AmRest Holdings SE
Consolidated condensed interim financial statements as at and for the six months ended June 30, 2014

Contents

Interim consolidated income statement
for the period ended June 30, 2014

In thousands of Polish Zloty	Notes	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Continuing operations			
Restaurant sales		1 300 372	1 187 618
Franchise and other sales		87 392	86 649
Total sales	2	1 387 764	1 274 267
Company operated restaurant expenses:			
Food and material		(419 731)	(387 285)
Payroll and employee benefits		(291 688)	(264 631)
Royalties		(64 383)	(60 723)
Occupancy and other operating expenses		(411 495)	(381 396)
Franchise and other expenses		(59 542)	(63 362)
General and administrative (G&A) expenses		(93 909)	(107 978)
Impairment losses	2,7,8	(6 432)	(6 378)
Other operating income		10 044	4 950
Total operating costs and losses		(1 337 137)	(1 266 803)
Profit from operations		**50 628**	**7 464**
Finance costs	2,4	(26 901)	(22 792)
Net income from settlement / (cost from valuation) of put option	2,3	-	63 482
Finance income	2,3	2 214	5 545
Income from associates	2,21	67	101
Profit before tax		**26 008**	**53 800**
Income tax expense	2,5	(14 110)	883
Profit for the period from continuing operations		**11 898**	**54 683**
Discontinued operations			
Profit/(loss) on discontinued operations	6	-	(12 884)
Profit for the period		**11 898**	**41 799**
Profit/(loss) attributable to:			
Non-controlling interests		(1 054)	(972)
Equity holders of the parent		12 952	42 771
Profit for the period		**11 898**	**41 799**
Basic earnings per share in Polish zloty	1j)	0,56	1,97
Diluted earnings per share in Polish zloty	1j)	0,56	1,94
Continuing operations			
Basic earnings per share in Polish zloty	1j)	0,56	2,58
Diluted earnings per share in Polish zloty	1j)	0,56	2,54
Discontinued operations			
Basic earnings per share in Polish zloty	1j)	-	(0,61)
Diluted earnings per share in Polish zloty	1j)	-	(0,60)

The interim consolidated income statement has to be analyzed jointly with the notes which constitute an integral part of these interim condensed consolidated financial statements.

Interim consolidated comprehensive income statement
for the period ended June 30, 2014

In thousands of Polish Zloty	Notes	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Profit for the period		11 898	41 799
Other comprehensive income:			
Currency translation differences from conversion of foreign Entities	14	(4 800)	70 024
Valuation of put option liability	14	-	(11 232)
Net investment hedges	14	(1 951)	(27 356)
Cash flow hedges	14	-	-
Income tax concerning net investment hedges	5,14	371	5 198
Total items that may be reclassified subsequently to profit or loss		(6 380)	36 634
Total items that will not be reclassified to income statement		-	-
Other comprehensive income/(loss) for the period, net of tax		**(6 380)**	**36 634**
Total comprehensive income for the period		**5 518**	**78 433**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		6 751	67 123
Non-controlling interests		(1 233)	11 310

The interim consolidated comprehensive income statement has to be analyzed jointly with the notes which constitute an integral part of theseinterim condensed consolidated financial statements.

Interim consolidated statement of financial position
as at June 30, 2014

In thousands of Polish Zloty	Notes	30.06.2014	31.12.2013
Assets			
Property, plant and equipment	7	1 039 391	1 005 709
Goodwill	9	598 442	601 344
Other intangible assets	8	514 762	519 732
Investment properties		22 152	22 152
Investments in associates	21	384	320
Finance lease receivables		-	-
Other non-current assets		47 015	44 572
Deferred tax assets	5	32 918	21 796
Total non-current assets		2 255 064	2 215 625
Inventories	1	46 245	47 197
Trade and other receivables	11	70 058	83 115
Corporate income tax receivables		3 700	4 062
Finance lease receivables		62	150
Other current assets		26 346	21 518
Other financial assets		546	272
Cash and cash equivalents	12	221 489	259 510
Total current assets		368 446	415 824
Total assets	2	**2 623 510**	**2 631 449**
Equity			
Share capital		714	714
Reserves	14	739 314	738 029
Retained earnings		265 705	252 753
Translation reserve	14	(16 339)	(11 718)
Equity attributable to shareholders of the parent		989 394	979 778
Non-controlling interests		61 313	64 746
Total equity		1 050 707	1 044 524
Liabilities			
Interest-bearing loans and borrowings	15	959 507	923 228
Finance lease liabilities	18	7 569	7 913
Employee benefit liability		3 867	3 930
Provisions		5 885	8 306
Deferred tax liability	5	132 085	120 375
Other non-current liabilities	16	20 264	22 670
Total non-current liabilities		1 129 177	1 086 422
Interest-bearing loans and borrowings	15	152 200	152 469
Finance lease liabilities	18	709	670
Trade and other accounts payable	17	282 759	335 979
Corporate income tax liabilities	5	7 958	11 220
Other financial liabilities		-	165
Total current liabilities		443 626	500 503
Total liabilities	2	1 572 803	1 586 925
Total equity and liabilities		**2 623 510**	**2 631 449**

The interim consolidated statement of financial position has to be analyzed jointly with the notes which constitute an integral part of theseinterim condensed consolidated financial statements.

Interim consolidated cash flow statement
for period ended June 30, 2014

In thousands of Polish Zloty	Notes	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Cash flows from operating activities			
Profit before tax from continued operations	2,5	26 008	53 800
Loss before tax from discontinued operations	5,6	-	(12 884)
Adjustments for:			
Share of profit of associates	21	(67)	(101)
Amortization	2,8	10 626	10 750
Depreciation	2,7	87 415	82 263
Interest expense, net	3,4	20 639	17 779
Put option valuation	3,4	-	(63 482)
Foreign exchange result	3,4	1 175	(3 714)
Loss on disposal of property, plant and equipment and intangibles		9 050	2 597
Impairment of property, plant and equipment and intangibles	7, 8	4 617	4 888
Equity-settled share-based payments expenses	14	3 085	4 359
Working capital changes:			
Change in receivables	12	12 976	31 437
Change in inventories	12	880	(676)
Change in other assets	12	(7 502)	(11 875)
Change in payables and other liabilities	12	(55 762)	(11 938)
Change in other provisions and employee benefits	12	(2 463)	2 540
Income tax paid		(16 468)	(12 089)
Interest paid	4	(22 689)	(12 245)
Interests received	3	2 050	1 827
Other		(4 076)	6 462
Net cash provided by operating activities		**69 494**	**87 871**
Cash flows from investing activities			
Proceeds from acquisition of subsidiaries	2	-	1 553
Proceeds from transactions with non-controlling interests		-	2 219
Proceeds from the sale of property, plant and equipment, and intangible assets	7,8	900	2 258
Acquisition of property, plant and equipment	7	(137 746)	(127 352)
Acquisition of intangible assets	8	(5 234)	(6 851)
Expenses on put option settlement	3	-	(101 810)
Repayments/ proceeds from investment loans and borrowings		1 592	(1 759)
Net cash used in investing activities		**(140 488)**	**(231 742)**
Cash flows from financing activities			
Proceeds from issue of shares (stock options for employees)		1 304	
Expenditure on the purchase of own shares (stock options for employees)		(1 206)	
Proceeds from loans and borrowings		34 323	181 138
Dividends paid to non-controlling interest owners		(2 200)	-
Dividends received from affiliates		-	87
Proceeds/(repayment) of finance lease payables		(323)	(86)
Proceeds of finance lease receivables		89	76
Net cash provided by/(used in) financing activities		**31 987**	**181 215**
Net change in cash and cash equivalents		**(39 007)**	**37 344**
Effect of foreign exchange rate movements		986	(581)
Balance sheet change of cash and cash equivalents		(38 021)	36 763
Cash and cash equivalents, beginning of period		259 510	207 079
Cash and cash equivalents, end of period		**221 489**	**243 842**

The interim consolidated cash flow statement has to be analyzed jointly with the notes which constitute an integral part of these interim condensed consolidated financial statements.

Interim consolidated statement of changes in equity for the 6 months ended June 30, 2014

	Attributable to equity holders						
	Issued capital	Reserved capital	Retained Earnings	Cumulative translation adjustments	**Total equity attribu-table to equity hol-ders of the parent**	Non-controlling interest	**Total Equity**
As at January 31, 2013*	714	610 764	242 805	18 116	**872 399**	197 367	**1 069 766**
COMPREHENSIVE INCOME							
Income for the period	-	-	42 771	-	**42 771**	(972)	**41 799**
Currency translation differences (note 14)	-	-	-	57 742	**57 742**	12 282	**70 024**
Impact of put option valuation as net investment hedges	-	(11 232)	-	-	**(11 232)**	-	**(11 232)**
Impact of net investment hedging (note 14)	-	(27 356)	-	-	**(27 356)**	-	**(27 356)**
Deferred income tax concerning net investment hedges (note 14)	-	5 198	-	-	**5 198**	-	**5 198**
Total Comprehensive Income	**-**	**(33 390)**	**42 771**	**57 742**	**67 123**	**11 310**	**78 433**
TRANSACTIONS WITH NON-CONTROLLING SHAREHOLDERS							
Equity attributable to non-controlling interests	-	-	-	-	-	2 219	**2 219**
Non-controlling interests reconciliation due the put option settlement		137 447	-	-	**137 447**	(137 447)	**-**
Equity attributable to non-controlling interests–Acquisition of Blue Horizon (note 2)	-	-	-	-	-	87	**87**
Total transactions with non-controlling shareholders	**-**	**137 447**	**-**	**-**	**137 447**	**(135 141)**	**2 306**
TRANSACTION WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	4 359	-	-	**4 359**	-	**4 359**
Total transactions with shareholders	**-**	**4 359**	**-**	**-**	**4 359**	**-**	**4 359**
As at June 30, 2013	**714**	**719 180**	**285 576**	**75 858**	**1 081 328**	**73 536**	**1 154 864**
As at January 1, 2014	714	738 029	252 753	(11 718)	979 778	64 746	1 044 524
COMPREHENSIVE INCOME							
Income for the period	-	-	12 952	-	**12 952**	(1 054)	**11 898**
Currency translation differences (note 14)	-	-	-	(4 621)	**(4 621)**	(179)	**(4 800)**
Impact of net investment hedging (note 14)	-	(1 951)	-	-	**(1 951)**	-	**(1 951)**
Deferred income tax concerning net investment hedges (note 14)	-	371	-	-	**371**	-	**371**
Total Comprehensive Income	**-**	**(1 580)**	**12 952**	**(4 621)**	**6 751**	**(1 233)**	**5 518**
TRANSACTIONS WITH NON-CONTROLLING SHAREHOLDERS							
Equity attributable to non-controlling interests	-	-	-	-	-	(2 200)	**(2 200)**
Total transactions with non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(2 200)**	**(2 200)**
TRANSACTIONS WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	3 085	-	-	**3 085**	-	**3 085**
Acquisition of own shares		227	-	-	**227**	-	**227**
Profit on disposal of own shares		(447)	-	-	**(447)**	-	**(447)**
Total transactions with shareholders	**-**	**2 865**		**-**	**2 865**	**-**	**2 865**
As at June 30, 2014	**714**	**739 314**	**265 705**	**(16 339)**	**989 394**	**61 313**	**1 050 707**

The interim statement of changes in consolidated equity has to be analyzed jointly with the notes which constitute an integral part of these interim condensed consolidated financial statements.

