UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) **October 31, 2013**

BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-35625**	**20-8023465**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2202 North West Shore Boulevard, Suite 500, Tampa, Florida 33607
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(813) 282-1225**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Amendment No. 1 to Current Report on Form 8-K is being filed to amend the Current Report on Form 8-K (the "Initial 8-K") dated October 31, 2013 and filed with the Securities and Exchange Commission on November 4, 2013 by Bloomin' Brands, Inc. (the "Company") to include the financial information referred to in Item 9.01(a) and (b) below relating to the Company's acquisition on November 1, 2013 of a controlling interest in PGS Consultoria e Serviços Ltda., in accordance with the Quota Purchase and Sale Agreement entered into on October 31, 2013 by and among the Company, Outback Steakhouse Restaurantes Brasil S.A. (formerly known as Bloom Holdco Participações Ltda.) ("Purchaser"), PGS Participações Ltda. ("PGS Par"), the equity holders of PGS Par, PGS Consultoria e Serviços Ltda., and Bloom Participações Ltda., parent company of Purchaser. The Company hereby amends Item 9.01 of the Initial 8-K to include previously omitted financial information and related exhibits.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated statement of financial position of PGS Consultoria e Serviços Ltda. and its subsidiaries as of December 31, 2012 and audited consolidated statements of income and comprehensive income, changes in members' equity and cash flows of PGS Consultoria e Serviços Ltda. for the year ended December 31, 2012, and the notes thereto and the independent auditors' report thereon of Ernst & Young Auditores Independentes S.S. are filed as Exhibit 99.1 to this report and incorporated herein by reference.

The unaudited condensed consolidated statement of financial position of PGS Consultoria e Serviços Ltda. as of September 30, 2013 and unaudited condensed consolidated statements of income and comprehensive income and cash flows of PGS Consultoria e Serviços Ltda. for the nine months ended September 30, 2013 and 2012, and the notes thereto are filed as Exhibit 99.2 to this report and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012, unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2013, unaudited pro forma condensed combined balance sheets as of September 30, 2013, and the notes thereto are filed as Exhibit 99.3 to this report and incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Ernst & Young Auditores Independentes S.S.
99.1	Audited consolidated statement of financial position of PGS Consultoria e Serviços Ltda. and its subsidiaries as of December 31, 2012 and audited consolidated statements of income, comprehensive income and changes in members' equity and cash flows of PGS Consultoria e Serviços Ltda. for the year ended December 31, 2012, and the notes thereto and the independent auditors' report thereon of Ernst & Young Auditores Independentes S.S.
99.2	Unaudited condensed consolidated statement of financial position of PGS Consultoria e Serviços Ltda. and its subsidiaries as of September 30, 2013 and unaudited condensed consolidated statements of income and comprehensive income and cash flows of PGS Consultoria e Serviços Ltda. for the nine months ended September 30, 2013 and 2012, and the notes thereto.
99.3	Unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012, unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2013, unaudited pro forma condensed combined balance sheet as of September 30, 2013, and the notes thereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLOOMIN' BRANDS, INC.
(Registrant)

Date: January 17, 2014

By: /s/ Joseph J. Kadow

Joseph J. Kadow
Executive Vice President and Chief Legal Officer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference of our report dated January 8, 2014, with respect to the consolidated financial statements of PGS Consultoria e Serviços Ltda. for the year ended December 31, 2012 in the Registration Statements on Form S-8 (No. 333-183270 and No. 333-187035) of Bloomin' Brands, Inc., appearing in this Current Report on Form 8-K/A of Bloomin' Brands, Inc.

São Paulo, Brazil, January 17, 2014

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP015199/O-6

/s/ Julio Braga Pinto
Julio Braga Pinto
Accountant CRC-1SP209957/O-2

Consolidated Financial Statements

PGS Consultoria e Serviços Ltda.

December 31, 2012
with Report of Independent Auditors

PGS Consultoria e Serviços Ltda.

Consolidated financial statements

December 31, 2012

Contents

Report of independent auditors on the consolidated financial statements

To the Management and Members of
PGS Consultoria e Serviços Ltda.
Sao Paulo - SP

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of PGS Consultoria e Serviços Ltda. (the “Company”), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of income and comprehensive income, changes in members’ equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting practices adopted in Brazil, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Company omitted financial statements for a preceding comparative period. In our opinion, disclosures of comparative financial statements and related information are required by the accounting practices adopted in Brazil, as promulgated by the Brazilian Accounting Standards Board. The omission of comparative financial statements and related disclosures represent in an incomplete presentation of the Company's financial statements.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PGS Consultoria e Serviços Ltda. as of December 31, 2012, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting practices adopted in Brazil.

Other Matter

The accounting practices adopted in Brazil differ, in certain significant aspects, from the accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 19 to the consolidated financial statements.

São Paulo, Brazil, January 8, 2014

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP015199/O-6

/s/ Julio Braga Pinto
Julio Braga Pinto
Accountant CRC-1SP209957/O-2

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated balance sheet
December 31, 2012
(In thousands of Brazilian reais)

Assets	
Current assets	
Cash and cash equivalents (Note 5)	22,721
Trade accounts receivable (Note 6)	23,780
Inventories (Note 7)	14,628
Recoverable taxes	476
Advances from suppliers	1,237
Prepaid expenses	956
Other	4,403
Total current assets	68,201
Non-current assets	
Transactions with related parties (Note 10)	314
Judicial deposits (Note 12)	5,503
Deferred income tax and social contribution (Note 13)	10,124
	15,941
Properties, fixtures and equipments (Note 8)	121,947
Intangible assets (Note 9)	10,151
	132,098
Total non-current assets	148,039
Total assets	216,240

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated balance sheet (Continued)
December 31, 2012
(In thousands of Brazilian reais)

Liabilities and members' equity	
Current liabilities	
Loans (Note 11)	34
Trade accounts payable	16,271
Rental payable	2,280
Payroll, provisions and social charges	13,301
Income tax and social contribution payable	1,684
Taxes and contributions payable	5,013
Royalties payable (Note 10)	2,239
Franchise fees payable (Note 10)	572
Deferred rentals	132
Current portion of accrued buyout liability	1,577
Accounts payable to non-controlling partners	2,444
Other	4,773
Total current liabilities	50,320
Non-current liabilities	
Accrued buyout liability	6,638
Non-controlling partner deposit	2,667
Transactions with related parties (Note 10)	1,127
Commitments and contingencies (Note 12)	16,061
Deferred rentals	1,721
Other	3,463
Total non-current liabilities	31,677
Members' equity (Note 14)	
Issued capital	21,864
Retained earnings	112,379
	134,243
Total liabilities and members' equity	216,240

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statement of income
For the year ended December 31, 2012
(In thousands of Brazilian reais)

Net revenue from restaurant sales	466,928
Cost of sales	(141,519)
Gross profit	325,409
Operating expenses	
Restaurant payroll expenses (Note 3)	(100,020)
Operating stores expenses	(54,654)
Royalties expenses (Note 10)	(23,292)
Administrative fee - credit cards/tickets	(11,049)
Depreciation and amortization	(16,470)
Loss on impairment of property, fixture and equipment (Note 8)	(170)
Pre-opening expenses	(3,787)
Corporate payroll expenses	(16,569)
General and administrative expenses	(22,624)
Other operating expenses, net (Note 18)	(30,865)
	(279,500)
Financial income	1,918
Financial expense	(1,807)
	111
Income before income tax and social contribution	46,020
Current income tax and social contribution (Note 13)	(26,106)
Deferred income tax and social contribution (Note 13)	4,348
Net income for the year	24,262

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statement of comprehensive income
For the year ended December 31, 2012
(In thousands of Brazilian reais)

Net income for the year	24,262
Other comprehensive income	—
Income tax effect	—
Total comprehensive income for the year, net of tax	24,262

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statements of changes in members' equity
For the year ended December 31, 2012
(In thousands of Brazilian reais)

	Issued Capital	Retained earnings	Total
Balances as at December 31, 2011	21,864	88,117	109,981
Net income for the year	—	24,262	24,262
Balances as at December 31, 2012	21,864	112,379	134,243

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statement of cash flows
For the year ended December 31, 2012
(In thousands of Brazilian reais)

Cash flow from operating activities	
Income before income tax and social contribution	46,020
Adjustments to reconcile income before tax to net cash flows:	
Depreciation and amortization	16,470
Provision for contingency	9,203
Provision for CIDE	1,220
Accrued buyouts	(341)
Disposal of intangibles	—
Loss on impairment of property, fixture and equipment	170
	72,742
Working capital adjustments:	
(Increase) decrease in assets	
Trade accounts receivable	(8,227)
Inventories	(4,563)
Recoverable taxes	(250)
Advances from suppliers	(1,172)
Prepaid expenses	(54)
Judicial deposits	(1,500)
Other assets	(3,046)
Increase (decrease) in liabilities	
Trade accounts payable	6,273
Rental payable	(96)
Payroll, provisions and social charges	2,435
Taxes and contributions payable	333
Royalties and franchise fees payable	569
Deferred rent	581
Accounts payable to non-controlling partners	1,367
Other liabilities	5,313
Transactions with related parties, net	162
Cash flow from operating activities	70,867
Income tax and social contribution paid	(26,979)
Net cash flows from operating activities	43,888
Investing activities	
Purchase of property, fixture and equipment	(36,368)
Purchase of intangible	(4,247)
Net cash flows used in investing activities	(40,615)
Financing activities	
Proceeds from loans	—
Repayment of loans	(2,460)
Receipt of non-controlling partner deposit	76
Net cash flows from/(used in) financing activities	(2,384)
Increase in cash and cash equivalents	889
Cash and cash equivalents at January 1	21,832
Cash and cash equivalents at December 31	22,721
Net increase in cash and cash equivalents	889

See accompanying notes.

1. Corporate information

PGS Consultoria e Serviços Ltda. ("PGS Consultoria" or the "Parent Company") was formed in May 1997 and is headquartered at Av. Dr. Chucri Zaidan, 80, 8th floor, in the City and State of São Paulo.

PGS Consultoria is the holding company of the CLS Companies (collectively referred as the "Group"). The main purpose of the CLS Companies ("CLS"), which is comprised of (i) CLS São Paulo Ltda. ("CLS SP"); (ii) CLS Restaurantes Rio de Janeiro Ltda. ("CLS RJ"); (iii) CLS Restaurantes Brasília Ltda. ("CLS BSB"); and (iv) CLS Restaurantes do Sul Ltda. ("CLS do Sul"), is to explore and manage restaurants under the trademark "Outback Steakhouse" in Brazil.

"Outback Steakhouse" is an Australian steakhouse concept, which is open for lunch and dinner. Although beef and steak items make up a good portion of the menu, the concept offers a variety of chicken, ribs, seafood, and pasta dishes. The Group's strategy is to differentiate its restaurants by emphasizing consistently high-quality food, concentrated service, generous portions at affordable prices and a casual atmosphere suggestive of the Australian Outback.

CLS operates 41 (forty-one) restaurants altogether, in twenty different cities, being: (i) 8 (eight) in Rio de Janeiro and 1 (one) in Niterói, State of Rio de Janeiro, and 1 (one) in Vitoria, State of Espirito Santo (CLS RJ); (ii) 11 (eleven) in São Paulo, 2 (two) in Campinas, 1(one) in Barueri, 1 (one) in São Bernado do Campo, 1(one) in São Caetano do Sul, 1(one) in São José dos Campos, 1 (one) in Ribeirão Preto, 1 (one) in Guarulhos and 1(one) in Jundiaí, State of São Paulo (CLS SP); (iii) 2 (two) in Brasília, Federal District, 1 (one) in Belo Horizonte, State of Minas Gerais, 2 (two) in Salvador, State of Bahia, 1 (one) in Goiânia, State of Goiás and 1 (one) in Recife, State of Pernambuco (CLS BSB); and (iv) 1 (one) in Porto Alegre, State of Rio Grande do Sul, 2 (two) in Curitiba, State of Paraná and 1 (one) in Florianópolis, State of Santa Catarina (CLS do Sul).

The consolidated financial statements for the year ended December 31, 2012 were authorized for issue by the Parent Company's management on January 8, 2014.

2. Basis of preparation

The consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the pronouncements, interpretations and guidance issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis* (“CPC”)), which are converged to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The preparation of the accompanying consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts. These estimates were determined based on objective and subjective factors, considering management’s judgment to determine the adequate amounts to be recorded in the consolidated financial statements.

Significant items subject to such estimates and assumptions include selection of useful lives of property, fixtures and equipment and analysis of their recoverability in operations, credit risk assessment to determine the allowance for doubtful accounts, as well as analysis of other risks to determine other provisions, including those set up for contingencies. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the consolidated financial statements due to the uncertainties inherent in the estimation process. The Group reviews its estimates and assumptions at least annually.

The consolidated financial statements presented herein do not include the Parent Company’s stand-alone financial statements and are not intended to be used for statutory purposes.

3. Basis of consolidation

The consolidated financial statements include the operations of PGS Consultoria and the “CLS Companies”. The details of the participation in CLS Companies comprised of CLS SP, CLS RJ, CLS BSB and CLS do Sul, are summarized as follow:

	Issued capital(1)	Retained earnings(2)
CLS SP	90.31%	100%
CLS RJ	96.37%	100%
CLS BSB	93.92%	100%
CLS do Sul	95.38%	100%

3. Basis of consolidation (Continued)

(1) The issued capital of the CLS Companies is shared primarily between PGS Consultoria, proprietors (stores' managing partners) and JV's (operating partners who supervise the Rio de Janeiro, São Paulo, Brasília and South Region stores), in accordance with their respective interests.

