OJSC Rosinter Restaurants Holding

Unaudited Interim Condensed
Consolidated Financial Statements

For the six months ended June 30, 2012

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Report on review of interim condensed consolidated financial statements

To the Board of Directors of OJSC Rosinter Restaurants Holding

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of OJSC Rosinter Restaurants Holding and its subsidiaries ("the Group") at June 30, 2012, comprising the interim consolidated statement of financial position and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

September 5, 2012

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Financial Position

at June 30, 2012

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

	Notes	June 30, 2012, unaudited	December 31, 2011, audited
ASSETS			
Non-current assets			
Property and equipment	4	1,998,328	2,123,855
Intangible assets		105,902	135,948
Goodwill		176,153	176,153
Investments in joint ventures and associates		4,862	4,795
Long-term loans due from related parties	5	18,761	104,336
Long-term receivables due from related parties	5	3,327	3,854
Deferred income tax asset		165,607	123,971
Other non-current assets		158,671	143,451
		2,631,611	**2,816,363**
Current assets			
Inventories		150,150	167,768
VAT and other taxes recoverable		113,008	102,306
Income tax recoverable		34,502	34,940
Trade and other receivables		216,398	196,124
Advances paid		161,034	184,319
Receivables from related parties	5	52,113	56,258
Short-term loans		6,385	7,524
Short-term loans due from related parties	5	102,246	100,198
Cash and cash equivalents		302,934	233,901
		1,138,770	**1,083,338**
TOTAL ASSETS		**3,770,381**	**3,899,701**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	6	2,767,015	2,767,015
Additional paid-in capital		2,204,190	2,204,816
Treasury shares	6	(413,085)	(416,732)
Other capital reserves		19,951	18,526
Accumulated losses		(3,693,652)	(3,621,323)
Translation difference		(78,110)	(72,847)
		806,309	**879,455**
Non-controlling interests		14,913	18,596
		821,222	**898,051**
Non-current liabilities			
Long-term loans and borrowings	9	781,655	289,768
Long-term liabilities to partners		48,052	48,519
Deferred income		4,637	8,050
Deferred income tax liabilities		64,951	59,165
		899,295	**405,502**
Current liabilities			
Trade and other payables		1,231,361	1,144,668
Short-term loans and borrowings	9	616,223	1,210,931
Payables to related parties	5	21,017	24,024
Short-term loans due to related parties	5	4,756	5,241
Short-term liabilities to partners		45,698	48,882
Deferred income		63,855	62,487
Income tax payable		66,954	99,915
		2,049,864	**2,596,148**
TOTAL EQUITY AND LIABILITIES		**3,770,381**	**3,899,701**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Income Statement

for the six months ended June 30, 2012

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

		For the six months ended June 30,	
		2012	**2011, as revised**
	Notes	**Unaudited**	
Revenue	10	**5,188,940**	**5,038,579**
Cost of sales	11	(4,184,439)	(4,157,126)
Gross profit		**1,004,501**	**881,453**
Selling, general and administrative expenses	12	(769,468)	(790,391)
Start-up expenses for new restaurants		(51,868)	(57,034)
Other gains	13	46,194	17,026
Other losses	13	(52,422)	(118,156)
Profit/(loss) from operating activities before impairment		**176,937**	**(67,102)**
Loss from impairment of operating assets	14	(151,423)	(191,082)
Profit/(loss) from operating activities after impairment		**25,514**	**(258,184)**
Financial income		13,934	10,215
Financial expense		(96,214)	(86,115)
Foreign exchange gains/(losses), net		16,062	(35,792)
Share of profits of joint venture and associates		67	498
Loss before income tax		**(40,637)**	**(369,378)**
Income tax (expense)/benefit		(34,500)	47,868
Net loss for the period		**(75,137)**	**(321,510)**
Attributable to:			
Equity holders of the parent entity		(72,329)	(317,618)
Non-controlling interests		(2,808)	(3,892)
Loss per share, basic, Russian Roubles	8	**(4.63)**	**(20.29)**
Loss per share, diluted, Russian Roubles	8	**(4.49)**	**(19.91)**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Comprehensive Income

