on 1 March 2012.

h. During the financial period, the changes of scope in consolidated subsidiaries were as follows:

- in January 2011 the Group finished the liquidation of the company OOO KFC Nord,
- in March 2011 the company AmRest TAG S.L. was established,
- in April 2011 the company AmRestavia S.L. was established,
- in April 2011 there was acquisition of companies: Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U., Pastificio Restaurantes S.L.U., Tagligat S.L.U., Pastificio S.L.U.,
- in September 2011 the company AmRest HK Limited was established,
- in October 2011 the company AmRest Restaurants (India) Private Limited was established,
- in October 2011 the company AmRest Adria d.o.o. was established,
- in November 2011 the company AmRest Capital ZRT was established,
- in November 2011 the company AmRest AmRest Finance ZRT was established,
- in December 2011 the company AmRest s.r.o. was merged with company AmRest BK s.r.o.,
- in December 2011 r. the company AmRest Finance S.L. was established.

i. The Parent Company is an issuer of securities admitted to trading on the Warsaw Stock Exchange and in accordance with the requirements of the Accounting Act prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

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I. General information about the Group (cont'd)

j. As at 31 December 2011, the AmRest Holdings SE Group consisted of the following entities:

Company name	Nature of equity relationship (% shareholding)	Consolidation method	Auditor	Type of opinion	Balance sheet date
AmRest Holdings SE	Parent Company	N/A	PricewaterhouseCoopers Sp. z o.o.	unqualified opinion	31 December 2011
AmRest Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o.	audit completed for the purpose of the consolidated financial statements of the Group, without issuing an opinion as at the date of the report the statutory opinion was not issued	31 December 2011
AmRest s.r.o.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers s.r.o. Audit,	opinion for the purpose of the audit of the consolidated financial statements of the Group, qualified with respect to the scope of the audit as at the date of the report the statutory opinion was not issued	31 December 2011
AmRest TAG S.L.	Subsidiary (76.27%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest HK Limited	Subsidiary (65.00%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRestFinance S.L.	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRestavia S.L.	Subsidiary (76.27%)	Acquisition accounting	Financial statements not audited	-	31 December 2011

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I. General information about the Group (cont'd)

Restauravia Grupo Empresarial S.L.	Subsidiary (76.27%)	Acquisition accounting	PricewaterhouseCoopers S.L.	opinion for the purpose of the audit of the consolidated financial statements of the Group, unqualified as at the date of the report the statutory opinion was not issued	31 December 2011
Restauravia Food S.L.U.	Subsidiary (76.27%)	Acquisition accounting	PricewaterhouseCoopers S.L. (only statutory audit)	opinion for the purpose of the audit of the consolidated financial statements of the Group, unqualified as at the date of the report the statutory opinion was not issued	31 December 2011
Pastificio Service S.L.U.	Subsidiary (76.27%)	Acquisition accounting	PricewaterhouseCoopers S.L. (only statutory audit)	opinion for the purpose of the audit of the consolidated financial statements of the Group, unqualified as at the date of the report the statutory opinion was not issued	31 December 2011
Pastificio Restaurantes S.L.U.	Subsidiary (76.27%)	Acquisition accounting	PricewaterhouseCoopers S.L. (only statutory audit)	opinion for the purpose of the audit of the consolidated financial statements of the Group, unqualified as at the date of the report the statutory opinion was not issued	31 December 2011
Taghigat S.L.U.	Subsidiary (76.27%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
Pastificio S.L.U.	Subsidiary (76.27%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Restaurants (India) Private Limited	Subsidiary (99.99%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Kft	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Kft	opinion for the purpose of the audit of the consolidated financial statements of the Group, unqualified as at the date of the report the statutory opinion for statutory purpose	31 December 2011
AmRest Capital ZRT	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Finance ZRT	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Ukraina t.o.w.	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011

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I. General information about the Group (cont'd)

