

AmRest Holdings SE Capital Group

Report for the 1st half of 2016

August 12th, 2016



AmRest Holdings SE Report for the 1st half of 2016

PART I

Directors' report

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1. Selected Financial and Operating Results 30.06.2016 – Summary

CHART 1 THE AMREST SALES VALUE IN THE FIRST HALVES OF THE YEARS 2014–2016 (PLN '000)

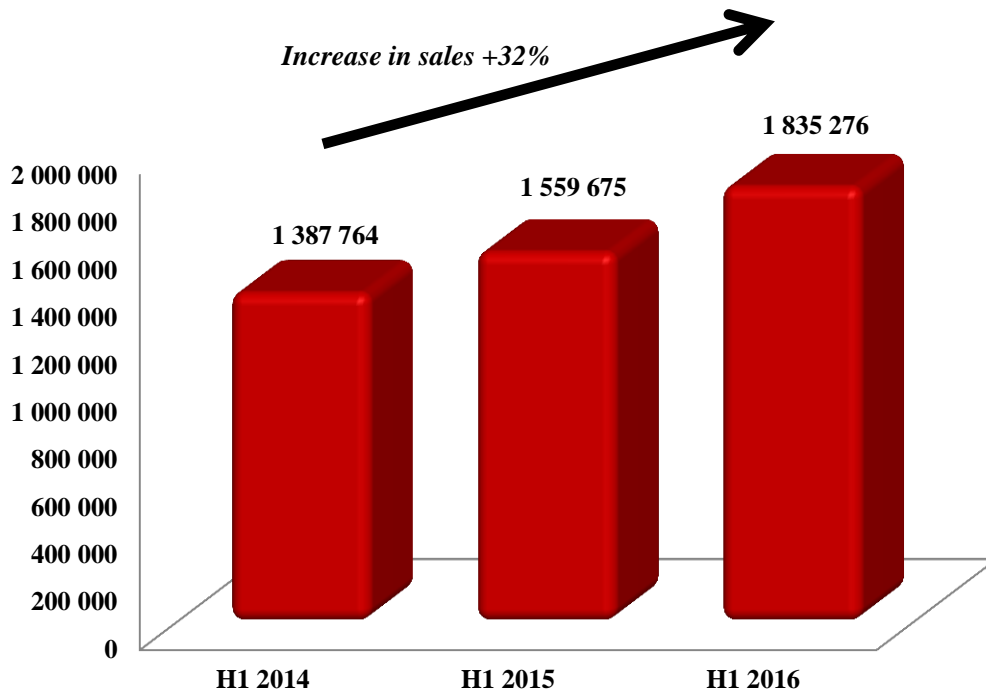


CHART 2 EBITDA IN THE FIRST HALF OF THE YEARS 2014–2016 (PLN '000)

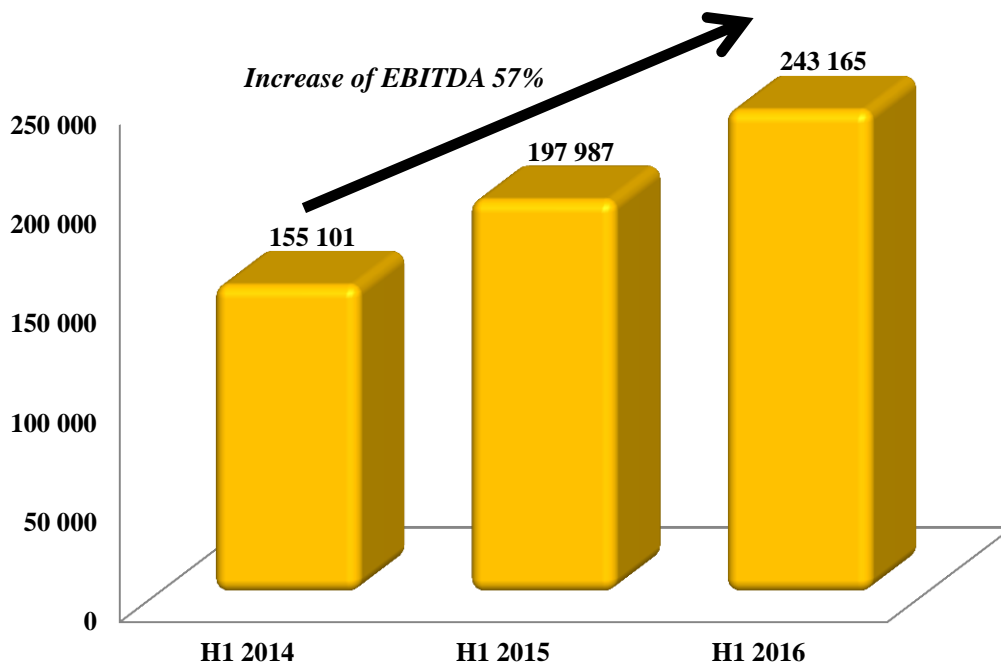
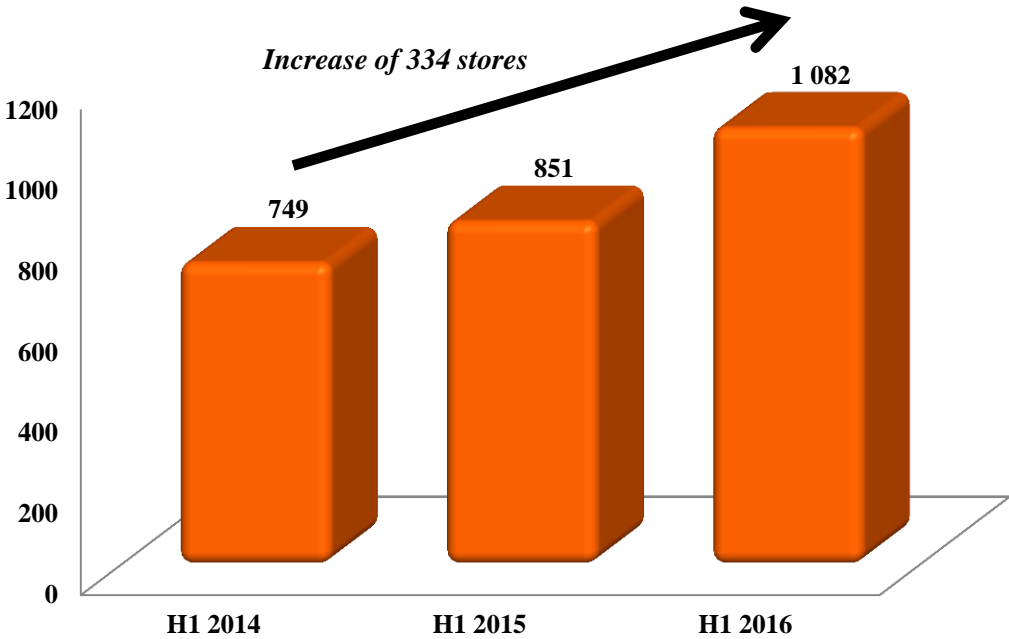
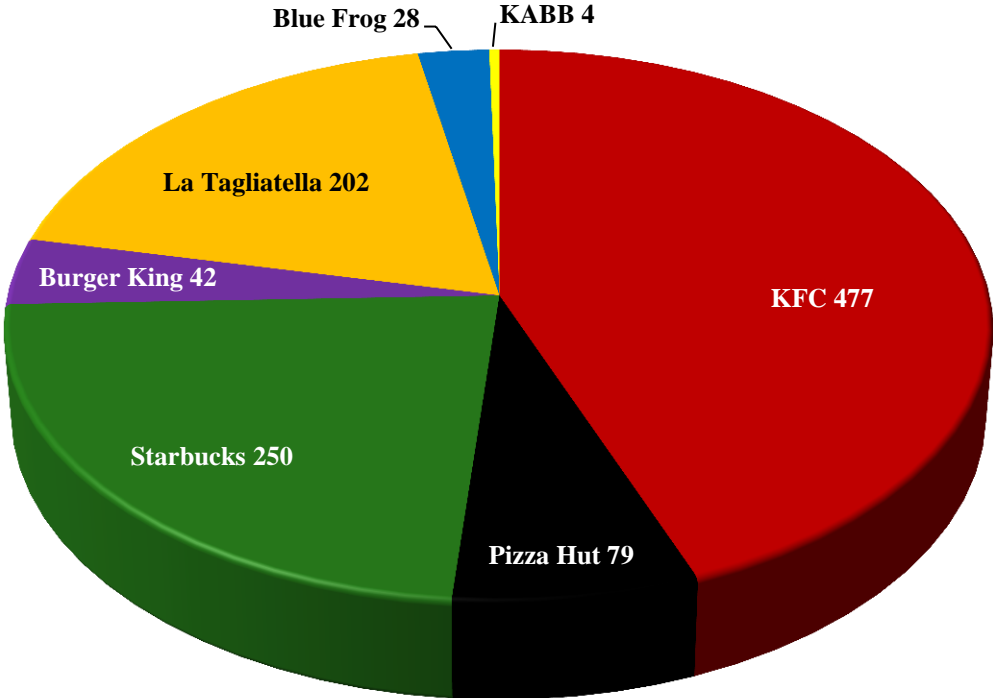


CHART 3 NUMBER OF RESTAURANTS AT THE END OF THE FIRST HALVES OF THE YEARS 2014–2016



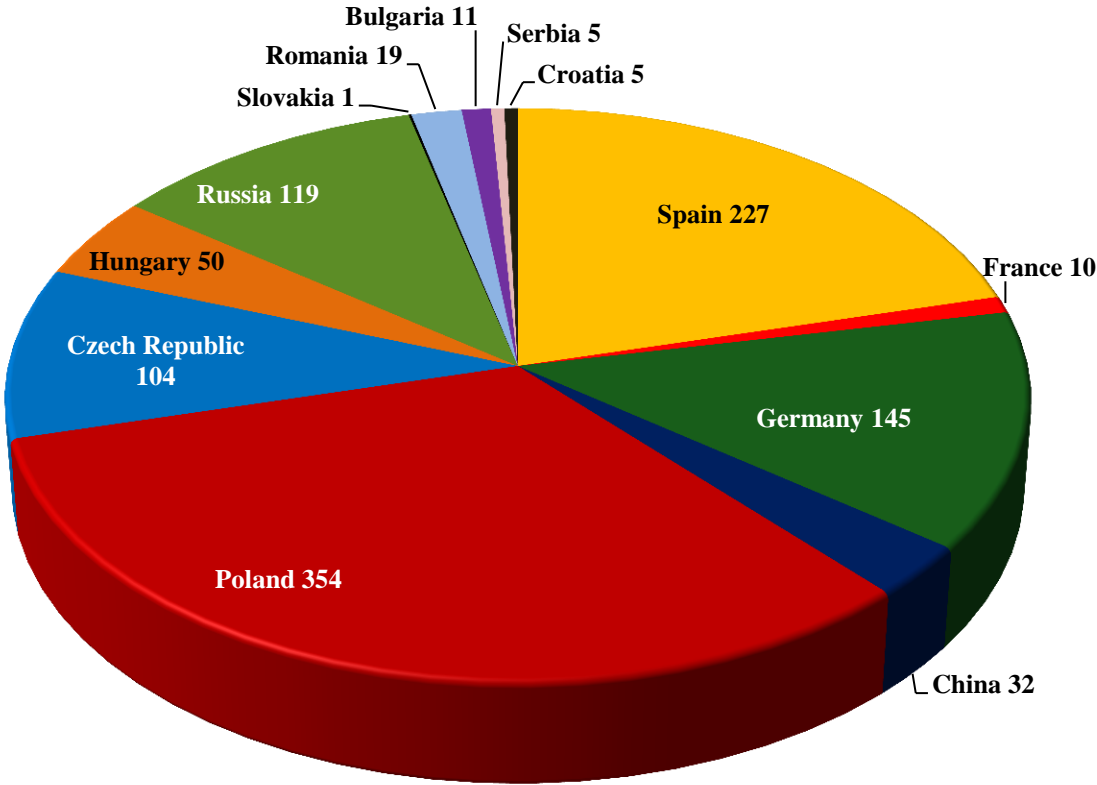
* Including restaurants operated by franchisees of La Tagliatella brand.