(2) According to each individual partners' association document known as "Protocolo de Entendimentos" (Memorandum of Understanding), dividends are distributed to non-controlling partners (proprietors and JV's) based on certain criteria, such as a percentage of the pre-tax income results of their respective restaurants and supervision areas and other, being 100% of the remaining undistributed earnings of PGS Consultoria. Such dividends are recognized as compensation expense within the restaurant payroll expenses account for the period earned by the non-controlling partners. Further detail from the income statement is shown in the following table.

Restaurant Payroll Expense	
Operating Payroll Expense	94,145
Compensation Expense (Proprietors & JV's)	5,875
	100,020

The financial statements of the CLS Companies are prepared for the same reporting period as the Parent Company. Accounting policies of CLS Companies have been adjusted to ensure consistency with the accounting policies adopted by the Group. All intra-group balances, income and expenses, unrealized gain and losses and dividends resulting from intra-group transactions have been eliminated in consolidation.

Capital contributions to the CLS Companies received from the non-controlling partners are recorded as long-term liabilities in the line item "non-controlling partner deposit". Monthly payments made pursuant to the Memorandum of Understanding are paid as dividends and are recognized as compensation expense in the period earned by the non-controlling partners.

4. Summary of significant accounting policies

4.1. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits are likely to flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes.

Revenue from sales is recognized when the significant risks and rewards have passed to the buyer. No revenue is recognized if there are significant uncertainties regarding its collection.

4. Summary of significant accounting policies (Continued)

4.2. Foreign currency transactions (Continued)

The consolidated financial statements are presented in Brazilian Reais, which is also the Parent Company's and the CLS Companies' functional currency. Foreign currency transactions are initially recorded by the Group entities at the functional currency exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the functional currency exchange rate on the reporting date. All differences are recorded to the income statement.

4.3. Financial instruments

Financial instruments are only recognized as of the date when the Group becomes a part of the contract provisions of financial instruments. Once recognized, they are initially recorded at their fair value plus transaction costs that are directly attributable to their acquisition or issuance, except in the case of financial assets and liabilities classified in the category at fair value through profit or loss ("P&L"), when such costs are directly charged to P&L for the period. Subsequent measurement of financial assets and liabilities is determined by their classification at each balance sheet.

The Group's most significant financial assets are cash and cash equivalents and accounts receivable, whereas the main financial liabilities are comprised of trade accounts payable.

4.4. Cash and cash equivalents

Cash and cash equivalents include bank account balances and short-term investments redeemable within three months or less from the date of acquisition, subject to insignificant risk of change in their market value.

4.5. Trade accounts receivable

Trade accounts receivable are shown at realization amounts, and refer primarily to the amounts to be received from credit card companies due to the sales in the restaurants.

4. Summary of significant accounting policies (Continued)

4.6. Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories consist of food and beverages, and are stated at the average purchase cost.

4.7. Property, fixtures and equipment

Property, fixtures and equipment are stated at acquisition cost, net of accumulated depreciation.

Improvements to leased properties are depreciated over the lease term. Depreciation is computed on the straight-line method over the following estimated useful lives:

Furniture and fixtures	10 years
Computers	5 years
Equipment and facilities	10 years
Buildings	25 years
Leasehold improvements	10 to 15 years

The CLS companies capitalize all direct costs incurred to construct its restaurants. Upon restaurant opening, these costs are depreciated and charged to the consolidated statements of income. The amount of interest capitalized in connection with restaurant construction was immaterial in all periods.

An item of property, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the asset is included in the consolidated statements of income when the asset is derecognized.

The assets' residual value, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

4.8. Intangible assets

Intangible assets consist primarily of software and franchise fees. Intangible assets acquired separately are measured on initial recognition at cost. After the initial recognition, intangible assets are presented at cost, net of accrued amortization and impairment losses.

4. Summary of significant accounting policies (Continued)

4.8. Intangible assets (Continued)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. Both finite and indefinite intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are included in the consolidated statements of income when the asset is derecognized.

4.9. Loans

Loans are recognized initially at fair value, plus directly attributable transaction costs. Following the initial recognition, loans subject to interest are measured at the amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement at the time when the liabilities are written off, as well as during the amortization process according to the effective interest rate method.

4.10. Other assets and liabilities

Liabilities are recognized in the balance sheet when the Group has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. Provisions are recorded reflecting the best estimates of the risk involved. An asset is recognized in the balance sheet when it is likely that its economic benefits will flow to the Group and its cost or value may be safely measured.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the following twelve months. Otherwise they are stated as noncurrent.

4.11. Taxation

Taxes on sales

Revenues from restaurant sales are subject to the following taxes and contributions, at the rates shown below:

State VAT - ICMS	From 2% to 25%
Social Contribution Tax on Gross Revenue for Social Integration Program - PIS	From 0.65 to 1.65%
Social Contribution Tax on Gross Revenue for Social Security Funding - COFINS	From 3.00 to 7.60%
Service Tax - ISS	From 2% to 5%

4. Summary of significant accounting policies (Continued)

4.11. Taxation (Continued)

Taxes on sales (Continued)

The restaurant sales are presented net from taxes and contributions deductions.

Taxation on income includes the income tax and the social contribution. CLS SP, CLS RJ and CLS Brasília record the income tax and social contribution based on taxable income. Income tax is calculated at a rate of 15%, plus a surtax of 10% on taxable profit exceeding R$ 240 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis.

Income tax and social contribution - current

Therefore, additions to the book profit of expenses, temporarily nondeductible, or exclusions from revenues, temporarily nontaxable, for computation of current taxable profit generate deferred tax credits or debits.

The computation for income tax and social contribution for the CLS Sul was calculated in accordance with the presumed profits method, which basis and rates are set forth in the tax legislation in force.

Advances or amounts subject to offset are stated in current or noncurrent assets, according to the estimate of their realization.

Income tax and social contribution - deferred

Deferred income tax and social contribution are generated by tax loss carryforwards and by temporary differences on the balance sheet date between the tax basis of assets and liabilities and their book values.

The book value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

4. Summary of significant accounting policies (Continued)

4.11. Taxation (Continued)

Income tax and social contribution - deferred (Continued)

Deferred income tax and social contribution assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset exists and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12. Judgments, estimates and significant accounting assumptions

Judgments

The preparation of the consolidated financial statements requires management to make judgments and estimates, and adopt assumptions that affect the amounts stated for revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities on the financial statement date.

However, uncertainties regarding these estimates and assumptions might lead to results that require significant adjustments to the book value of an asset or liability affected in future periods.

Estimates and assumptions

Major assumptions related to sources of uncertainty in future estimates and other relevant sources of uncertainty in estimates on the balance sheet date that entail significant risk of material adjustment to the book value of assets and liabilities in the next financial year are discussed as follows.

4. Summary of significant accounting policies (Continued)

4.12. Judgments, estimates and significant accounting assumptions (Continued)

Impairment loss on nonfinancial assets

Impairment loss exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less sales costs and value in use. The fair value less sales cost is calculated based on available information about similar asset sales transactions or market-observable prices less additional costs to dispose of the asset item. In 2012, the Group recorded impairment loss in the amount of R$ 170 related to leasehold improvements located at the stores and office spaces that the Group plans to vacate and re-allocate based on landlords agreements. No other evidence indicating that the asset net book values exceeding their recoverable amounts has been identified.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on several factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax strategies.

The Group has tax loss carryforwards for both income tax and social contribution amounting to approximately R$ 6,564 at December 31, 2012. These losses, which relate to the Parent Company that has a history of taxable losses, do not expire and may not be used to offset taxable income elsewhere in the Group. Tax offsettable losses generated in Brazil may be offset against future taxable profit up to 30% of the taxable profit determined in any given year. CLS SP, CLS RJ and CLS Brasília have no tax losses, but taxable temporary differences.

4. Summary of significant accounting policies (Continued)

4.12. Judgments, estimates and significant accounting assumptions (Continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are recorded in an amount considered sufficient by the Group's management, supported by the opinion of their legal advisors, to cover probable losses on lawsuits. Further details on contingencies are disclosed in Note 12.

4.13. Non-controlling partner distributions and buyouts

The proprietors and the JVs are required to sign a five to seven-year agreement Memorandum of Understanding and to purchase an ownership interest in the CLS Companies. This ownership interest gives the proprietor and the JVs the right to receive distributions based on a percentage of the after-tax income results of their respective restaurants for the duration of the agreement.

PGS Consultoria has the option to purchase the non-controlling partners' interests after a five to seven-year period based on the terms specified in the agreement.

The Group estimates future purchases of proprietors' and JVs' interests using current information on restaurant performance and records the non-controlling partner obligations in the line item "accrued buyout liability" in the consolidated balance sheet. In the period the Group purchases the proprietors' and JVs' interest, an adjustment is recorded to recognize any remaining expense associated with the purchase and reduce the related accrued buyout liability.

Distributions made to proprietors and JVs are included in "restaurant payroll expenses" and "general and administrative expenses," respectively, in the consolidated statement of income.

4. Summary of significant accounting policies (Continued)

4.14 Operating Leases

Rent expense for the Group’s operating leases, which generally have escalating rentals over the term of the lease and may include potential rent holidays, is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The initial lease term includes the “build-out” period of the Group’s leases, which is typically before rent payments are due under the terms of the lease. The difference between rent expense and rent paid is recorded as deferred rent and is included in the consolidated balance sheet. Payments received from landlords as incentives for leasehold improvements are recorded as deferred rent and are amortized on a straight-line basis over the term of the lease as a reduction of rent expense. Lease termination fees, if any, and future obligated lease payments for closed locations are recorded as an expense in the period that they are incurred.

4.15. Pre-Opening Expenses

Non-capital expenditures associated with opening new restaurants are expensed as incurred.

4.16. New accounting pronouncements

The Group adopted all pronouncements, revised pronouncements and interpretations issued by CPC and IASB that were effective as of December 31, 2012. Regarding IAS 12 (R) - Income Taxes, IFRS 1(R) - First-time Adoption of International Financial Reporting Standards and IFRS 7 (R) - Financial Instruments: Disclosures, which were revised by IASB and first adopted in 2012, without any impact on the consolidated financial statements of the Group as at December 31, 2012.

Regarding IAS 1 (R) - Presentation of Financial Statements, IAS 19 (R) - Employee Benefits, IAS 32 (R) - Offsetting Financial Assets and Financial Liabilities, IFRS 1 (R) - First-time Adoption of International Financial Reporting Standards and IFRS 7 (R) - Financial Instruments: Disclosures, IFRS 9 - Financial Instruments: Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IFRS 13 - Fair Value Measurement, IAS 27 (R) - Consolidated and Separate Financial Statements and IAS 28 (R) - Investments in Associates and Joint Ventures, which are new or revised pronouncements issued by CPC and IASB prior to 2012, adoption of which is effective for fiscal years beginning on or after January 1, 2013, the Group did not assess if the adoption of these pronouncements will have any impact on its consolidated financial statements.

(In thousands of Brazilian reais, except when mentioned otherwise)

5. Cash and cash equivalents

Cash	638
Bank deposits	612
Short term investments	21,471
	22,721

Cash equivalents consist of investments that are readily convertible to cash with an original maturity date of three months or less.

6. Trade accounts receivable

Trade accounts receivable consist mainly of amounts receivable from credit card companies, as follows:

Redecard (Mastercard/Diners/Credicard)	6,292
Visanet (Visa/Visa electron)	12,052
American express	1,665
Ticket Refeição	1,865
Other	1,906
	23,780

No allowance for doubtful accounts has been recorded due to the remote chances of losses on receivables.

7. Inventories

Kitchen utensils	2,058
Food and beverage	3,172
Inventories held by third-parties	5,544
Imports in transit	1,720
Other	2,134
	14,628

(In thousands of Brazilian reais, except when mentioned otherwise)

7. **Inventories** (Continued)

Inventory is counted at the end of every month and controlled in all stores and at the distribution center; expired inventories are disposed of immediately and recorded as expense. Inventories differences are adjusted within the month and against the cost of sales for such period, as this is a periodic inventory, everything on hand should be usable and therefore no risk of loss or expiration is expected.

8. Property, fixtures and equipment

	Land	Furniture and fixture	Computers	Equipment and facilities	Buildings and Leasehold improvements	Construction in progress	Total
Cost							
Balances at December 31, 2011	3,363	21,072	7,012	46,687	72,682	—	150,816
Additions	—	1,643	1,428	8,561	14,996	9,740	36,368
Transfers	—	1,585	85	610	(658)	(1,622)	—
Balances at December 31, 2012	3,363	24,300	8,525	55,858	87,020	8,118	187,184
Depreciation							
Balances at December 31, 2011	—	(7,532)	(4,456)	(17,428)	(19,933)	—	(49,349)
Additions	—	(2,707)	(2,301)	(5,030)	(5,680)	—	(15,718)
Impairment	—	—	—	—	(170)	—	(170)
Balances at December 31, 2012	—	(10,239)	(6,757)	(22,458)	(25,783)	—	(65,237)
Net book value							
Balances at December 31, 2012	3,363	14,061	1,768	33,400	61,237	8,118	121,947
Average annual depreciation rate	—	10%	20%	10%	4% to 10%	—	

In 2012, the Group recorded impairment loss in the amount of R$ 170 related to leasehold improvements located at the stores and office spaces that the Group plans to vacate. No other evidence indicating that the asset net book values exceed their recoverable amounts has been identified.