AmRest Coffee Sp. z o.o.	Subsidiary (82%)	Acquisition accounting	Financial statements not audited		31 December 2011
Bécsi út.13. Kft	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest EOOD	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Coffee s.r.o.	Subsidiary (82%)	Acquisition accounting	PricewaterhouseCoopers Audit, s.r.o. (only statutory audit)	as at the date of the report the statutory opinion was not issued	31 December 2011
AmRest Acquisition Subsidiary Inc.	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
OOO AmRest	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o ZAO PricewaterhouseCoopers Audit	audit completed for the purpose of the audit of the consolidated financial statements of the Group, without issuing an opinion	31 December 2011
AmRest Kávéző Kft	Subsidiary (82%)	Acquisition accounting	PricewaterhouseCoopers Kft (only statutory audit)	unqualified opinion for the statutory purpose	31 December 2011
AmRest D.O.O.	Subsidiary (60%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest LLC	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers LLC	opinion for the purpose of the audit of the consolidated financial statements of the Group, qualified with respect to the scope of the audit	25 December 2011
SCM Sp. z o.o.	Subsidiary (51%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
Rodeo Drive Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011
AmRest Adria d.o.o.	Subsidiary (100%)	Acquisition accounting	Financial statements not audited	-	31 December 2011

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I. General information about the Group (cont'd)

As at 31 December 2011, the Group had the following associates:

Company name	Nature of equity relationship (% shareholding)	Consolidation method	Auditor	Type of opinion	Balance sheet date
SCM s.r.o.	Associate (45.9%)	Equity accounting method	Financial statements not audited	-	31 December 2011

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III. The Group's results and financial position

The financial statements do not take into account the effects of inflation. The consumer price index (on a December to December basis) amounted to 4.6% in the audited year (3.1% in 2010).

The following comments are based on information obtained during the audit of the consolidated financial statements.

AmRest Holdings Spółka Europejska is the Parent Company of the Group, which in the audited year was comprised twenty nine subsidiaries (including twenty nine subsidiaries covered by consolidation); one associate entity presented in the consolidated financial statements under the equity accounting method. In the prior financial year, the Group consisted of sixteen subsidiaries (including sixteen consolidated subsidiaries); one associated entity presented in the consolidated financial statements under the equity accounting method.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date:

- As at the end of the financial year, the Group's total assets amounted to PLN 2,630,856 thousand. During the year, total assets increased by PLN 1,261,897 thousand, i.e. by 92.2%. The increase of total liabilities was mainly due to an increase in loans and borrowings (of PLN 533,621 thousand), increase in long-term deferred income tax liability (of PLN 152,670 thousand) and put option liability (of PLN 280,812 thousand).
- The Group's total revenue for the audited year increased by PLN 590,355 thousand, i.e. 29.0% compared with the previous year and amounted to PLN 2,624,171 thousand (PLN 2,033,816 thousand in 2010). The highest share in revenue is generated from the Group's main markets, i.e. the Central Europe market (51.7% of the total revenue) and the American market (26.8% of the total revenue). Other important markets were as follows: Spain representing 13.2% of the total sales revenue (consolidated in the Group since the end of April 2011) and Russia (8.3% of the total sales revenue).
- The costs of restaurant operations increased by PLN 402,920 thousand, i.e. 21.8% compared with the previous year. The largest component of the restaurant expenses was the cost of food and materials in the amount of PLN 762,582 thousand, which constituted 33.9% of the total costs of restaurant operations. Other significant items were wages and salaries and employee benefits in the amount of PLN 621,332 thousand, which constituted 27.6% of the total costs of restaurant operations, and cost of restaurants rents and other operating expenses in the amount of PLN 737,311 thousand, what constituted 32.8% of the total costs of restaurants.
- The profitability ratio measured by net profit and return on capital employed ratio amounted to 2.2% and 6.1% respectively and were slightly improved compared with previous year, when amounted to 2.0% and 5.4% respectively.
- Operating activities of the Group was financed mainly with short-term liabilities, which increased from PLN 231,389 thousand to PLN 385,036 thousand. The debt of the Group due to short-term loans and borrowings increased from PLN 13,224 thousand to PLN 77,956 thousand.
- The Company's liquidity has changed. The current and quick ratios changed from the level of 1.4 in the previous year to the level of 0.8 and 0.7 respectively. The gearing ratio increased from 45.5% to 64.7%.