CHART 4 NUMBER OF AMREST RESTAURANTS BROKEN DOWN BY BRANDS, AS AT THE END OF THE FIRST HALF OF 2016



* Including restaurants operated by franchisees of La Tagliatella brand

CHART 5 NUMBER OF AMREST RESTAURANTS BROKEN DOWN BY COUNTRIES, AS AT THE END OF THE FIRST HALF OF 2016



* Including restaurants operated by franchisees of La Tagliatella brand

2. Company Business Overview

2.1. Basic services provided by the Group

AmRest Holdings SE (“AmRest”) manages 7 restaurant brands in 13 countries of Europe, Asia and North America. Every day almost 25 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our culture — “Wszystko Jest Możliwe!” (“Everything is possible!”).

As at August 12th, 2016, AmRest manages 1 091 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King and Starbucks, and Casual Dining Restaurants (CDR), restaurants with full waiting service – Pizza Hut, La Tagliatella, Blue Frog and KABB.

AmRest restaurants provide on-site catering services, take away services, drive-in services at special sales points (“Drive Thru”), and deliveries for orders placed by telephone. The AmRest restaurant menus include brand dishes prepared from fresh products in accordance with original recipes and with KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB restaurants standards.

AmRest is a franchisee of Yum! Brands Inc. for the KFC and Pizza Hut brands. Burger King restaurants also operate on a franchise basis following an agreement concluded with Burger King Europe GmbH. Starbucks restaurants in Poland, Czech Republic and Hungary are opened by joint-venture companies AmRest Coffee (82% AmRest and 18% Starbucks), which have the rights and licenses to develop and manage Starbucks restaurants. Starbucks stores in Romania and Bulgaria (acquired from Marinopoulos Coffee SEE B.V. in June 2015), Germany (acquired from Starbucks Coffee EMEA B.V. in May 2016) and in Slovakia are operated by the Company on a franchise basis. The La Tagliatella is the own brand of AmRest which became part of the portfolio in April 2011. La Tagliatella restaurants are operated both by AmRest and by entities which operate restaurants on a franchise basis. The Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of purchase of a majority stake in Blue Horizon Hospitality Group LTD.

2.2. Quick Service Restaurants (QSR)



The KFC brand which was established in 1952 is currently largest and fastest developing and the most popular quick service brand specializing in chicken dishes. Worldwide, more than 20 000 restaurants are currently in operation in approximately 125 countries.

As at the date of this report, the Company operates 480 KFC restaurants: 208 in Poland, 72 in the Czech Republic, 36 in Hungary, 111 in Russia, 38 in Spain, 5 in Serbia, 5 in Bulgaria and 5 in Croatia.



The beginnings of Burger King date back to 1954. Today, Burger King (“Home of the Whopper”) operates about 15 000 restaurants, serving about 11 million customers in 100 countries every day. 95% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses. Burger King brand is owned by 3G Capital.

As of the day of this report, AmRest operates the total of 42 Burger King restaurants – 34 in Poland, 7 in the Czech Republic and 1 in Bulgaria.



Starbucks is the world leader in the coffee sector with about 24 000 stores in 70 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood.

As at the day of publication of this report, AmRest Coffee operates 255 stores (44 in Poland, 26 in the Czech Republic, 14 in Hungary, 21 in Romania, 5 in Bulgaria, 143 in Germany and 2 in Slovakia).

2.3. Restaurants in the Casual Dining Restaurants (CDR) segment



La Tagliatella arose from the experience of more than two decades of specialization in the traditional cuisine of the regions of El Piemonte, La Liguria and La Reggio Emilia. Over the past year the brand has entertained more than 9 million customers, who delighted in the most authentic flavours of Italian cuisine.

Currently, AmRest operates 203 La Tagliatella restaurants — 191 in Spain 10 in France and 2 in Germany.



Pizza Hut is one of the largest casual dining restaurant chains in Europe. Inspired by the Mediterranean cuisine, it promotes the idea of having a good time while enjoying a meal together with family and friends. It is also the biggest brand in the Polish casual dining segment in terms of sales and the number of transactions. Pizza Hut’s strong position results from consistently implemented “Pizza and much more!” strategy which assumes extending the brand’s offer by adding new categories such as pastas, salads, desserts and starters while retaining the position of a leader and “pizza expert”.

As at the day of publication of this report, Pizza Hut operates 78 restaurants – 68 in Poland, 8 in Russia and 2 in Hungary.



Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market.



- Blue Frog Bar & Grill — restaurants serving grilled dishes from the American cuisine in a nice atmosphere.
- KABB Bistro Bar — premium segment restaurant, serving “western cuisine” dishes and a wide selection of wines and drinks.

As at the day of publication of this report AmRest operates 29 Blue Frog and 4 KABB restaurants.

3. Management and Supervisory Board members as at 30.06.2016

Management Board:

Drew O'Malley

Jacek Trybuchowski

Mark Chandler

Oksana Staniszewska

Olgierd Danielewicz

Wojciech Mroczyński

As at the day of publication of this report, the above list reflects the current composition of the Management Board.

Supervisory Board:

Henry Joseph McGovern

José Parés Gutiérrez – Chairman

Krzysztof A. Rozen

Luis Miguel Álvarez Pérez

Łukasz Rozdeiczer-Kryszkowski

Raimondo Eggink

Steven Kent Winegar Clark

Zofia Dzik

As at the day of publication of this report, the above list reflects the current composition of the Supervisory Board.

4. Information relevant for the evaluation of human resources, financial situation and financial results of the Company

4.1. Significant staff changes

In the period since the publication of last report (the report for the first quarter of 2016 published on April 29th, 2016) below changes occurred as regards to the composition of the Management Board:

On June 8th, 2016 the Management Board of AmRest informed, that due to the expiration in this calendar year of a three-year term of office, the mandates of two Board Members: Mr. Mark Chandler and Mr. Drew O'Malley have expired as at the date of the Annual General Meeting of the Company, i.e. June 7th, 2016. The legal basis of the expiry of the mandates was Article 369 § 4 of the Code of Commercial Companies of September 15th, 2000 (Journal of Laws no. 2000.94.1037 as amended).

On June 11th, 2016 the Management Board of AmRest informed, that on June 10th, 2016 the Supervisory Board of the Company adopted resolutions on reappointing Mr. Mark Chandler and Mr. Drew O'Malley to hold the positions of AmRest's Management Board Members. The resolutions became effective upon their adoption.

Information on reappointed Management Board Members:

Mark Chandler

Mr. Mark Chandler holds a Bachelor of Arts degree in Mathematics and Economics from Whitman College as well as an MBA in Finance and Marketing from Columbia University Graduate School of Business.

Mr. Chandler joined AmRest in November 2008 as Global Chief Financial Officer.

He previously was working as Chief Operating Officer and Chief Financial Officer for Waytronix, Inc. (LED technology) and for 23 years for Sara Lee Corporation, holding numerous positions in finance, management and operations, including roles as Group CFO EMEA and CEO Business Development Europe.

Mr. Chandler informed that he is not conducting other activities which are competitive in relation to the issuer, and is not engaged in a competitive company or partnership, as a partner in a civil-law or general partnership or as a member of a governing body of an incorporated company or any other competitive legal person. Mr. Chandler is not listed in the Insolvent Debtor Register kept in accordance of the Law on National Court Register.

Drew O'Malley

Mr. Drew O'Malley graduated with a Bachelor of Arts degree in Government from Georgetown University in Washington D.C. and holds an MBA from the University of Michigan Business School.

Mr. O'Malley was one of the first employees of AmRest. He previously has held multiple positions within the company, including Marketing Director, Czech Operations Director, KFC Brand President, Managing Director of Starbucks, Chief Operating Officer and Central Europe Division President. Currently he holds the position of Chief Digital Officer.

Before joining AmRest, Mr. O'Malley worked for McKinsey & Company, American Express Company and Citibank.

Mr. O'Malley informed that he is not conducting other activities which are competitive in relation to the issuer, and is not engaged in a competitive company or partnership, as a partner in a civil-law or general partnership or as a member of a governing body of an incorporated company or any other competitive legal person. Mr. O'Malley is not listed in the Insolvent Debtor Register kept in accordance of the Law on National Court Register.

In the period since the publication of last report there were no changes in the composition of the Supervisory Board.

4.2. Financial position of the Company

TABLE 1 KEY FINANCIAL DATA OF AMREST (FIRST HALVES OF 2014–2016)

PLN '000, unless stated otherwise	Jun 30 th , 2016	Jun 30 th , 2015	Jun 30 th , 2014
Sales revenue	1 835 276	1 559 675	1 387 764
Operating profit before depreciation and amortization (EBITDA)	243 165	197 987	155 101
<i>Operating margin before depreciation and amortization (EBITDA margin)</i>	<i>13.2%</i>	<i>12.7%</i>	<i>11.2%</i>
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)*	253 286	216 048	164 200
<i>Adjusted operating margin before depreciation and amortization (adjusted EBITDA margin)*</i>	<i>13.8%</i>	<i>13.9%</i>	<i>11.8%</i>
Operating profit (EBIT)	109 941	88 926	50 628
<i>Operating margin (EBIT margin)</i>	<i>6.0%</i>	<i>5.7%</i>	<i>3.6%</i>
Net profit (attributable to AmRest shareholders)	76 019	52 977	12 952
<i>Net margin</i>	<i>4.1%</i>	<i>3.4%</i>	<i>0.9%</i>
Equity	1 260 846	1 038 090	1 050 707
<i>Return on equity (ROE)</i>	<i>6.0%</i>	<i>5.1%</i>	<i>1.2%</i>
Total assets	3 238 383	2 706 231	2 623 510
<i>Return on assets (ROA)</i>	<i>2.3%</i>	<i>2.0%</i>	<i>0.5%</i>

* Amounts net of one-off costs of new openings (start-up), costs of mergers and acquisitions (all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

Definitions:

Operating margin before amortization and depreciation – operating profit before amortization and depreciation (EBITDA) to sales;

Operating margin – operating profit to sales;

Net margin – net profit attributable to AmRest shareholders to sales;

Return on equity (ROE) — net profit to equity;

Return on assets (ROA) — net profit to total assets;

TABLE 2 LIQUIDITY ANALYSIS (IN THE YEARS 2015–2016)

PLN '000, unless stated otherwise	Jun 30 th , 2016	Dec 31 st , 2015	Jun 30 th , 2015
Current assets	537 321	523 772	389 548
Inventory	70 556	64 346	56 456
Short-term liabilities	561 287	565 433	371 665
<i>Quick ratio</i>	<i>0.83</i>	<i>0.81</i>	<i>0.90</i>
<i>Current ratio</i>	<i>0.96</i>	<i>0.93</i>	<i>1.05</i>
Cash and cash equivalents	346 460	317 871	246 691
<i>Cash ratio</i>	<i>0.62</i>	<i>0.56</i>	<i>0.66</i>
<i>Inventory turnover (in days)</i>	<i>6.36</i>	<i>6.20</i>	<i>5.87</i>
Trade and other receivables	80 792	92 090	58 971
<i>Trade receivables turnover (in days)</i>	<i>7.49</i>	<i>7.38</i>	<i>7.29</i>
<i>Operating ratio (cycle) (in days)</i>	<i>13.84</i>	<i>13.58</i>	<i>13.16</i>
Trade and other short-term payables	450 858	461 774	346 112
<i>Trade payables turnover (in days)</i>	<i>40.99</i>	<i>39.64</i>	<i>37.23</i>
<i>Cash conversion ratio (in days)</i>	<i>-27.14</i>	<i>-26.06</i>	<i>-24.07</i>

Definitions:

Quick ratio – current assets net of inventories to current liabilities;

Current ratio – current assets to current liabilities;

Cash ratio – cash and cash equivalents to current liabilities at the end of the period;

Inventory turnover ratio – average inventories to sales multiplied by the number of days in the period;

Trade receivables turnover ratio – average trade receivables to sales multiplied by the number of days in the period;

Operating ratio (cycle) – total of inventories turnover and receivables turnover;

Trade payables turnover ratio – average trade payables to sales multiplied by the number of days in the period;

Cash conversion ratio – difference between the operating ratio and the trade payables turnover ratio.