(In thousands of Brazilian reais, except when mentioned otherwise)

9. Intangible assets

	Software	Franchise fees	Other	Total
Cost				
Balances at December 31, 2011	2,699	3,450	2,022	8,171
Additions	2,916	826	505	4,247
Balances at December 31, 2012	5,615	4,276	2,527	12,418
Amortization				
Balances at December 31, 2011	(148)	(1,018)	(349)	(1,515)
Additions	(515)	(87)	(150)	(752)
Balances at December 31, 2012	(663)	(1,105)	(499)	(2,267)
Residual value				
Balances at December 31, 2012	4,952	3,171	2,028	10,151
Average annual amortization rate	20%	5%	20%	

Franchise fee

The Group has a franchise agreement with Outback Steakhouse International Investments Co. ("OSI"), which expires generally 20 years after the date the restaurant is opened. The Group has the option to renew the agreement for one consecutive term of 20 years, subject to certain conditions. Pursuant to the Agreement, the Group must operate the restaurant in strict conformity with the methods, standards and specifications prescribed by OSI, regarding training, staff, health standards, suppliers and advertising, among others. The Group is contractually bound to pay franchise fees of US$ 40 at the opening of each restaurant, and monthly royalties of 4% to 5% of net sales after the restaurant is opened. Royalty fees are charged to expenses as incurred.

(In thousands of Brazilian reais, except when mentioned otherwise)

10. Transactions with related parties

At December 31, 2012, the balance of transactions with related parties can be summarized as follows:

	Assets	Liabilities
Current		
Royalties payable		
Outback Steakhouse International	—	2,239
Franchise fees		
Outback Steakhouse International	—	572
Total current	—	2,811
Noncurrent		
Accounts receivable/payable		
Outback Steakhouse International	314	357
	314	357
Other(1)	—	770
Total noncurrent	314	1,127
Total	314	3,938

(1) This amount refers to transactions with non-controlling interest parties (restaurant proprietors).

	Royalties (i)	Financial results (ii)
Outback Steakhouse International	23,292	21
	23,292	21

(i) Refer to the royalties calculated on the net revenues posted by the stores.
(ii) Refer, basically, to the interest expenses and exchange variation on Outback Steakhouse International loans.

OSI

The transactions between the Group and OSI consist of:

- The Group is contractually bound to pay franchise fees of US$ 40 at the opening of each restaurant and monthly royalties of 4% to 5% of net sales after the restaurant is opened. Monthly royalty fees are charged to expenses as incurred.

10. Transactions with related parties (Continued)

Distribution of Profits - CLS Companies

Dividends paid to proprietors (stores' managing partners) and to JVs (operating partners who supervise the Rio de Janeiro, São Paulo, Brasília and South Region stores) are distributed according to the criteria stated within each individual partner's association document referred to as Memorandum of Understanding.

Partners are paid dividends according to a percentage of the after-tax income results ("ATI") of their respective restaurants, as per their P&L statements. It is 7.5% of ATI for managing partners and 3% to 6% for operating partners. Members of top management have also received dividends based on certain monthly fixed amounts stipulated in the previous year's budget submitted to and approved by OSI.

Based on the above and in accordance with local laws allowing actual distributions to be different than the exact amount owed to a partner, based on his/her members' position, the CLS Companies distributed the following amounts to its partners during 2012:

Proprietors (stores' managing partners)	4,052
JVs (operating partners)	1,823
Executives	2,395
	8,270

Dividends paid to the non-controlling partners (proprietors and JVs) are recognized as compensation expense in the consolidated statements of income in the period earned. Additional detail is provided at Note 3.

There are no guarantees and allowances for doubtful accounts for loans and other transactions with related parties.

11. Loans

As of December 31, 2012 the Group has a R$ 34 outstanding loan balance with Banco Bradesco S.A. which is classified as a current obligation.

On January 10, 2011, CLS Brasília entered into a loan agreement with Banco Nordeste Brasil S.A.. The principal amount of the loan on that date was R$ 2,494 and was to be paid in 36 monthly installments of principal and interest beginning on February 10, 2012 and ending on January 10, 2015. The principal amount was subject to annual interest of 9.5%. The loan was guaranteed by PGS Consultoria. As of December 31, 2012 the Group has fully paid the balance of the loan with no penalties for early payments.

12. Commitments and contingencies

The Group is involved in tax, civil and labor lawsuits arising in the normal course of its activities. These matters are discussed at the administrative and judicial levels. Judicial deposits related to these matters are made, when applicable. The Group accrues for loss contingencies that are probable and reasonably estimable and this assessment is carried out based on the information available and on risk factors inherent to each process, in accordance with the opinion of the Group's legal advisors. The Group generally does not accrue for legal costs expected to be incurred with a loss contingency until those services are provided.

Based on the information of its legal advisors and on the analysis of legal procedures pending judgment and controversy tax obligation, the Group has decided to set up a provision at an amount deemed sufficient to cover probable losses arising from unfavorable outcomes of lawsuits in progress, tax obligation challenges and tax assessments. Based on the opinion from external legal advisors, the Group has decided to constitute the provision in the amount of R$5,498 under the scenario of adopting the new amnesty program established by the State of Sao Paulo and Rio de Janeiro according to State Laws 58.811/12 and 6.357/12, respectively.

(In thousands of Brazilian reais, except when mentioned otherwise)

12. Commitments and contingencies (Continued)

The most significant cases for the CLS Companies involve amounts totaling approximately R$ 5,573 (CLS SP). These lawsuits were filed by Secretaria de Fazenda do Estado de São Paulo seeking additional payments for ICMS under the taxpayer substitution system in addition to fines for noncompliance with other accessory obligations. The most significant case for PGS Consultoria, involves an amount totaling approximately R$ 1,913 and the tax authorities are arguing that the Group did not evidence the source of some amounts received in 1998, considered by the tax authorities as derived from sales of goods without taxation and without a tax invoice (ICMS Tax Assessment).

Provisions for judicial and administrative processes	
Tax	11,828
Labor	4,233
	16,061

The table below depicts judicial deposits associated or not with legal contingencies classified in the noncurrent assets group.

Judicial deposits	
Tax	4,891
Labor	612
	5,503

Changes in commitments and contingencies provisions for the year ended December 31, 2012 are as follows:

	Tax	Labor	Total
Balance at December 31, 2011	3,538	2,100	5,638
(+) Supplemental provision	7,070	1,633	8,703
(+) Monetary restatement	—	500	500
(+) CIDE commitment	1,220	—	1,220
Balance at December 31, 2012	11,828	4,233	16,061

(In thousands of Brazilian reais, except when mentioned otherwise)

12. Commitments and contingencies (Continued)

The Group is questioning a matter related to the validity of the social contribution tax for intervention in the economic order (CIDE), established by Law, on the remittance of royalties. Management, supported by preliminary injunctions granted in its favor, is judicially paying this tax. The judicial deposits related to this matter amount to R$ 4,891 at December 31, 2012. The Group maintains a provision of R$ 4,758 related to this tax.

As of December 31, 2012, the Group's external legal advisors estimate the chances of a final unfavorable outcome as "possible" in certain matters, primarily related to labor, civil and tax claims. The total possible contingencies that are uncertain at this time and could have a material adverse effect on the Group's financial condition are R$ 15,501 as of December 31, 2012.

13. Income tax and social contribution

CLS do Sul has elected to calculate income tax and social contribution using the "presumed profits" method. Under the "presumed profits" method, taxable income is calculated as an amount equal to different percentages of gross revenue based on the activities of the taxpayer.

Under current Brazilian tax law, the percentages of the CLS Companies' gross revenues are 8% for calculating income tax, and 12% for social contribution. The Parent Company, CLS SP, CLS RJ, and CLS BSB calculate their income tax and social contribution using the "actual profits" method, which is based on total taxable income.

Tax loss carry forwards through December 31, 2012 relating to income tax and social contributions were approximately R$ 6,564 comprised entirely of fiscal results of the Parent Company. These tax loss carry forwards can offset future taxable income. Brazilian tax laws restrict the offset of tax losses to 30% of taxable profits on an annual basis. These losses can be used indefinitely and are not impacted by a change in ownership of the Parent Company.

13.1. Components of income tax and social contribution provision

Current income tax and social contribution	26,106
Deferred income tax and social contribution	(4,348)
	21,758

(In thousands of Brazilian reais, except when mentioned otherwise)

13. Income tax and social contribution (Continued)

13.2. Reconciliation income tax and social contribution provision at statutory rate to effective rate

Income before income tax and social contribution	46,020
Income tax and social contribution at statutory rate of 34%	15,647
Benefits of utilizing presumed profits method of calculating of income tax and social contribution for CLS do Sul	(489)
Non-deductible expenses for minority partner distributions and buyouts	2,559
Other non-deductible expenses	1,916
Provisions arising from write-down of tax losses	1,786
Benefits of income excluded from income tax surcharge	(72)
Adjustment recognized in current year for current tax of prior years	266
Other	145
Effective income tax and social contribution provision	21,758
Effective rate	47.3%

13.3 Components of deferred income tax and social contribution

Tax loss carry forward	2,764
Temporary differences	
Pre-opening costs	2,766
Provision for contingency	2,398
Lease	576
Provision for CIDE	1,506
Provision for bonus	971
PP&E basis difference	1,237
Other	834
	13,052
Unrecognized deferred tax assets	(2,928)
	10,124

(In thousands of Brazilian reais, except when mentioned otherwise)

13. Income tax and social contribution (Continued)

13.3 Components of deferred income tax and social contribution (Continued)

Deferred income tax and social contribution assets, resulting from tax loss carry forwards and temporary differences are recorded taking into consideration the probable realization thereof, based on projected future results of operations considering internal assumptions and future economic scenarios that are subject to change. These projections indicate that future operating results will provide taxable income for CLS SP, CLS RJ and CLS BSB. The unused credits reflect the assessment of the likelihood of realizing the deferred tax asset comprised of the tax loss carry forwards attributable to the Parent Company.

14. Members' equity

14.1. Capital stock

At December 31, 2012, the Parent Company's subscribed capital amounted to R$ 21,864, divided into 20,244,048 units of interest with par value of R$ 1.08 each, distributed as follows:

	Numbers of units of interest
PGS Participações Ltda.	10,122,024
OSI	10,122,024
	20,244,048

14.2 Distribution of profits

The Parent Company's management decided to maintain profits for 2012 in retained earnings, to be later appropriated in a members' meeting.

14. Members' equity (Continued)

14.3. Non-controlling interest (JV partners and proprietors)

According to each individual partners' association document known as Memorandum of Understanding, dividends are distributed to non-controlling partners (proprietors and JVs) based on certain criteria, such as a percentage of the pre-tax income results of their respective restaurants and supervision areas and other components, being 100% of the remaining undistributed earnings of PGS Consultoria's results. These dividends are effectively paid and recognized as compensation expense and are not fully determined at each CLS's results level rather on the individual store (proprietors) or group of stores (JV partners), therefore the amount of these dividends is recognized as Operating Expense in the income statement in the period earned by the non-controlling partners.

15. Financial instruments

The Group evaluated its financial assets and liabilities in relation to market value through available information available and appropriate evaluation methodologies. The interpretation of market data and the selection of valuation methods require extensive judgment and estimates to calculate the most appropriate realization value.

Consequently, the estimates presented do not necessarily show the amounts that may be realized in the market. The use of different market assumptions and/or methods may have a material effect on the estimated realization values.

The Group's main financial instruments consist of cash and cash equivalents, trade accounts receivable and trade accounts payable.

<u>Fair value measurements</u>

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and is a market-based measurement. To measure fair value, the Group incorporates assumptions that market participants would use in pricing the asset or liability, and utilizes market data to the maximum extent possible.

(In thousands of Brazilian reais, except when mentioned otherwise)

15. Financial instruments (Continued)

Set out below is a comparison by financial statement class of the book value and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

Description	Book value	Fair value
Financial assets		
Cash and cash equivalents	22,721	22,721
Trade accounts receivable	23,780	23,780
Recoverable taxes	476	476
Credits from related parties	314	314
Other assets	6,596	6,596
	53,887	53,887
Financial liabilities		
Trade accounts payable	16,271	16,271
Rental payable, including deferred	4,133	4,133
Payroll, provisions and social charges	13,301	13,301
Taxes and contributions	6,697	6,697
Royalties and franchises fee	2,811	2,811
Accounts payable to non-controlling partners	2,444	2,444
Accrued buyout liability	8,215	8,215
Other liabilities	8,236	8,236
	62,108	62,108

The fair values of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term accounts payable approximate their respective book values due to the their short-term maturity.

As a basis for considering the market participant assumptions in fair value measurements, a three-tier fair value hierarchy prioritizes the inputs used in measuring fair values as follows:

- Level 1 - observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access;
- Level 2 - inputs, other than the quoted market prices included in Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market data available.

15. Financial instruments (Continued)

The fair value measurement of short-term investments classified as cash and cash equivalents at December 31, 2012, in the amount of R$ 21,471, uses inputs that fall within Level 2 of the fair value hierarchy.

The Group is not engaged in any outstanding hedging instruments, term contracts, swap operations, options, futures, or embedded derivatives operations. Therefore, the Group has no risk related to derivatives utilization policies.

Significant market risk factors affecting the Group's business are as follows:

<u>Exchange rate risk</u>

This risk arises from the possibility of the Group incurring losses because of fluctuations in foreign currency exchange rates.

The Group does not use hedging instruments to protect against exchange rate fluctuations between the Brazilian real and the US dollar.

<u>Credit risk</u>

This risk mainly involves the Groups' cash and cash equivalents and accounts receivable. The Group carries out operations with highly-rated banks, which minimizes risk.

Accounts receivable are substantially generated from credit card companies resulting from sales in the restaurants. Management does not anticipate losses in the realization of such receivables.

<u>Liquidity risk</u>

Liquidity risk arises from the possibility that the Group may not have sufficient funds to comply with their financial commitments due to the different currencies and settlement terms of their rights and obligations.

In order to mitigate liquidity risk for the Parent Company and its subsidiaries. the Group's liquidity and cash flow is monitored on a daily basis by Management, assuring that cash flow from operations and available funding, when necessary, is sufficient to meet its commitment schedule.