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IV. Discussion of consolidated financial statement components

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2011

	Note	31.12.2011 PLN'000	31.12.2010 PLN'000	Change PLN'000	Change (%)	31.12.2011 Structure (%)	31.12.2010 Structure (%)
ASSETS							
Non-current assets							
Property, plant and equipment	1	953,310	631,833	321,477	50.9	36.2	46.2
Goodwill	2	745,134	293,347	451,787	>100.0	28.3	21.4
Intangible assets	3	549,482	58,253	491,229	>100.0	20.9	4.3
Investment properties		22,081	21,317	764	3.6	0.8	1.6
Long-term investments in associates		140	129	11	8.5	-	-
Finance lease receivables		309	458	(149)	(32.5)	-	-
Other long-term assets		32,533	18,212	14,321	78.6	1.2	1.3
Deferred income tax asset		36,309	10,562	25,747	>100.0	1.4	0.8
		2,339,298	1,034,111	1,305,187	>100.0	88.8	75.6
Current assets							
Inventories		40,770	20,886	19,884	95.2	1.6	1.5
Trade and other receivables		84,923	45,007	39,916	88.6	3.3	3.3
Corporate income tax receivables		3,165	4,898	(1,733)	(35.4)	0.1	0.4
Finance lease receivables		161	150	11	7.3	-	-
Other current assets		15,716	12,632	3,084	24.4	0.6	0.9
Non-current assets held for sale		-	1,405	(1,405)	(100.0)	-	0.1
Other financial assets	4	2,863	4,752	(1,889)	(39.8)	0.1	0.3
Cash and cash equivalents		143,960	245,118	(101,158)	(41.3)	5.5	17.9
		291,558	334,848	(43,290)	(12.9)	11.2	24.4
Total assets		2,630,856	1,368,959	1,261,897	92.2	100.0	100.0

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IV. Discussion of consolidated financial statement components (cont'd)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2011 (cont'd)

	Note	31.12.2011	31.12.2010	Change	Change	31.12.2011	31.12.2010
		PLN'000	PLN'000	PLN'000	(%)	Structure (%)	Structure (%)
EQUITY							
Share capital	5	714	623	91	14.6	-	-
Other reserves		489,273	595,451	(106,178)	(17.8)	18.6	43.5
Retained earnings		145,694	97,209	48,485	49.9	5.6	7.1
Foreign exchange differences on translation		136,533	38,216	98,317	>100.0	5.2	2.8
Equity attributable to equity holders of the parent		772,214	731,499	40,715	5.6	29.4	53.4
Non-controlling interests		155,577	14,531	141,046	>100.0	5.9	1.1
Total equity		927,791	746,030	181,761	24.4	35.3	54.5
LIABILITIES							
Non-current liabilities							
Loans and borrowings	6	838,946	370,057	468,889	>100.0	31.9	27.0
Finance lease liabilities		3,429	3,407	22	0.6	0.1	0.3
Employee benefits payable		6,570	2,746	3,824	>100.0	0.2	0.2
Provisions		7,573	5,482	2,091	38.1	0.3	0.4
Deferred income tax liability		162,117	9,447	152,670	>100.0	6.1	0.7
Put option liability	7	280,812	-	280,812	>100.0	10.7	-
Other long-term liabilities		18,528	401	18,181	>100.0	0.7	-
		1,318,029	391,540	926,489	>100.0	50.0	28.6
Current liabilities							
Loans and borrowings	6	77,956	13,224	64,732	>100.0	3.0	1.0
Finance lease liabilities		252	237	15	6.3	-	-
Trade and other payables		300,842	215,975	84,867	39.3	11.4	15.8
Deferred income tax liability		4,222	1,909	2,313	>100.0	0.2	0.1
Other financial liabilities		1,764	44	1,720	>100.0	0.1	-
		385,036	231,389	153,647	66.4	14.7	16.9
Total liabilities		1,703,065	622,929	1,080,136	>100.0	64.7	45.5
Total equity and liabilities		2,630,856	1,368,959	1,261,897	92.2	100.0	100.0