for the six months ended June 30, 2012

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

	Notes	For the six months ended June 30, 2012	For the six months ended June 30, 2011
		Unaudited	Unaudited
Net loss for the period		**(75,137)**	**(321,510)**
Exchange differences on translation of foreign operations to presentation currency		(5,118)	(12,019)
Share of translation differences of associates and joint ventures		(145)	–
Other comprehensive loss for the period, net of tax		**(5,263)**	**(12,019)**
Total comprehensive loss for the period, net of tax		**(80,400)**	**(333,529)**
Attributable to:			
Equity holders of the parent entity		(77,592)	(329,637)
Non-controlling interests		(2,808)	(3,892)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Cash Flows

for the six months ended June 30, 2012

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

		For the six months ended June 30,	
		2012	**2011**
	Notes	**Unaudited**	
Operating activities			
Loss before tax		(40,637)	(369,378)
Adjustments to reconcile loss before tax to net cash provided by operating activities:			
Depreciation and amortization	11, 12	187,994	206,813
Foreign exchange (gains)/losses, net		(16,062)	35,792
Financial income		(13,934)	(10,215)
Financial expense		96,214	86,115
(Reversal of impairment)/allowance for impairment of advances paid, taxes recoverable and receivables	12	(7,356)	7,996
Obsolescence/(reversal of obsolescence) of inventories		184	(1,468)
Loss on disposal of non-current assets	13	29,478	89,615
Impairment of assets	14	151,423	191,082
Share of joint venture's and associates' results		(67)	(498)
Write off and impairment of loans receivable from related parties		–	92
Gain on bargain purchase		(11,565)	–
Share based payment expenses		1,425	7,246
		377,097	**243,192**
Changes in operating assets and liabilities:			
Decrease in inventories		23,054	83,082
Decrease/(increase) in advances, taxes recoverable, receivables and other assets		1,989	(3,483)
Decrease in receivables from/payables to related parties, net		10,924	46,635
Increase in trade and other payables		50,323	50,731
Net cash generated from operations		**463,387**	**420,157**
Interest paid		(71,062)	(61,050)
Interest received		7,313	4,149
Income tax paid		(54,115)	(22,475)
Net cash flows from operating activities		**345,523**	**340,781**
Investing activities			
Purchases of property and equipment		(144,775)	(241,293)
Loans issued to related parties		(1,253)	(20,037)
Proceeds from repayment of loans issued to related parties		2,306	–
Payments to acquire non-controlling interest in subsidiaries		–	(45,723)
Purchase of intangible assets		(9,709)	(7,532)
Proceeds from disposal of property and equipment		3,172	10,291
Loans issued to third parties		–	(4,850)
Proceeds from repayment of loans issued to third parties		–	4,326
Net cash flows used in investing activities		**(150,259)**	**(304,818)**

Continued on the next page

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statement of Cash Flows (continued)

	Notes	For the six months ended June 30, 2012	2011
		Unaudited	
Financing activities			
Repayment of bank loans		(338,489)	(1,445,931)
Proceeds from bank loans		235,857	1,494,514
Payments to partners		(25,621)	(32,785)
Repayment of related party loans		(485)	(6,329)
Acquisition of treasury shares		–	(61,729)
Proceeds from issue of shares		3,647	–
Repayment of lease obligations		(326)	(1,312)
Dividends paid to shareholders		(894)	(16)
Net cash flows used in financing activities		**(126,311)**	**(53,588)**
Effect of exchange rate on cash and cash equivalents		80	(12,091)
Net increase/(decrease) in cash and cash equivalents		69,033	(29,716)
Cash and cash equivalents at beginning of the period		**233,901**	**216,510**
Cash and cash equivalents at end of the period		**302,934**	**186,794**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Changes in Equity