1. Information on the Group and significant accounting policies

a) General information

AmRest Holdings SE (“the Company”, “AmRest”, “Equity holders of the parent”) was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22, 2008, the District Court for Wrocław-Fabryczna in Wrocław registered the new registered office of AmRest in the National Court Register. The address of the Company’s new registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland.The Court also registered amendments to the Company’s Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

AmRest is the first public company in Poland operating in the form of a European Company. The purpose of transforming AmRest into a European Company was to increase its operating effectiveness and reduce operating and administrative expenses. Following the fact of transfer into European Company and transfer of Company registered head office to Poland, the functional currency of AmRest holdings SE since January 1, 2009 is polish zloty (PLN).

Hereafter, the Company and its subsidiaries shall be referred to as “the Group”. The Group’s interim consolidated financial statements for the 6 months ended June 30, 2014 cover the Company, its subsidiaries and the Group’s shares in associates. AmRest, LLC entities are preparing financial statements for the 6 months ended June 30, 2014.

These interim consolidated condensed financial statements were approved by the Company’s Management Board on August 14, 2014.

The Group’s core activity is operating Kentucky Fried Chicken (“KFC”), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Russia, Serbia, Croatia, Bulgaria and Spain, on the basis of franchises granted. In Spain, France, Germany, China and The United States of America (further USA) the Group operates its own brands La Tagliatella, Trastevere and il Pastificcio. This business is based on the franchise agreements signed with non related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally in China since December 21, 2012 the Group operates its own brands Blue Frog and KABB.

On April 27, 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange (“WSE”).

On April 22, 2010 share subscription agreement was signed between AmRest Holdings S.E, and WP Holdings VII B.V., following which on May 24, 2010 WP Holdings VII B.V. obtained 4.726.263 shares of the Company from new emission at emission price of PLN 65 for total value of PLN 307,2 million. At June 10, 2010 was registered by the registry court in Wroclaw the increase in the share capital of the Company by the amount of EUR 47.262,63 (PLN 195.374,26). Additionally during 12 months from the date on which the described above emission shares were registered by the registry court proper for the Company's registered office, the WP Holdings VII B.V. will have an option to subscribe for additional shares in up to two instalments to the extent that its shareholding does not exceed 33% of the post-issuance share capital. The issuance price for the additional shares subscription was PLN 75 per share. On March 25, 2011, WP subscribed for 2.271.590 shares with the issuance price of PLN 75 per share. After decrease by all costs concern capital issue the growth was PLN 168.926 thousand.

As at June 30, 2014, WP Holdings VII B.V. was the largest shareholder of AmRest and held 31.71% of its shares and voting rights.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Pursuant to the information available to the Company, as at the date of release of this annual report, that is August 14, 2014 the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE:

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
WP Holdings VII B.V.	6 726 790	31.71%	6 726 790	31.71%
ING OFE	4 000 000	18.86%	4 000 000	18.86%
PZU PTE*	3 012 786	14.20%	3 012 786	14.20%
Aviva OFE	2 110 000	9.95%	2 110 000	9.95%

* PZU PTE S.A. manages assets which include the funds of OFE PZU "Złota Jesień" and DFE PZU

Pizza Hut and KFC restaurants operate on the basis of franchise agreements signed with YUM! and YUM! Restaurants International Switzerland, Sarl ("YRIS") which is a subsidiary of YUM! Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting operating terms and conditions specified in the agreements.

On March 8, 2007, the Company signed a "Development Agreement" with Burger King Europe GmbH ("BKE"), relating to opening and operating Burger King restaurants in Poland on a franchise basis. Burger King restaurants operate on the basis of franchise agreements signed with Burger King Europe GmbH with its registered office in Zug, Switzerland. Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting specific terms and conditions specified in the agreements. For restaurants opened between March 01, 2009 and June 30, 2010 and after this period the franchise agreement was prolonged from 10 to 20 years from the opening date of new restaurants, but without possibility to prolong this period for next 10 years.

The main terms and conditions of the signed "Development Agreement" are as follows:

- During the first two years after opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.5% of the monthly sales of all Burger King restaurants operated by the Group. During the third year of opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.0% of the monthly sales of all Burger King restaurants operated by the Group.
- During the first five years, the preliminary fee paid by the Group in respect of franchise agreements concluded for each Burger King restaurant for a period of 10 years will amount to USD 25.000 (should the Group extend the franchise period for a further 10 years, the fee for renewing the franchise will amount to another USD 25.000). Upon opening each consecutive Burger King restaurant exceeding the number of restaurants specified in the development plan, the preliminary fee will be reduced by 50%.

As at August 10, 2010 between BKE, AmRest sp. z o.o., AmRest BK s.r.o.(present AmRest s.r.o. after the merger as at December 28, 2011) and Company was signed "Strategic Development Agreement" partially amending "Development Agreement" and franchise agreement signed with AmRest Sp. z o.o. and AmRest BK s.r.o., considering opening and running Burger King restaurants, accordingly, in Poland and Czech.

Agreement describes terms of opening and operating new Burger King restaurant in Poland and Czech. In this agreement were agreed amounts of new Burger King restaurants, that AmRest Sp. z o.o. in Poland and AmRest s.r.o. in Czech is obliged to open in agreed timeframe. In this agreement were also agreed rules of modification in agreed chain development schedules for given year. It was also established in agreement that if AmRest Sp. z o.o. or AmRest s.r.o. will not fulfill their obligations from development agreements concerning amount of new openings, each side of agreement (Group and BKE) will have right to cancel development agreement according to rules described in development agreement.

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

According to „Strategic development agreement", Companies of the Group guaranteed to BKE fulfilling of AmRest sp. z o.o. and AmRest s.r.o obligations resulting from development agreements. Companies of the Group are committed to cover any damages to BKE caused by the developers actions, that is AmRest sp. z o.o. and AmRest s.r.o. Currenlty Group Companies are renegotiating terms of above mentioned agreements, especially in the area planned development, in order to agree applicable terms of future development .

Agreement was signed for agreed period of time till June 30, 2015 with qualification, that period of agreement effectiveness will be extended till end of development agreement validity period for AmRest sp. z o.o. and AmRest s.r.o.

On January 31st, 2014 between Burger King Europe GmbH (BKE), AmRest sp. z o.o., and AmRest Holding SE the amendment to "Strategic Development Agreement" was signed partially amending "Development Agreement" and franchise agreement was signed with AmRest Sp. z o.o., considering opening and running Burger King restaurants in Poland in 2013-2015 years.

On May 25, 2007, the Group signed agreements with Starbucks Coffee International, Inc. ("Starbucks") relating to the development of Starbucks cafés in Poland, the Czech and Hungary. The agreement covers a period to May 31, 2022 and provides for an option to extend it for another 5 years, after specific terms and conditions have been met.

The Parties established three separate companies in each of the 3 countries: Poland, the Czech and Hungary. On March 27, 2007, a new company was established in Poland – AmRest Coffee Sp. z o.o. The Czech AmRest Coffee s.r.o. was established on August 14, 2007, and the Hungarian AmRest Kávézó Kft on August 31, 2007. These companies are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech and Hungary, without exclusivity rights to some of the institutional locations.

The Group took up 82%, and Starbucks 18% of the share capital in the newly established companies. In the ninth year Starbucks will have an unconditional option to increase its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Company's Management assessment as at the day of this financial statement issuance, there are no material indicators making mentioned above options realizable.

The Group will be obliged to develop and run Starbucks cafés in accordance with the development plan which stipulates the minimum number of cafés to be opened each year in the period of the agreements being in force. Should the Group not discharge the duties following from the development plan, Starbucks will be entitled to charge it contractual penalty or terminate the agreements. The Agreements also include provisions relating to deliveries of coffee and other basic raw materials from Starbucks or other approved or determined suppliers.

Group is running proprietary brands from La Tagliatella group since April 28th, 2011, when controlling interests of Spanish AmRestTAG S.L. were acquired, and Blue Frog and KABB since December 21st, 2012, when Group acquired controlling interests in Blue Horizon Hospitality PTE Ltd. Group

La Tagliatella proprietary brands are run as equity stores mostly on Spanish market and heavily developed new markets, additionally in Spain are present frichise activities together with well developed supply chain managements processes. In franchise activities entities within Spanish Group are signing agreements with third parties to run restaurant under proprietary brand of AmRest, according to agreement terms they are expected to follow set standards, use common supply chain and pay agreed intital fee and monthly franchise fee based as percentage of net sales. This agreeemnts are long term with restricted terms of notice. La Tagliatella restaurants are places with unique décor serving Italian food, based on fresh, high quality and original ingridients, served in fast casual form.