(In thousands of Brazilian reais, except when mentioned otherwise)

15. Financial instruments (Continued)

Liquidity risk (Continued)

The tables below summarize the maturity profile of the Group’s financial liabilities on contractual and undiscounted payments.

	Up to 1 year	1 to 5 years	> 5 years	Total
Trade accounts payable	16,271	—	—	16,271
Rental payable, including deferred	2,412	1,721	—	4,133
Payroll, provisions and social charges	13,301	—	—	13,301
Taxes and contributions	6,697	—	—	6,697
Royalty and franchise fees	2,811	—	—	2,811
Accrued buyout liability	1,577	6,638	—	8,215
Other liabilities	4,773	3,463	—	8,236
	47,842	11,822	—	59,664

Interest rate risk

Interest rate risk arises from the possibility that the Group incurs losses because of fluctuations in interest rates that could increase certain financial expenses related to loans and financing raised from the market. The Group’s exposure to market risks for changes in interest rates relates primarily to the bank debt and loans with related parties. Considering the Group’s debt profile, management considers the risk of exposure to interest rate variation to be insignificant.

Capital Management

Capital includes units of interest and equity attributable to the equity holders of the Parent.

The primary objective of the Group’s capital management is to ensure that it maintains sufficient capital in order to support its business and maximize member value.

(In thousands of Brazilian reais, except when mentioned otherwise)

15. Financial instruments (Continued)

Capital Management (Continued)

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to members, return capital to members, take out new loans, or issue new units of interest. No changes were made to the objectives, policies, or processes for managing capital during the year ended December 31, 2012.

Included within net debt are trade accounts payable, less cash and cash equivalents.

Trade accounts payable	16,271
Less: cash and cash equivalents	(22,721)
Net debt	(6,450)
Members' equity	134,243
Members' equity and net debt	127,793

16. Operating lease commitments

The Group has entered into operating leases for the restaurants locations. These leases have an average life of between 10 to 15 years. Future minimum rentals payable under non-cancellable operating leases as at December 31 are as described below:

Within one year	21,082
After one year but not more than five years	61,782
More than five years	38,106
	120,970

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases during 2012 was R$ 13,972.

(In thousands of Brazilian reais, except when mentioned otherwise)

17. Insurance coverage

The Group maintains insurance coverage primarily for risks of loss relating to property damages, loss of profit, fixed asset items and international transportation. Coverage amounts are deemed sufficient by Management to cover any potential losses. At December 31, 2012, the Group had the following main insurance policies contracted with third parties:

Type	Insurance company	Inception date	Expiry date	Maximum indemnity limit
Property damages	RSA - Royal & Sun Alliance Seguros Brasil	30/jun/2012	30/jun/2013	R$10,000
General civil liability	Generali Brasil Seguros	30/jun/2012	30/jun/2013	R$10,000
Directors and Officers liability	Chartis Seguros Brasil	11/jul/2012	11/jul/2013	R$5,000
International transport	Generali Brasil Seguros	13/nov/2012	13/nov/2013	R$300

18. Other Operating (Income)/Expenses

Operating rent, leasing & parking expense	18,079
Advertising, promotion & marketing research	9,494
Operating property taxes	1,722
Other expenses	1,570
	30,865

(In thousands of Brazilian reais, except when mentioned otherwise)

19. Summary and reconciliation of the differences between the accounting practices adopted in Brazil and accounting principles generally accepted in the United States of America

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil (“BR GAAP”), which comprise the pronouncements, interpretations and guidance issued by the Brazilian Accounting Pronouncements Committee (“CPC”), which are converged to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Note 4 to the consolidated financial statements summarize the principal accounting practices adopted by the Group.

BR GAAP differs, in certain significant respects, from U.S. GAAP. The significant differences are described in the reconciliation table below. Other differences do not have a significant effect on either net income or members' equity:

	Note Reference	
Net income based on BR GAAP		24,262
Adjustments:		
Uncertain tax position	19.a	(3,167)
Net income based on U.S. GAAP		21,095

a. Income Taxes

Unlike U.S. GAAP, BR GAAP does not presently contain specific guidance on the accounting for uncertain tax positions. As such, diversity in practice exists regarding the recognition, derecognition and measurement of uncertain tax positions. Companies are required to adopt a policy on accounting for uncertain tax positions upon conversion from US GAAP to BR GAAP that is not inconsistent with the requirement in IAS 12 that tax assets and liabilities should be measured at the amount expected to be paid.

The Group has received tax assessments in the amount of R$ 3,167 subject to income taxes arising from capital gains recognized on a previous corporate reorganization. As a result, under U.S. GAAP, the Parent Company recorded an additional income tax provision related to an uncertain tax position in the amount of R$ 3,167 at December 31, 2012. For BR GAAP purposes, no provision was recorded as the Company’s external lawyers assessed the tax assessments as possible chance of loss and at December 31, 2012 there is no amount expected to be paid.

Classification of statement of cash flows

Under BR GAAP, the classification of certain cash flow items is presented differently from U.S. GAAP. Under BR GAAP, interest paid is recorded in financing activities. For U.S. GAAP purposes, interest paid is classified in operating activities.

Recently Issued Accounting Standards

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). The new standards are effective for annual periods beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required. The Group will implement the provisions of ASU 2011-11 effective January 1, 2013.

In February 2013, the FASB issued ASU No. 2013-02, “Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (“ASU No. 2013-02”), which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. ASU No. 2013-02 will be effective for the Group prospectively for reporting periods beginning after December 15, 2012. The adoption of ASU No. 2013-02 on January 1, 2013 is not expected to have an impact on the Group’s financial position, results of operations or cash flows.

In July 2013, the FASB issued ASU No. 2013-11, “Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)” (“ASU No. 2013-11”). Under ASU No. 2013-11, an entity is required to present its unrecognized tax benefits net of its deferred tax assets when settlement in this manner is available under the tax law, which would be based on facts and circumstances as of the balance sheet reporting date and would not consider future events. Gross presentation in the notes to the financial statements will still be required. ASU No. 2013-11 will be effective for the Group for fiscal years beginning on or after December 15, 2013 and interim periods within those fiscal years, with early adoption permitted. ASU No. 2013-11 will apply on a prospective basis to all unrecognized tax benefits that exist at the effective date, with the option to apply it retrospectively. This guidance will not have an impact upon adoption at January 1, 2014 on the Group’s financial position, results of operations or cash flows as the Group currently presents its unrecognized tax benefits net of its deferred tax assets where applicable.

20. Subsequent Event

On October 31, 2013, a Quota Purchase and Sale Agreement (the “Purchase Agreement”), was entered into by and between OSI’s parent company, Bloomin’ Brands, Inc. (“BBI”), a wholly-owned subsidiary of BBI, Bloom Holdco Participações Ltda. (“Purchaser”), PGS Participações Ltda. (“PGS Par”), the equity holders of PGS Par (the “Sellers”), the the Parent Company, and Bloom Participações Ltda., parent company of Purchaser. Pursuant to the Purchase Agreement, effective November 1, 2013, the Purchaser completed the acquisition of a controlling interest in the Parent Company by purchasing 80% of the issued and outstanding capital stock of PGS Par, which held a 50% interest in the Parent Company (the “Acquisition”) for a purchase price of R$240.8 million. Prior to the Acquisition, the Purchaser held a 50% interest in the Parent Company. As a result of the Acquisition, the Purchaser now holds a 90% interest in the Parent Company.

Effective December 1, 2013, the Parent Company was merged into Purchaser with Purchaser remaining as the surviving entity. Purchaser accounted for the Acquisition as a business combination utilizing the step acquisition method and, as a result has recorded the assets and liabilities assumed at fair value as of the acquisitions date.

Consolidated Financial Statements

PGS Consultoria e Serviços Ltda.

September 30, 2013 and 2012

PGS Consultoria e Serviços Ltda.

Consolidated financial statements (unaudited)

September 30, 2013

Contents

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated balance sheets (unaudited)
September 30, 2013 and December 31, 2012
(In thousands of Brazilian reais)

	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents (Note 4)	34,056	22,721
Trade accounts receivable (Note 5)	18,138	23,780
Inventories (Note 6)	11,659	14,628
Recoverable taxes	16,629	476
Advances from suppliers	2,022	1,237
Prepaid expenses	1,032	956
Other	2,848	4,403
Total current assets	86,384	68,201
Non-current assets		
Transactions with related parties (Note 9)	—	314
Judicial deposits (Note 10)	7,387	5,503
Deferred income tax and social contribution (Note 11)	9,974	10,124
	17,361	15,941
Properties, fixtures and equipments (Note 7)	149,021	121,947
Intangible assets (Note 8)	11,282	10,151
	160,303	132,098
Total non-current assets	177,664	148,039
Total assets	264,048	216,240

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated balance sheets (unaudited) (Continued)
September 30, 2013 and December 31, 2012
(In thousands of Brazilian reais)

	September 30, 2013	December 31, 2012
Liabilities and members' equity		
Current liabilities		
Loans	23	34
Trade accounts payable	16,627	16,271
Rental payable	1,846	2,280
Payroll, provisions and social charges	18,402	13,301
Income tax and social contribution payable	18,383	1,684
Taxes and contributions payable	4,364	5,013
Royalties payable (Note 9)	1,835	2,239
Franchise fees payable (Note 9)	178	572
Deferred rentals	187	132
Current portion of accrued buyout liability	122	1,577
Accounts payable to non-controlling partners	3,651	2,444
Other	1,968	4,773
Total current liabilities	67,586	50,320
Non-current liabilities		
Accrued buyout liability	7,771	6,638
Non-controlling partner deposit	2,814	2,667
Transactions with related parties (Note 9)	340	1,127
Commitments and contingencies (Note 10)	13,299	16,061
Deferred rentals	1,994	1,721
Other	3,197	3,463
Total non-current liabilities	29,415	31,677
Members' equity (Note 12)		
Issued capital	21,864	21,864
Retained earnings	145,183	112,379
	167,047	134,243
Total liabilities and members' equity	264,048	216,240

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statements of income (unaudited)
For the nine months ended September 30, 2013 and 2012
(In thousands of Brazilian reais)

	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Net revenue from restaurant sales	404,091	330,173
Cost of sales	(125,350)	(99,669)
Gross profit	278,741	230,504
Operating expenses		
Restaurant payroll expenses	(85,637)	(72,429)
Operating stores expenses	(47,197)	(39,283)
Royalties expenses (Note 9)	(20,544)	(16,447)
Administrative fee - credit cards/tickets	(7,248)	(8,060)
Depreciation and amortization	(14,272)	(11,225)
Loss on impairment of property, fixture and equipment	—	(170)
Pre-opening expenses	(1,875)	(1,471)
Corporate payroll expenses	(14,027)	(11,827)
General and administrative expenses	(9,517)	(11,542)
Other operating expenses, net (Note 15)	(26,488)	(23,248)
	(226,805)	(195,702)
Financial income	1,937	1,440
Financial expense	(1,601)	(1,534)
	336	(94)
Income before income tax and social contribution	52,272	34,708
Current income tax and social contribution (Note 11)	(19,318)	(18,353)
Deferred income tax and social contribution (Note 11)	(150)	1,778
Net income for the nine months ended September 30	32,804	18,133

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statements of comprehensive income (unaudited)
For the nine months ended September 30, 2013 and 2012
(In thousands of Brazilian reais)

	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Net income for the nine months ended September 30	32,804	18,133
Other comprehensive income	—	—
Income tax effect	—	—
Total comprehensive income for the nine months ended September 30, net of tax	32,804	18,133

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statements of changes in members' equity (unaudited)
For the nine months ended September 30, 2013 and 2012
(In thousands of Brazilian reais)

	Issued Capital	Retained earnings	Total
Balances as at December 31, 2012	21,864	112,379	134,243
Net income for the nine months ended September 30	—	32,804	32,804
Balances as at September 30, 2013	21,864	145,183	167,047
Balances as at December 31, 2011	21,864	88,117	109,981
Net income for the nine months ended September 30	—	18,133	18,133
Balances as at September 30, 2012	21,864	106,250	128,114

See accompanying notes.

PGS CONSULTORIA E SERVIÇOS LTDA.

Consolidated statements of cash flows (unaudited)
For the nine months ended September 30, 2013 and 2012
(In thousands of Brazilian reais)

	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Cash flow from operating activities		
Income before income tax and social contribution	52,272	34,708
Adjustments to reconcile income before tax to net cash flows:		
Depreciation and amortization	14,272	11,225
Provision for contingency	(4,293)	2,161
Provision for CIDE	1,531	599
Accrued buyouts	2,202	1,273
Disposal of intangibles	4,354	1,378
Loss on impairment of property, fixture and equipment	—	170
	70,338	51,514
Working capital adjustments:		
(Increase) decrease in assets		
Trade accounts receivable	5,643	(2,777)
Inventories	2,969	(28)
Recoverable taxes	(16,153)	(14,747)
Advances from suppliers	(785)	(1,514)
Prepaid expenses	(76)	(98)
Judicial deposits	(1,884)	(869)
Other assets	1,555	(488)
Increase (decrease) in liabilities		
Trade accounts payable	355	5,024
Rental payable	(433)	302
Payroll, provisions and social charges	5,102	624
Taxes and contributions payable	(649)	322
Royalties and franchise fees payable	(798)	(280)
Deferred rent	328	534
Accounts payable to non-controlling partners	(1,317)	1,107
Other liabilities	(3,072)	353
Transactions with related parties, net	(474)	(257)
Cash flow from operating activities	60,649	38,722
Income tax and social contribution paid	(2,620)	(2,779)
Net cash flows from operating activities	58,029	35,943
Investing activities		
Purchase of property, fixture and equipment	(44,524)	(27,687)
Purchase of intangible	(2,308)	(4,903)
Net cash flows used in investing activities	(46,832)	(32,590)
Financing activities		
Repayment of loans	(10)	(2,459)
Receipt of non-controlling partner deposit	148	254
Net cash flows from/(used in) financing activities	138	(2,205)
Increase in cash and cash equivalents	11,335	1,148
Cash and cash equivalents at January 1	22,721	21,833
Cash and cash equivalents at September 30	34,056	22,981
Net increase in cash and cash equivalents	11,335	1,148

See accompanying notes.