TABLE 3 GEARING ANALYSIS (IN THE YEARS 2015–2016)

PLN '000, unless stated otherwise	Jun 30 th , 2015	Dec 31 st , 2014	Jun 30 th , 2014
Non-current assets	2 701 062	2 325 352	2 316 683
Liabilities	1 977 537	1 745 050	1 668 141
Long-term liabilities	1 416 250	1 179 617	1 296 476
Debt	1 346 187	1 125 364	1 112 668
Share of inventories in current assets (%)	13.1%	12.3%	14.5%
Share of trade receivables in current assets (%)	15.0%	17.6%	15.1%
Share of cash and cash equivalents in current assets (%)	64.5%	60.7%	63.3%
Equity to non-current assets ratio	0.47	0.47	0.45
Gearing ratio	0.61	0.61	0.62
Long-term liabilities to equity ratio	1.12	1.07	1.25
Liabilities to equity ratio	1.57	1.58	1.61
Debt/equity	1.07	1.02	1.07

Definitions:

Share of inventories, trade receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;

Equity to non-current assets ratio – equity to non-current assets;

Gearing – liabilities and provisions as at the end of a given period to the balance sheet total;

Long-term liabilities to equity – long-term liabilities as at the end of a given period to the value of equity;

Liabilities to equity – liabilities and provisions as at the end of a given period to the value of equity;

Debt – total long-term and short-term loans and borrowings.

SALES

Revenue of AmRest Group amounted to PLN 1 835m in H1 2016, which was 17.7% higher compared to previous year. In Q2 2016 sales grew by 20.7% and reached PLN 977m.

Central Europe (CE) division contributed the most to dynamic growth of revenue. In H1 2016 CE sales grew to PLN 1 040m (+16.1%). Q2 2016 saw growth of PLN 80m (+17.4% vs Q2 2015). Increasing sales were mainly driven by strong LFL trends in most of brands and markets, dynamic pace of new openings (48 locations opened during last 12 months) and additional revenue from Starbucks chains in Romania and Bulgaria acquired in June 2015.

Positive LFL trends in Russia (in RUB) along with growing portfolio of restaurants (18 new locations within last year) offset negative FX impact on consolidated results. Revenue of Russian division amounted to PLN 205m in H1 2016, which represented a slight increase vs LY (+0.8%). In local currency sales increased by 16.9% compared to H1 2015.

Revenue of Western Europe division amounted to PLN 458m in H1 2016 as opposed to PLN 343m year ago. Dynamic growth was supported by positive LFL trends in La Tagliatella Spain and new restaurants opened in the region (31 locations added in the last 12 months). As a result, revenue in Spain grew by 20.9% in H1 2016. Additionally, Starbucks chain in Germany (acquired in the end of May 2016) contributed PLN 50m of revenue to H1 2016 results of this division.

In China revenue grew by 10.2% to PLN 110m in H1 2016. This was achieved through growing number of Blue Frog and Kabb restaurants (6 new locations added during last year).

Unallocated segment comprised of revenue of SCM group realized from the non-related entities. In H1 2016 sales of this segment reached PLN 21m and were 27.7% higher than year ago.

PROFITABILITY

EBITDA profit in H1 2016 amounted to PLN 243m, with the growth of 22.8% against last year. In Q2 2016 growth rate equaled 24.4%, leading to a record high EBITDA of PLN 127m for a quarter. EBITDA margin in H1 2016 stood at 13.2%, representing 0.5pp growth vs LY. EBITDA margin in H1 2016 adjusted for the impact of consolidation of Starbucks Germany results reached 13.7% and was 1pp higher than in H1 2015. Stable and predictable profitability improvement resulted from growing scale of AmRest operations, favorable macro trends in CE and Spain as well as strong focus on enhancing cost efficiency of the Group.

In H1 2016 AmRest's results were positively impacted by lower cost of sales. Savings were achieved mainly thanks to favorable trends in commodity markets, effective supply chain management and advanced planning of promo offers in AmRest's brands. Growing scale of the business allowed for relatively lower G&A costs, which offset the pressure on labor cost. Compared to previous year, AmRest Group significantly reduced costs related to stock option plan (-22% vs H1 2015), which further enhanced margins for the period.

Solid growth in operating results supported by relatively lower financial costs were reflected in significantly improved bottom line. Net profit attributable to AmRest shareholders grew by 43.5% over the year and reached PLN 76m in H1 2016 (net margin at 4.1%). Q2 2016 net profit amounted to PLN 36m and was 40.2% higher than year ago.

In H1 2016 most of profitability improvement of the Group came from CE. EBITDA of this division reached PLN 153m and was 23.5% higher than year ago. AmRest restaurants benefit from stable LFL trends in most of the brands in the region and relatively lower food cost. Additional savings in maintenance expenses helped offset pressure on labor cost. Record-high profitability in CE (14.7% EBITDA margin in H1 2016, 15.2% in Q2 2016) was to a large extent driven by great results of Czech market (nearly 20% EBITDA margin in Q2 2016), continuation of upward trends in Hungary and the Balkans as well as the highest profitability of Starbucks Romania across the Group (EBITDA margin in Q2 2016 exceeded 25%). In Poland increased traffic in most of the restaurants was observed in H1 2016. In the meantime, the Group successfully continued development of KFC Delivery and fast casual formats of restaurants – Pizza Hut Express. EBITDA in Poland grew by 4.7% and amounted to PLN 86m in H1 2016. EBITDA margin slightly decreased (-0.3pp vs H1 2015), mainly due to higher labor costs.

Economic environment in Russia showed the first signs of stabilization and positive LFL trends in AmRest restaurants (in RUB) continued. The impact of ruble depreciation on Russian division's results was limited as compared to previous periods. In H1 2016 EBITDA margin reached 11%, which was 1pp below LY's level. Margin deterioration was driven by higher maintenance costs and increased startup expenses. The base business is healthy and shows high resilience in current market conditions. In Q2 2016 EBITDA margin adjusted by startup expenses stood at 13.9% and was 0.4pp higher than in Q2 2015.

Results of Western Europe division in H1 2016 comprised of the operations in 3 markets: Spain, France and Germany. Positive sales trends and solid profitability of La Tagliatella in Spain continued in H1 2016. At the same time fierce competition in QSR segment and growing share of value offer negatively impacted top line and margins of KFC brand. As a result, EBITDA profit in Spain grew by 15.4% to PLN 77m in H1 2016, while EBITDA margin dropped by 0.9pp. EBITDA loss in German market in H1 2016 resulted from transaction costs

related to the acquisition of Starbucks chain in May 2016. Total EBITDA profit of Western Europe division amounted to PLN 74m in H1 2016 and was 22.7% higher than year ago. EBITDA margin for this period amounted to 16.2%.

AmRest's operations in China in focused on development of Blue Frog brand. Opening of a flagship Blue Frog restaurant in Shanghai Disney resort in June 2016 together with further growth of scale in China is expected to drive brand's awareness among customers. At current stage, profitability of Chinese market is impacted by startup expenses and relatively high G&A costs. H1 2016 EBITDA in China stood at PLN 4m (4% margin).

DEBT RATIOS

The liquidity ratios of the Group are at levels ensuring smooth operating activities and their relatively low level is related to the specifics of restaurant industry. Cash surpluses generated on a current basis allows for the Group to serve efficiently existing debt and financing of the planned capital expenditure.

Share capital increased by PLN 157m compared to balance of the end of 2015 and amounted to PLN 1 261m at the end of H1 2016. The net debt to EBITDA ratio amounted to 2.09 as at the end of H1 2016.

TABLE 4 REVENUES AND MARGINS GENERATED IN THE PARTICULAR MARKETS IN THE SECOND QUARTERS OF 2015 AND 2016*

PLN '000	Q2 2016		Q2 2015	
	Share	Margin	Share	Margin
Sales	977 055		809 324	
Poland	337 931	34.6%	309 612	38.3%
Czech Republic	117 392	12.0%	99 428	12.3%
Hungary	50 215	5.1%	37 945	4.7%
Other CE	30 688	3.1%	9 954	1.2%
Total CE	536 226	54.9%	456 939	56.5%
Russia	115 948	11.9%	116 036	14.3%
Spain	195 646	20.0%	161 922	20.0%
Germany	52 990	5.4%	3 053	0.4%
Other Western Europe	5 101	0.5%	5 614	0.7%
Western Europe	253 737	26.0%	170 589	21.1%
China	59 196	6.1%	56 133	6.9%
Unallocated	11 948	1.2%	9 627	1.2%
EBITDA	127 157	13.0%	102 250	12.6%
Poland	44 470	13.2%	42 821	13.8%
Czech Republic	22 833	19.5%	16 491	16.6%
Hungary	7 325	14.6%	5 072	13.4%
Other CE	5 051	16.5%	549	5.5%
Total CE	79 679	14.9%	64 933	14.2%
Russia	14 600	12.6%	15 422	13.3%
Spain	37 487	19.2%	33 040	20.4%
Germany	-396	-	-444	-
Other Western Europe	-959	-	-2 848	-
Western Europe	36 132	14.2%	29 748	17.4%
China	4 933	8.3%	5 723	10.2%
Unallocated	-8 187	-	-13 576	-
Adjusted EBITDA*	139 690	14.3%	116 801	14.4%
Poland	45 641	13.5%	44 233	14.3%
Czech Republic	23 081	19.7%	16 907	17.0%
Hungary	7 535	15.0%	5 355	14.1%
Other CE	5 372	17.5%	550	5.5%
Total CE	81 629	15.2%	67 045	14.7%
Russia	16 077	13.9%	15 624	13.5%
Spain	38 652	19.8%	33 599	20.8%
Germany	1 772	3.3%	-444	-
Other Western Europe	-958	-	-2 849	-
Western Europe	39 466	15.6%	30 306	17.8%
China	6 108	10.3%	7 104	12.7%
Unallocated	-3 590	-	-3 278	-
EBIT	54 788	5.6%	45 270	5.7%
Poland	19 156	5.7%	20 685	6.7%
Czech Republic	16 342	13.9%	12 227	12.3%
Hungary	3 826	7.6%	2 639	7.0%
Other CE	2 010	6.5%	-208	-
Total CE	41 334	7.7%	35 343	7.7%
Russia	4 516	3.9%	8 731	7.5%
Spain	22 346	11.4%	17 066	10.5%
Germany	-2 976	-	-636	-
Other Western Europe	-1 528	-	-3 683	-
Western Europe	17 842	7.0%	12 747	7.5%
China	-797	-	2 187	3.9%
Unallocated	-8 107	-	-13 738	-