Proprietary brands of Blue frog and KABB are only located within Chine. In modern interriors are served dishes from contemporary western quisine meeting high demand from mid and upper class. KABB brand is perceived as premium one with high quality of service and food offered.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

As at June 30, 2014 , the Group comprised the following subsidiaries:

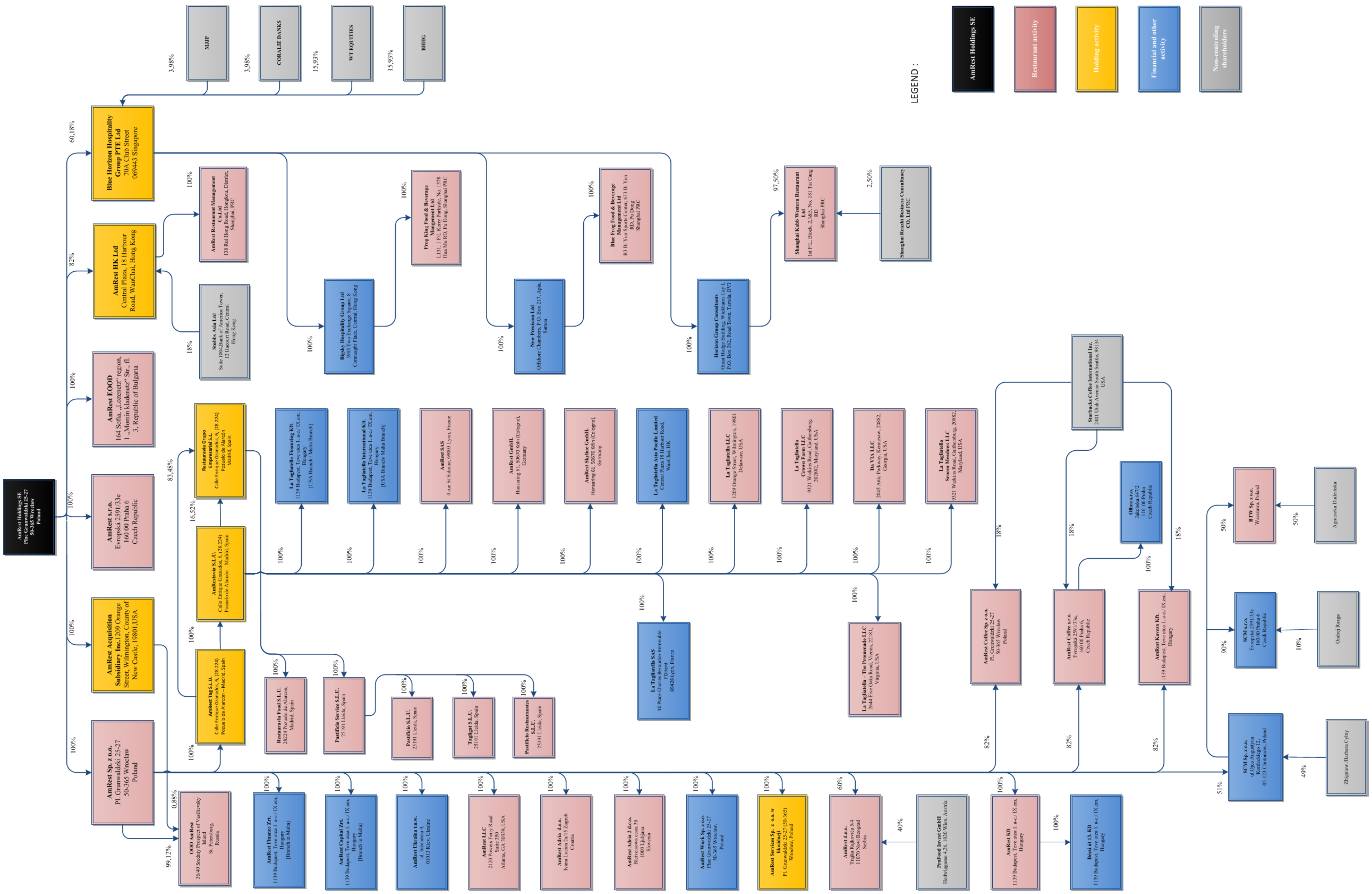
Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
		Holding activity		
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.	83.48%	
AmRest Services Sp. z o.o. in liquidation*	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	82.00%	September 2011
		Stubbs Asia Limited	18.00%	
Blue Horizon Hospitality Group PTE Ltd	Singapore, China	AmRest Holdings SE	60.18%	December 2012
		WT Equities	15.93%	
		BHHG	15.93%	
		MJJP	3.98%	
		Coralie Danks	3.98%	
Bigsky Hospitality Group Ltd	Hong Kong, Chiny	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
		Restaurant activity		
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Petersburg, Russia	AmRest Acquisition Subsidiary Inc.	0.88%	July 2007
		AmRest Sp. z o.o.	99.12%	
AmRest Coffee s.r.o.	Prague, Czech	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o.	Belgrad, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
Da Via, LLC	Wilmington, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Crown Farm, LLC	Maryland, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Seneca Meadows, LLC	Maryland, USA	AmRestavia S.L.U.	100.00%	June 2013
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Tagligat S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Pastificio S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
AmRest Restaurant Management Co. Ltd	Shanghai, China	AmRest HK Ltd	100.00%	November 2012
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
La Tagliatella LLC	Wilmington, USA	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Szanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Szanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Szanghai, China	Horizon Group Consultants (BVI)	97.50%	December 2012
		Shanghai Renzi Business Consultancy Co. Ltd	2.50%	
La Tagliatella – The Promenade, LLC	Virginia, USA	AmRestavia S.L.U.	100.00%	October 2013
AmRest Skyline GMBH	Frankfurt, Germany	AmRestavia S.L.U.	100.00%	October 2013
Financial services for the Group				
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Asia Pacific Ltd	Hong Kong, China	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
Olbea s.r.o.	Prague, Czech	AmRest Cofee s.r.o.	100.00%	June 2013
Owner of the building ,where the office surface is placed				
Bécsi út.13. Kft**	Budapest, Hungary	AmRest Kft	100.00%	April 2007
Supply services for restaurants operated by the Group				
SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		Zbigniew Cylny	44.00%	
		Beata Szafarczyk-Cylny	5.00%	
Lack of business activity				
AmRest Ukraina t.o.w.	Kiev, Ukraine	AmRest Sp. z o.o.	100.00%	December 2005
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o	100.00%	March 2012

* On November 6, 2013 shareholders decided to liquidated this company.

**As a consequence of sale transaction of building owned by Bécsi út.13. Kft, Group has started subsidiary liquidation process.


LEGEND :
AmRest Holdings SE
Restaurant activity
Holding activity
Financial and other activity
Non-controlling shareholders
MIJP
3,98%
CORALIE DANKS
3,98%
WT EQUITIES
15,93%
BHHG
15,93%
Blue Horizon Hospitality Group PTE Ltd
70A Club Street
069443 Singapore
60,18%
AmRest HK Ltd
Central Plaza, 18 Harbour Road, WanChai, Hong Kong
82%
18%
AmRest EOOD
100%
AmRest s.r.o.
Evropská 2591/33e
160 00 Praha 6
Czech Republic
100%
AmRest Acquisition Subsidiary Inc.
100%
AmRest Sp. z o.o.
Pl. Grunwaldzki 25-27
50-365 Wrocław
Poland
100%
AmRest Holdings SE

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

As at June 30, 2014 the Group posses the following associated entities included in the financial statements under the equity method:

Company name	Seat	Core business	Parent/ non-controlling undertaking	Owner-ship interest and total Group vote	Date of effective control
SCM s.r.o.	Prague, Czech	Delivery services for restaurants provided to the Group	SCM Sp. z o.o.	45.90%	March 2007
BTW Sp. z o.o.	Warsaw, Poland	Restaurant activity	SCM Sp. z o.o.	25.50%	March 2012

The Group's office is in Wroclaw, Poland. at June 30, 2014 the restaurants operated by the Group are located in Poland, Czech, Hungary, Russia, Bulgaria, Serbia, Croatia, the United States of America, Spain, Germany, France and China.

b) Representations on compliance of the financial statements with the International Financial Accounting Standards

These Interim Condensed Consolidated Financial Statements as at and for the 6 months ended June 30, 2014 have been prepared in accordance with the IAS 34 Interim Financial Reporting.

These Interim Condensed Consolidated Financial Statements do not include all information or disclosures which are required in the annual financial statements and they should be read together with the annual Consolidated Financial Statements of the Group as at December 31, 2013.

Accounting policies on which bases the interim condensed consolidated financial statement prepared for the 6 months ended June 30, 2014 and consolidated financial statement for the year ended December 31, 2013 are consistent, except standards, changes in standards and interpretations which are mandatory for reporting periods beginning after January 1, 2014.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2014:

- IFRS 11 "Joint Arrangements" Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- IFRS 12 "Disclosure of Interests in Other Entities" Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- Revised IAS 27 "Separate Financial Statements" Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- Revised IAS 28 "Investments in Associates and Joint Ventures" Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12, Group has applied the change from 1 January 2014 amendment has no material impact on the interim consolidated financial statements.
- Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27 Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- Offsetting financial assets and financial liabilities - Amendments to IAS 32 Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.
- Recoverable amount disclosure for non-financial assets - Amendments to IAS 36 Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.

- Novation of derivatives and continuation of hedge accounting - Amendments to IAS 39 Group has applied the change from 1 January 2014, the amendment has no material impact on the interim consolidated financial statements.

Above mentioned amendments to standards and interpretations were approved for use by European Commission before issuance of this financial statements. The Management Board believes that the changes and improvements will not have a material effect on the Company's financial statements.

Before the issuance date of this financial statements were published by IASB numerous standards and interpretations, which haven't entered into force, but some of them were approved for use by European Commission. The Company did not decide to for early adoption of any of these standards.

c) Form of presentation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements are presented in Polish zloty (PLN), rounded up/down to full thousands.

The interim condensed financial statements were prepared on the historical cost excluding valuation of derivative instruments and investment properties to their fair value.

The preparation of the IFRS interim condensed financial statements requires the Management of the Group to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets and liabilities and reported revenues and expenses during the period. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

The estimates and the assumptions on which they are based are subject to current verification. The adjustment of accounting estimates is recognized in the period in which it was made, on condition that it only relates to that period, or in the period in which it was made, and in future periods, if it relates both to the current and future periods.

The accounting policies described above have been applied consistently in all the financial years covered by the interim condensed consolidated financial statements, except for those instances were changes were made in connection to new standards and interpretations were applied. These policies have been applied consistently by all the entities constituting the Group.

d) Going concern assumption

Information presented below should be read together with information provided in note 15 loans and borrowings.