1. Corporate information

PGS Consultoria e Serviços Ltda. ("PGS Consultoria" or the "Parent Company") was formed in May 1997 and is headquartered at Av. Dr. Chucri Zaidan, 80, 8th floor, in the City and State of São Paulo.

PGS Consultoria is the holding company of the CLS Companies (collectively referred as the "Group"). The main purpose of the CLS Companies ("CLS"), which is comprised of (i) CLS São Paulo Ltda. ("CLS SP"); (ii) CLS Restaurantes Rio de Janeiro Ltda. ("CLS RJ"); (iii) CLS Restaurantes Brasília Ltda. ("CLS BSB"); and (iv) CLS Restaurantes do Sul Ltda. ("CLS do Sul"), is to explore and manage restaurants under the trademark "Outback Steakhouse" in Brazil.

"Outback Steakhouse" is an Australian steakhouse concept, which is open for lunch and dinner. Although beef and steak items make up a good portion of the menu, the concept offers a variety of chicken, ribs, seafood, and pasta dishes. The Group's strategy is to differentiate its restaurants by emphasizing consistently high-quality food, concentrated service, generous portions at affordable prices and a casual atmosphere suggestive of the Australian Outback.

CLS operates 44 (forty-four) restaurants altogether, in twenty different cities, being: (i) 9 (nine) in Rio de Janeiro and 1 (one) in Niterói, State of Rio de Janeiro, and 1 (one) in Vitoria, State of Espirito Santo (CLS RJ); (ii) 12 (twelve) in São Paulo, 2 (two) in Campinas, 1 (one) in Barueri, 1 (one) in São Bernado do Campo, 1(one) in São Caetano do Sul, 1(one) in São José dos Campos, 1 (one) in Ribeirão Preto, 1 (one) in Guarulhos, 1(one) in Jundiaí and 1 (one) in Osasco, State of São Paulo (CLS SP); (iii) 2 (two) in Brasília, Federal District, 1 (one) in Belo Horizonte, State of Minas Gerais, 2 (two) in Salvador, State of Bahia, 1 (one) in Goiânia, State of Goiás and 1 (one) in Recife, State of Pernambuco (CLS BSB); and (iv) 1 (one) in Porto Alegre, State of Rio Grande do Sul, 2 (two) in Curitiba, State of Paraná and 1 (one) in Florianópolis, State of Santa Catarina (CLS do Sul).

The consolidated financial statements for nine months ended September 30, 2013 were authorized for issue by the Parent Company's management on January 10, 2014.

2. Basis of preparation

The consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the pronouncements, interpretations and guidance issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis* ("CPC"), which are converged to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The preparation of the accompanying consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts. These estimates were determined based on objective and subjective factors, considering management's judgment to determine the adequate amounts to be recorded in the consolidated financial statements.

Significant items subject to such estimates and assumptions include selection of useful lives of property, fixtures and equipment and analysis of their recoverability in operations, credit risk assessment to determine the allowance for doubtful accounts, as well as analysis of other risks to determine other provisions, including those set up for contingencies. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the consolidated financial statements due to the uncertainties inherent in the estimation process. The Group reviews its estimates and assumptions at least annually.

This interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as of December 31, 2012.

The consolidated financial statements presented herein do not include the Parent Company's stand-alone financial statements and are not intended to be used for statutory purposes.

(In thousands of Brazilian reais, except when mentioned otherwise)

3. Basis of consolidation

The consolidated financial statements include the operations of PGS Consultoria and the “CLS Companies”. The details of the participation in CLS Companies comprised of CLS SP, CLS RJ, CLS BSB and CLS do Sul, are summarized as follow:

	September 30, 2013		September 30, 2012	
	Issued capital(1)	Retained earnings(2)	Issued capital(1)	Retained earnings(2)
CLS SP	96.94%	100%	90.31%	100%
CLS RJ	96.53%	100%	96.37%	100%
CLS BSB	96.70%	100%	93.92%	100%
CLS do Sul	97.89%	100%	95.38%	100%

(1) The issued capital of the CLS Companies is shared primarily between PGS Consultoria, proprietors (stores’ managing partners) and JV’s (operating partners who supervise the Rio de Janeiro, São Paulo, Brasília and South Region stores), in accordance with their respective interests.

(2) According to each individual partners’ association document known as “Protocolo de Entendimentos” (Memorandum of Understanding), dividends are distributed to non-controlling partners (proprietors and JV’s) based on certain criteria, such as a percentage of the pre-tax income results of their respective restaurants and supervision areas and other, being 100% of the remaining undistributed earnings of PGS Consultoria. Such dividends are recognized as compensation expense within the restaurant payroll expenses account for the period earned by the non-controlling partners. Further detail from the income statement is shown in the following table.

Restaurant Payroll Expense	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Operating Payroll Expense	80,059	64,258
Compensation Expense (Proprietors & JV’s)	5,578	8,171
	85,637	72,429

The financial statements of the CLS Companies are prepared for the same reporting period as the Parent Company. Accounting policies of CLS Companies have been adjusted to ensure consistency with the accounting policies adopted by the Group. All intra-group balances, income and expenses, unrealized gain and losses and dividends resulting from intra-group transactions have been eliminated in consolidation.

Capital contributions to the CLS Companies received from the non-controlling partners are recorded as long-term liabilities in the line item “non-controlling partner deposit”. Monthly payments made pursuant to the Memorandum of Understanding are paid as dividends and are recognized as compensation expense in the period earned by the non-controlling partners.

(In thousands of Brazilian reais, except when mentioned otherwise)

4. Cash and cash equivalents

	September 30, 2013	December 31, 2012
Cash	668	638
Bank deposits	888	612
Short term investments	32,500	21,471
	34,056	22,721

Cash equivalents consist of investments that are readily convertible to cash with an original maturity date of three months or less.

5. Trade accounts receivable

Trade accounts receivable consist mainly of amounts receivable from credit card companies, as follows:

	September 30, 2013	December 31, 2012
Redecard (Mastercard/Diners/Credicard)	4,362	6,292
Visanet (Visa/Visa electron)	8,978	12,052
American express	1,646	1,665
Ticket Refeição	1,133	1,865
Other	2,019	1,906
	18,138	23,780

No allowance for doubtful accounts has been recorded due to the remote chances of losses on receivables.

6. Inventories

	September 30, 2013	December 31, 2012
Kitchen utensils	—	2,058
Food and beverage	3,932	3,172
Inventories held by third-parties	5,477	5,544
Imports in transit	1,445	1,720
Other	805	2,134
	11,659	14,628

Inventory is counted at the end of every month and controlled in all stores and at the distribution center; expired inventories are disposed of immediately and recorded as expense. Inventories differences are adjusted within the month and against the cost of sales for such period, as this is a periodic inventory, everything on hand should be usable and therefore no risk of loss or expiration is expected.

(In thousands of Brazilian reais, except when mentioned otherwise)

7. Property, fixtures and equipment

	Land	Furniture and fixture	Computers	Equipment and facilities	Buildings and Leasehold improvements	Construction in progress	Total
Cost							
Balances at December 31, 2011	3,363	21,072	7,012	46,687	72,682	—	150,816
Additions and Transfers	—	1,532	34	5,483	7,822	12,816	27,687
Write off	—	(1,186)	(193)	—	—	—	(1,379)
Balances at September 30, 2012	3,363	21,418	6,853	52,170	80,504	12,816	177,124
Additions and Transfers	—	2,882	1,672	3,688	6,516	(4,698)	10,060
Balances at December 31, 2012	3,363	24,300	8,525	55,858	87,020	8,118	187,184
Balances at December 31, 2012	3,363	24,300	8,525	55,858	87,020	8,118	187,184
Additions and Transfers	—	5,075	332	10,659	19,760	8,698	44,524
Write off	—	(1,846)	(1,360)	—	—	—	(3,206)
Balances at September 30, 2013	3,363	27,529	7,497	66,517	106,780	16,816	228,502
Depreciation							
Balances at December 31, 2011	—	(7,532)	(4,456)	(17,428)	(19,933)	—	(49,349)
Additions	—	(1,131)	(625)	(4,023)	(5,024)	—	(10,803)
Impairment / Write off	—	—	—	—	(170)	—	(170)
Balances at September 30, 2012	—	(8,663)	(5,081)	(21,451)	(25,127)	—	(60,322)
Additions	—	(1,576)	(926)	(1,871)	(656)	—	(5,029)
Impairment / Write off	—	—	—	114	—	—	114
Balances at December 31, 2012	—	(10,239)	(6,007)	(23,208)	(25,783)	—	(65,237)
Balances at December 31, 2012	—	(10,239)	(6,757)	(22,458)	(25,783)	—	(65,237)
Additions	—	(2,729)	(654)	(3,579)	(6,258)	—	(13,220)
Impairment / Write off	—	—	—	(434)	(590)	—	(1,024)
Balances at September 30, 2013	—	(12,968)	(7,411)	(26,471)	(32,631)	—	(79,481)
Net book value							
Balances at September 30, 2012	3,363	12,755	1,772	30,719	55,377	12,816	116,802
Balances at December 31, 2012	3,363	14,061	2,518	32,650	61,237	8,118	121,947
Balances at September 30, 2013	3,363	14,561	86	40,046	74,149	16,816	149,021
Average annual depreciation rate	—	10%	20%	10%	4% to 10%	—	

In 2013, no evidence has been identified indicating that the asset net book values exceed their recoverable amounts .

(In thousands of Brazilian reais, except when mentioned otherwise)

8. Intangible assets

	Software	Franchise fees	Other	Total
Cost				
Balances at December 31, 2011	2,699	3,450	2,022	8,171
Additions	4,070	203	630	4,903
Balances at September 30, 2012	6,769	3,653	2,652	13,074
Additions / (Write off)	(1,154)	623	(125)	(656)
Balances at December 31, 2012	5,615	4,276	2,527	12,418
Balances at December 31, 2012	5,615	4,276	2,527	12,418
Additions	1,643	540	125	2,308
Balances at September 30, 2013	7,258	4,816	2,652	14,726
Amortization				
Balances at December 31, 2011	(148)	(1,018)	(349)	(1,515)
Additions	(177)	(130)	(115)	(422)
Balances at September 30, 2012	(325)	(1,148)	(464)	(1,937)
(Additions) / Write off	(338)	43	(35)	(330)
Balances at December 31, 2012	(663)	(1,105)	(499)	(2,267)
Balances at December 31, 2012	(663)	(1,105)	(499)	(2,267)
Additions	(925)	(19)	(108)	(1,052)
Other Adjustments	(125)	—	—	(125)
Balances at September 30, 2013	(1,713)	(1,124)	(607)	(3,444)
Residual value				
Balances at September 30, 2012	6,444	2,505	2,188	11,137
Balances at December 31, 2012	4,952	3,171	2,028	10,151
Balances at September 30, 2013	5,545	3,692	2,045	11,282
Average annual amortization rate	20%	5%	20%	

Franchise fee

The Group has a franchise agreement with Outback Steakhouse International Investments Co.("OSI"), which expires generally 20 years after the date the restaurant is opened. The Group has the option to renew the agreement for one consecutive term of 20 years, subject to certain conditions. Pursuant to the Agreement, the Group must operate the restaurant in strict conformity with the methods, standards and specifications prescribed by OSI, regarding training, staff, health standards, suppliers and advertising, among others. The Group is contractually bound to pay franchise fees of US$ 40 at the opening of each restaurant, and monthly royalties of 4% to 5% of net sales after the restaurant is opened. Royalty fees are charged to expenses as incurred.

(In thousands of Brazilian reais, except when mentioned otherwise)

9. Transactions with related parties

At September 30, 2013, the balance of transactions with related parties can be summarized as follows:

	Assets		Liabilities	
	September 30, 2013	**December 31, 2012**	**September 30, 2013**	**December 31, 2012**
Current				
Royalties payable				
Outback Steakhouse International	—	—	1,835	2,239
Franchise fees				
Outback Steakhouse International	—	—	178	572
Total current	—	—	2,013	2,811
Noncurrent				
Accounts receivable/payable				
Outback Steakhouse International	—	314	84	357
	—	314	84	357
Other(1)	—	—	256	770
Total noncurrent	—	314	340	1,127
Total	—	314	2,353	3,938

(1) This amount refers to transactions with non-controlling interest parties (restaurant proprietors).

	September 30, 2013		September 30, 2012	
	Royalties (i)	**Financial results (ii)**	**Royalties (i)**	**Financial results (ii)**
Outback Steakhouse International	20,544	—	16,447	15
	20,544	—	16,447	15

(i) Refer to the royalty expenses calculated on the net revenues posted by the stores.
(ii) Refer, basically, to the interest expenses and exchange variation on Outback Steakhouse International loans.

<u>OSI</u>

The transactions between the Group and OSI consist of:

- The Group is contractually bound to pay franchise fees of US$ 40 at the opening of each restaurant and monthly royalties of 4% to 5% of net sales after the restaurant is opened. Monthly royalty fees are charged to expenses as incurred.

(In thousands of Brazilian reais, except when mentioned otherwise)

9. Transactions with related parties (Continued)

Distribution of Profits - CLS Companies

Dividends paid to proprietors (stores' managing partners) and to JVs (operating partners who supervise the Rio de Janeiro, São Paulo, Brasília and South Region stores) are distributed according to the criteria stated within each individual partner's association document referred to as Memorandum of Understanding.