* data not audited

** EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

TABLE 5 REVENUES AND MARGINS GENERATED IN THE PARTICULAR MARKETS IN THE FIRST HALVES OF 2015 AND 2016

PLN '000	H1 2016		H1 2015	
	Share	Margin	Share	Margin
Sales	1 835 276		1 559 675	
Poland	658 149	35.9%	613 800	39.4%
Czech Republic	226 638	12.3%	189 377	12.1%
Hungary	97 087	5.3%	72 729	4.7%
Other CE	58 359	3.2%	20 045	1.3%
Total CE	1 040 233	56.7%	895 951	57.5%
Russia	205 058	11.2%	203 516	13.0%
Spain	392 640	21.4%	324 851	20.8%
Germany	55 501	3.0%	6 109	0.4%
Other Western Europe	10 064	0.5%	12 329	0.8%
Western Europe	458 205	24.9%	343 289	22.0%
China	110 333	6.0%	100 127	6.4%
Unallocated	21 447	1.2%	16 792	1.1%
EBITDA	243 165	13.2%	197 987	12.7%
Poland	86 407	13.1%	82 539	13.4%
Czech Republic	42 583	18.8%	30 396	16.1%
Hungary	15 066	15.5%	9 792	13.5%
Other CE	9 221	15.8%	1 337	6.7%
Total CE	153 277	14.7%	124 064	13.8%
Russia	22 606	11.0%	24 458	12.0%
Spain	76 530	19.5%	66 322	20.4%
Germany	-1 167	-	-1 345	-
Other Western Europe	-1 250	-	-4 593	-
Western Europe	74 113	16.2%	60 384	17.6%
China	4 398	4.0%	4 924	4.9%
Unallocated	-11 229	-	-15 843	-
Adjusted EBITDA*	253 286	13.8%	216 048	13.9%
Poland	82 880	12.6%	84 918	13.8%
Czech Republic	43 205	19.1%	31 105	16.4%
Hungary	15 418	15.9%	10 329	14.2%
Other CE	9 541	16.3%	1 338	6.7%
Total CE	151 044	14.5%	127 690	14.3%
Russia	25 043	12.2%	25 291	12.4%
Spain	78 345	20.0%	67 143	20.7%
Germany	1 001	1.8%	-1 345	-
Other Western Europe	-1 250	-	-4 595	-
Western Europe	78 096	17.0%	61 203	17.8%
China	5 735	5.2%	7 409	7.4%
Unallocated	-6 632	-	-5 545	-
EBIT	109 941	6.0%	88 926	5.7%
Poland	37 765	5.7%	39 104	6.4%
Czech Republic	28 637	12.6%	19 668	10.4%
Hungary	8 127	8.4%	5 054	6.9%
Other CE	3 085	5.3%	-188	-0.9%
Total CE	77 614	7.5%	63 638	7.1%
Russia	6 788	3.3%	11 818	5.8%
Spain	49 004	12.5%	39 134	12.0%
Germany	-3 960	-	-1 738	-
Other Western Europe	-2 335	-	-5 876	-
Western Europe	42 709	9.3%	31 520	9.2%
China	-5 814	-	-1 849	-
Unallocated	-11 356	-	-16 201	-

* EBITDA adjusted by costs of new openings (start-up), costs of mergers and acquisitions (all material costs relating to professional services, connected with finalized merger or acquisition and directly related to the transaction), corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

4.3. Description of key domestic and foreign investments

The capital expenditure incurred by AmRest relates mainly to the construction of new restaurants, acquisition of restaurant chains from third parties and reconstruction as well as replacement of assets in the existing restaurants. The Company's capital expenditure depends mainly on the number and type of restaurants opened.

In H1 2016 AmRest's capital expenditure was financed from cash flows from operating activities and bank loan.

The table below presents purchases of non-current assets as at 30 June 2015 and as at 30 June 2016.

TABLE 6 PURCHASES OF NON-CURRENT ASSETS IN AMREST HOLDINGS SE (FIRST HALVES OF 2015–2016)

PLN '000	Jun 30th, 2016	Jun 30th, 2015
Intangible assets, including:	174 504	75 923
Trademarks	-	-
Favourable lease agreements	-	-
Licences for use of Pizza Hut, KFC, Burger King & Starbucks trademarks	18 909	4 548
Goodwill	149 459	66 441
Other intangible assets	6 136	4 934
Fixed assets, including:	232 956	84 532
Land	-	-
Buildings	108 891	44 323
Equipment	65 532	26 329
Vehicles	1 294	1 321
Other (including fixed assets under construction)	57 239	12 559
Total	407 460	160 455

As at August 12th, 2016, AmRest operated 1 091 restaurants, including 203 La Tagliatella restaurants, of which 128 are managed by franchisees. Compared with December 31, 2015, the Company runs 187 more restaurants as a result of 50 openings and acquisition of 144 Starbucks stores in Germany. 22 restaurants were opened in Central and Eastern Europe, 10 in Russia, 14 in Western Europe (including 8 openings of restaurants operated by franchisees in Spain) and 4 in China.

TABLE 8 NEW AMREST RESTAURANTS

	AmRest equity restaurants	AmRest franchisee restaurants	Total
31.12.2015	782	122	904
New Openings	42	8	50
Acquisitions	144	0	144
Conversions*	1	-1	0
Closings	6	1	7
12.08.2016	963	128	1091

* Conversion of one French franchise location into equity restaurant.

TABLE 7 NUMBER OF AMREST RESTAURANTS (AS AT THE DATE OF PUBLICATION OF THE REPORT)

Countries	Brands	31-12-2013	31-12-2014	31-12-2015	12-08-2016
Poland	TOTAL	299	320	346	355
	KFC	179	191	206	209
	BK	27	32	33	34
	SBX	35	38	40	44
	PH	58	59	67	68
Czech	TOTAL	89	94	102	104
	KFC	65	68	71	71
	BK	7	7	7	7
	SBX	17	19	24	26
Hungary	TOTAL	38	42	49	52
	KFC	27	30	35	36
	SBX	9	10	12	14
	PH	2	2	2	2
Russia	TOTAL	77	101	109	119
	KFC	67	92	101	111
	PH	10	9	8	8
Bulgaria	TOTAL	5	6	11	11
	KFC	4	5	5	5
	BK	1	1	1	1
	SBX	0	0	5	5
Serbia	TOTAL	5	5	5	5
	KFC	5	5	5	5
Croatia	TOTAL	5	5	5	5
	KFC	5	5	5	5
Romania	TOTAL	0	0	19	21
	SBX	5	0	19	21
Slovakia	TOTAL	0	0	0	2
	SBX	5	0	0	2
Spain	TOTAL	178	190	216	229
	TAG equity	53	57	65	68
	TAG franchised	94	101	115	123
	KFC	31	32	36	38
France	TOTAL	8	8	10	10
	TAG equity	4	4	4	5
	TAG franchised	4	4	6	5
Germany	TOTAL	3	3	2	145
	SBX	0	0	0	143
	TAG equity	3	3	2	2
China	TOTAL	18	22	29	33
	Blue Frog	11	17	25	29
	KABB	2	3	4	4
	Stubb's	1	0	0	0
	TAG equity	4	2	0	0
India	TOTAL	2	0	0	0
	TAG equity	2	0	0	0
USA	TOTAL	6	4	1	0
	Applebee's	5	3	0	0
	TAG equity	1	1	1	0
	TAG franchised	0	0	0	0
TOTALAmrest		733	800	904	1091

5. Planned investment activities and assessment of their feasibility

AmRest's strategy is to leverage its unique "Wszystko Jest Możliwe" culture, international capability and superior brand portfolio to grow scalable (min. USD 50 million annual sales) and highly profitable (min. 20% IRR) restaurants globally.

The Group plans to continue its strategic directions of development. Existing potential in the markets where AmRest is present is above existing store count and allows to increase the pace of organic expansion. Current scale of the business enables undisturbed financing of development.

According to the 80/20 investment strategy, AmRest focuses on development of proven brands in the markets with the highest returns on capital. Given the current market conditions capital allocation will be concentrated on the region of Central Europe and Western European markets. Political and economic environment in Russia shows the signs of stabilization, which may bring attractive investment opportunities in the future.

Expansion of growth platform by seeking new markets and brands remains the second pillar of building the scale of the business. In the future, attractive acquisitions that meet Company's strategic criteria may become a source of additional value creation for AmRest's shareholders. Improvement of ROIC and building the long-term growth platform will define the main criteria of shaping the structure of new launches and acquisitions.

Similar to the previous years, AmRest's investment program will be financed both from the own sources and through debt financing.

6. External and internal factors which are significant to the Company's development in 2016

The Management Board of AmRest believes that the following factors will have a significant effect on the Company's future development and results:

6.1. External factors

The external factors include:

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- consumer habits and trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in Poland, the Czech Republic, Hungary, Bulgaria, Russia, Serbia, Croatia, Romania, Slovakia, Spain, France, Germany and China.
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets.

6.2. Internal factors

The internal factors include:

- gaining and training the human resources necessary for the development of the existing and new restaurant networks,
- obtaining attractive locations,
- effective launching of new brands and products,
- building an integrated information system.

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

The Management Board of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Management Board of AmRest performed a review, an analysis and a ranking of risks to which the Company is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

a) Factors remaining outside the Company's control

This risk is related to the effect of factors remaining outside the Company's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

b) Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest depend on the limitations or specifications imposed by the franchisors or on their consent.

The duration of the franchising agreements related to the KFC, Pizza Hut and Burger King brands is 10 years. AmRest has the option of extending this period for the next 10 years provided that it meets the conditions specified in the franchising agreements and other requirements, including the payment of the related continuation fee.

Despite meeting the above-mentioned terms, there is no guarantee that after the expiry of these periods a given franchising agreement will be prolonged to the next period. In the case of KFC and Pizza Hut restaurants, the first period commenced in 2000, in the case of Burger King, the first period commenced in 2007 with the opening of the first restaurant of this brand.

Franchise agreements for Starbucks stores in Romania are valid till 2023, in Bulgaria until 2027 and in Germany until 2031.

c) Dependency on joint venture partners

AmRest opens Starbucks restaurants through joint venture Companies in Poland, the Czech Republic and Hungary, based on a partnership as part of joint venture agreements. Therefore, some decisions as part of the joint business activities will be dependent on the partners' consent.

The joint venture agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. Should AmRest fail to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in the joint venture companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the joint venture companies.

d) No exclusive rights

The franchising agreements concerning the running of KFC, Pizza Hut and Burger King restaurants do not contain provisions on granting AmRest any exclusive rights on a given territory, protection or any other rights on the territory, in the area or on the market surrounding AmRest restaurants. However, in practice, due to the scale of AmRest's operations (including a well-developed distribution network), the possibility that a competitive

operator (to the brands currently operated by the Company) should appear who would be able to effectively compete with the AmRest Group restaurants is relatively limited.

In the case of Starbucks restaurants, the joint venture companies are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusive rights to some institutional locations. The exclusive rights apply also to restaurants operated in Romania, Bulgaria, Germany and Slovakia.

e) Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the point of view of business practice. If this is not possible a potential loss of important restaurant locations may have an unfavourable effect on AmRest's operating results and its business activities.

Moreover, in certain circumstances AmRest may make a decision to close a given restaurant and terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Company. Closing any of the restaurants is subject to approval by the franchisor and it is not certain that such approval will be obtained.