Interim condensed consolidated financial statements for the period of 6 months ended June 30, 2014 were prepared in accordance with going concern assumption by the Group in foreseeable future, what assumes realization of assets and liabilities throughout the normal terms of Group business operations. Interim condensed consolidated financial statements does not account for adjustments, which would be essential in such events. As at the date of interim condensed consolidated financial statement issuance in assessment made by Group Parent Entity there are no circumstances indicating threats for Group business going concern.

As it was described in note 15 "borrowings" financial liabilities resulting from loan agreement signed September 10, 2013 between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Rabobank Polska S.A. (currently Bank Gospodarki Żywnościowej S.A.) and ING Bank Śląski Polska S.A. Based on this agreement capital repayments fall due beginning in 2016. In December 2014 first tranche of bonds in the amount of PLN 150 m falls due. The Management Board has not yet taken a decision which of the forms will be applied and is analyzing costs of available scenarios. Currently actions are taken to refinance bonds with new issuance. Management of Group Parent Entity had analyzed cash-flows for 12 months since balance sheet date of June 30, 2014 and available financing scenarios. Current liquidity analysis provided that cash and cash equivalent balance as at June 30, 2014 together with planned operating cash flows will allow to finance current debts and required capital expenditures.

e) Seasonal fluctuations in production and sales

The seasonal fluctuations in sales and inventory of the Group are not significant which is characteristic for the entire restaurant industry.

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 malls.

f) Unusual events affecting the operating activities

During the reporting period no other significant unusual events have been identified.

g) Issuances, repurchases and repayments of debt and equity securities

During the reporting period no issuances, repurchases and repayments of debt and equity securities have been identified.

h) Dividends paid and received.

In the period covered by this Interim Condensed Consolidated Financial Statements Group has paid dividend to non-controlling interest owner of SCM Sp. z o.o. in value PLN 2.200 thousand.

i) Changes in future and contigent liabilities

As in the previous reporting period, the Company's future liabilities follow on from the Franchise Agreements and Development Agreement.

Restaurants are operated in accordance with franchise agreements with YUM! and its subsidiaries and Starbucks Coffee International , Inc and Burger King Europe GmbH.

These franchise agreements typically require that the Group pays an initial non-refundable fee upon the opening of each new restaurant, continuing fees of 6% of revenues and commits 5% of revenue to advertising as specified in the relevant agreements. In addition, after completion of the initial contract period, the Group may renew the franchise agreement, which is a subject to a renewal fee.

Initial non-refundable fees constitute in substance rights to use Pizza Hut and KFC trademarks and are classified as intangible asset and amortized over the period of the franchise agreement (usually 10 years). Other fees are recognized in the profit and loss account when incurred. Renewal fees are amortized over the renewal period when a renewal agreement comes into force.

The initial fees paid are approximately USD 48.400 per restaurant and renewal fees are 50% of the initial fees, adjusted to reflect changes in the US Consumer Price Index during the term of the relevant franchise.

The most significant conditions relating to franchise agreements to be concluded with Burger King Section are as follows:

- The license is granted for 10 years from the date on which the restaurant starts operating. Franchisee has the right to extend the contract for a further period of 10 years after the completion of certain conditions. The franchisee is entitled to extend the agreement for a further 10 years after meeting specified terms and conditions.This conditions were described in initial development agreement with AmRest Sp. z o.o. For restaurants opened in Poland after March 1, 2009 the license was overlong from 10 to 20 years without option of prolongation for next 10 years.
- Franchisee will pay to the franchisor monthly continuing franchise fees of 5% of the sales revenue of the Burger King restaurant run by the franchisee. The fee will be added to the income statement when it incurred in category continuing franchise fees.

- The Franchisee will pay to the Franchiser a monthly fee for sales advertising and promotion of 5% of the sales revenue of the Burger King restaurants operated by the Franchisee. The fee will be added to the income statement when it incurred in category direct marketing costs.

The key fees and costs to be incurred by the Group relating to agreements with Starbucks Coffee International, Inc. Section (a) are as follows:

- The fee for development and the fee for providing services of USD 950 thousand, relating to the preliminary operating support (settled from other assets into general and admin expenses of Starbucks subsidiaries).
- The preliminary franchise fee of USD 25 thousand per each opened Starbucks café (capitalized as intangible asset and amortized during the franchise agreement period).
- A fixed licence fee equal to 6% of sales revenues of each of the Starbucks cafés (added to the income statement when it incurred in category continuing franchise fees).
- The local marketing fee the amount of which will be determined annually between the parties to the agreements (added to the income statement when it incurred in category direct marketing costs).

As a consequence of hawing proprietary brands, which are also subject of franchise activity with third parties Group is applying following accounting principles:

- Generally the franchise agreement covers a 10 year period and provides an option of extension for another 10 (for agreements signed after 2006) or 5 years (for agreements signed before 2006). Some franchise agreements were signed for the period from 9 to 20 years.
- Revenues of the Group consist of sales by Company operated restaurants and fees from franchisees and license are recognized when payment is rendered at the time of sale.
- Fees for using own brand paid by franchisees to the Group as a 6% from the sales (continued fees) are recognized as earned.
- Intangible assets, covering relationships with franchise clients, recognized during the acquisition process are amortized within the average period of the contractual relationship with franchise clients.
- Own brands systematically as at the purchase date are analysed from the point of depreciation and amortisation periods. Currently:
  - La Tagliatella brand is treated as not amortized asset due to indefinite useful life,
  - Blue Frog brand is treated as amortized asset in 20-year period.

j) Earnings per share

The basic and diluted earnings per ordinary share for the 6-months period of 2014 and 2013 was calculated as follows:

In thousands of Polish Zloty	**For the 6 months ended June 30, 2014**	**For the 6 months ended June 30, 2013**
Net profit from continued operations attributable to equity holders of the parent company	11 898	55 655
Net profit from discontinued operations attributable to equity holders of the parent company	-	(12 884)
Net profit attributable to equity holders of the parent company	11 898	41 779
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Impact of share options awarded in 2005	11 122	20 498
Impact of share options awarded in 2006	8 894	15 323
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	3 028	2 634
Impact of share options awarded in 2009	28 593	27 859
Impact of share options awarded in 2010	16 786	12 817
Impact of share options awarded in 2011	117 864	182 363
Impact of share options awarded in 2012	9 000	76 969
Weighted diluted average number of ordinary shares for diluted	21 409 180	21 552 365

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

earnings per share		
Basic earnings per ordinary share	0,56	1,97
Diluted earnings per ordinary share	0,56	1,94
Basic earnings from continued operations per ordinary share	0,56	2,58
Diluted earnings from continued operations per ordinary share	0,56	2,54
Basic earnings from discontinued operations per ordinary share	-	(0,61)
Diluted earnings from discontinued operations per ordinary share	-	(0,60)

2. Segment reporting

AmRest as a Group of dynamic developing entities running operations at many markets and various restaurant business segments is under constant analysis of Executive Committee. This Committee is also constantly reviewing the way how business is analysed and adjust it accordingly to changing Group Structure as a consequence of strategic decisions. Operating segments are set on the basis of management reports used by Executive Committee during making strategic decisions. Executive Committee verifies group performance while deciding of owned resources allocations in breakdown of AmRest Group for divisions.

Divisional approach is currently valid solution for strategic analysis and capital allocation decision making process by Executive Committee. This breakdown is mainly consequence of material Group development by acquisition of Restauravia Group in Spain, start of La Tagliatella proprietary brand development in new markets and acquisition of Blue Horizon Group in China. As for the balance sheet date Executivee Committee defines segments in presented below layout.

Segment	**Description**
CEE	Poland, Czech, Hungary, Bulgaria, Croatia and Serbia.
USA*	Discontinued operations of Applebee's restaurants.
Spain	KFC and La Tagliatella restaurant operations, together with suplly chain and franchise activity in Spain territory.
New markets	La Tagliatella activitiy in China, France, Germany and USA. Stubbs in China. Blue Frog and KABB restaurants in China.
Russia	KFC and Pizza Hut activity in Russia.
Unallocated	Consolidation adjustments, asset and liability balances non-allocated to segments (covering borrowings and lease liabilities) and transactions of AmRest Holdings SE and subsidiary located in the Ukraine and following companies AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, share profit of associates, income tax, net income from continued operation, total net income.

Below are presented data relating to operating segments for the 6 months ended June 30, 2014 and for the comparative period ended June 30, 2013.

for the 6 months ended June 30, 2014	**CEE**	**USA***	**Spain**	**New markets**	**Russia**	**Unallo-cated**	**Total**
Revenue from external customers	808 789	-	291 909	87 936	199 130	-	1 387 764
Inter- segment revenue	-	-	-		-	-	-
		-					
Operating profit/ (loss)	41 135		37 071	(32 292)	11 286	(6 572)	50 628
Finance costs (incl.cost from put option valuation)	-	-	-	-	-	(26 901)	(26 901)
Finance income	-	-	-	-	-	2 214	2 214
Share of profit of associates	67	-	-	-	-	-	67
Income tax	-	-	-	-	-	(14 110)	(14 110)
Deferred tax assets	24 533	-	7 237	1 148	-	-	32 918
Profit for the period from continuing operations	-	-	-	-	-	11 898	11 898
Profit for the period from discontinued operations	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	11 898	11 898
Segment assets	872 078	-	1 078 012	221 924	388 533	62 579	2 623 126

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Investments in associates	384	-	-	-	-	-	384
Total assets	872 462	-	1 078 012	221 924	388 533	62 579	2 623 510
Goodwill	22 973	-	372 739	76 294	126 436	-	598 442
Segment liabilities	180 380	-	68 730	41 111	30 059	1 252 523	1 572 803
		-					
Pension, health care, sickness fund state contributions	33 946	-	14 006	3 299	9 371	1 618	62 240
		-					
Depreciation	54 487	-	15 327	5 851	11 749	-	87 414
Amortization	3 908	-	5 490	677	551	-	10 626
Capital investment	60 110	-	32 169	9 869	40 782	50	142 980
Impairment of fixed assets (note 7,8)	3 967	-	206	444	-	-	4 617
Impairment of trade receivables	847	-	36	-	3	-	886
Impairment of inventories (note 10)	-	-	45	107	-	-	152
Impairment of goodwill (note 9)	-	-	-	-	-	-	-
Impairment of other assets	778	-	-	-	-	-	778

