

Dear Shareholders,

It is becoming a tradition that every year of AmRest history is record-breaking in many respects. The same was true in 2006 which, among many other records, saw an unprecedented sales growth of 26%. In other words it means we grew our business three times faster than in previous years.

With great pleasure I would like to report that such dynamic growth was based not just on one but many factors. Dynamic sales increases of base stores, acquisition of the Hungarian business and new restaurant openings were our largest contributors of growth.

Such diverse growth engines let us achieve sustainable expansion and helped us neutralize certain short-term negative effects. One of the latter ones in 2006 was a delay in new restaurant openings compared to our internal plans. Yet solid growth foundations let us view the future with a lot of optimism.

Talking about the key success factors I want to emphasize the results of our core brands and particularly KFC, which saw a yet another year of record growth. In large part this enormous success was possible thanks to our great operating systems such as DOS+ (Discipline Operating System) as well as great leadership. We aim to further leverage our systems in our other brands and in the Hungarian market.

After experiencing growing pains in rolling out our own restaurant concepts, i.e. Rodeo Drive (RD) and FreshPoint (FP), we are observing positive results of our actions. We continue to open new restaurants to reach a critical mass of 10 FPs and 5 RDs. Due to delays we continue to have operational inefficiencies and development cost overruns. On the other hand, the brand positioning is clear and brand awareness is relatively high. Given the early stage of the development it is still too early to assess the long-term impact of our own new brands on AmRest growth.

Our Hungarian business, despite several challenges following the acquisition, continues to develop in the right direction. From the very beginning we started restructuring of the existing business. This process included closures of some nonperforming restaurants, implementation of our standards and systems and right positioning of our brands. We are also in the process of strengthening our local team preparing for dynamic growth in Hungary. Despite all these transformations we have opened two new KFC restaurants in Budapest. Notably, the second of them was at the same time our 200th restaurant.

Beside numerous operational successes we continue to further improve the processes and systems of the business support functions. Last year we implemented noticeable improvements in IT, Finance, HR and Development. We also strengthened our team getting ready for the dynamic growth. At the end of year we also decided to build an in-house Marketing Department based on the people from Synergy, our related company providing marketing services so far.

Looking ahead we plan to drive further significant improvement especially in the areas of IT and Development. One of the key projects to be completed until the end of 2007 is the implementation of a new Point-of-Sale (POS) and Enterprise Resource Planning (ERP) systems.

Talking about the future, one of the key pillars of our growth will be the roll out of new brands such as Burger King, Starbucks and entry into new markets. In the near future we are planning to open our first Burger King store. The discussions with Starbucks are progressing quite well. All these new opportunities give us an optimistic outlook and they should help us maintain growth level of 20-25% annually.

Apart from the organic growth we are constantly evaluating different possibilities of potential acquisitions focusing on the strategic fit and synergies.

We are a bit concerned about the planned increase of VAT on gastronomy services in Poland in 2008. Our experience from other countries shows that short-term such changes may have negative influence on the demand.

Concluding, I would like to share with you one more highlight of last year that we all at AmRest are so proud of, i.e. inauguration of our own university called AmRest University (AmU). AmU is a unique development program in this part of the world. It is dedicated to our best people. Its goal is to develop our greatest talent and prepare them to take new challenges at AmRest. Completion of the program, which is run in English by the most experienced AmRest senior managers including myself, is a great platform building necessary cadre for our future growth.

I am convinced that AmRest is an exceptional company with a unique business culture. This culture is reinforced daily by excellent people demonstrating huge commitment, unparalleled passion and contagious positive energy.

Using this opportunity I would like to thank you our shareholders for your trust and inspiration.

Henry McGovern
Chief Executive Officer
AmRest Holdings N.V.