In the case of Russian and Chinese restaurants acquired by AmRest accordingly in July 2007 and December 2012, the average term of the rental contracts is relatively shorter compared with AmRest restaurants in the remaining countries. This results from the specific nature of the Russian market.

f) Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog and KABB, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

g) Risk related to keeping key personnel in the Company

The Issuer's success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Issuer help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. The Issuer believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Issuer.

h) Risk related to labour costs of restaurant employees and employing and keeping professional staff

Running catering activities on such a large scale as the Issuer does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose

a significant risk to the stability and quality of the business activities. Due to the fact that salaries in Poland, the Czech Republic and Hungary (including in the catering sector) are still decidedly lower than in other European Union countries, there is a risk of outflow of qualified staff and thus a risk of the Company being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Issuer. Additional risk in employment area may be caused by fluctuations in unemployment rate.

i) Risk related to limited access to foodstuffs and the variability of their cost

The Issuer's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Company cannot rule out the risk related to delivery deficits or interruptions caused by factors such as unfavourable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining them by the Company or to price increases for those products. Both the deficits and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. concluded a contract with SCM Sp. z o.o. for the provisions of services comprising intermediation and negotiating terms of delivery to restaurants, including negotiating terms of distribution agreements.

j) Risk related to developing new brands

AmRest has operated the Burger King, Starbucks, La Tagliatella, Blue Frog and KABB brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

k) Risk related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

l) Currency risk

The results of AmRest are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Company adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short term basis.

m) Risk related to the current geopolitical situation in the Ukraine and Russia

Russia is one of the largest markets for AmRest. The recent geopolitical and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble, higher interest rates, reduced liquidity and consumer confidence. These events, including current and future international sanctions against Russian companies and individuals and the related uncertainty and volatility of the supply chain, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

n) Risk of increased financial costs

The Issuer and its subsidiaries are exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, the Issuer and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

o) Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at June 30th, 2016, the Company had enough short-term assets, including cash and promised credit limits, to fulfil its liabilities due in the next 12 months.

p) Risk of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure on these markets, which in turn may affect the results of the AmRest restaurants operating on these markets.

q) Risk related to seasonality of sales

The seasonality of sales and inventories of AmRest is not significant, which is typical for the restaurant industry. On the European market restaurants record lower sales in the first half of the year, mainly due to the lower number of sale days in February and the relatively less frequent visits to restaurants.

r) Risk of computer system breakdowns and temporary breaks in serving customers in network restaurants

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Company might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

8. Management representations

8.1. Correctness and fairness of the presented financial statements

To the best knowledge of the Management Board of AmRest Holdings SE, the abridged consolidated semi-annual financial statements and the comparative figures presented in the abridged consolidated semi-annual financial statements of the AmRest Group have been prepared in accordance with the binding accounting policies and they give a true, fair and clear view of the financial position of the AmRest Group and its results. The semi-annual Directors' Report included in this document provides a true image of the development and achievements and the situation of the AmRest Group, including a description of the key risks and threats.

8.2. Selection of the registered audit company

The entity authorized to audit the financial statements, PricewaterhouseCoopers Sp. z o.o., which carried out the annual audit of the abridged consolidated semi-annual financial statements of the AmRest Group has been selected in compliance with the provisions of the law. Both the entity and auditors conducting the audit met the requirements necessary to enable them to issue an unbiased and independent audit opinion, in accordance with the relevant laws. The agreement with PricewaterhouseCoopers Sp. z o.o. was concluded on June 18th, 2015 and will be in force until December 31st, 2017.

Wroclaw, August 12th, 2016

.....
Mark Chandler
AmRest Holdings SE
Management Board Member

.....
Wojciech Mroczyński
AmRest Holdings SE
Management Board Member

.....
Drew O'Malley
AmRest Holdings SE
Management Board Member

.....
Jacek Trybuchowski
AmRest Holdings SE
Management Board Member

.....
Oksana Staniszevska
AmRest Holdings SE
Management Board Member

.....
Olgierd Danielewicz
AmRest Holdings SE
Management Board Member



AmRest Holdings SE Report for the 1st half of 2016

PART II

Supplement to Directors' Report

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1. The position of the Management Board of AmRest Holdings SE concerning the realization of previously published prognoses concerning the results for the year

The Company did not publish any forecasts of its results.

2. Shareholders holding at least 5% of the general number of votes at the General Shareholders' Meeting of AmRest Holdings SE as at June 30, 2016 and as at the date of the report

According to the information held by the Company, as at June 30th, 2016, the following shareholders provided information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders' Meeting of AmRest:

SHAREHOLDERS HOLDING MORE THAN 5% OF VOTES AT THE GSM OF AMREST

Shareholders	Number of shares	Share in capital %	Number of votes at AGM	% shares at AGM
FCapital Dutch B.V.*	6 726 790	31.71%	6 726 790	31.71%
Nationale-Nederlanden OFE*	2 539 429	11.97%	2 539 429	11.97%
PZU PTE**	2 120 901	9.998%	2 120 901	9.998%
Aviva OFE	2 100 000	9.90%	2 100 000	9.90%

* FCapital Dutch B. V. is the subsidiary of Finaccess Capital, S.A. de C.V.

** The previous name: ING OFE

*** PTE PZU SA manages assets which include funds belonging to OFE PZU "Złota Jesień" and DFE PZU

As at the date of submitting this semi-annual report, August 12th, 2016, above table reflects the current shareholding structure.

3. Description of changes in the shareholding

3.1. Changes in the shareholding with respect to the shareholders holding over 5% of votes at the General Meeting of Shareholders

Since the publication of the previous periodical report (April 29th, 2016) there were no changes in the shareholding structure of AmRest other than those described below:

On July 12th, 2016 FCapital Dutch B.V. ("FCapital", "Offeror") announced the tender offer to subscribe for shares in the Company ("Tender Offer").

Pursuant to the terms of the Tender Offer, a company CULLINAN, S.A R.L. with its seats registered in Capellen (Luxemburg) („Cullinan”, „Acquirer”), being a 100% subsidiary of FCapital, acting on the basis of art. 73 paragraph 1 of the Act on Public Offering, intends to acquire 7,274,379 (seven million two hundred seventy four thousand three hundred seventy nine) ordinary bearer shares of AmRest (nominal value EUR 0.01 each), entitling to 7,274,379 (seven million two hundred seventy four thousand three hundred seventy nine) votes at the General Meeting of the Company and representing 34.29% of the share capital of the Company and 34.29% of the total number of votes at the General Meeting of the Company.

The price proposed in the Tender Offer equaled PLN 215 (two hundred and fifteen zloty) for each share of AmRest

The subscription period for shares under the Tender Offer lasts from August 1st to 16th, 2016.

Cullinan, together with its parent company FCapital, hold 6,726,790 (six million seven hundred twenty-six thousand seven hundred ninety) shares of AmRest, entitling to 6,726,790 (six million seven hundred twenty-six thousand seven hundred ninety) votes at the General Meeting of the Company and representing 31.71% of the share capital of the Company and 31.71% of the total number of votes at the General Meeting of the Company.

As a result of the tender, Cullinan intends to hold, together with FCapital, 14,001,169 (fourteen million one thousand one hundred sixty-nine) shares of AmRest, entitling to 14,001,169 (fourteen million one thousand one hundred sixty-nine) votes at the General Meeting of the Company and representing 66% of the share capital of the Company and 66% of the total number of votes at the General Meeting of the Company.

According to the Tender Offer, Cullinan will be the only acquirer of AmRest shares in the process of the tender.

Pursuant to the terms of the Tender Offer, completion of the tender is subject to receiving the unconditional approval of antitrust authorities for the sale of AmRest shares.

Pursuant to the terms of the Tender Offer, the intention of the Offeror is to support growth of AmRest using all sources of available capital, including reinvestment of prior periods' profits and financial debt. Growth of AmRest is planned to be supported by acquisitions of new brands and concepts, development of new concepts as well as expansion of existing brands and concepts in the current markets of AmRest's operation and new markets.

As a result of the Tender Offer, the Offeror intends to increase its stake at AmRest to 66% and hold the majority position in the shareholding structure of the Company, as well as increase its presence in the Supervisory Board of AmRest, which shall facilitate the realization of abovementioned growth strategy.

On July 27th, 2016 the Management Board of AmRest Holdings SE, acting in accordance with Art. 80 Sec. 1 and 3 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, presented the Statement of the Management Board regarding the Tender Offer.

In order to form its opinion, the Management Board of AmRest analyzed the following information:

- a) terms of the Tender Offer,
- b) review of the market value of AmRest's shares on Warsaw Stock Exchange ("WSE") during the period of six months preceding the announcement of the Tender Offer,
- c) consolidated financial statements of AmRest for previous years and Q1 2016.

In order to determine whether the price proposed in the Tender Offer fully reflects the fair value of the Company, the Management Board of AmRest, acting on the basis of art. 80 paragraph 3 of the Act on Public Offering, asked KPMG Advisory Sp. z o.o. Sp. k. („KPMG”) to prepare an independent opinion on the price proposed in the Tender Offer ("Fairness Opinion").

In the opinion of the Management Board of AmRest:

- Strategic plans of the Offeror are aligned with the strategy and current development directions of the Company and should support AmRest's aspiration of building its leadership position in the European restaurant markets;
- Terms of the Tender Offer do not suggest any major change in the profile of AmRest's operation.
- Successful completion of the Tender Offer is not expected to have negative impact on the Company.
- Apart from the quoted terms, the Tender Offer does not include any information relevant to assess the impact of the Tender Offer on Company's employment and the place of the Company's business. The Management Board of AmRest cannot form a clear-cut opinion about the impact of the completion of the Tender Offer on Company's employment, however based on the quoted strategic plans of the Offeror it does not expect any

negative influence of the tender on the employment of AmRest. At the same, the Management Board does not expect any changes as regards the place of the Company's business.

According to the Fairness Opinion prepared by KPMG on 27th July 2016, the price proposed in the Tender Offer is not within the range of fair value of 100% of AmRest shares outstanding as of the date of the Opinion (on a per share pro rata basis).

In the view of the above the Management Board of AmRest is of the opinion that the price proposed in the Tender Offer does not reflect the fair value of the Company.

3.2. Changes in the number of shares held by members of AmRest Management and Supervisory Boards

During the period since the publication of the previous periodical report (April 29th, 2016) following changes occurred with respect to AmRest shares and stock options held by the members of the Management and Supervisory Boards of AmRest:

According to the best knowledge of AmRest, there are five members of Management Board, who owned in this reporting period the Issuer's shares: Mr. Wojciech Mroczyński, Mr. Jacek Trybuchowski, Mr. Drew O'Malley, Mrs. Oksana Staniszevska and Mr. Olgierd Danielewicz

As at April 29th, 2016 Mr. Wojciech Mroczyński held 12 315 shares of the Company with a total nominal value of EUR 123.15. On June 30th, 2016 (and simultaneously on the date of publication of this report) he does not hold any shares of the Company.

As at April 29th, 2016 Mr. Drew O'Malley held 19 040 shares of the Company with a total nominal value of EUR 190.40. On June 30th, 2016 (and simultaneously on the date of publication of this report) he does not hold any shares of the Company.

As at April 29th, 2016 Mr. Jacek Trybuchowski held 34 758 shares of the Company with a total nominal value of EUR 347.58. On June 30th, 2016 (and simultaneously on the date of publication of this report) he holds 1 678 shares of the Company with a total nominal value of EUR 16.78.

As at April 29th, 2016 Mrs. Oksana Staniszevska held 2 020 shares of the Company with a total nominal value of EUR 20.20. On June 30th, 2016 (and simultaneously on the date of publication of this report) she holds the same amount of the Company's shares.

As at March April 29th, 2016 Mr. Olgierd Danielewicz held 4 800 shares of the Company with a total nominal value of EUR 48.00. On June 30th, 2016 (and simultaneously on the date of publication of this report) he holds the same amount of the Company's shares.

Pursuant to the information available to the Company, the only Supervisory Board members, who own the Issuer's shares are Mr. Henry McGovern and Mr. Steven Kent Winegar.

As at April 29th, 2016 Mr. Henry McGovern held (personally and through closely related entities) 828 056 shares of the Company with a total nominal value of EUR 8 280.56. On June 30th, 2016 (and simultaneously on the date of publication of this report) he holds (together with closely related entities) 838 056 shares of the Company with a total nominal value of EUR 8 380.56.

As at April 29th, 2016 Mr. Steven Kent Winegar held (indirectly by a closely related person) 404 000 shares of the Company with a total nominal value of EUR 4 040.00. On June 30th, 2016 (and simultaneously on the date of publication of this report) he holds (indirectly by a closely related person) the same amount of the Company's shares.