	CEE	USA*	Spain	New markets	Russia	Unallo-cated	Total
for the 6 months ended June 30, 2013							
Revenue from external customers	754 811	-	271 320	61 481	186 655	-	1 274 267
Inter- segment revenue	-	-	-		-	-	-
Operating profit/ (loss)	8 523	-	31 514	(33 905)	9 483	(8 151)	7 464
Finance costs (incl.cost from put option valuation)	-	-	-	-	-	(22 792)	(22 792)
Finance income	-	-	-	-	-	69 027	69 027
Share of profit of associates	101	-	-	-	-	-	101
Income tax	-	-	-	-	-	883	883
Deferred tax assets	29 462	-	-	-	-	-	29 462
Profit for the period from continuing operations	-	-	-	-	-	54 683	54 683
Profit for the period from discontinued operations	-	(12 884)	-	-	-	-	(12 884)
Profit for the period	-	(12 884)	-	-	-	54 683	41 799
Segment assets	865 818	-	1 102 426	261 420	335 322	132 539	2 697 525
Investments in associates	162	-	-	-	-	-	162
Total assets	865 980	-	1 102 426	261 420	335 322	132 539	2 697 687
Goodwill	25 076	-	387 814	84 283	142 395	-	639 568
Segment liabilities	223 286	-	75 853	53 726	33 907	1 156 051	1 542 823
Pension, health care, sickness fund state contributions	35 598	-	17 120	-	8 635	-	61 353
Depreciation	52 362	-	14 827	5 095	9 979	-	82 263
Amortization	4 208	-	5 437	584	521	-	10 750
Capital investment	52 360	-	10 276	38 175	33 137	255	134 203
Impairment of fixed assets (note 7,8)	4 477	-	-	-	-	-	4 477
Impairment of trade receivables	650	-	37	-	-	-	687
Impairment of inventories (note 10)	-	-	-	235	376	-	611
Impairment of goodwill (note 9)	-	-	-	-	395	-	395
Impairment of other assets	208	-	-	-	-	-	208

** The U.S. segment results of operations for the period from 1 January 2012 to 30 June 2012 were classified as profit from discontinued in accordance with IFRS 5 (note 6a).*

Capital expenditure comprises increases in property, plant and equipment (note 7), intangible assets (note 8).

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Value of assets and liabilities and results of given reporting segments have been established on the basis of Group accounting policies, compliant with policies applied for preparation of this financial statements.

Goodwill was allocated to given countries markets within reporting segments.

3. Finance income

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Income from bank interests	2 050	1 827
Net income from settlement / (cost from valuation) of put option	-	63 482
Net foreign exchange gains	-	3 714
Other	164	4
	2 214	**69 027**

According to terms of the agreement AmRest owned "Call Option" to purchase total or part of AmRest TAG shares from non-controlling interest shareholders. AmRest had the right to realize Call option after 3 and to 6 years from the date of finalizing the agreement on May 1 and December 1 each year within this period. Non-controlling shareholders had the right to "Put Option" to sell total or part of shares. Put option could be realized after 3 and to 6 years from the date of finalizing the agreement. Additionally the Put Option could be exercised at any time in the following cases: death of Mr. Steven Kent Wineger, formal initiation of the listing process of AmRest TAG's shares on a security exchange, AmRest's stock market price per share falls below 65 PLN. The price of both options was equal 8.2 times of the EBITDA value for last 12 months, adjusted by net debt value on the day of option realization.

In the period from June 24 to 28, 2013 settlement set by agreement of put option was confirmed, in which AmRest acquired non-controlling interests of AmRest TAG Group. In consequence of this settlement were recognized incomes at value of PLN 65.388 thousand and costs from put option valuation in first quarter of 2013 at value of PLN 1.906 thousand. Income from put option settlement are result of netting the put option liability valuation at settlement date with value of paid cash and fair value of deferred payments. In interim consolidated financial statements of Group as at June 30, 2014 put option liability valuation is not recorded. As at June 28, 2013 when option was settled the value was PLN 202.521 thousand (EUR 46.780 thousand). As at the acquisition date of AmRest TAG Group put liability was valued at PLN 160.093 thousand (EUR 40.681 thousand). According to policy of hedging the foreign exchange valuation effect is presented in statement of changes in equity, statement of comprehensive income and note 14.

4. Finance costs

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Interest expense	(22 689)	(19 606)
Cost from put option valuation	-	-
Net foreign exchange losses	(1 175)	-
Other	(3 037)	(3 186)
	(26 901)	**(22 792)**

5. Income tax expense

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013

Current tax	(13 151)	(3 010)
Change in deferred tax assets/liabilities	(588)	9 091
Change in assets and liabilities due to deferred tax recognized in equity	(371)	(5 198)
Deferred tax recognized in the income statement	**(14 110)**	**883**

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Deferred tax asset		
Opening balance	21 796	16 634
Closing balance	32 918	29 462
Deferred tax liability		
Opening balance	120 375	126 789
Adjustment for goodwill recalcualtion	-	-
Opening balance adjusted	-	-
Closing balance	132 085	130 526
Change in deferred tax assets/liabilities	**(588)**	**9 091**
Of which		
Deffered income tax recognized in income statement	(959)	3 893
Deffered income tax regarding titles directly reported in equity	371	5 198

On June 30, 2014 and December 31, 2013 balance of deferred tax liability was mostly caused by tax effect of temporary differences on property, plant and equipment and intangible assets.

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

Tax Control Office in Wroclaw on 28 June 2012 decided to initiate proceedings for control of AmRest Sp. z o.o. in the "Reliability declared tax bases and the accuracy of the calculation and payment of corporate income tax for the year 2010." On May 8, 2014, the Company received a decision of Tax Control Office in Wroclaw questioning the correctness of the CIT settlement for 2010 year. Decision is not final and is not subject to execution. On May 21, 2014, the Company filed a complaint against the above-mentioned decision to the Director of the Tax Control Office in Wrocław. Until the issuance date of the interim consolidated financial statement, the company has not received a response to the complaint. Expected effect of mentioned proceeding was reported for the 6 months ended June 30, 2014. On July 29, 2014 proceedings were initiated on the regularity of the tax account for VAT for the last quarter of 2013. Until the issuance date of the interim consolidated financial statement, the company has not received a decision concerning the accuracy of this settlement.

6. Discontinued operation

a) Applebee's®

On June 7, 2012 agreement concerning the sale of Applebee's brand assets was signed. On October 10, 2012 as a result of the agreement 99 from 102 Applebee's restaurants managed by the Group were sold. As at June 30, 2014 final settlement of the transaction was made based on the best estimation of the last 3 restaurants settlement.

According to above approach all data were adjusted by values concerning discontinued operation and differ from previously published data.

Results of brand Applebee's for the reporting years are presented below:

In thousands of Polish Zloty	**For the 6 months ended June 30, 2014**	**For the 6 months ended June 30, 2013**
Restaurant sales	-	5 699
Total sales	-	5 699
Company operated restaurant expenses:		
Food and material	-	(1 684)
Payroll and employee benefits	-	(2 986)
Royalties	-	(232)
Occupancy and other operating expenses	-	(2 927)
General and administrative (G&A) expenses	-	(2 675)
Other operating costs	-	(7 999)
Other operating income	-	-
Total operating costs and losses	-	(18 503)
Profit from operation	**-**	**(12 804)**
Financial costs	-	(80)
Profit before tax	**-**	**(12 884)**
Income tax	-	-
Profit from discontinued operations	**-**	**(12 884)**

	For the 6 months ended June 30, 2014	**For the 6 months ended June 30, 2013**
Other comprehensive income:		
Currency translation differences from conversion of foreign entities	-	2 291
Net investment hedges	-	-
Income tax concerning net investment and cash flow hedges	-	-
Other comprehensive income for the period, net of tax	**-**	**2 291**
Total comprehensive income for the period	**-**	**(10 593)**

Other operating costs incurred are for additional costs in consequence of not transferring the remaining 3 Applebee’s stores to buyer, as consequence of independent factors.
Brand Applebee’s was only reported in past as USA segment.

Applebee’s business generated approximately PLN 0 thousands of operating expenses in 6 months of 2014 and PLN 18.503 thousands in first 6 months of 2013.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

7. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in first half of 2014 and 2013:

2014	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 01.01.2014	22 920	942 394	544 691	3 463	140 154	100 409	**1 754 031**
Additions	6 209	40 716	29 963	-	6 004	54 820	**137 712**
Transfers	(2 385)	44 458	13 449	-	(56 237)	749	**34**
Disposals	-	(16 095)	(13 482)	(129)	(1 939)	(2 402)	**(34 046)**
Foreign exchange differences	(85)	(3 012)	(1 652)	1	(33)	369	**(4 412)**
As at 30.06.2014	26 659	1 008 461	572 969	3 335	87 949	153 945	**1 853 318**
Accumulated depreciation							
As at 01.01.2014	-	352 326	247 093	1 317	56 053	-	**656 789**
Additions	-	46 563	32 385	339	8 128	-	**87 415**
Transfers	-	(15 836)	(9 786)	-	25 622	-	**-**
Disposals	-	(5 654)	(11 070)	(135)	(1 730)	-	**(18 589)**
Foreign exchange differences	-	(688)	(477)	4	(16)	-	**(1 177)**
As at 30.06.2014	-	408 383	277 717	1 525	36 813	-	**724 438**
Impairment write-downs							
As at 01.01.2014	-	67 590	21 079	-	686	2 178	**91 533**
Additions	-	4 722	623	-	34	3	**5 382**
Disposals	-	(11 051)	(440)	-	(25)	(3 805)	**(7 712)**
Foreign exchange differences	-	163	85	-	-	(37)	**285**
As at 30.06.2014	-	61 424	21 347	-	695	6 023	**89 489**
Net book value as at 01.01.2014	**22 920**	**522 478**	**276 519**	**2 146**	**83 415**	**98 231**	**1 005 709**
Net book value as at 30.06.2014	**26 659**	**538 654**	**273 905**	**1 810**	**50 441**	**147 922**	**1 039 391**