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IV. Discussion of consolidated financial statement components (cont'd)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	Note	2011	2010	Change	2011	2010	Change	2011	2010
		PLN'000	PLN'000	PLN'000	Revenue share (%)	Revenue share (%)	(%)	Revenue share (%)	Revenue share (%)
Revenue from restaurant operations		2,510,939	2,011,448	499,491	95.7	95.7	24.8	98.9	98.9
Revenue from franchise and other operations		113,232	22,368	90,864	4.3	4.3	>100.0	1.1	1.1
Total revenue		2,624,171	2,033,816	590,355	100.0	100.0	29.0	100.0	100.0
Direct cost of restaurant operations		(2,250,229)	(1,847,309)	(402,920)	(85.8)	(85.8)	21.8	(90.8)	(90.8)
Cost of franchise and other operations		(100,332)	(15,741)	(84,591)	(3.8)	(3.8)	>100.0	(0.8)	(0.8)
Gross profit from sales		273,610	170,766	102,844	10.4	10.4	60.2	8.4	8.4
Administrative expenses		(173,272)	(117,059)	(56,213)	(6.6)	(6.6)	48.0	(5.7)	(5.7)
Impairment of assets		(15,015)	(4,127)	(10,888)	(0.6)	(0.6)	>100.0	(0.2)	(0.2)
Other operating income		17,692	19,082	(1,390)	0.7	0.7	(7.3)	0.9	0.9
Operating profit		103,015	68,662	34,353	3.9	3.9	50.0	3.4	3.4
Finance cost		(43,344)	(37,098)	(6,246)	(1.7)	(1.7)	16.8	(1.8)	(1.8)
Put option revaluation cost		(21,747)	-	(21,747)	(0.8)	(0.8)	-	-	-
Finance income		11,294	19,348	(8,054)	0.5	0.5	(41.6)	0.9	0.9
Share in profit of associates		72	47	25	-	-	53.2	-	-
Profit before income tax		49,290	50,959	(1,669)	1.9	1.9	(3.3)	2.5	2.5
Corporate income tax		7,877	(7,344)	15,221	0.3	0.3	<(100.0)	(0.4)	(0.4)
Profit from continued operations		57,167	43,615	13,552	2.2	2.2	31.1	2.1	2.1
Loss on discontinued operations		(723)	(3,619)	2,896	-	-	(80.0)	(0.1)	(0.1)
Net profit	8	56,444	39,996	16,448	2.2	2.2	41.1	2.0	2.0
of which:									
Attributable to equity holders of the Parent Company		48,485	40,598	7,887	1.9	1.9	19.4	2.0	2.0
Attributable to minority interests		7,959	(602)	8,561	0.3	0.3	<(100.0)	-	-
Other comprehensive income, net		68,765	7,549	61,216	2.6	2.6	>100.0	0.4	0.4
Total comprehensive income		125,209	47,545	77,664	4.8	4.8	>100.0	2.4	2.4

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IV. Discussion of consolidated financial statement components (cont'd)

Presentation of the Group's financial position and results

The following ratios characterize the Group's activities, results of operations during the audited year and its financial position as at the balance sheet date compared with previous years:

	2011	2010*
Profitability ratios		
- net profit margin	2.2%	2%
- gross margin	10.4%	8.4%
- return on capital employed	6.1%	5.4%
Liability ratios		
- gearing ratio	64.7%	45.5%
- payables turnover	18 dni	17 dni
	31.12.2011	31.12.2010
Liquidity ratios		
- current ratio	0.8	1.4
- quick ratio	0.7	1.4

* Ratios have changed in comparison with the report as at and for the year ended 31 December 2010 due to the change in presentation of revenues and expenses in the consolidated statement of comprehensive income (as described in note 1 (ac)) to the annual consolidated financial statements)

IV. Discussion of consolidated financial statement components (cont'd)

Consolidated statement of financial position as at 31 December 2011

1. Property, plant and equipment

The increase in property, plant and equipment of PLN 321,477 thousand in the audited year was mainly due to increased expenditure on the development and renovation of the restaurant network, and the acquisition of the Restauravia Grupo Empresarial S.L. Group.

2. Goodwill

In the audited year the goodwill increased from the level of PLN 293,347 thousand to PLN 745,134 thousand. This increase results mainly from the acquisition of the Restauravia Grupo Empresarial S.L. Group.

3. Intangible assets

An increase in intangible assets of PLN 491,229 thousand in the audited period results mainly from the acquisition of the Restauravia Grupo Empresarial S.L. Group.