for the six months ended June 30, 2012

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

	Attributable to equity holders of the parent entity								
	Share capital	**Additional paid-in capital**	**Treasury shares**	**Other capital reserves**	**Accumulated losses**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At January 1, 2012, audited	**2,767,015**	**2,204,816**	**(416,732)**	**18,526**	**(3,621,323)**	**(72,847)**	**879,455**	**18,596**	**898,051**
Net loss for the period	–	–	–	–	(72,329)	–	**(72,329)**	(2,808)	**(75,137)**
Other comprehensive gain for the period	–	–	–	–	–	(5,263)	**(5,263)**	–	**(5,263)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(72,329)**	**(5,263)**	**(77,592)**	**(2,808)**	**(80,400)**
Proceeds from issue of shares	–	(626)	3,647	–	–	–	**3,021**	–	**3,021**
Share based payment	–	–	–	1,425	–	–	**1,425**	–	**1,425**
Dividends	–	–	–	–	–	–	**–**	(875)	**(875)**
At June 30, 2012, unaudited	**2,767,015**	**2,204,190**	**(413,085)**	**19,951**	**(3,693,652)**	**(78,110)**	**806,309**	**14,913**	**821,222**
At January 1, 2011, audited	**2,767,015**	**2,204,816**	**(355,003)**	**18,402**	**(3,299,433)**	**(52,439)**	**1,283,358**	**24,419**	**1,307,777**
Net loss for the period	–	–	–	–	(317,618)	–	**(317,618)**	(3,892)	**(321,510)**
Other comprehensive gain for the period	–	–	–	–	–	(12,019)	**(12,019)**	–	**(12,019)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(317,618)**	**(12,019)**	**(329,637)**	**(3,892)**	**(333,529)**
Purchase of treasury shares	–	–	(61,729)	–	–	–	**(61,729)**	–	**(61,729)**
Share based payment	–	–	–	(3,032)	–	–	**(3,032)**	–	**(3,032)**
Purchase of non-controlling interest in a subsidiary *(Note 7)*	–	–	–	–	(45,723)	–	**(45,723)**	–	**(45,723)**
Dividends	–	–	–	–	–	–	**–**	(16)	**(16)**
At June 30, 2011, unaudited	**2,767,015**	**2,204,816**	**(416,732)**	**15,370**	**(3,662,774)**	**(64,458)**	**843,237**	**20,511**	**863,748**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

(All amounts are in thousands of Russian Roubles, unless specified otherwise)

1. Corporate Information

OJSC Rosinter Restaurants Holding (the "Company") was registered as a Russian open joint stock company on May 24, 2004. The registered and headquarter address of the Company is at 7 Dushinskaya str., Moscow, 111024, Russia. As of June 30, 2012, the Company's controlling shareholder was RIG Restaurants Limited, a limited liability company (the "Parent") (formerly known as Rostik Restaurants Limited) incorporated under the laws of Cyprus. RIG Restaurants Limited is under the ultimate control of Mr. Rostislav Ordovsky-Tanaevsky Blanco.

OJSC Rosinter Restaurants Holding and its subsidiaries (the "Group") is the leading casual dining operator in Russia and CIS both by number of restaurants and by revenue. The Group's business is focused on serving the most popular cuisines in Russia: Italian, Japanese, American and local Russian cuisine.

The Group derives its revenues from restaurant business sales and the network of independent franchisees in Moscow and throughout Russia and the CIS, sublease, other services and revenues from canteens.

The Interim Condensed Consolidated financial statements of the Company for the six months ended June 30, 2012 were approved for issue by the Board of Directors on September 5, 2012.

The Group derives revenue in the territory of Russia and other CIS countries, Baltic States and other European countries. For the six months ended June 30, 2012 and 2011, the revenues from the Russian market were approximately 87% of total revenues. The non-current assets of Group's subsidiaries operating in the Russian market were approximately 87% of total non-current assets of the Group for the six months ended June 30, 2012 and 2011. The second largest markets were Ukraine and Kazakhstan with 4% of total revenues for the six months ended June 30, 2012 and 2011, respectively. The second largest markets operated on non-current assets of the Group were Europe and Ukraine with 4% of non-current assets at June 30, 2012 and December 31, 2011.

At June 30, 2012 and 2011, the Group employed approximately 7,454 and 7,980 people, respectively.

The Company had a controlling ownership interest, directly or indirectly, in the following principal subsidiaries:

Entity	Country of incorporation	June 30, 2012	December 31, 2011
		% Ownership	% Ownership
Rosinter Restaurants LLC	Russia	100.00%	100.00%
Rosinter Restaurants Sibir LLC	Russia	100.00%	100.00%
Rosinter Restaurants Perm LLC	Russia	51.00%	51.00%
Rosinter Restaurants Ekaterinburg LLC	Russia	51.00%	51.00%
Rosinter Restaurants Samara CJSC	Russia	100.00%	100.00%
BelRosInter LLC	Belarus	93.00%	93.00%
Rosinter Almaty LLP	Kazakhstan	90.00%	90.00%
Rosinter Ukraine LLC	Ukraine	51.00%	51.00%
RIGS Services Limited	Cyprus	100.00%	100.00%
Rosinter Czech Republic s.r.o.	The Czech Republic	100.00%	100.00%
Rosinter Polska Sp. z o.o.	Poland	100.00%	100.00%
Rosinter Hungary Kft	Hungary	100.00%	100.00%

During the six months ended June 30, 2012, the Group opened 9 new restaurants and closed 10 restaurants. During the six months ended June 30, 2011, the Group opened 11 new restaurants and closed 4 restaurants. In addition, the Group continues to develop a casual dining restaurant business on a franchise agreement basis. The Group opened 8 and closed 12 franchise restaurants in Moscow city, Moscow region and Russian regions during the six months ended June 30, 2012. The Group opened 14 and closed 5 franchise restaurants in Moscow city, Moscow region and Russian regions during the six months ended June 30, 2011. As of June 30, 2012 and 2011 the Group operated 377 and 378 restaurants, respectively.