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

2013	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 01.01.2013	10 137	856 528	467 981	3 393	132 704	79 073	**1 549 816**
Additions	3 962	48 301	45 490	121	3 233	26 245	**127 352**
Disposals	-	(15 297)	(7 580)	(549)	(11 253)	(69)	**(34 748)**
Discontinued operations	234	14 295	7 268	61	4 338	2 284	**28 480**
Foreign exchange differences	14 333	903 827	513 159	3 026	129 022	107 533	**1 670 900**
As at 30.06.2013	10 137	856 528	467 981	3 393	132 704	79 073	**1 549 816**
Accumulated depreciation							
As at 01.01.2013	-	293 635	206 641	1 455	49 451	-	**551 182**
Additions	-	40 815	29 942	354	11 152	-	**82 263**
Disposals	-	(6 461)	(11 234)	(499)	(11 172)	-	**(29 366)**
Foreign exchange differences	-	3 258	2 538	20	1 467	-	**7 283**
As at 30.06.2013	-	331247	227 887	1 330	50 898	-	**611 362**
Impairment write-downs							
As at 01.01.2013	-	30 573	6 391	-	408	58	**37 430**
Additions	-	3 882	312	-	-	-	**4 194**
Disposals	-	(846)	(158)	-	(16)	-	**(1 020)**
Foreign exchange differences	-	546	90	-	1	-	**637**
As at 30.06.2013	-	34 155	6 635	-	393	58	**41 241**
Net book value as at 01.01.2013	**10 137**	**532 320**	**254 949**	**1 938**	**82 845**	**79 015**	**961 204**
Net book value as at 30.06.2013	**14 333**	**538 425**	**278 637**	**1 696**	**77 731**	**107 475**	**1 018 297**

The depreciation was charged to the costs of restaurant operations – PLN 83.011 thousand (prior period: PLN 77.731 thousand), franchise expenses and other – PLN 1.733 thousand (prior period: PLN 1.818 thousand) and administrative expenses PLN 2.671 thousand (prior period: PLN 2.714 thousand).

Transfer are effects of final settlements of put in use assets, outcomes of asset counts, settlements of prepayments and advances for assets.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

8. Other intangible assets

The table below presents changes in the value of intangible assets in first half of 2014 and 2013:

2014	Proprietary brands	Favou-rable leases and licence agree-ments	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, Applebee's, trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 01.01.2014	288 373	6 386	58 850	86 866	178 330	**618 805**
Increases	-	-	3 128	2 140	-	**5 268**
Transfers	-	-	320	(354)	-	**(34)**
Decreases	-	-	(361)	(168)	-	**(529)**
Foreign exchange differences	645	2	(114)	(4)	589	**1 118**
As at 30.06.2014	289 018	6 388	61 823	88 480	178 919	**624 628**
Accumulated amortization						
As at 01.01.2014	947	3 206	26 920	43 200	19 814	**94 087**
Increases	464	549	2 388	3 484	3 741	**10 626**
Decreases	-	-	(181)	(348)	-	**(529)**
Foreign exchange differences	(15)	(1)	(30)	32	52	**38**
As at 30.06.2014	1 396	3 754	29 097	46 368	23 607	**104 222**
Impairment write-downs						
As at 01.01.2014	101	-	1 207	3 678	-	**4 986**
Increases	-	-	39	597	-	**636**
Foreign exchange differences	-	-	-	22	-	**22**
As at 30.06.2014	101	-	1 246	4 297	-	**5 644**
Net value as at 01.01.2014	**287 325**	**3 180**	**30 723**	**39 988**	**158 516**	**519 732**
Net value as at 30.06.2014	**287 521**	**2 634**	**31 480**	**37 815**	**155 312**	**514 762**

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

2013	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, Applebee's trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 01.01.2013	284 488	6 404	54 383	77 536	175 793	**598 604**
Increases	-	-	3 047	3 804	-	**6 851**
Decreases	-	-	(458)	(940)	-	**(1 398)**
Foreign exchange differences	17 284	272	446	2 460	10 363	**30 825**
As at 30.06.2013	301 772	6 676	57 418	82 860	186 156	**634 882**
Accumulated amortization						
As at 01.01.2013	32	2 620	24 052	35 631	12 202	**74 537**
Increases	483	577	2 271	3 676	3 743	**10 750**
Decreases	-	-	(524)	(381)	-	**(905)**
Foreign exchange differences	25	114	229	925	855	**2 148**
As at 30.06.2013	540	3 311	26 028	39 851	16 800	**86 530**
Impairment write-downs						
As at 01.01.2013	101	-	1 128	756	-	**1 985**
Increases	-	-	260	39	-	**299**
Foreign exchange differences	-	-	9	16	-	**25**
As at 30.06.2013	101	-	1 397	811	-	**2 309**
Net value as at 01.01.2013	**284 355**	**3 784**	**29 203**	**41 149**	**163 591**	**522 082**
Net value as at 30.06.2013	**301 131**	**3 365**	**29 993**	**42 198**	**169 356**	**546 043**

Other intangible assets cover mainly computer software. Own brands with indefinite useful life value as at June 30, 2014 was equal to PLN 270.508 thousand and as at June 30, 2013 PLN 281.346 thousand.

The amortization was charged to the costs of restaurant operations – PLN 4.644 thousand (prior period: - PLN 4.201 thousand), franchise expenses and other – PLN 3.759 thousand (prior period: PLN 3.756 thousand) and administrative expenses – PLN 2.223 thousand (prior period: PLN 2.793 thousand).

9. Goodwill

The table below presents changes in the value of goodwill:

	30.06.2014	**31.12.2013**
Gross value		
At the beginning of the period	603 137	613 427
Adjustments	-	(540)
At the beginning of the period	603 137	612 887
Foreign exchange differences	(2 953)	(9 750)
At the end of the period	600 184	603 137
Impairment write-downs		
At the beginning of the period	1 793	1 900
Foreign exchange differences	(51)	(107)
At the end of the period	1 742	1 793
Net book value as at the beginning of the period	**601 344**	**610 987**
Net book value as at the end of the period	**598 442**	**601 344**

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Acquisitions in previous years

Below table presents changes of goodwill in division of particular acquisitions as at June 30, 2014 and December 31, 2013.

	Acquisition date	**As at 01.01.2014**	Foreign exchange differences	**As at 30.06.2014**
miklik's food s.r.o.	May 2005	5 420	8	5 428
AmRest Kft (previously: Kentucky System Kft)	June 2006	17 324	(690)	16 634
OOO AmRest (previously: OOO Pizza Nord)	July 2007	100 611	(1 871)	98 740
9 restaurants RostiksKFC	April 2008	24 989	(465)	24 524
5 restaurants RostiksKFC	June 2008	3 232	(60)	3 172
SCM Sp.z o.o.	October 2008	911	-	911
Restauravia Grupo Empresarial S.L.	April 2011	371 512	1 227	372 739
Blue Horizon Hospitality PTE Ltd.	December 2012	77 345	(1 051)	76 294
		601 344	**(2 902)**	**598 442**

	Acquisition date	**As at 01.01.2013**	Opening balance adjustments	**As at 01.01.2013 after adjustments**	Foreign exchange differences	**As at 31.12.2013**
miklik's food s.r.o.	May 2005	5 839	-	5 839	(419)	5 420
AmRest Kft (previously: Kentucky System Kft)	June 2006	17 337	-	17 337	(13)	17 324
OOO AmRest (previously: OOO Pizza Nord)	July 2007	111 947	-	111 947	(11 336)	100 611
9 restaurants RostiksKFC	April 2008	27 805	-	27 805	(2 816)	24 989
5 restaurants RostiksKFC	June 2008	3 596	-	3 596	(364)	3 232
SCM Sp.z o.o.	October 2008	911	-	911	-	911
Restauravia Grupo Empresarial S.L.	April 2011	366 222	-	366 222	5 290	371 512
Blue Horizon Hospitality PTE Ltd.	December 2012	77 870	(540)	77 330	15	77 345
		611 527	**(540)**	**610 987**	**(9 643)**	**601 344**

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

10. Inventories

As at June 30, 2014 and December 31, 2013, inventories cover mainly food and packaging used in the restaurants and additionally finished goods and work in progress prepared by central kitchen for the sale of La Tagliatella restaurants purposes. Inventories are presented in net value including write-downs. Inventory write-downs as at June 30, 2014 and June 30, 2013 amounted to PLN 38 thousand and PLN 421 thousand. In the income statement for the year ended June 30, 2014 new inventory write-down was recorded in the value of PLN 152 thousand.

11. Trade and other receivables

	30.06.2014	31.12.2013
Trade receivables from non-related entities	41 362	51 523
Trade receivables from related entities (note 22)	46	33
Other tax receivables	23 983	29 879
Other	11 943	8 152
Write-downs of receivables	(7 276)	(6 472)
	70 058	**83 115**

12. Other financial assets and liabilities

	30.06.2014	31.12.2013
Available for sales - shares	546	272
Derivative financial instruments	-	-
Other financial assets	-	272
	-	
Other financial assets total	**546**	**272**
Other current financial assets total	546	272
Other non-current financial assets total	-	-

Gain or loss from revaluation at appropriate exchange rate as of end of financial period of signed forward contracts and instruments from delayed payments are reconciled in income statements.

Fair value estimation

As at financial statement publishing date fair value of financial instruments which are in turnover on active market bases on market quotation. Fair value of financial instruments which aren't in turnover on active market is calculated by using valuation techniques. The Group uses different methods and assumes assumptions based on market conditions as at each balance sheet date. Fair value of financial assets available for sale, which aren't in turnover on active market, is calculated with using sector indexes and last available financial information concerned investment. Fair value of currency exchange rate option and forwards is calculated based on valuation made by banks which issued the instrument. Balance sheet value of receivables including impairment and balance sheet value of payables are similar to their fair values due to short term capacity.

Following fair value valuations concerned financial instruments were used by the Group:

- quoted prices (not adjusted) from active markets for the same assets and liabilities (Level 1),
- input data different from quoted prices included in Level 1, which are observed for assets and liabilities directly (as prices) or indirectly (based on prices) (Level 2),
- input data for valuation of assets and liabilities, which don't base on possible to observe market data (input data not observed) (Level 3).

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

	Level 1	**Level 2**	**Level 3**	**30.06.2014**
Available for sales - shares	-	546	-	546
Total other financial assets	**-**	**546**	**-**	**546**
Derivative financial instruments liabilities	-	-	-	-
Total other financial liabilities	**-**	**-**	**-**	**-**

Financial assets and liabilities available for sale belong to the “CEE” segment, their fair value was based on valid stock exchange quoting being on active market.