3.3. Transactions on AmRest shares executed by persons having access to confidential information since issuing last financial report (April 29th, 2016)

On May 4th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 15 290 AmRest shares at the price of PLN 223.14 per share executed on April 29th, 2016,
- a sale of 3 750 AmRest shares at the price of PLN 223.18 per share executed on May 2nd, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On May 4th, 2016 the Management Board of AmRest also informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 1 300 AmRest shares at the price of PLN 223.40 per share executed on April 29th, 2016,
- a sale of 843 AmRest shares at the price of PLN 223.25 per share executed on May 2nd, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On May 5th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 7 500 AmRest shares at the price of PLN 222.88 per share executed on April 29th, 2016,
- a sale of 1 132 AmRest shares at the price of PLN 223.23 per share executed on May 4th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On May 10th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about a sale of 229 AmRest shares at the price of PLN 223.25 per share executed on May 4th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On May 13th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 1 173 AmRest shares at the price of PLN 220.00 per share executed on May 9th, 2016. The transaction was executed at the Warsaw Stock Exchange.
- a sale of 30 153 AmRest shares at the average price of PLN 220.10 per share executed on May 10th, 2016. The transaction was executed at the Warsaw Stock Exchange.
- a purchase of 15 618 AmRest shares on May 11th, 2016. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated market.

On May 13th, 2016 the Management Board of AmRest also informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a purchase of 27 331 AmRest shares on May 11th, 2016. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated market.
- a sale of 9 107 AmRest shares at the price of PLN 220.08 per share executed on May 11th, 2016. The transaction was executed at the Warsaw Stock Exchange.
- a sale of 18 224 AmRest shares at the average price of PLN 220.03 per share executed on May 12th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On May 18th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about a sale of 15 000 AmRest shares at the price of PLN 220.50 per share executed on May 12th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On May 20th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 1 000 AmRest shares at the price of PLN 224.05 per share executed on May 16th, 2016. The transaction was executed at the Warsaw Stock Exchange.
- a sale of 2 683 AmRest shares at the average price of PLN 227.22 per share executed on May 17th, 2016. The transaction was executed at the Warsaw Stock Exchange.
- a purchase of 19 576 AmRest shares on May 19th, 2016. The shares were transferred free of charge as a result of exercising AmRest management options. The transaction was executed outside the regulated market.
- a sale of 1 000 AmRest shares at the price of PLN 234.90 per share executed on May 19th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On May 25th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about a sale of 2 799 AmRest shares at the price of PLN 230.44 per share executed on May 20th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On May 31st, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Management Board of AmRest subsidiary, being a person having access to confidential information of the Company, about a purchase of 690 AmRest shares at the average price of PLN 77.29 per share executed on May 25th, 2016. The transaction was conducted outside the regulated market as a result of exercising AmRest management options.

On May 31st, 2016 the Management Board of AmRest also informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 1 194 AmRest shares at the price of PLN 233.00 per share executed on May 25th, 2016,
- a sale of 15 AmRest shares at the price of PLN 234.95 per share executed on May 27th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On June 6th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about:

- a sale of 1 681 AmRest shares at the price of PLN 234.35 per share executed on May 31st, 2016,
- a sale of 2 000 AmRest shares at the price of PLN 229.00 per share executed on June 3rd, 2016,
- a sale of 4 123 AmRest shares at the price of PLN 229.27 per share executed on June 6th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On June 9th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Supervisory Board, being a person having access to confidential information of AmRest, about a purchase of 10 000 AmRest shares on June 7th, 2016, at the price of PLN 48.40 per share. The transaction was executed outside the regulated market, being execution of AmRest management options.

On June 13th, 2016 the Management Board of AmRest informed that it received on the same day a notice from a member of the Company's Management Board, being a person having access to confidential information of

AmRest, about a sale of 6 616 AmRest shares executed at the at the average price of PLN 231.92 per share executed on June 8th, 2016. The transaction was executed at the Warsaw Stock Exchange.

On June 30th, 2016 the Management Board of AmRest informed that it received on June 29th, 2016 a notice from a member of the Company's Management Board, being a person having access to confidential information of AmRest, about a purchase of 40 000 AmRest shares at the price of PLN 83.43 per share executed on June 23rd, 2016. The transaction was executed outside the regulated marked as a result of exercising AmRest management options.

On July 4th, 2016 the Management Board of AmRest informed that it received on the same day a notice from Mr. Zbigniew Cylny - a member of the Management Board of AmRest subsidiary, being a person discharging managerial responsibilities in the Company, about a sale of 500 AmRest shares at the average price of PLN 217.00 per share executed on July 1st, 2016. The transaction was executed at the Warsaw Stock Exchange.

On July 7th, 2016 the Management Board of AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about

- a sale of 851 AmRest shares at the average price of PLN 216.15 per share executed on July 5th, 2016,
- a sale of 12 110 AmRest shares at the average price of PLN 214.83 per share executed on July 6th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On July 11th, 2016 the Management Board of AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about

- a sale of 12 000 AmRest shares at the average price of PLN 215.46 per share executed on July 7th, 2016,
- a sale of 10 591 AmRest shares at the average price of PLN 223.63 per share executed on July 8th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

On July 13th, 2016 the Management Board of AmRest informed that it received on the same day a notice from Mr. Mark Chandler - a member of the Company's Management Board, about

- a sale of 1 180 AmRest shares at the average price of PLN 227.73 per share executed on July 11th, 2016,
- a sale of 3 268 AmRest shares at the average price of PLN 227.31 per share executed on July 12th, 2016.

The transactions were executed at the Warsaw Stock Exchange.

3.4. Transactions on AmRest shares concluded for the purpose of executing the management option plan

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 16 of the General Meeting of the Company of 10 June 2011 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital.

TRANSACTIONS ON AMREST TREASURY SHARES CONCLUDED WITHIN PERFORMANCE OF THE MANAGEMENT OPTIONS PROGRAMS

Conclusion date	Settlement date	Purchase/disposal	Number of acquired/disposed shares	Average acquisition/disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
10.05.2016	10.05.2016	D	1 194	0.00	0.01	0.0087%	1 854	98 987	98 987	0.4666%
			300	81.00	0.01					
			360	81.82	0.01					
11.05.2016	11.05.2016	D	43 088	0.00	0.01	0.2031%	43 088	55 899	55 899	0.2635%

Conclusion date	Settlement date	Purchase/disposal	Number of acquired/disposed shares	Average acquisition/disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
12.05.2016	13.05.2016	D	3 546	0.00	0.01	0.0186%	3 936	51 963	51 963	0.2449%
			80	70.00	0.01					
			60	78.00	0.01					
			110	81.00	0.01					
			140	81.82	0.01					
13.05.2016	13.05.2016	D	201	0.00	0.01	0.0019%	401	51 562	51 562	0.2431%
			200	81.82	0.01					
16.05.2016	18.05.2016	P	3 136	223.25	0.01	0.0148%	3136	54 698	54 698	0.2578%
17.05.2016	17.05.2016	D	49	0.00	0.01	0.0002%	49	54 649	54 649	0.2576%
17.05.2016	19.05.2016	P	2 302	226.63	0.01	0.0109%	2302	56 951	56 951	0.2685%
18.05.2016	18.05.2016	D	2 537	0.00	0.01	0.0134%	2 837	54 114	54 114	0.2551%
			100	70.00	0.01					
			100	81.00	0.01					
			100	81.82	0.01					
18.05.2016	20.05.2016	P	3 600	233.04	0.01	0.0170%	3 600	57 714	57 714	0.2721%
19.05.2016	19.05.2016	D	20 280	0.00	0.01	0.0957%	20 300	37 414	37 414	0.1764%
			20	70.00	0.01					
19.05.2016	23.05.2016	P	3 658	235.96	0.01	0.0172%	3 658	41 072	41 072	0.1936%
20.05.2016	20.05.2016	D	448	0.00	0.01	0.0037%	788	40 284	40 284	0.1899%
			120	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					
20.05.2016	24.05.2016	P	1 642	231.91	0.01	0.0077%	1 642	41 926	41 926	0.1976%
23.05.2016	23.05.2016	D	150	70.00	0.01	0.0009%	200	41 726	41 726	0.1967%
			50	81.82	0.01					
23.05.2016	25.05.2016	P	4 000	229.07	0.01	0.0189%	4 000	45 726	45 726	0.2155%
24.05.2016	24.05.2016	D	409	0.00	0.01	0.0083%	1 761	43 965	43 965	0.2072%
			290	70.00	0.01					
			200	78.00	0.01					
			170	81.00	0.01					
			692	81.82	0.01					
24.05.2016	27.05.2016	P	3 055	230.89	0.01	0.0144%	3 055	47 020	47 020	0.2216%
25.05.2016	25.05.2016	D	219	0.00	0.01	0.0010%	219	46 801	46 801	0.2206%
25.05.2016	30.05.2016	P	3 400	232.90	0.01	0.0160%	3 400	50 201	50 201	0.2366%
27.05.2016	27.05.2016	D	230	0.00	0.01	0.0011%	230	49 971	49 971	0.2356%
30.05.2016	01.06.2016	P	3 732	234.90	0.01	0.0176%	3 732	53 703	53 703	0.2532%
31.05.2016	31.05.2016	D	116	0.00	0.01	0.0027%	576	53 127	53 127	0.2504%
			240	70.00	0.01					
			100	81.00	0.01					
			120	81.82	0.01					

Conclusion date	Settlement date	Purchase/disposal	Number of acquired/disposed shares	Average acquisition/disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	Number of votes at AGM	Total number of shares	Total number of votes at AGM	% of the total number of votes in the Company
06.06.2016	06.06.2016	D	469	0.00	0.01	0.0062%	1 309	51 818	51 818	0.2443%
			400	70.00	0.01					
			360	81.00	0.01					
			80	81.82	0.01					
06.06.2016	08.06.2016	P	1 508	229.29	0.01	0.0071%	1 508	53 326	53 326	0.2514%
07.06.2016	07.06.2016	D	10 000	48.40	0.01	0.0519%	11 000	42 326	42 326	0.1995%
			250	70.00	0.01					
			750	96.50	0.01					
07.06.2016	09.06.2016	P	3 500	229.34	0.01	0.0165%	3 500	45 826	45 826	0.2160%
08.06.2016	08.06.2016	D	275	0.00	0.01	0.0019%	395	45 431	45 431	0.2142%
			60	81.00	0.01					
			60	81.82	0.01					
08.06.2016	10.06.2016	P	3 500	232.06	0.01	0.0165%	3 500	48 931	48 931	0.2307%
09.06.2016	13.06.2016	P	300	231.55	0.01	0.0014%	300	49 231	49 231	0.2321%
10.06.2016	10.06.2016	D	49	0.00	0.01	0.0002%	49	49 182	49 182	0.2318%
10.06.2016	14.06.2016	P	3 043	231.86	0.01	0.0143%	3 043	52 225	52 225	0.2462%
16.06.2016	16.06.2016	D	80	70.00	0.01	0.0011%	240	51 985	51 985	0.2451%
			80	81.00	0.01					
			80	81.82	0.01					
21.06.2016	23.06.2016	P	371	229.00	0.01	0.0017%	371	52 356	52 356	0.2468%
22.06.2016	24.06.2016	P	1 621	227.55	0.01	0.0076%	1 621	53 977	53 977	0.2544%
23.06.2016	23.06.2016	D	40 000	83.43	0.01	0.1886%	40 000	13 977	13 977	0.0659%
23.06.2016	27.06.2016	P	751	227.00	0.01	0.0035%	751	14 728	14 728	0.0694%
24.06.2016	28.06.2016	P	1 830	212.20	0.01	0.0086%	1 830	16 558	16 558	0.0781%
27.06.2016	29.06.2016	P	1 312	212.93	0.01	0.0062%	1 312	17 870	17 870	0.0842%
28.06.2016	30.06.2016	P	1 300	215.57	0.01	0.0061%	1 300	19 170	19 170	0.0904%
29.06.2016	01.07.2016	P	328	218.98	0.01	0.0015%	328	19 498	19 498	0.0919%
04.07.2016	06.07.2016	P	1 689	216.35	0.01	0.0080%	1 689	21 187	21 187	0.0999%
05.07.2016	07.07.2016	P	1 606	215.40	0.01	0.0076%	1 606	22 793	22 793	0.1074%
06.07.2016	08.07.2016	P	1 500	214.83	0.01	0.0071%	1 500	24 293	24 293	0.1145%
07.07.2016	11.07.2016	P	1 008	217.61	0.01	0.0048%	1 008	25 301	25 301	0.1193%
08.07.2016	12.07.2016	P	3 000	225.43	0.01	0.0141%	3 000	28 301	28 301	0.1334%
11.07.2016	13.07.2016	P	2 000	228.23	0.01	0.0094%	2 000	30 301	30 301	0.1428%
12.07.2016	14.07.2016	P	3 210	227.50	0.01	0.0151%	3 210	33 511	33 511	0.1580%
13.07.2016	15.07.2016	P	1 500	229.95	0.01	0.0071%	1 500	35 011	35 011	0.1650%
14.07.2016	18.07.2016	P	987	231.17	0.01	0.0047%	987	35 998	35 998	0.1697%

In the period between issuing last financial report (April 29th, 2016) and the day of publication of this report AmRest purchased a total of 64 389 own shares for a total price of PLN 14 663 630. During the same period, the Company disposed a total of 129 232 own shares to entitled participants of the stock options plans.