2. Basis of Preparation of Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2012, have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Accordingly, the interim condensed 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 Group's consolidated financial statements for the year ended December 31, 2011.

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

The Group's current liabilities as of June 30, 2012, of RUR 2,049,864 (RUR 2,596,148 as of December 31, 2011) exceeded its current assets by RUR 911,094 (RUR 1,512,810 as of December 31, 2011). The net current liability position primarily results from trade and other payables in the amount RUR 1,231,361 (RUR 1,144,668 as of 31 December 2011) and current portion of long-term loans in the amount RUR 616,223 (RUR 1,210,931 as of 31 December 2011).

Group management believes that it is appropriate to prepare the financial statements on a going concern basis due to the following:

- During the six month ended June 30, 2012, the Group repaid RUR 102,632 of loans in accordance with schedule.
- During the six months ended June 30, 2012 and 2011, net cash generated from operations amounted to RUR 463,387 and RUR 420,157, respectively. Management expects this trend to be continued.
- The net loss for six months ended June 30, 2012 amounted to RUR 75,137 primarily resulted from impairment of assets in the amount of RUR 151,423 and increased rent expenses due to new restaurants and rent terms revised. The negative effect of these factors was addressed by a new pricing strategy and efficiency improvement initiatives introduced by the management in order to increase gross profit margin. As a result of these efforts, the gross profit margin has improved substantially in 2012 to 19.4% as compared to 17.5% for the six months ended June 30, 2011, which contributed strongly to the improvement of net cash generated from operations.
- Actions implemented include innovative brand promotions, an improvement in the business economics through savings in labour, food and beverage costs, and an increased franchisee component in its new restaurant development plan.
- In 2011, the Group entered into a revolving credit facility agreement with Alfa-Bank, OJSC in the amount of RUR 350,000 bearing interest from 10% to 15% per annum and maturing in August 2013. Under the terms of this credit facility, the Group can use a number of revolving short-term credit instruments including overdrafts and borrowings. As at June 30, 2012, the unutilized balance of this revolving credit facility amounted to RUR 350,000.

Therefore, management strongly believes in the Group's ability to operate as a going concern, and is confident in the Group's ability to settle its debts as and when they fall due.

These interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might be necessary if such additional resources are not available and the Group is unable to continue as a going concern.

2. Basis of Preparation of Financial Statements (continued)

Reclassifications

The Group has made the reclassifications in the six months ended June 30, 2011 comparative numbers as follows:

Extract from Consolidated Income Statement

	June 30, 2011, as reported	Reclassifications	June 30, 2011, as revised
Revenue*	**5,069,495**	(30,916)	**5,038,579**
Cost of sales*	(4,161,334)	4,208	(4,157,126)
Gross profit	**908,161**	**(26,708)**	**881,453**
Selling, general and administrative expenses *,**,***	(809,925)	19,534	(790,391)
Start-up expenses for new restaurants	(57,034)	–	(57,034)
Other gains	17,026	–	17,026
Other losses***	(131,137)	12,981	(118,156)
Loss from operating activities before impairment	**(72,909)**	**5,807**	**(67,102)**
Loss from impairment of operating assets	(191,082)	–	(191,082)
Loss from operating activities after impairment	**(263,991)**	**5,807**	**(258,184)**
Financial income	10,215	–	10,215
Financial expense**	(80,308)	(5,807)	(86,115)
Foreign exchange losses, net	(35,792)	–	(35,792)
Share of profits of joint venture and associates	498	–	498
Loss before income tax	**(369,378)**	**–**	**(369,378)**

* The Group offset marketing fees in franchise revenue in the amount of RUR 26,708 with corresponding marketing expenses in selling, general and administrative expenses. The Group also reclassified some marketing revenues into volume rebates and offset them with food and beverage cost in the total amount of RUR 4,208.