For the purpose of the risk management related to certain transaction within the Group forward currency contracts are used. Open contracts as at June 30, 2014 are not designated as cash flow hedges, fair value hedges or net investment hedges in foreign operations. They are signed for periods not longer than risk exposition periods, prevailing for one to tvelve months.

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

Risk management is based on procedures approved by the Management Board.

Credit risk

Financial instruments especially exposed to credit risk include cash and cash equivalents, receivables, derivatives and investments held to maturity. The Group invests cash and cash equivalents with highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to the fact that sales are based mainly on cash and credit card payments. The Group set up an additional impairment write-down of PLN 885 thousand for the Group’s receivables exposed to credit risk and in for the 6 months ended June 30, 2014. The maximum credit risk exposure amounts to PLN 291.609 thousand.

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 15). As at June 30, 2014 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyzes the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results are analyzed in quarterly periods.

Foreign exchange risk

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

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

Net investment foreign currency valuation risk

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

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Group applies hedging accounting for revaluation of borrowings, forwards and put option liability in EUR which constitutes net investment hedges in Hungarian and Spanish related parties. Details concerning hedging on currency risk are described in note 14.

Liquidity risk

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

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

The maturity break-down of long- and short-term borrowings as at June 30, 2014 and December 31, 2013 is presented in note 15.

Capital risk

The Group manages capital risk to protect its ability to continue in operation, so as to enable it to realize returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost. Financing at the level of 3,5 of yearly EBITDA is treated as acceptable target and safe level of capital risk.

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

The Group's gearing as at June 30, 2014 and December 31, 2013 is as follows:

	30.06.2014	**31.12.2013**
Total borrowings (note 15)	1 111 707	1 075 697
Finance lease liabilities (note 18)	8 278	8 583
Less: Cash and cash equivalents (note 13)	(221 489)	(259 510)
Net debt	898 496	824 770
Income from operating activity before interests, tax, depreciation, gain/loss on fixed assets sale and impaiment after adjustment of profit from sold assets in USA	337 113	282 415
Gearing ratio	**2.67**	**2.92**

The decrease in the gearing ratio as at June 30, 2014 is driven by better operating results.

13. Cash and cash equivalents

Cash and cash equivalents as at June 30, 2014 and June 30, 2013 are presented in the table below:

	30.06.2014	**31.12.2013**
Cash at bank	200 198	242 789
Cash in hand	21 291	16 721
	221 489	**259 510**

Reconciliation of working capital changes as at June 30, 2014 and June 30, 2013 is presented in the table below:

2014	The balance sheet change	Increase from acquisition	Put option valuation and settlement	Foreign exchange differences	Working capital changes
Change in receivables	13 058	-	-	(82)	12 976
Change in inventories	952	-	-	(72)	880
Change in other assets	482	-	-	(230)	252

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Change in payables and other liabilities	(55 626)	-	-	(136)	(55 762)
Change in other provisions and employee benefits	(2 484)	-	-	21	(2 463)

2013	The balance sheet change	Increase from acquisition	Put option valuation and settlement	Foreign exchange differences	Working capital changes
Change in receivables	30 191	(1 553)	-	2 799	31 437
Change in inventories	(2 219)	-	-	1 543	(676)
Change in other assets	(13 426)	-	-	1 551	(11 875)
Change in payables and other liabilities	(161 865)	-	154 059	(4 132)	(11 938)
Change in other provisions and employee benefits	3 017	-	-	(477)	2 540

14. Equity

Share capital

As described in note 1a) On April 27, 2005, the shares of AmRest Holding SE were floated on the Warsaw Stock Exchange (“WSE”).

As at June 30, 2014, the Company held 21 213 893 issued, fully paid-up shares. The Company’s target capital is 500 000 shares. Nominal value of one share is 1 eurocent (0.01 EUR).

Holders of ordinary shares are authorized to receive dividend and have voting rights at the Group’s General Shareholders’ Meetings (“AGM”) proportionate to their holdings.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Other supplementary capital

Structure of other supplementary capital is as follows:

	Surplus over nominal value (share premium)	Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the WSE	Impact of put option value-tion	Employee Options	Hedges valuation influence	Trans-actions with non control-ling interests	Reserves total
As at 01.01.2014	**755 692**	**6 191**	**(176 536)**	**24 817**	**3 164**	**124 701**	**738 029**
COMPREHENSIVE INCOMES							
Impact of net investment hedges valuation	-	-	-	-	(1 951)	-	**(1 951)**
Impact of put option valuation	-	-	-	-	-	-	**-**
Deferred income tax concerning net investment hedges	-	-	-	-	371	-	**371**
Comprehensive income total	-	-	-	-	(1 580)	-	**(1 580)**
TRANSACTIONS WITH NON-CONTROLLING INTERESTS							
Non-controlling interests reconciliation due the put option settlement	-	-	-	-	-	-	**-**
Transactions with non-controlling interests total	-	-	-	-	-	-	**-**
TRANSACTIONS WITH SHAREHOLDERS							
Employees share option scheme –value of service	-	-	-	3 085	-	-	**3 085**
Purchase of own shares	-	-	-	227	-	-	**227**
Net shares value	-	-	-	(447)	-	-	**(447)**
Transactions with shareholders total	-	-	-	2 865	-	-	**2 865**
As at 30.06.2014	**755 692**	**6 191**	**(176 536)**	**27 682**	**1 584**	**124 701**	**739 314**
As at 01.01.2013	**755 692**	**6 191**	**(165 303)**	**19 526**	**7 404**	**(12 746)**	**610 764**
COMPREHENSIVE INCOMES							
Impact of net investment hedges valuation	-	-		-	(27 356)	-	**(27 356)**
Impact of put option valuation as net investment hedges	-	-	(11 232)	-	-	-	**(11 232)**
Deferred income tax concerning net investment hedges	-	-	-	-	5 198	-	**5 198**
Comprehensive income total	-	-	(11 232)	-	(22 158)	-	**(33 390)**
TRANSACTIONS WITH NON-CONTROLLING INTERESTS							
Non-controlling interests reconciliation due the put option settlement	-	-	137 447	-	-	-	**137 447**
Transactions with non-controlling interests total	-	-	137 447	-	-	-	**137 447**
TRANSACTIONS WITH SHAREHOLDERS							
Own shares purchase	-	-	-	4 359	-	-	**4 359**
Transactions with shareholders total	-	-	-	4 359	-	-	**4 359**
As at 30.06.2013	**755 692**	**6 191**	**(39 088)**	**23 885**	**(14 754)**	**(12 746)**	**719 180**

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

As at June 7, 2013 agreement for purchase of non controlling shares in AmRest TAG Group S.L. was signed and was finalized at June 28, 2013. As a consequence of obtaining full control over Spanish Group noncontrolling interests in value of PLN 137.447 thousand were presented as part of other reserve capital. This accounting treatment is an effect of applied accounting policy for initial recognition on contolling interests of AmRest TAG S.L. acquisition together with put/call option on non-controlling interests. Initial recognition of put option liability valuations decreased other reserve capital while and at the same time purchase price allocation goodwill included fair value of non controlling interests.

As well within the bank loans as at June 30, 2014 loan for the amount of EUR 40 million was disclosed, which is hedging net investment in Hungarian subsidiary AmRest Capital Zrt, it hedges Group against the foreign currency risk resulting from revaluations of net assets. Gain or loss from revaluation at appropriate exchange rate as of end of financial period of this liability balance are reflected into reserve capital in order to net the effect gains and losses on net investment in subsidiaries revaluation. During the period for the 6 months ended June 30, 2014 hedge was fully effective.

In loans and borrowings as at June 30, 2014 loans for value of EUR 110 million are included that are net investment hedges in Spanish subsidiary AmRest TAG S.L., hedging Group from currency exchange risk resulting from revaluation of net assets. Gain or loss from revaluation at appropriate exchange rate as of end of financial period of this liability balance are reflected into reserve capital in order to net the effect gains and losses on net investment in subsidiaries revaluation. During the period for the 6 months ended June 30, 2014 hedge was fully effective.

As at June 30, 2014 hedged position of Spanish group net assets was part of consolidated interim condensed financial statements therefore cumulated value of currency revaluation was still recognized in reserve capital and accounted for PLN 1.951 thousand and deffered tax for PLN 371 thousand.

Net investment hedges:	Cash flow	Net investment	Valuation effects of hedges
	USD	EUR	
As at 01.01.2013	**220**	**7 184**	**7 404**
impact of the valuation of cash flow hedges	-	-	**-**
deferred tax	-	-	**-**
Effect of hedging instruments net investment	-	(27 356)	**(27 356)**
deferred tax	-	5 198	**5 198**
As at 30.06.2013	**220**	**(14 974)**	**(14 754)**
As at 01.01.2014	**-**	**3 165**	**3 165**
impact of the valuation of cash flow hedges	-	-	**-**
deferred tax	-	-	-
Effect of hedging instruments net investment	-	(1 951)	**(1 951)**
deferred tax	-	371	**371**
As at 30.06.2014	**-**	**1 585**	**1 585**

Foreign exchange differences on translation

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

	For the 6 months ended June 30, 2014	**For the 6 months ended June 30, 2013**
At the beginning of the period	(11 718)	18 116
Foreign exchange differences from net assets revaluation in subsidiaries	(4 621)	57 742

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

At the end of the period	**(16 339)**	**75 858**

15. Borrowings

Borrowings as at June 30, 2014 and December 31, 2013 are presented in the table below:

Long-term	**30.06.2014**	**31.12.2013**
Bank loans	820 203	784 002
Bonds	139 304	139 226
	959 507	**923 228**

Short-term	**30.06.2014**	**31.12.2013**
Bank loans	2 005	2 059
Bonds	150 195	150 410
	152 200	**152 469**

Bank loans and bonds

Currency	**Lender/ bookbuilder**	**Effective interest rate**	**30.06.2014**	**31.12.2013**
in PLN	Syndicated bank loan	4.92%	137 721	137 368
in EUR	Syndicated bank loan	3.19%	620 329	584 515
in CZK	Syndicated bank loan	3.26%	60 220	60 188
in PLN	Bonds 5 years (issued in 2009)	6.05%	150 195	150 410
in PLN	Bonds 5 years (issued in 2013)	5.24%	139 304	139 227
other	Overdraft- China	-	3 938	3 989
			1 111 707	**1 075 697**

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

On September 10, 2013 a Credit Agreement („the Agreement”) between AmRest, AmRest Sp. z o.o.(„AmRest Poland”) and AmRest s.r.o. – jointly „the Borrowers” and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Rabobank Polska S.A. (Currently BGŻ S.A.) and ING Bank Śląski Polska S.A. – jointly „the Lenders” was signed. AmRest Poland and AmRest Czech are 100% subsidiaries of AmRest.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 250 million. The facility shall be fully repaid by September 10, 2018 and is dedicated for repayment of the obligations under the credit agreement signed October 11, 2010 along with further annexes, financing development activities of AmRest and working capital management. The facility consists of four tranches: Tranche A, EUR 150 million, Tranche B, PLN 140 million, Tranche C, CZK 400 million and Tranche D granted as a revolving credit facility, PLN 200 million. All Borrowers bear joint liability for any obligations resulting from the Agreement. Additionally, the following members of the group are guarantors of the facility: OOO AmRest, AmRest TAG S.L., AmRestavia S.L., Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U, AmRest Finance Zrt and AmRest Capital Zrt. These entities secure Borrowers' repayment of borrowings until final repayment.