3.5. Other information on shareholding

The Management Board of AmRest does not know of any holders of securities which give special rights of control over the Company.

4. Information about remuneration and share option held by members of the Company's management and supervisory bodies for the period of 6 months, ending June 30th, 2016.

REMUNERATION OF THE PARENT COMPANY'S MANAGEMENT BOARD FOR THE PERIOD OF 6 MONTHS ENDED JUNE 30TH, 2016

	The period in the office during 6 months ended June 30th, 2016	Salaries and wages	Annual bonus, industry awards	Income from subsidiaries and associates	Benefits, income from other titles	Total income during 6 months ended June 30th, 2016
Members of the Management Board as at June 30th, 2016.						
Wojciech Mroczynski	1.01 - 30.06.16	557 617	139 404	697 021	9 532	706 553
Mark Chandler	1.01 - 7.06.16 and 10.6-30.06.16	733 706	183 427	917 133	6 666	923 799
Drew O'Malley	1.01 - 7.06.16 and 10.6-30.06.16	606 000	151 500	757 500	14 591	772 091
Jacek Trybuchowski	1.01 - 30.06.16	538 051	134 513	672 564	12 521	685 085
Oksana Staniszewska	1.01 - 30.06.16	337 500	84 375	421 875	4 367	426 242
Olgierd Danielewicz	1.01 - 30.06.16	325 000	81 250	406 250	11 691	417 941
Total		3 097 874	774 469	3 872 343	59 368	3 931 711

REMUNERATION OF THE PARENT COMPANY'S SUPERVISORY BOARD FOR THE PERIOD OF 6 MONTHS ENDED JUNE 30TH, 2016

	The period in the office during 6 months ended June 30th, 2016	Remuneration for the time of holding the function in the Supervisory Board	Income from other contracts	Total income during 6 months ended June 30th, 2016	Commentary
Henry McGovern	1.01 - 30.06.16	42 000	1 505 883	1 547 883	
José Parés Gutiérrez	1.01 - 30.06.16	-	-	-	Voluntary resignation from remuneration
Luis Miguel Álvarez Pérez	1.01 - 30.06.16	-	-	-	Voluntary resignation from remuneration
Steven Kent Winegar Clark	1.01 - 30.06.16	-	218 315	218 315	Voluntary resignation from remuneration
Raimondo Eggink	1.01 - 30.06.16	60 000	-	60 000	
Krzysztof A. Rozen	1.01 - 30.06.16	60 000	-	60 000	
Zofia Dzik	1.01 - 30.06.16	60 000	-	60 000	
Łukasz Rozdeiczek-Kryszkowski	1.01 - 30.06.16	60 000	-	60 000	
Razem		342 000	1 724 198	2 066 198	

INFORMATION ON THE EMPLOYEE OPTION PROGRAM REGARDING THE MANAGEMENT DURING 6 MONTHS ENDED JUNE 30TH, 2016

	The period in the office during 6 months ended June 30th, 2016	Function*	Number of share options as at December 31st, 2015	Number of share options granted in the first half of 2016	Number of share options used in the first half of 2016	Number of share options as at June 30th, 2016	Number of vested options	The fair value of all options as at the moment of their granting (PLN '000)
Henry McGovern	1.01 - 30.06.16	S	226 666	0	10 000	216 666	133 332	7 060
Wojciech Mroczyński	1.01 - 30.06.16	M	73 333	0	32 755	40 578	3 911	1 265
Mark Chandler	1.01 - 7.06.16 i 10.6-30.06.16	M	80 000	0	0	80 000	40 000	1 886
Drew O'Malley	1.01 - 7.06.16 i 10.6-30.06.16	M	93 334	0	46 667	46 667	0	1 180
Jacek Trybuchowski	1.01 - 30.06.16	M	106 666	0	31 667	74 999	21 666	1 970
Oksana Staniszevska	1.01 - 30.06.16	M	7 420	3 000	0	10 420	1 320	593
Olgiard Danielewicz	1.01 - 30.06.16	M	50 450	0	3 000	47 450	29 117	2 572

* (M) member of management body, (S) member of the supervisory body

5. Information on significant proceedings related to AmRest Holdings SE or other group companies

As at the date of release of this quarterly report no court arbitration or administrative proceedings which single or aggregate value exceeds 10% of the of the Company's equity were pending against the Company.

6. Composition of the Group

The current composition of the AmRest Group is presented in Note 1a of the Consolidated condensed interim financial statements for the first half of 2016.

On April 15th, 2016 the registered court in Wroclaw registered the company AmRest Kaffee Sp. z o.o. with registered office in Wroclaw, in which AmRest Sp. z o.o. held 99% of shares and 1% of shares was in the possession of Mr. Aleksander Krawczyk.

On May 23rd, 2016 the Capital Group finalized the acquisition of AmRest Coffee Deutschland Sp. z o.o. & Co. KG. As a result of the transaction AmRest Capital Zrt. acquired a 15% stake in AmRest Coffee Deutschland Sp. z o.o. & Co. KG. and 85% were acquired by AmRest Kaffee Sp. z o.o. AmRest Work Sp. z o.o. became a General Partner of AmRest Coffee Deutschland Sp. z o.o. & Co. KG.

On May 24th, 2016 AmRest informed that AmRestavia, S.L.U., a 100% subsidiary of AmRest acting as the solely member and manager of Da Via LLC ("Da Via") adopted on May 23rd, 2016 a resolution dissolving Da Via. The dissolution came into force upon its adoption.

On June 8th, 2016 Mr. Aleksander Krawczyk completed the sale of 1% stake in AmRest Kaffee Sp. z o.o. to AmRest Sp. z o.o. As at June 8th, 2016 AmRest Sp. z o.o. held 100% of the shares in AmRest Kaffee Sp. z o.o.

On June 17th, 2016 the liquidation of La Tagliatella Asia Pacific Limited was completed. On that day company was removed from register of entrepreneurs.

On June 21st, 2016 AmRest informed that AmRestavia, S.L.U., a 100% subsidiary of AmRest acting as the solely member and manager of La Tagliatella – Crown Farm, LLC ("Crown Farm") adopted on June 20th, 2016 a resolution dissolving Crown Farm. The dissolution came into force upon its adoption.

On August 9th, 2016 the competent state authority in Ukraine approved the sale of 100% of the shares of The Finance Ltd. (until July 4th, 2016 run under the business name of AmRest Ukraina t.o.w.) executed on the basis of the share purchase agreement entered into on August 8th between AmRest Sp. o.o., and Ms. Titulnik Ulia Oleksandrovna and VIP Commerce LLC.

The Group's headquarters are located in Wrocław, Poland. The restaurants currently run by the Group are located in Poland, the Czech Republic, Hungary, Russia, Romania, Bulgaria, Serbia, Croatia, Slovakia, Spain, France, Germany and China.

7. Loans and borrowings in the Group

Below table presents a summary of all the loans granted to related entities.

THE LOANS GRANTED TO RELATED ENTITIES

Lender	Borrower	Loan currency	Capital value of loans granted as of 30/06/2016 [PLN '000]	Total value of loans granted as of 30/06/2016 [PLN '000]*
AmRest Kft	OOO AmRest	RUB	46 787	32 840
AmRest Capital ZRT	AmRest Coffee Deutschland sp. z o.o. & Co. KG	EUR	13 277	13 334
AmRest Capital ZRT	Spanish companies	EUR	566 956	572 997
AmRest Capital ZRT	OOO AmRest	EUR	76 074	78 502
AmRest Finance ZRT	AmRest Sp. z o.o.	PLN	525 735	545 579
AmRest Sp. z o.o.	AmRest Work Sp. z o.o.	PLN	50	50
AmRest Capital ZRT	AmRest Kaffee Sp. z o.o.	EUR	157 105	157 873
AmRest Holdings SE	Blue Horizon Hospitality Group	USD	6 457	8 395
AmRest Holdings SE	AmRest Sp. z o.o.	PLN	174 200	174 200
Loans granted within Spanish companies		EUR	156 857	173 206

* Including interest accrued by 30/06/2016, converted using the NBP rate as of 30/06/2016

8. Information on granted guarantees or sureties for credits or loans

During the period covered by this report, the Company its subsidiaries did not issue the guarantees or sureties in respect of credits or loans value of which represents 10% or more of the Company's equity.

9. Information on issues, redemption and repayment of debt securities

During the period covered by this report, the Company did not issue, redeem or repay any debt securities.

10. Information about transactions concluded by the Company with related parties on non-market conditions.

During the period covered by this report, the Company or its subsidiaries did not conclude with related parties any transaction on non-market conditions.

11. Information about events having a significant impact on the operations and financial results of the Group

On May 6th, 2016 the Management Board of AmRest informed in regards to the Credit Agreement (“the Agreement”) referred to in RB 61/2013 dated September 10th, 2013, about signing on May 6th, 2016 an Annex to the Agreement introducing amended and restated version of the credit agreement („the Amended Agreement”) between AmRest, AmRest Sp. z o.o. („AmRest Poland”) and AmRest s.r.o. („AmRest Czech”) – jointly „the Borrowers” and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank BGŻ BNP Paribas S.A. and ING Bank Śląski S.A. – jointly „the Lenders”. AmRest Poland and AmRest Czech are 100% subsidiaries of AmRest.

Based on the Amended Agreement the Lenders granted to the Borrowers an additional credit tranche (“Tranche E”) in the amount of EUR 50 million and increased revolving credit tranche (“Tranche D”) by PLN 100 million. The amount granted within Tranche E was dedicated to finance or refinance costs of M&A activities, while increased revolving credit was to finance working capital and capital expenditures.

The tranches were provided at the variable interest rates and other terms of the tranches were consistent with the market conditions. All Borrowers bear joint liability for any obligations resulting from the Agreement.

Both tranches are to be repaid in full by September 10th, 2018.

The Amended Agreement was defined as significant agreement because its value exceeded the level of 10% of AmRest equity.

On May 20th, 2016 the Management Board of AmRest informed about signing on May 20th, 2016 the distribution agreement (“the Distribution Agreement”) between AmRest’s subsidiaries – AmRest Kft and AmRest Kávészó Kft (jointly “AmRest’s subsidiaries”) and Quick Service Logistics Hungaria Bt („QSL”, “Distributor”).

On the basis of the Distribution Agreement QSL deals with purchasing, warehousing and sale of products for the restaurants operated by AmRest’s subsidiaries in Hungary.

Estimated value of the contract was PLN 167 million (HUF 12 billion). The Distribution Agreement has been signed for a period from May 30th, 2016 to May 31st, 2019 with an option to extend the term for an additional two years.

Signing of the Distribution Agreement was a result of the Company's strategy aimed at consolidating the distribution in Central and Eastern Europe.

The Agreement has been considered as significant because of its value, which exceeded 10% of AmRest equity as of March 31st, 2016.