Partners are paid dividends according to a percentage of the after-tax income results ("ATI") of their respective restaurants, as per their P&L statements. It is 7.5% of ATI for managing partners and 3% to 6% for operating partners. Members of top management have also received dividends based on certain monthly fixed amounts stipulated in the previous year's budget submitted to and approved by OSI.

Based on the above and in accordance with local laws allowing actual distributions to be different than the exact amount owed to a partner, based on his/her members' position, the CLS Companies distributed the following amounts to its partners during the nine months ended September 30, 2013 and 2012:

	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Proprietors (stores' managing partners)	3,271	2,660
JVs (operating partners)	1,368	1,285
Executives	2,155	1,461
	6,794	5,406

Dividends paid to the non-controlling partners (proprietors and JVs) are recognized as compensation expense in the consolidated statements of income in the period earned. Additional detail is provided at Note 3.

There are no guarantees and allowances for doubtful accounts for loans and other transactions with related parties.

(In thousands of Brazilian reais, except when mentioned otherwise)

10. Commitments and contingencies

The Group is involved in tax, civil and labor lawsuits arising in the normal course of its activities. These matters are discussed at the administrative and judicial levels. Judicial deposits related to these matters are made, when applicable. The Group accrues for loss contingencies that are probable and reasonably estimable and this assessment is carried out based on the information available and on risk factors inherent to each process, in accordance with the opinion of the Group's legal advisors. The Group generally does not accrue for legal costs expected to be incurred with a loss contingency until those services are provided.

Based on the information of its legal advisors and on the analysis of legal procedures pending judgment and controversy tax obligation, the Group has decided to set up a provision at an amount deemed sufficient to cover probable losses arising from unfavorable outcomes of lawsuits in progress, tax obligation challenges and tax assessments. Based on the opinion from external legal advisors, the Group has decided to constitute the provision in the amount of R$ 2,470 under the scenario of adopting the new amnesty program established by the State of Sao Paulo and Rio de Janeiro according to State Laws 58.811/12 and 6.357/12, respectively.

Provisions for judicial and administrative processes	September 30, 2013	December 31, 2012
Tax	11,174	11,828
Labor	2,125	4,233
	13,299	16,061

The table below depicts judicial deposits associated or not with legal contingencies classified in the non-current assets group.

Judicial deposits	September 30, 2013	December 31, 2012
Tax	6,392	4,891
Labor	995	612
	7,387	5,503

(In thousands of Brazilian reais, except when mentioned otherwise)

10. Commitments and contingencies (Continued)

Balances of the commitments and contingencies provisions as of September 30, 2013 and December 31, 2012 including the applicable changes during the period are as follows:

	Tax	Labor	Total
Balance at December 31, 2011	3,538	2,100	5,638
(+) Supplemental provision	7,070	1,633	8,703
(-) Payments/Write off	—	500	500
(+) CIDE commitment	1,220	—	1,220
Balance at December 31, 2012	11,828	4,233	16,061
Balance at December 31, 2012	11,828	4,233	16,061
(-) Payments/Write off	(2,185)	(2,108)	(4,293)
(+) CIDE commitment	1,531	—	1,531
Balance at September 30, 2013	11,174	2,125	13,299

The Group is questioning a matter related to the validity of the social contribution tax for intervention in the economic order (CIDE), established by Law, on the remittance of royalties. Management, supported by preliminary injunctions granted in its favor, is judicially paying this tax. The judicial deposits related to this matter amount to R$ 6,392 at September 30, 2013. The Group maintains a provision of R$ 6,289 related to this tax.

As of September 30, 2013, the Group’s external legal advisors estimate the chances of a final unfavorable outcome as “possible” in certain matters, primarily related to labor, civil and tax claims. The total possible contingencies that are uncertain at this time and could have a material adverse effect on the Group’s financial condition are R$ 8,519 as of September 30, 2013.

11. Income tax and social contribution

CLS do Sul has elected to calculate income tax and social contribution using the “presumed profits” method. Under the “presumed profits” method, taxable income is calculated as an amount equal to different percentages of gross revenue based on the activities of the taxpayer.

Under current Brazilian tax law, the percentages of the CLS Companies’ gross revenues are 8% for calculating income tax, and 12% for social contribution. The Parent Company, CLS SP, CLS RJ, and CLS BSB calculate their income tax and social contribution using the “actual profits” method, which is based on total taxable income.

Tax loss carry forwards through September 30, 2013 relating to income tax and social contributions were approximately R$ 11,369 and R$ 13,215 respectively, comprised entirely of fiscal results of the Parent Company. These tax loss carry forwards can offset future taxable income. Brazilian tax laws restrict the offset of tax losses to 30% of taxable profits on an annual basis. These losses can be used indefinitely and are not impacted by a change in ownership of the Parent Company.

(In thousands of Brazilian reais, except when mentioned otherwise)

11. Income tax and social contribution (Continued)

11.1. Components of income tax and social contribution provision

	September 30, 2013	September 30, 2012
Current income tax and social contribution	19,318	18,353
Deferred income tax and social contribution	150	(1,778)
	19,468	16,575

11.2. Reconciliation income tax and social contribution provision at statutory rate to effective rate

	September 30, 2013	September 30, 2012
Income before income tax and social contribution	52,272	34,708
Income tax and social contribution at statutory rate of 34%	17,773	11,801
Benefits of utilizing presumed profits method of calculating of income tax and social contribution for CLS do Sul	(756)	(605)
Non-deductible expenses for minority partner distributions and buyouts	1,469	3,141
Other non-deductible expenses	(89)	1,359
Provisions arising from write-down of tax losses	1,336	(994)
Benefits of income excluded from income tax surcharge	(54)	(54)
Adjustment recognized in current year for current tax of prior years	(29)	1,313
Other	(182)	614
Effective income tax and social contribution provision	19,468	16,575
Effective rate	37.2%	47.8%

(In thousands of Brazilian reais, except when mentioned otherwise)

11. Income tax and social contribution (Continued)

11.3 Components of deferred income tax and social contribution

	September 30, 2013	December 31, 2012
Tax loss carry forward	4,032	2,764
Temporary differences		
Pre-opening costs	3,105	2,766
Provision for contingency	2,033	2,398
Lease	680	576
Provision for CIDE	1,981	1,506
Provision for bonus	947	971
PP&E basis difference	1,377	1,237
Buyout	241	—
Other	291	834
	14,687	13,052
Unrecognized deferred tax assets	(4,713)	(2,928)
	9,974	10,124

Deferred income tax and social contribution assets, resulting from tax loss carry forwards and temporary differences are recorded taking into consideration the probable realization thereof, based on projected future results of operations considering internal assumptions and future economic scenarios that are subject to change. These projections indicate that future operating results will provide taxable income for CLS SP, CLS RJ and CLS BSB. The unused credits reflect the assessment of the likelihood of realizing the deferred tax asset comprised of the tax loss carry forwards attributable to the Parent Company.

(In thousands of Brazilian reais, except when mentioned otherwise)

12. Members' equity

12.1. Capital stock

At September 30, 2013 the Parent Company's subscribed capital amounted to R$ 21,864, divided into 20,244,048 units of interest with par value of R$ 1.08 each, distributed as follows:

	Numbers of units of interest
PGS Participações Ltda.	10,122,024
OSI	10,122,024
	20,244,048

12.2. Non-controlling interest (JV partners and proprietors)

According to each individual partners' association document known as Memorandum of Understanding, dividends are distributed to non-controlling partners (proprietors and JVs) based on certain criteria, such as a percentage of the pre-tax income results of their respective restaurants and supervision areas and other components, being 100% of the remaining undistributed earnings of PGS Consultoria's results. These dividends are effectively paid and recognized as compensation expense and are not fully determined at each CLS's results level rather on the individual store (proprietors) or group of stores (JV partners), therefore the amount of these dividends is recognized as Operating Expense in the income statement in the period earned by the non-controlling partners.

13. Financial instruments

The Group evaluated its financial assets and liabilities in relation to market value through available information available and appropriate evaluation methodologies. The interpretation of market data and the selection of valuation methods require extensive judgment and estimates to calculate the most appropriate realization value.

Consequently, the estimates presented do not necessarily show the amounts that may be realized in the market. The use of different market assumptions and/or methods may have a material effect on the estimated realization values.

The Group's main financial instruments consist of cash and cash equivalents, trade accounts receivable and trade accounts payable.

Fair value measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and is a market-based measurement. To measure fair value, the Group incorporates assumptions that market participants would use in pricing the asset or liability, and utilizes market data to the maximum extent possible.

(In thousands of Brazilian reais, except when mentioned otherwise)

13. Financial instruments (Continued)

Set out below is a comparison by financial statement class of the book value and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

	Book Value		Fair Value	
Description	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Financial assets				
Cash and cash equivalents	34,056	22,721	34,056	22,721
Trade accounts receivable	18,138	23,780	18,138	23,780
Recoverable taxes	16,629	476	16,629	476
Credits from related parties	—	314	—	314
Other assets	5,902	6,596	5,902	6,596
	74,725	53,887	74,725	53,887
Financial liabilities				
Trade accounts payable	16,627	16,271	16,627	16,271
Rental payable, including deferred	4,027	4,133	4,027	4,133
Payroll, provisions and social charges	18,402	13,301	18,402	13,301
Taxes and contributions	22,747	6,697	22,747	6,697
Royalties and franchises fee	2,013	2,811	2,013	2,811
Accounts payable to non-controlling partners	3,651	2,444	3,651	2,444
Accrued buyout liability	7,893	8,215	7,893	8,215
Other liabilities	5,165	8,236	5,165	8,236
	80,525	62,108	80,525	62,108

The fair values of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term accounts payable approximate their respective book values due to the their short-term maturity.

As a basis for considering the market participant assumptions in fair value measurements, a three-tier fair value hierarchy prioritizes the inputs used in measuring fair values as follows:

- Level 1 - observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access;
- Level 2 - inputs, other than the quoted market prices included in Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market data available.

13. Financial instruments (Continued)

The fair value measurement of short-term investments classified as cash and cash equivalents at September 30, 2013 and December 31, 2012, in the amount of R$ 32,500 and R$ 21,471, respectively, uses inputs that fall within Level 2 of the fair value hierarchy.

The Group is not engaged in any outstanding hedging instruments, term contracts, swap operations, options, futures, or embedded derivatives operations. Therefore, the Group has no risk related to derivatives utilization policies.

Significant market risk factors affecting the Group's business are as follows:

Exchange rate risk

This risk arises from the possibility of the Group incurring losses because of fluctuations in foreign currency exchange rates.

The Group does not use hedging instruments to protect against exchange rate fluctuations between the Brazilian real and the US dollar.

Credit risk

This risk mainly involves the Groups' cash and cash equivalents and accounts receivable. The Group carries out operations with highly-rated banks, which minimizes risk.

Accounts receivable are substantially generated from credit card companies resulting from sales in the restaurants. Management does not anticipate losses in the realization of such receivables.

Liquidity risk

Liquidity risk arises from the possibility that the Group may not have sufficient funds to comply with their financial commitments due to the different currencies and settlement terms of their rights and obligations.

In order to mitigate liquidity risk for the Parent Company and its subsidiaries. the Group's liquidity and cash flow is monitored on a daily basis by Management, assuring that cash flow from operations and available funding, when necessary, is sufficient to meet its commitment schedule.

(In thousands of Brazilian reais, except when mentioned otherwise)

13. Financial instruments (Continued)

Liquidity risk (Continued)

The tables below summarize the maturity profile of the Group's financial liabilities on contractual and undiscounted payments.

	September 30, 2013			
	Up to 1 year	1 to 5 years	> 5 years	Total
Trade accounts payable	16,627	—	—	16,627
Rental payable, including deferred	2,033	974	1,020	4,027
Payroll, provisions and social charges	18,402	—	—	18,402
Taxes and contributions	22,747	—	—	22,747
Royalty and franchises fees	2,013	—	—	2,013
Accrued buyout liability	122	4,223	3,548	7,893
Other liabilities	1,968	3,197	—	5,165
	63,912	8,394	4,568	76,874

	December 31, 2012			
	Up to 1 year	1 to 5 years	> 5 years	Total
Trade accounts payable	16,271	—	—	16,271
Rental payable, including deferred	2,412	1,721	—	4,133
Payroll, provisions and social charges	13,301	—	—	13,301
Taxes and contributions	6,697	—	—	6,697
Royalty and franchises fees	2,811	—	—	2,811
Accrued buyout liability	1,577	6,638	—	8,215
Other liabilities	4,773	3,463	—	8,236
	47,842	11,822	—	59,664

Interest rate risk

Interest rate risk arises from the possibility that the Group incurs losses because of fluctuations in interest rates that could increase certain financial expenses related to loans and financing raised from the market. The Group's exposure to market risks for changes in interest rates relates primarily to the bank debt and loans with related parties. Considering the Group's debt profile, management considers the risk of exposure to interest rate variation to be insignificant.

Capital Management

Capital includes units of interest and equity attributable to the equity holders of the Parent.

The primary objective of the Group's capital management is to ensure that it maintains sufficient capital in order to support its business and maximize member value.

(In thousands of Brazilian reais, except when mentioned otherwise)

13. Financial instruments (Continued)

Capital Management (Continued)

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to members, return capital to members, take out new loans, or issue new units of interest. No changes were made to the objectives, policies, or processes for managing capital during the nine months ended September 30, 2013.

Included within net debt are trade accounts payable, less cash and cash equivalents.