The loan is provided at a variable interest rate. AmRest is required to maintain liquidity ratios (net debt/EBITDA, equity/total assets, EBITDA/interest) at agreed levels. In particular net debt/EBITDA ratio is to be held at below 3.5 level and AmRest is required not to distribute dividend payments if the mentioned ratio exceeds 3.0 (see note 12).

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

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

As at December 7, 2009 AmRest Holdings SE signed with RBS Bank (Polska) S.A. and Bank Pekao S.A. agreement for bonds issuance (“5years bonds”), on the basis of which option program for corporate bonds of AmRest was released, allowing to issue bonds in total maximum value of PLN 300 million, where bonds in the value of PLN 150 million were issued already. Agreement was signed for agreed period till July 9, 2015 with period extension options till repayment of all issued bonds.

On August 22, 2012 the above mentioned agreement was replaced with the new one signed between AmRest Holding SE, AmRest Sp. z o.o. and Bank PEKAO S.A. for a defined period until December 31, 2019. Program extension is possible until redemption of all bonds issued. The total maximum value of the program remained the same and is equal to PLN 300 million.

On June 18, 2013 bonds in the amount of PLN 140 million were issued under the new agreement. The issue is part of a plan to diversify financing sources of AmRest. Bonds are issued with variable interest rate 6M WIBOR increased by a margin and are due on June 30, 2018. Interest is paid on semi-annual basis (June 30 and December 30), beginning December 30 2013. Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the Emission Terms dated June 18, 2013. There are no additional securities on the bond issue.

As at June 30, 2014 the payables concerning bonds issued are PLN 289.499 thousand

The maturity of long- and short-term loans as at June 30, 2014 and December 31, 2013 is presented in the table below:

	30.06.2014	**31.12.2013**
Up to 1 year	152 200	152 469
Between 1 and 2 years	-	-
Between 2 and 5 years	959 507	923 228
More than 5 years	-	-
	1 111 707	**1 075 697**

The Group has the following unused, awarded credit limits as at June 30, 2014 and December 31, 2013:

	30.06.2014	**31.12.2013**
With floating interest rate		
- expiring within one year	-	38 154
- expiring beyond one year	204 700	210 000
	204 700	**248 154**

16. Other non-current liabilities

Other non-current liabilities cover the long-term portion of deferred income of rents. Deferred income amount PLN 19.598 thousand and PLN 22.670 thousand respectively as at June 30, 2014 and December 31, 2013 and non-current trade paybles as at June 30, 2014 in the value PLN 666 thousand.

17. Trade and other payables

Trade and other payables as at June 30, 2014 and December 31, 2013 cover the following items:

	30.06.2014	**31.12.2013**
Payables to non-related entities, including:	216 700	259 588
Trade payables	127 414	164 028
Payables in respect of uninvoiced lease fees and deliveries of food	11 766	11 180
Employee payables	27 001	23 359
Social insurance payables	15 669	19 768
Other tax payables	11 161	14 215
Gift voucher liabilities	686	1 160

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

Payables concerning mergers and acquisitions	-	-
Other payables to non-related entities	23 003	25 878
Liabilities to related entities (note 22)	98	27
Accruals, including:	60 106	69 986
Employee bonuses	10 921	19 889
Marketing services	4 228	3 434
Holiday pay accrual	13 417	10 268
Professional services	3 552	3 511
Franchise fees	7 387	6 908
Lease cost provisions	8 264	11 445
Investment payables accrual	6 377	8 129
Other	5 960	6 312
Deferred income – short-term portion	5 674	6 344
Social fund	181	34
Total trade and other payables	**282 759**	**335 979**

18. Finance lease liabilities

Financial lease liabilities – current portion:

	30.06.2014	31.12.2013
Payable within 1 year	709	670
Payable from 1 to 5 years	2 808	2 836
Payable after 5 years	4 761	5 077
	8 278	**8 583**

Finance lease liabilities – minimum lease payments:

	30.06.2014	31.12.2013
Payable within 1 year	887	1 581
Payable from 1 to 5 years	5 904	6 117
Payable after 5 years	5 408	6 459
Total minimum lease payments	8 681	14 156
Future finance costs in respect of finance leases	(5 152)	(5 574)
Present value of finance lease liabilities	**8 278**	**8 583**

19. Operating leases

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

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

	30.06.2014	31.12.2013
Payable within 1 year	223 429	218 796
Payable from 1 to 5 years	855 369	850 363
Payable after 5 years	416 064	635 743
Total minimum lease payments	**1 494 862**	**1 704 902**

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

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

20. Future commitments and contingent liabilities

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

Other future commitments resulting from the agreements with the Burger King, Starbucks and Applebee's and the current and future franchise agreements were described in note 1a) and note 1i).

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

The status of the guarantees offered by the Group as at June 30, 2014 are as follows:

	Guarantee site	**Guarantee mechanism**	**Maximum amount**
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to MV Epicentre II LLC	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	Up to USD 615 thousand (PLN 1.874 thousand)
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to GLL Perimeter Place, L.P.	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to Towson Circle Holdings, LLC	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism
Warranty of the lease restaurant in Germany	AmRest Holdings SE warrants AmRest GmbH to Berliner Immobilien Gesellschaft GbR	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism

21. Investment in associates

Changes to the value of investments in associates in consecutive periods are presented in the table below:

	30.06.2014	**31.12.2013**
At the beginning of the period	320	434
Share in profits and losses of associates	67	182
Dividend payment	-	(91)
Shares impairment	-	-
Other	(3)	-
Purchase of shares in associated companies.	-	205
Balance as at the end of the year	**384**	**320**

The Group's share in associates and the basic financial data of the entities are as follows:

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
June 30, 2014						
SCM s.r.o.	Czech	629	120	561	147	45,90
BTW Sp.z o.o.	Poland	394	241	388	(83)	25,50
June 30, 2013						
SCM s.r.o.	Czech	327	112	530	87	45,90
BTW Sp.z o.o.	Poland	504	195	527	(71)	25,50

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

22. Transactions with related entities

Trade and other receivables from related entities

	30.06.2014	31.12.2013
MPI Sp. z o. o.	4	-
Associates	42	33
	46	**33**

Trade and other payables to related entities

	30.06.2014	31.12.2013
MPI Sp. z o. o.	87	22
Associates	11	5
	98	**27**

Sales of goods for resale and services

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
MPI Sp. z o. o.	16	20
Associates	26	123
	42	**143**

Purchase of goods for resale and services

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
MPI Sp. z o. o.	727	937
Associates	-	-
	727	**937**

Other related entities

Group shareholders

As at June 30, 2014, WP Holdings VII B.V. was the largest shareholder of AmRest and held 31.71% of its shares and voting rights, and as such was its related entity. No material transactions with WP Holdings VII B.V. related parties were noted.

Transactions with the management/Management Board, Supervisory Board

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

	For the 6 months ended June 30, 2014	For the 6 months ended June 30, 2013
Remuneration of the members of the Management and Supervisory Boards paid directly by the Group	2 476	2 445
Total remuneration paid to the Management Board and Supervisory Board	**2 476**	**2 445**

On February 18, 2011 Wojciech Mroczyński signed sabbatical agreement with AmRest Sp. z o.o. According to the agreement, the remuneration for sabbatical leave period from March 1, 2011 to February 29, 2012 will be offset with bonus payable for first 3 years between 2012, 2013 and 2014. In the event of Wojciech Mroczyński voluntarily leaving the Company or being terminated for cause during the period between March 1, 2012 and February 28, 2018 he will reimburse the Company the unamortized portion of sabbatical remuneration net of income taxes and other statutory charges withheld from the remuneration received for the sabbatical period prorata based on the amortization period mentioned above, referred to as net sabbatical remuneration. Wojciech Mroczyński was re-appointed as a Management Board Member of the Company on March 31, 2012. As at June 30, 2014 the balance of net sabbatical remuneration is PLN 123 thousand decreased about PLN 287 thousand from base level PLN 410 thousand.

Notes to the interim condensed consolidated financial statements (in PLN thousands unless stated otherwise)

The Group's key employees also participate in an employee share option plan. The costs relating to the employee option plan in respect of management amounted to PLN 2.036 thousand and PLN 1.158 thousand respectively in the 6 month period ended June 30, 2014 and June 30, 2013.

		For the 6 months ended June 30, 2014	**For the 6 months ended June 30, 2013**
Number of options awarded		680 750	650 750
Number of available options		138 650	126 417
Fair value of options as at the moment of awarding	PLN	17 147 090	15 887 751

As at June 30, 2014 and June 30, 2013, there were no liabilities to former employees.

23. Events after the Balance Sheet Date

On July 8, 2014 Supervisory Board has appointed Henry McGovern as Chariman.

On July 8, 2014 Supervisory Board has according to the Rules of Management incentive Plan dated Decemebr 13, 2011 granted 50.000 options to Henry McGovern and 110.000 options to Maria Elena Pato-Castel Tadeo.

Signatures of Board Members

Drew O’Malley
AmRest Holdings SE
Board Member

Mark Chandler
AmRest Holdings SE
Board Member

Wojciech Mroczyński
AmRest Holdings SE
Board Member

Wrocław, August 14, 2014