** The Group reclassified bank expenses attributable to financing activity from selling, general and administrative expenses to financial expenses in the amount of RUR 5,807.

*** The Group reclassified expenses attributable to operating activity from other loss to selling, general and administrative expenses in total amount of RUR 12,981.

These reclassifications provide reliable and more relevant information compared with competitors.

Changes in Accounting Estimates

The Group considers charges utensils, paper goods and other items (“rotables”) as low value items which shall be immediately expensed to profit and loss since January 1, 2011. As of June 30, 2011 the expenses related to this change in estimation amounted to RUR 36,103.

2. Basis of Preparation of Financial Statements (continued)

New Standards, Interpretations and Amendments, thereof Adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011, except for the adoption of new standards and interpretations as of January 1, 2012, noted below:

- IFRS 7 - *Disclosures - Transfers of financial assets* (Amendment)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after July 1, 2011 with no comparative requirements.

- IFRS 1 - *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendment)

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after July 1, 2011 with early adoption permitted. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IAS 12 - *Deferred Tax: Recovery of Underlying Assets* (Amendment)

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after January 1, 2012.

The Group has no investment properties at fair value and assets under IAS 16 valued under the revaluation model. While the amendment is applicable, it has no impact on the financial statement of the Group.

Above stated amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group.

3. Business Combinations

Acquisition of Rosworth Limited

On June 13, 2012 the Group acquired 50% of shares of Rosworth Limited ("Rosworth") for a total consideration of 1 US dollar (RUR 33 at the exchange rate on June 13, 2012), an unlisted company based in Cyprus. Up to June 13, 2012 Rosworth was the Group's joint venture accounted for using the equity method, investment in which was fully impaired at the date of acquisition. Rosworth holds 100% of shares of Brava LLC ("Brava"), an unlisted company based in Russian Federation, operating Costa Coffee outlets. Prior to the acquisition the Group issued a number of loans to Rosworth with the total carrying amount of RUR 92,267 and the fair value of RUR 92,267 at the acquisition date. The acquisition of Rosworth Limited resulted in gain on bargain purchase in the amount RUR 27,687 which was recognized as other gains in consolidated income statement of the Group. The Group recognized gain on bargain purchase due to successful negotiations between Group and Costa Limited. The acquisition was held in accordance with expected synergies from combining assets and activities of the acquired company with those of the Group.

At the reporting date the Group did not finalize the valuation of acquired assets and in so far the accounting for the business combination is incomplete. The provisional fair value of the acquired identifiable assets, liabilities and contingent liabilities at the acquisition date was:

	June 13, 2012
Provisional fair value	
Property and equipment	59,497
Deferred income tax asset	45,333
VAT and other taxes recoverable	3,014
Income tax recoverable	106
Trade and other receivables	3,075
Advances paid	7,918
Cash and cash equivalents	16,122
Receivables from related parties	4,472
Inventories	4,698
Other non-current assets	11,974
Total assets	**156,209**
Trade and other payables	35,656
Deferred income tax liabilities	599
Total liabilities	**36,255**
Total identifiable net assets	**119,954**
Gain on bargain purchase	27,687
Fair value of previously held equity interest	–
Purchase consideration transferred	92,267
- in cash	0*
- fair value of loans issued by the Group to Rosworth	92,267

Cash flow on acquisition was as follows:

	June 13, 2012
Net cash acquired with the subsidiary	16,122
Cash paid	0*
Net cash inflow	**16,122**

* 1 US dollar (33 Russian roubles at the exchange rate at June 13, 2012)

The provisional fair value and net book value of property and equipment amounted to RUR 59,497. None of the property and equipment has been impaired. The revenue and net loss for the period from June 13, 2012 to June 30, 2012 were consolidated by the Group in the amount of RUR 13,430 and RUR 797 respectively.

4. Property and Equipment

During the six months ended June 30, 2012 and 2011, the Group acquired assets with a cost of RUR 204,838 and RUR 241,293, respectively. Assets with a net book value of RUR 38,261 and RUR 80,754 were disposed of by the Group during the six months ended June 30, 2012 and 2011, respectively, resulting in a net loss on disposal of RUR 35,089 and RUR 70,462, respectively.

The Group has several finance lease contracts for motor vehicles. The carrying value of the leased assets as of June 30, 2012 and December 31, 2011 amounted to RUR 1,028 and RUR 1,091, respectively.