	September 30, 2013	December 31, 2012
Trade accounts payable	16,627	16,271
Less: cash and cash equivalents	(34,056)	(22,721)
Net debt	(17,429)	(6,450)
Members' equity	167,047	134,243
Members' equity and net debt	149,618	127,793

14. Operating lease commitments

The Group has entered into operating leases for the restaurants locations. These leases have an average life of between 10 to 15 years. Future minimum rentals payable under non-cancellable operating leases as of September 30, 2013 are as described below:

	September 30, 2013
Within one year	13,324
After one year but not more than five years	42,870
More than five years	45,293
	101,487

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases during nine months of 2013 and 2012 were R$ 13,469 and R$ 10,186, respectively.

(In thousands of Brazilian reais, except when mentioned otherwise)

15. Other Operating (Income)/Expenses

	For the nine months ended September 30, 2013	For the nine months ended September 30, 2013
Operating rent, leasing & parking expense	16,987	13,234
Advertising, promotion & marketing research	11,455	9,008
Operating property taxes	1,718	1,403
Received compensation	(2,141)	—
Other income	(1,531)	(397)
	26,488	23,248

16. Differences between the accounting practices adopted in Brazil and accounting principles generally accepted in the United States of America

The consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil (“BR GAAP”), which comprise the pronouncements, interpretations and guidance issued by the Brazilian Accounting Pronouncements Committee (“CPC”), which are converged to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

BR GAAP differs, in certain significant respects, from U.S. GAAP. As of September 30, 2013, Management did not identify any significant differences that have a significant effect on either net income or members' equity.

Exhibit 99.3

BLOOMIN' BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On November 1, 2013, Bloomin' Brands, Inc. (the "Company"), through its wholly-owned subsidiary Outback Steakhouse Restaurantes Brasil S.A. ("OB Brasil") (formerly known as Bloom Holdco Participações Ltda.), completed its previously announced acquisition of a controlling interest in PGS Participações Ltda. ("PGS Par"), the Company's former joint venture partner, in accordance with the Quota Purchase and Sale Agreement entered into on October 31, 2013 (the "Purchase Agreement"), by purchasing 80% of the issued and outstanding capital stock of PGS Par, which held a 50% interest in PGS Consultoria e Serviços Ltda. (the "Brazilian Joint Venture") (collectively, the "Acquisition"). Prior to the Acquisition, the Company held a 50% interest in the Brazilian Joint Venture. As a result of the Acquisition, the Company now holds a 90% interest in the Brazilian Joint Venture, which operates Outback Steakhouse restaurants in Brazil.

The following unaudited pro forma condensed combined financial statements of Bloomin' Brands, Inc. for the year ended December 31, 2012, and as of and for the nine months ended September 30, 2013, are based on historical consolidated financial statements of Bloomin' Brands, Inc. and give effect to the Acquisition after applying the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The historical consolidated financial statements of the Brazilian Joint Venture were prepared in conformity with accounting principles generally accepted in Brazil, which are converged to International Financial Reporting Standards ("IFRS") (collectively "BR GAAP"), which differs in certain respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Necessary adjustments have been made to reconcile the historical consolidated financial statements of the Brazilian Joint Venture to U.S. GAAP. These adjustments relate primarily to differences relating to income tax contingencies.

The Unaudited Pro Forma Condensed Combined Balance Sheet at September 30, 2013 gives effect to the Acquisition by the Company of the Brazilian Joint Venture as if it had occurred on September 30, 2013. The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2012, and for the nine months ended September 30, 2013, give effect to the Acquisition as if it had occurred on January 1, 2012. The historical consolidated financial information has been adjusted to give effect to estimated pro forma events that are (i) directly attributable to the Acquisition, (ii) factually supportable and (iii) with respect to the statements of operations, expected to have a continuing impact on the consolidated results of operations. In addition, to ensure timely reporting, the Company made the election to consolidate the results of its Brazilian operations on a one-month lag, effective as of the acquisition date. The accompanying unaudited pro forma condensed combined financial statements do not reflect the lag.

The Unaudited Pro Forma Condensed Combined Statements of Operations do not reflect the following amounts that are not expected to have a continuing impact on the consolidated results of operations: (i) professional fees associated with the Acquisition; (ii) gain on remeasurement to fair value of previously held equity investment in the Brazilian Joint Venture; and (iii) interest expense associated with the borrowings of $100.0 million on the revolving credit facility since the Company repaid the borrowings in full prior to December 31, 2013. Had the Acquisition occurred on January 1, 2012, these amounts would have been an aggregate gain of approximately $34.8 million. In addition, the Unaudited Pro Forma Condensed Combined Statements of Operations do not consider reduced interest expense had the cash used in the Acquisition been applied to lower the Company's outstanding debt obligation. Actual amounts were or will be recorded by us in the period in which these transactions are completed. The pro forma adjustments exclude the impact of the one-month reporting lag that was adopted by the Company upon acquisition and, therefore, the unaudited pro forma condensed combined financial statements reflect calendar-based periods for all presented periods. In addition, the pro forma adjustments for the Acquisition do not include any post-closing adjustments that may occur pursuant to the Purchase Agreement, which may include adjustments of the purchase price, and any such post-closing adjustments may be material.

BLOOMIN’ BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS - Continued

The unaudited pro forma condensed combined financial statements should be read in conjunction with the following:

- the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements;
- the consolidated financial statements of Bloomin’ Brands, Inc. for the year ended December 31, 2012 and the notes thereto;
- the unaudited consolidated financial statements of Bloomin’ Brands, Inc. for the nine months ended September 30, 2013 and the notes thereto; and
- the consolidated financial information of PGS Consultoria e Serviços Ltda. for the year ended December 31, 2012, the nine months ended September 30, 2013, and the notes thereto, included in this Form 8-K/A.

The unaudited pro forma condensed combined financial statements contained in this Form 8-K/A are presented for informational purposes only, contain a variety of adjustments, assumptions and preliminary estimates, are subject to numerous other uncertainties and do not purport to represent what the actual financial condition or results of operations of the Company would have been if the Acquisition had been completed as of the date or for the periods indicated above or that may be achieved as of any future date or for any future period. The pro forma adjustments are based on the preliminary information available at the time of the preparation of this Form 8-K/A. For purposes of the unaudited pro forma condensed combined financial information, the Acquisition consideration has been preliminarily allocated to the assets acquired and liabilities assumed based on information presently available to the Company to estimate fair values. The actual amounts as of November 1, 2013, the closing date of the Acquisition, may differ materially from the information presented in the accompanying unaudited pro forma condensed combined financial information.

BLOOMIN' BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
SEPTEMBER 30, 2013
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

	HISTORICAL				
	BLOOMIN' BRANDS, INC.	BRAZILIAN JOINT VENTURE	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA COMBINED
ASSETS					
Current Assets					
Cash and cash equivalents	$ 183,658	$ 15,272	$ (20,599)	(a)	$ 178,331
Current portion of restricted cash	3,789	—	—		3,789
Inventories	70,717	5,228	—		75,945
Deferred income tax assets	49,446	—	—		49,446
Other current assets, net	99,770	18,238	(1,541)	(b)	116,467
Total current assets	407,380	38,738	(22,140)		423,978
Restricted cash	15,504	—	10,080	(a)	25,584
Property, fixtures and equipment, net	1,563,443	69,312	5,898	(c)	1,638,653
Investments in and advances to unconsolidated affiliates, net	40,973	—	(40,453)	(d)	520
Goodwill	271,163	—	87,518	(e)	358,681
Intangible assets, net	541,214	2,573	80,816	(f)	624,603
Deferred income tax assets	2,893	4,473	(4,473)	(g)	2,893
Other assets, net	155,557	3,312	—		158,869
Total assets	$ 2,998,127	$ 118,408	$ 117,246		$ 3,233,781

(CONTINUED...)

BLOOMIN' BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
SEPTEMBER 30, 2013
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

	HISTORICAL				
	BLOOMIN' BRANDS, INC.	BRAZILIAN JOINT VENTURE	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA COMBINED
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable	$ 155,445	$ 7,456	$ (369)	(b)	$ 162,532
Accrued and other current liabilities	171,272	21,131	(1,172)	(b)	191,231
Current portion of partner deposits and accrued partner obligations	13,566	506	—		14,072
Unearned revenue	202,204	—	—		202,204
Current portion of long-term debt	13,341	—			13,341
Total current liabilities	555,828	29,093	(1,541)		583,380
Partner deposits and accrued partner obligations	77,094	5,878	—		82,972
Deferred rent	103,024	978	(978)	(h)	103,024
Deferred income tax liabilities	130,636	—	25,268	(i)	155,904
Long-term debt, net	1,447,768	—	100,000	(j)	1,547,768
Other long-term liabilities, net	261,064	7,550	3,253	(k)	271,867
Total liabilities	2,575,414	43,499	126,002		2,744,915
Commitments and contingencies					
Mezzanine Equity					
Redeemable noncontrolling interests	—	—	22,380	(l)	22,380
Stockholders' Equity					
Bloomin' Brands, Inc. Stockholders' Equity					
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding	—	—	—		—
Common stock, $0.01 par value, 475,000,000 shares authorized; 124,287,148 shares issued and outstanding	1,243	9,804	(9,804)	(m)	1,243
Additional paid-in capital	1,057,933	—	—		1,057,933
Accumulated deficit	(624,070)	65,105	(28,142)	(n)	(587,107)
Accumulated other comprehensive loss	(16,780)	—	6,810	(o)	(9,970)
Total Bloomin' Brands, Inc. stockholders' equity	418,326	74,909	(31,136)		462,099
Noncontrolling interests	4,387	—	—		4,387
Total stockholders' equity	422,713	74,909	(31,136)		466,486
Total liabilities, mezzanine equity and stockholders' equity	$ 2,998,127	$ 118,408	$ 117,246		$ 3,233,781

The accompanying notes are an integral part of these condensed combined financial statements.

BLOOMIN' BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE DATA)

	HISTORICAL				
	BLOOMIN' BRANDS, INC.	BRAZILIAN JOINT VENTURE	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA COMBINED
Revenues					
Restaurant sales	$ 3,946,116	$ 246,819	$ —		$ 4,192,935
Other revenues	41,679	—	(11,221)	(p)	30,458
Total revenues	3,987,795	246,819	(11,221)		4,223,393
Costs and expenses					
Cost of sales	1,281,002	74,808	—		1,355,810
Labor and other related	1,117,624	52,871	—		1,170,495
Other restaurant operating	918,522	49,044	(11,221)	(p)	956,345
Depreciation and amortization	155,482	8,706	8,865	(q)	173,053
General and administrative	326,473	37,032	—		363,505
Provision for impaired assets and restaurant closings	13,005	90	—		13,095
Income from operations of unconsolidated affiliates	(5,450)	—	5,118	(s)	(332)
Total costs and expenses	3,806,658	222,551	2,762		4,031,971
Income from operations	181,137	24,268	(13,983)		191,422
Loss on extinguishment and modification of debt	(20,957)	—	—		(20,957)
Other expense, net	(128)	(29)	—		(157)
Interest (expense) income, net	(86,642)	87	—		(86,555)
Income before provision for income taxes	73,410	24,326	(13,983)		83,753
Provision for income taxes	12,106	11,501	(1,340)	(t)	22,267
Net income	61,304	12,825	(12,643)		61,486
Less: net income attributable to noncontrolling interests	11,333	—	530	(u)	11,863
Net income attributable to Bloomin' Brands, Inc.	$ 49,971	$ 12,825	$ (13,173)		$ 49,623
Earnings per share:					
Basic	$ 0.45				$ 0.44
Diluted	$ 0.44				$ 0.43
Weighted average common shares outstanding:					
Basic	111,999				111,999
Diluted	114,821				114,821

The accompanying notes are an integral part of these condensed combined financial statements.

BLOOMIN' BRANDS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2013
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE DATA)

	HISTORICAL				
	BLOOMIN' BRANDS, INC.	BRAZILIAN JOINT VENTURE	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA COMBINED
Revenues					
Restaurant sales	$ 3,047,854	$ 191,551	$ —		$ 3,239,405
Other revenues	30,821	—	(9,194)	(p)	21,627
Total revenues	3,078,675	191,551	(9,194)		3,261,032
Costs and expenses					
Cost of sales	993,031	59,421	—		1,052,452
Labor and other related	858,020	40,629	—		898,649
Other restaurant operating	717,489	36,475	(9,194)	(p)	744,770
Depreciation and amortization	121,220	6,760	5,860	(q)	133,840
General and administrative	199,407	23,878	(924)	(r)	222,361
Provision for impaired assets and restaurant closings	2,706	—	—		2,706
Income from operations of unconsolidated affiliates	(7,454)	—	7,454	(s)	—
Total costs and expenses	2,884,419	167,163	3,196		3,054,778
Income from operations	194,256	24,388	(12,390)		206,254
Loss on extinguishment and modification of debt	(14,586)	—	—		(14,586)
Other (expense) income, net	(127)	(27)	—		(154)
Interest (expense) income, net	(56,585)	233	—		(56,352)
Income before (benefit) provision for income taxes	122,958	24,594	(12,390)		135,162
(Benefit) provision for income taxes	(30,696)	9,178	(933)	(t)	(22,451)
Net income	153,654	15,416	(11,457)		157,613
Less: net income attributable to noncontrolling interests	4,269	—	1,009	(u)	5,278
Net income attributable to Bloomin' Brands, Inc.	$ 149,385	$ 15,416	$ (12,466)		$ 152,335
Earnings per share:					
Basic	$ 1.22				$ 1.24
Diluted	$ 1.16				$ 1.19
Weighted average common shares outstanding:					
Basic	122,624				122,624
Diluted	128,464				128,464

The accompanying notes are an integral part of these condensed combined financial statements.

BLOOMIN' BRANDS, INC.

NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS
(IN THOUSANDS OF U.S. DOLLARS, UNLESS OTHERWISE NOTED)

1. Transaction Description

On November 1, 2013, the Company, through its wholly-owned subsidiary OB Brasil, completed its previously announced acquisition of a controlling interest in PGS Par, the Company's former joint venture partner, in accordance with the Purchase Agreement, by purchasing 80% of the issued and outstanding capital stock of PGS Par, which held a 50% interest in the Brazilian Joint Venture. Prior to the Acquisition, the Company held a 50% interest in the Brazilian Joint Venture. As a result of the Acquisition, the Company now holds a 90% interest in the Brazilian Joint Venture, which operates Outback Steakhouse restaurants in Brazil. The Company completed the Acquisition for total consideration of R$240.8 million (BRL) (or approximately $110.5 million) in cash. The Company financed the Acquisition primarily with borrowings of $100.0 million on its existing revolving credit facility and available cash. The revolving credit facility borrowings were subsequently repaid in full prior to December 31, 2013.

2. Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared using U.S. GAAP and was based on the historical consolidated financial statements of the Company and the Brazilian Joint Venture. All pro forma financial statements use the Company's period end date and no adjustments were made for the one-month lag period that was adopted by the Company at the acquisition date.

The historical consolidated financial statements of the Brazilian Joint Venture were prepared in conformity with BR GAAP, which differs in certain respects from U.S. GAAP. Necessary adjustments have been made to reconcile the historical consolidated financial statements of the Brazilian Joint Venture to U.S. GAAP. These adjustments relate primarily to differences relating to income tax contingencies and are included in the column under the heading "Pro Forma Adjustments".

The Acquisition will be accounted for under the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting under U.S. GAAP.

The historical unaudited consolidated balance sheet of the Brazilian Joint Venture was prepared in Brazilian Reais and has been translated to U.S. Dollars using a rate of $0.45, which approximates the Brazilian Real conversion rate to U.S. Dollars on September 30, 2013. The Brazilian Joint Venture historical audited consolidated statement of operations for the year ended December 31, 2012 and unaudited consolidated statement of operations for the nine months ended September 30, 2013 have been translated to U.S. Dollars using exchange rates of $0.53 and $0.47, respectively, which approximate the average Brazilian Real conversion rate to U.S. Dollars for the applicable periods. Certain of the pro forma adjustments have been translated to U.S. Dollars using an exchange rate of $0.46, which approximates the Brazilian Real conversion rate to U.S. Dollars on November 1, 2013, the closing date of the Acquisition.

3. Significant Accounting Policies

Certain amounts in the historical consolidated financial statements of the Brazilian Joint Venture have been reclassified to conform to the Company's financial statement presentation. Management will also continue to assess the accounting policies of the Brazilian Joint Venture for adjustments in addition to those reflected in the unaudited pro forma condensed combined financial information that may be required to conform the accounting policies of the Brazilian Joint Venture to the Company's.

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4. Assets Acquired and Liabilities Assumed

The following table summarizes the cash paid and preliminary estimated fair values of the assets acquired and the liabilities assumed as if the Acquisition occurred on September 30, 2013:

Cash and cash equivalents	$	15,272
Inventories		5,228
Other current assets, net		18,238
Property, fixtures and equipment		75,210
Goodwill		140,149
Intangible assets:		
Reacquired franchise rights		80,542
Favorable leases		4,139
Other assets, net		3,312
Accounts payable		(7,456)
Accrued and other current liabilities		(21,131)
Current portion of partner deposits and accrued partner obligations		(506)
Long-term portion of partner deposits and accrued partner obligations		(5,878)
Deferred income taxes		(25,268)
Other long-term liabilities, net		(10,803)
		271,048
Fair value of previously held equity investment		(138,149)
Remaining redeemable noncontrolling interest		(22,380)
Total purchase price	$	110,519

The above allocation will remain preliminary until the Company has all of the information necessary to finalize the allocation of the purchase price.

Identifiable intangible assets, net

The fair value of net intangible assets has been allocated to the following two categories: (i) reacquired franchise rights and (ii) favorable and unfavorable leases. The reacquired franchise rights will be amortized on a straight-line basis over the remaining life of each restaurants' franchise agreement, without consideration of renewal. The favorable and unfavorable leases will be amortized on a straight-line basis over the remaining lease term. The following table represents details of the identifiable intangible assets:

(IN THOUSANDS OF U.S. DOLLARS, UNLESS OTHERWISE NOTED)

	FAIR VALUE AMOUNT		ESTIMATED USEFUL LIFE (in years)	PRO FORMA FIRST YEAR AMORTIZATION (1)	
Reacquired franchise rights	$	80,542	4 - 20	$	6,860
Favorable leases		4,139	1 - 13		731
Unfavorable leases (2)		(1,758)	1 - 13		(251)
Total identifiable intangible assets, net	$	82,923		$	7,340

(1) Represents amortization expense expected to be recorded over the first 12-month period subsequent to the acquisition date.
(2) Unfavorable leases are included in Other long-term liabilities, net in the preliminary estimated fair values of the assets acquired and the liabilities assumed table shown above.

The fair values of the identifiable intangible assets were determined based on the following approach:

- *Reacquired franchise rights:* The value assigned to the reacquired franchise rights was determined using the income approach. Projected after-tax, post-royalty expense cash flows derived from the franchise rights that were reacquired, net of capital charges, were discounted to present value. Expectations related to future restaurant performance were based on historical data, and a long-term forecast was constructed based on the Company's financial projections and expectations. The capital charges applied serve to recognize the use of other assets in deriving value from the franchise agreement. The resulting cash flows were then discounted to present value.

- *Favorable and unfavorable leases:* The values assigned to favorable and unfavorable leases were determined using a market approach. The variance between market rent and contract rent over the remaining lease term was discounted to present value on a location-by-location basis.

Step acquisition

A step acquisition occurs when a controlling ownership interest is gained over a period of time. Applicable accounting guidance requires that a step acquisition in which control is obtained over a business be accounted for as a business combination. The accounting guidance also requires that previously held equity interests be remeasured at fair value and any difference between the fair value and the carrying value of the equity interest held be recognized as a gain or loss on the statement of operations. The fair value assigned to the previously held equity investment in the Brazilian Joint Venture for purposes of calculating the gain or loss was determined using the income approach, based on a discounted cash flow methodology. The resulting gain on remeasurement to fair value of the previously held equity investment in the Brazilian Joint Venture in the amount of $37.0 million has been included as an adjustment to the Accumulated deficit in the Unaudited Pro Forma Condensed Combined Balance Sheet but excluded from the Unaudited Pro Forma Condensed Combined Statements of Operations.

Noncontrolling interest

The Acquisition, as described in Note 1, results in a noncontrolling interest of 10% being retained by the sellers. The fair value assigned to the noncontolling interest in the Brazilian Joint Venture was determined using the income approach, based on a discounted cash flow methodology. In accordance with the Purchase Agreement, the noncontrolling interest in the Brazilian Joint Venture is subject to certain put options and call options. The accounting guidance considers these options to be embedded features within the noncontrolling interest that require the noncontrolling interest to be classified within the balance sheet as redeemable equity. The redeemable noncontrolling interest in the Brazilian Joint Venture is presented at fair value in the amount of $22.4 million and has been included as an adjustment to Mezzanine equity in the Unaudited Pro Forma Condensed Combined Balance Sheet.

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5. Notes to Unaudited Pro Forma Adjustments

Adjustments included in the column under the heading "Pro Forma Adjustments" represent the following:

(a) To reflect adjustments made to cash for the following:

Proceeds from borrowing on revolving credit facility	$	100,000
Less: Acquisition purchase price		(110,519)
Less: Cash placed in indemnity escrow for unrecognized contingent losses		(10,080)
	$	(20,599)

(b) To reflect the elimination of franchise and royalty receivables and payables from the historical consolidated balance sheets of Bloomin' Brands, Inc. and the Brazilian Joint Venture.

(c) To adjust the acquired property, fixtures, and equipment to fair value as of the acquisition date.

(d) To reflect the write-off of the previously held equity investment of $40.5 million in the Brazilian Joint Venture.

(e) To reflect goodwill resulting from the Acquisition, calculated as follows:

Acquisition purchase price	$	110,519
Gain on remeasurement to fair value of previously held equity investment (see note (e)(1))		36,963
Write-off of previously held equity investment		40,453
Write-off of the accumulated foreign currency translation adjustment associated with the previously held equity investment		6,810
Write-off of historical intangible assets associated with the previously held equity investment		1,292
Remaining redeemable noncontrolling interest		22,380
Recognition of deferred income tax liability on purchase price fair value adjustments		29,741
Less: Fair value of assets acquired and liabilities assumed, net (2)		(77,717)
Less: Recognition of identifiable intangible assets acquired:		
Reacquired franchise rights		(80,542)
Favorable leases		(4,139)
Unfavorable leases		1,758
	$	87,518

(1) Gain on remeasurement to fair value of the previously held equity investment in the Brazilian Joint Venture is computed as follows:

Fair value of the previously held equity investment	$	138,149
Less: Carrying value of the previously held equity investment		(40,453)
Less: Carrying value of historical goodwill		(52,631)
Less: Carrying value of historical intangible assets associated with the previously held equity investment		(1,292)
Less: Accumulated foreign currency translation adjustment associated with the previously held equity investment		(6,810)
	$	36,963

(IN THOUSANDS OF U.S. DOLLARS, UNLESS OTHERWISE NOTED)

(2) Fair value of assets acquired and liabilities assumed, net is computed as follows:

Historical book value of assets acquired and liabilities assumed, net	$	74,909
Remeasurement of assets acquired and liabilities assumed to fair value:		
Fixed assets fair value adjustment		5,898
Write-off of deferred rent		978
Write-off of deferred lease incentive from the historical consolidated balance sheet of the Brazilian Joint Venture		1,417
Write-off of intangible assets from the historical consolidated balance sheet of the Brazilian Joint Venture		(2,573)
		80,629
Reconciliation adjustment from BR GAAP to U.S. GAAP:		
Recognition of liability for uncertain income tax positions in accordance with U.S. GAAP		(2,912)
	$	77,717

(f) To reflect the following:

Recognition of the following identifiable intangible assets acquired:		
Reacquired franchise rights	$	80,542
Favorable leases		4,139
Less: Write-off of the carrying value of the historical intangible assets associated with the previously held equity investment		(1,292)
Less: Write-off of intangible assets from the historical consolidated balance sheet of the Brazilian Joint Venture		(2,573)
	$	80,816

(g) Reclassification adjustment to net deferred income tax asset with deferred income tax liability.

(h) To reflect the write-off of deferred rent from the historical consolidated balance sheet of the Brazilian Joint Venture.

(i) To reflect the following:

Recognition of deferred income tax liability on purchase price fair value adjustments	$	29,741
Less: Reclassification adjustment to net deferred income tax asset with deferred income tax liability (see note (g))		(4,473)
	$	25,268

(j) To reflect borrowing of $100.0 million from the Company's revolving credit facility. Borrowings were repaid in full prior to December 31, 2013.

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(k) To reflect the following:

Recognition of unfavorable lease liability at fair value	$	1,758
Recognition of liability for uncertain tax positions in accordance with U.S. GAAP		2,912
Less: Write-off of deferred lease incentive from the historical balance sheet of the Brazilian Joint Venture		(1,417)
	$	3,253

(l) To reflect the recognition at fair value of the 10% redeemable noncontrolling interest in the Brazilian Joint Venture retained by the sellers.

(m) To reflect the elimination of the historical common stock of the Brazilian Joint Venture such that on a combined basis only the common stock of Bloomin' Brands, Inc. remains.

(n) To reflect adjustments to Accumulated deficit for the following:

Gain on remeasurement to fair value of previously held equity investment in the Brazilian Joint Venture, (see note (e)(1))	$	36,963
Less: Elimination of historical retained earnings of the Brazilian Joint Venture		(65,105)
	$	(28,142)

(o) To reflect the write-off of the foreign currency translation adjustment associated with the previously held equity investment.

(p) To reflect the elimination of royalty revenue and royalty expense from the historical consolidated statements of operations of Bloomin' Brands, Inc. and the Brazilian Joint Venture, respectively.

(q) To reflect adjustments to Depreciation and amortization for stores opened as of January 1, 2012 (the assumed date of the transaction for pro forma statements of operations purposes) as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2012		FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013	
Amortization expense resulting from the recognition of the reacquired franchise rights and favorable lease intangible assets	$	7,245	$	4,899
Incremental depreciation expense resulting from adjustments to fair value and depreciable lives of property, fixtures and equipment		1,666		1,238
Less: Current year amortization of intangible assets capitalized on the historical consolidated balance sheet of the Brazilian Joint Venture		(46)		(277)
	$	8,865	$	5,860

(r) To reflect the reversal of professional fees associated with the Acquisition that are included in the historical results of Bloomin' Brands, Inc. for the nine months ended September 30, 2013, which are not ongoing expenses.

(s) To reflect the reversal of equity method income from the historical consolidated statements of operations of Bloomin' Brands, Inc. resulting from the 50% ownership of the Brazilian Joint Venture.

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(t) To reflect the following:

	FOR THE YEAR ENDED DECEMBER 31, 2012		FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013	
Recognition of provision for uncertain income tax positions in accordance with U.S. GAAP	$	1,674		1,459
Less: Tax effect of the pro forma adjustments at the Brazilian statutory rate of 34% and combined pro forma income tax provision adjustment		(3,014)		(2,392)
	$	(1,340)	$	(933)

(u) To reflect the net income attributable to the 10% redeemable noncontrolling interest in the Brazilian Joint Venture retained by the sellers, calculated as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2012		FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013	
Historical consolidated net income of the Brazilian Joint Venture	$	12,825	$	15,416
Pro forma adjustments attributable to the Brazilian Joint Venture:				
Depreciation and amortization (note (q))		(8,865)		(5,860)
Provision for income taxes (note (t))		1,340		533
		5,300		10,089
Remaining redeemable noncontrolling interest		10%		10%
	$	530	$	1,009