4. Cash and cash equivalents

Cash and cash equivalent comprise cash at bank accounts of PLN 121,682 thousand and cash in hand of PLN 22,278 thousand. Balance of cash decreased by PLN 101,158 thousand, i.e. 41.3% compared with the prior year.

5. Share capital of Parent Company

In the audited year, the registered share capital of the Parent Company was increased by PLN 91 thousand through an issue of 2,279,794 shares with a nominal value of EUR 0.01 per share.

6. Loans and borrowings

The increase in long-term loans and borrowings of PLN 468,889 thousand and an increase in short-term loans and borrowings of PLN 64,732 thousand resulted mainly from paying out the second tranche of a loan based on the loan agreement between Group companies and Bank Polska Kasa Opieki, RBS Bank S.A., The Royal Bank of Scotland N.V., Bank Zachodni WBK S.A and Rabobank Poland S.A. Based on the agreement the Group drew a loan designated for continued financing of the Group's development. The loan should be repaid by 11 October 2015.

7. Put option liability

The liability amounted to PLN 280,812 thousand and represents the current value of put option liability representing shares not controlled by the Group as at balance date, issued as at date of acquisition of Restauravia Grupo Empresarial SL, to non-controlling shareholders.

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IV. Discussion of consolidated financial statement components (cont'd)

**8. Reconciliation of the net profits/losses of the companies covered
by consolidation with the Group's consolidated net profit/loss**

	2011 PLN'000	2010 PLN'000
Net profit of AmRest Holdings SE	3,187	2,842
Net profit of subsidiaries / groups of subsidiaries (consolidated)	71,541	52,669
Net loss of subsidiaries / groups of subsidiaries (consolidated)	(2,988)	(12,006)
Total net profit per the financial statements of the consolidated entities	71,740	43,505
Consolidation adjustments	(15,296)	(3,509)
Net profit of the Group	56,444	39,996

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V. Statements of the independent registered auditor

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the consolidation documentation and the disclosure of all contingent liabilities and post-balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The accounting policies and disclosures specified by the Parent Company's Management complied with the International Financial Reporting Standards as adopted by the European Union in all material respects. There were no changes to the accounting policies compared with the previous year.
- d. The calculation of goodwill and its recognition in the consolidated financial statements complied with IFRS as adopted by the European Union in all material respects.
- e. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- f. The elimination of inter-company balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out in accordance with the IFRS as adopted by the European Union in all material respects.
- g. Eliminations of gains/losses unrealized by the consolidated entities included in the value of assets and in respect of dividends were conducted in accordance with the IFRS as adopted by the European Union in all material respects.
- h. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for in accordance with the IFRS as adopted by the European Union in all material respects.
- i. The consolidation documentation was complete, correct and stored in conditions guaranteeing required protection.
- j. The consolidated financial statements of the Group as at and for the year ended 31 December 2010 were approved by the Resolution No. 7 passed by the General Shareholders' Meeting of the Parent Company on 7 June 2011, filed with the National Court Register in Wrocław on 20 October 2011 and published in Monitor Polski B No. 2018 on 26 October 2011.
- k. The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The independent registered auditor issued an unqualified opinion.
- l. The notes to the consolidated financial statements present all the material information required by the IFRSs as adopted by the European Union.
- m. The information in the Group Directors' Report for the year ended 31 December 2011 has been prepared in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws of 2009 No. 33, item 259 with further amendments).

**AmRest Holdings Spółka Europejska Group
Report on the consolidated financial statements
as at and for the year ended 31 December 2011**

VI. Final information and comments

This report has been prepared in connection with our audit of the consolidated financial statements of the AmRest Holdings Spółka Europejska Group, of which AmRest Holdings Spółka Europejska with its registered office in Wrocław, pl. Grunwaldzki 25-27 is the Parent Company. The consolidated financial statements were signed by the Management Board of the Parent Company on 20 March 2012.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of AmRest Holding Spółka Europejska dated 20 March 2012, concerning the said consolidated financial statements. The opinion is a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual consolidated financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements as a whole.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

TRANSLATION ONLY

Marcin Sawicki

Key Registered Auditor
No. 11393

Wrocław, 20 March 2012