Property and equipment was tested for impairment as of June 30, 2012. The Group recognized impairment losses of property and equipment for the six months ended June 30, 2012 and 2011, in the amount of RUR 147,577 and 167,568, respectively, as the recoverable amount of these assets is less than carrying amount at the same date. The accumulated impairment loss of property and equipment amounted to RUR 387,549 and RUR 229,614 as of June 30, 2012 and 2011, respectively.

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash generating unit (restaurant). The recoverable amount has been determined based on value-in-use calculation using cash flows projections based on the actual operating results and budgets approved by management and appropriate discount rate reflecting time value of money and risks associated with the cash generating units.

Cash flow projections cover a period of useful life of up to 10 years of the principal assets of each cash generating unit. Average growth rates used in cash flow projections vary from 0% to 6% depending on cash generating unit's country of operation and approximate country's expected Gross Domestic Product (GDP) growth for the projected period. The cash flow projections were discounted at the rate of 11.79% and 12% in Russian Rouble nominal terms for June 30, 2012 and 2011, respectively. The calculation of the discount rate was based on Group's cost of financing and weighted average cost of capital (WACC). If the discount rate was 1 percentage point higher, this would not lead to any material change in the impairment losses.

5. Related Parties Disclosures

In accordance with IAS 24 *Related Party Disclosures* parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Short-term loans receivable from/payable to related parties consisted of the following:

		Short-term loans receivable from related parties		**Short-term loans payable to related parties**	
Related Parties	**Nature of relationship**	**June 30, 2012**	**December 31, 2011**	**June 30, 2012**	**December 31, 2011**
		Unaudited	**Audited**	**Unaudited**	**Audited**
Hodler Finance S.A. (1)	Entity under common control (EUCC)	82,042	80,490	–	–
Rostik Investment Group Inc. (2)		10,000	10,000	–	–
Other EUCC		10,204	9,708	4,756	5,241
Total short-term loans receivable from/payable to related parties		**102,246**	**100,198**	**4,756**	**5,241**

5. Related Parties Disclosures (continued)

(1) On April 22, 2010 the Group issued an unsecured loan to Hodler Finance S.A. in the amount of 2,500 thousand US dollars (RUR 82,042 at the exchange rate at June 30, 2012) bearing interest of 8.75% and maturing in 2012.

(2) On December 24, 2007, the Group provided Rostik Investment Group Inc. with an unsecured rouble denominated loan in the total amount of RUR 68,750, bearing interest of 14.00% per annum. During 2010 the loan was partially repaid. In 2011, the loan agreement was renewed with the interest rate of 10.50% per annum and due date of December 31, 2012.

Long-term loans receivable from/payable to related parties were the following:

Related Parties	Nature of relationship	Long-term loans receivable from related parties: June 30, 2012	Long-term loans receivable from related parties: December 31, 2011
		Unaudited	**Audited**
Rosworth Investments Limited (3)	Joint Venture	–	88,018
Rosinter Umai UK Limited (4)	EUCC	18,761	16,318
Total long-term loans receivable from/payable to related parties		**18,761**	**104,336**

(3) During 2008-2011 the Group issued a number of unsecured loans to Rosworth Investments Limited in the total nominal amount of 4,460 thousand US dollars (RUR 146,363 at the exchange rate at June 30, 2012) bearing interest of USD LIBOR 3M plus 1% per month and maturing in 2017. The outstanding balance at amortised cost was RUR 88,018 as of December 31, 2011. On June 13, 2012 the Group increased share ownership in Rosworth Investments Limited to 100% and the loans were recognised as intercompany loans as of June 30, 2012.

(4) On July 22, 2011 the Group issued an unsecured loan to Rosinter Umai UK limited in the nominal amount of 450 thousand British Pounds (RUR 23,110 at the exchange rate at June 30, 2012), bearing no interest and maturing in July 21, 2016. The outstanding balance at amortized cost was RUR 18,761 as of June 30, 2012.

As of December 31, 2011 and June 30, 2012 long-term and short-term loans and accounts receivable from related parties were neither past due nor impaired.

As of June 30, 2012, and June 30, 2011 long-term accounts receivable from related parties consisted of receivables from the sale of equipment to TransCorpRate LLC in the amount of RUR 3,327 and 3,854, respectively.