On May 23rd, 2016 the Management Board of AmRest informed in regards to the announcements RB 16/2016 of 20th April 2016 about the completion (“Completion”) on 23rd May 2016 of the Share Purchase Agreement (“SPA”) between AmRest Capital ZRT (“Buyer 1”), AmRest Kaffee Sp. z o.o. („Buyer 2”) (collectively „Buyers”), AmRest Work Sp. z o.o. (“New General Partner”) and AmRest Holdings SE (“Guarantor”), Starbucks Coffee EMEA B.V. (“Seller”) and Starbucks EMEA Ltd (“General Partner”). As a result of the Completion Buyers acquired 100% partnership interest in Starbucks Coffee Deutschland Ltd. & Co. KG (“Starbucks Deutschland”) at total price of EUR ca. 40 million (PLN ca. 177 million) and the General Partner of Starbucks Deutschland was replaced with New General Partner.

Under the terms of the SPA Starbucks Deutschland was renamed to AmRest Coffee Deutschland Sp. z o.o. & Co. KG (“AmRest Coffee Deutschland”). As a result of the Completion AmRest became an operator of 144 Starbucks stores in dozens cities across the German market.

Simultaneously, Management Board of AmRest informed that the Area Development and Operation Agreement and Supply Agreement between Starbucks Deutschland (current name: AmRest Coffee Deutschland), Starbucks EMEA LTD and Starbucks Manufacturing EMEA B.V. concerning the rights and license to develop, own and operate Starbucks stores in Germany came into force.

On May 24th, 2016 the Management Board of AmRest informed about signing on May 23rd, 2016 the Binding Head of Terms (“HoT”) determining the key terms and conditions on, and subject to which, Pizza Hut Europe (“PH Europe”) would be willing to proceed with a potential transaction with AmRest whereby AmRest and PH Europe would enter into a Definitive Agreement, Master Franchise Agreement (“MFA”), Development Agreement (“DA”) and related International Franchise Agreements and Shareholder Deed(s) (collectively: the “Agreements”).

The Agreements determine the rights and license to develop, own and operate Pizza Hut restaurants in countries of Central and Eastern Europe: Poland, Czech Republic, Hungary, Bulgaria, Serbia, Croatia, Slovakia and Slovenia. The provisions of the Agreements will apply from October 1st, 2016.

According to the HoT AmRest, as a master-franchisee, will have the right to granting the license to the third parties to operate Pizza Hut restaurants (sub-franchise), while ensuring a certain share of restaurants operated directly by the Company.

The MFA shall be granted for initial period of 10 years with an option of further prolongation upon the fulfilment of certain terms and conditions.

Upon entry into force of the Agreements AmRest will be required to open and operate Pizza Hut restaurants in accordance with the development schedule setting the minimum number of openings in the subsequent years of the Agreements’ term. If AmRest fails to meet the development obligations, PH Europe will have the right to change the terms or to terminate the MFA or/and DA. The Company's intention is to substantially increase the presence of Pizza Hut brand in countries defined in HoT in coming years.

The Agreements shall be executed no later than June 30th, 2016. If the parties fail to execute the Agreements by that day, the HoT will terminate immediately.

In the opinion of the Management Board of AmRest there is a great potential for growing Pizza Hut brand in Central and Eastern Europe. Master-franchisee right will contribute to strengthening AmRest’s leadership position of restaurant operator in the region and drive the value creation for AmRest’s shareholders.

On July 1st, 2016 the Management Board of AmRest informed about signing on June 30th, 2016 the Amendment to HoT. The Amendment extended the term of HoT, and simultaneously the period during which the Agreements shall be executed, to July 15th, 2016. If the parties failed to execute the Agreements by that day, the HoT would terminate immediately. Remaining provisions of the HoT had not changed.

On July 15th, 2016 the Management Board of AmRest informed about signing on July 15th, 2016 the Amendment no. 2 to HoT. The Amendment extended the term of HoT, and simultaneously the period during which the Agreements shall be executed, to July 31st, 2016. If the parties failed to execute the Agreements by that day, the HoT would terminate immediately. Remaining provisions of the HoT had not changed.

On August 1st, 2016 the Management Board of AmRest informed about signing on July 31st, 2016 the Amendment no. 2 to HoT. The Amendment extended the term of HoT, and simultaneously the period during which the Agreements shall be executed, to August 15th, 2016. If the parties failed to execute the Agreements by that day, the HoT would terminate immediately. Remaining provisions of the HoT had not changed.

12. Information on dividends paid

During the period covered by the report, the Group has not paid any dividends to minority shareholders or received dividend from associated entities.

13. Results of the AmRest Group for Q2 2016¹

The consolidated semi-annual profit and loss account should be analysed only in connection with notes and explanations, which constitute an integral part of the Consolidated condensed interim financial statements for the first half of 2016.

THE CONSOLIDATED INCOME STATEMENT FOR THE 3 MONTHS ENDED JUNE 30TH, 2016 AND FOR THE 3 MONTHS ENDED JUNE 30TH, 2015

In PLN '000	3 months ended on June 30th, 2016	3 months ended on June 30th, 2015
Revenue from restaurant operations	913 440	758 243
Revenue from franchising activities and other	63 615	51 081
Total revenue	977 055	809 324
Direct costs of restaurant operations:		
Food product costs	(275 700)	(236 077)
Salaries and wages and related employee benefits	(207 271)	(166 673)
Costs of licence (franchise) fees	(45 522)	(37 173)
Rental costs and other operating expenses	(278 421)	(224 806)
Total costs of franchising activities and other	(41 687)	(33 980)
General and administrative expenses	(70 370)	(65 109)
Gain/(loss) on sale of non-financial non-current assets and assets held for sale	-	-
Revaluation of assets	(7 502)	(3 826)
Other operating income	4 206	3 590
Total operating costs and expenses	(922 267)	(764 054)
Profit on operating activities	54 788	45 270
EBITDA	127 157	102 250
Financial expenses	(11 399)	(10 901)
Income from settlement / expense from revaluation of the put option	-	-
Financial income	618	1 701
Share in profit (loss) of associates	-	92
Profit before income tax	44 007	36 162
Corporate income tax	(7 364)	(9 597)
Net profit on continued operations	36 643	26 565
Profit on discontinued operations	-	-
Net profit	36 643	26 565

¹ The data has not been audited

<u>3 months ended on June 30th, 2016</u>	<i>CEE</i>	<i>Western Europe</i>	<i>Russia</i>	<i>China</i>	<i>Not allocated</i>	<i>Total</i>
<u>Revenues</u>	536 226	253 737	115 948	59 196	11 948	977 055
Revenue from sales – external customers	536 226	253 737	115 948	59 196	11 948	977 055
Operating profit, the segment result	41 334	17 842	4 516	(797)	(8 107)	54 788
Financial income	-	-	-	-	618	618
Financial expenses	-	-	-	-	(11 399)	(11 399)
Share in profits of affiliated entities	-	-	-	-	-	-
Corporate income tax	-	-	-	-	(7 364)	(7 364)
Deferred tax assets	32 835	13 090	-	931	7 542	54 398
Total net profit/(loss)	-	-	-	-	36 643	36 643
The segment's assets	1 066 742	1 536 767	314 188	202 642	117 226	3 237 565
Investments in affiliated entities	-	-	-	-	818	818
Total assets	1 066 742	1 536 767	314 188	202 642	118 044	3 238 383
including goodwill	35 410	543 505	87 391	93 710	911	760 927
Liabilities of the segment	247 158	175 685	31 285	32 237	1 491 172	1 977 537
Depreciation of tangible fixed assets	32 764	12 865	6 922	4 274	240	57 065
Depreciation of intangible fixed assets	4 406	2 660	367	297	72	7 802
Capital expenditure	69 447	115 289	15 571	6 292	3 855	210 454
Asset write-down	1 151	2 729	2 795	1 159	-	7 834
Write-down of trade receivables	(296)	-	-	-	(392)	(688)
Inventories revaluation write-down	-	36	-	-	-	36
Other assets revaluation write-down	320	-	-	-	-	320
Goodwill revaluation write-down	-	-	-	-	-	-

<u>3 months ended on June 30th, 2015</u>	<i>CEE</i>	<i>Western Europe</i>	<i>Russia</i>	<i>China</i>	<i>Not allocated</i>	<i>Total</i>
<u>Revenues</u>	456 939	170 589	116 036	56 133	9 627	809 324
Revenue from sales – external customers	456 939	170 589	116 036	56 133	9 627	809 324
Operating profit, the segment result	35 343	12 747	8 731	2 187	-13 738	45 270
Financial income	-	-	-	-	1 701	1 701
Financial expenses	-	-	-	-	(10 901)	(10 901)
Share in profits of affiliated entities	-	-	-	-	92	92
Corporate income tax	-	-	-	-	(9 597)	(9 597)
Deferred tax assets	24 968	5 211	-	2 087	-	32 266
Total net profit/(loss)	-	-	-	-	26 565	26 565
The segment's assets	942 134	1 153 394	320 852	222 971	66 546	2 705 897
Investments in affiliated entities	-	-	-	-	334	334
Total assets	942 134	1 153 394	320 852	222 971	66 880	2 706 231
including goodwill	88 460	375 740	95 284	95 036	911	655 431
Liabilities of the segment	238 542	84 417	30 631	33 534	1 281 017	1 668 141
Depreciation of tangible fixed assets	28 121	9 783	6 740	2 819	117	47 580
Depreciation of intangible fixed assets	2 152	2 739	356	281	46	5 574
Capital expenditure	48 521	12 904	8 767	3 963	483	74 638
Asset write-down	(669)	4 108	(399)	140	-	3 180
Write-down of trade receivables	(13)	-	(6)	-	(1)	(20)
Inventories revaluation write-down	(1)	-	-	66	-	66
Other assets revaluation write-down	-	370	-	230	-	600
Goodwill revaluation write-down	-	-	-	-	-	-

Part III Selected financial data

Selected financial data including the basic positions of the Consolidated condensed interim financial statements for the first half of 2015, as at June 30th, 2015 and six months ended on that day.

in PLN '000	6 months 2016 in PLN '000	6 months 2015 in PLN '000	6 months 2016 in EUR '000	6 months 2015 in EUR '000
Revenue from sales	1 835 276	1 559 675	420 323	376 551
Operating profit	109 941	88 926	25 179	21 469
Gross profit	89 404	70 576	20 476	17 039
Net profit	75 162	53 054	17 214	12 809
Net profit/(loss) attributable to non-controlling interests	(857)	77	(196)	19
Net profit attributable to equity holders of the parent company	76 019	52 977	17 410	12 790
Net cash flows from operating activities	164 025	168 542	37 566	40 690
Net cash flows from investing activities	(316 147)	(158 039)	(72 405)	(38 153)
Net cash flows from financing	188 901	(16 362)	43 263	(3 950)
Total net cash flows	36 779	(5 859)	8 423	(1 414)
Total assets	3 238 383	2 706 231	731 755	645 201
Total liabilities and provisions for liabilities	1 977 537	1 668 141	446 851	397 707
Long-term liabilities	1 416 250	1 296 476	320 020	309 097
Short-term liabilities	561 287	371 665	126 830	88 610
Equity attributable to equity holders of the parent company	1 190 581	969 450	269 027	231 130
Non-controlling interests	70 265	68 640	15 877	16 365
Total equity	1 260 846	1 038 090	284 905	247 494
Share capital	714	714	161	170
Weighted average number of ordinary shares (in pcs.)	21 213 893	21 213 893	21 213 893	21 213 893
Weighted average number of ordinary shares used for calculation of diluted earnings per share	21 213 893	21 213 893	21 213 893	21 213 893
Basic earnings per one ordinary share (in PLN/EUR)	3.58	2.50	0.82	0.60
Diluted earnings per one ordinary share (in PLN/EUR)	3.58	2.50	0.82	0.60
Declared or paid dividend per one share	-	-	-	-