Short-term accounts receivable from/payable to related parties consisted of the following:

Related Parties	Nature of relationship	Receivables from related parties: June 30, 2012	Receivables from related parties: December 31, 2011	Payables to related parties: June 30, 2012	Payables to related parties: December 31, 2011
		Unaudited	**Audited**	**Unaudited**	**Audited**
Rostik Investment Group Inc. (5)	EUCC	27,731	27,234	1,869	1,221
RIG Restaurant Limited (6)	Parent company	15,714	15,339	–	–
TransCorpRate LLC (9)	EUCC	1,721	1,721	–	–
RosCorp LLC (8)	EUCC	5	6,968	136	18
Chicken Factory LLC (11)	EUCC	–	–	4,835	6,022
Rostik Aero LLC (12)	EUCC	–	–	1,579	1,344
Loyalty Partners Vostok LLC (10)	EUCC	–	–	1,410	5,076
Brava LLC (7)	Joint Venture	–	–	–	2,462
Other EUCC		6,942	4,996	11,188	7,881
Total receivable from/payable to related parties		**52,113**	**56,258**	**21,017**	**24,024**

5. Related Parties Disclosures (continued)

(5) The outstanding receivable balance as of June 30, 2012 and December 31, 2011 represents management and financial advisory services provided by the Group to Rostik Investment Group Inc. The outstanding payable balance as of June 30, 2012 and December 31, 2011 comprises rent payable and interest payable.

(6) The outstanding receivable balance as of June 30, 2012 and December 31, 2011, results from operating expenses and IPO expenses paid by the Group on behalf of RIG Restaurants Limited.

(7) The outstanding payable balance as of June 30, 2012 and December 31, 2011 represents royalty and other services provided by Brava LLC to the Group. The services were recognised as intercompany transactions from June 13, 2012 (Note 3).

(8) The outstanding balances as of June 30, 2012 and December 31, 2011 represent advances for rent, transport and utility services provided by RosCorp LLC to the Group.

(9) The outstanding balance as of June 30, 2012 and December 31, 2011 represents receivables from the sale of equipment to TransCorpRate LLC.

(10) The outstanding payable balance to Loyalty Partners Vostok LLC represents services related to the "Malina" customer loyalty program provided to the Group. The ultimate controlling shareholder holds director position in Loyalty Partners Vostok LLC.

(11) The outstanding payable balance as of June 30, 2012 represents purchase of goods from Chicken Factory LLC.

Transactions with related parties were as follows for the six months ended June 30, 2011:

Related Parties	**Nature of relationship**	**Revenue and other gains/(losses)**	**Purchases**	**Interest income**	**Interest expense**
		Unaudited			
Brava LLC (7)	Joint venture	5,687	8,969	–	–
Loyalty Partners Vostok LLC (10)	EUCC	5,349	–	–	–
Chicken Factory LLC (11)	EUCC	2,930	31	–	–
RosCorp LLC (8)	EUCC	1,321	65,110	–	–
Rostik Aero LLC (12)	EUCC	–	6,482	–	–
Rostik Investment Group Inc. (2, 5)	EUCC	–	6,604	5,323	–
Hodler Finance S.A. (1)	EUCC	–	–	3,086	–
Rosworth Investments Limited (3)	Joint Venture	–	–	738	6,431
TransCorpRate LLC (9)	EUCC	(16,609)	–	186	2,155
Other EUCC		2,986	24,303	–	–
Total		**1,664**	**111,499**	**9,333**	**8,586**

5. Related Parties Disclosures (continued)

Transactions with related parties were as follows for the six months ended June 30, 2012:

Related Parties	**Nature of relationship**	**Revenue and other gains**	**Purchases**	**Interest income**	**Interest expense**
		Unaudited			
Loyalty Partners Vostok LLC (10)	EUCC	7,801	13	–	–
Brava LLC (7)	Joint venture	4,755	7,118	–	–
RosCorp LLC (8)	EUCC	1,971	74,292	–	–
Rostik Aero LLC (12)	EUCC	122	6,284	–	–
Best Eastern Distribution LLC (13)	EUCC	–	11,746	–	–
Rostik Investment Group Inc. (2, 5)	EUCC	–	6,035	497	–
Hodler Finance S.A. (1)	EUCC	–	–	3,324	–
Rosworth Investments Limited (3)	Joint Venture	–	–	3,259	–
Rosinter Umai UK Limited (4)	EUCC	–	–	738	–
Other EUCC		4,892	7,551	333	321
Total		**19,541**	**113,039**	**8,151**	**321**

(12) During the six months ended June 30, 2012 and 2011, Rostik Aero LLC provided the Group with premises for fees.

(13) During the six months ended June 30, 2012, the Group purchased equipment, goods and materials from Best Eastern Distribution LLC.

Compensation to Key Management Personnel

Key management personnel totalled 14 and 11 persons as at June 30, 2012 and 2011, respectively. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following for the six months ended:

	For the six months ended June 30,	
	2012	**2011**
	Unaudited	
Salary	13,121	30,331
Performance bonuses	2,416	1,187
	15,537	**31,518**

The Group's contributions relating to social taxes for key management personnel amounted to RUR 2,282 and RUR 1,892 during the six months ended June 30, 2012 and 2011, respectively.

6. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2012 and December 31, 2011 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian Roubles.

As at June 30, 2012 total quantity and value of treasury shares of the Company held by the Group were 694,273 and RUR 413,085, respectively. As at December 31, 2011 total quantity and value of treasury shares of the Company held by the Group were 700,403 and RUR 416,732, respectively.

7. Purchase of Non-controlling Interest in a Subsidiary

As of February 8, 2011 the Group acquired the remaining 1.3% interest in its subsidiary Rosinter Restaurant LLC from Rostik International S.A., an entity under common control, for the total consideration of 1,600 thousand US dollars (RUR 45,723 at the exchange rate at February 8, 2011). This amount was directly recognised in equity.

8. Earnings per Share

Earnings per share were calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	For the six months ended June 30,	
	2012	**2011**
	Unaudited	
Net loss attributable to equity holders of the Company	(72,329)	(317,618)
Weighted average number of ordinary shares outstanding	15,611,061	15,656,933
Effect on dilution: share based payments	493,845	298,492
Weighted average number of ordinary shares adjusted for the effect of dilution	16,104,906	15,955,425
Loss per share attributable to equity holders of the Parent, basic	**(4.63)**	**(20.29)**
Loss per share attributable to equity holders of the Parent, diluted	**(4.49)**	**(19.91)**

9. Loans and Borrowings

Long-term loans and borrowings	**June 30, 2012, Unaudited**	**December 31, 2011, audited**
Sberbank of Russia OJSC	700,000	700,000
Raiffeisenbank CJSC	447,368	500,000
UniCredit Bank CJSC	250,000	250,000
Finance lease liabilities	76	294
	1,397,444	**1,450,294**
Less: current portion	(615,789)	(210,526)
Loans and borrowings with non-complying financial covenants	–	(950,000)
Total long-term loans and borrowings	**781,655**	**289,768**

Short-term loans and borrowings	**June 30, 2012, Unaudited**	**December 31, 2011, audited**
UniCredit Bank CJSC	–	50,000
Finance lease liabilities	434	405
	434	**50,405**
Current portion of long-term loans and borrowings	615,789	210,526
Loans and borrowings with non-complying financial covenants	–	950,000
Total short-term loans and borrowings	**616,223**	**1,210,931**

9. Loans and Borrowings (continued)

Sberbank of Russia OJSC

On December 24, 2010, the Group entered into a credit facility agreement in the amount of RUR 700,000 bearing interest of 8.75% per annum and maturing in December 2013. As of June 30, 2012 the outstanding balance of the credit facility amounted to RUR 700,000 and the current portion of this credit facility amounted to RUR 300,000.

Raiffeisenbank CJSC

On November 22, 2010, the Group entered into a credit facility agreement in the amount of RUR 500,000 maturing in May 2012 – November 2013 bearing interest of Mosprime 1M plus 4.50 % per annum. As of June 30, 2012 the outstanding balance of the loan amounted to RUR 447,368 and the current portion of this credit facility amounted to RUR 315,789.

UniCredit Bank CJSC

On June 15, 2011, the Group entered into an unsecured loan agreement with a credit limit in the amount of RUR 250,000, bearing interest of 8.85% per annum and maturing in January-June 2014. As of June 30, 2012, the outstanding balance of the loan amounted to RUR 250,000

In June 2011, the Group entered into a credit facility in the amount of RUR 100,000, bearing interest of Mosprime 1M plus 3.25% per annum and maturing in June 2012. The credit facility was fully repaid according to schedule.

In May 2011, the Group entered into an overdraft facility in the amount of RUR 80,000, bearing interest of Mosprime 1M plus 3.00% per annum and maturing in May 2012. In May 2012 the interest was renegotiate to Mosprime 1M plus 3.25% per annum and mature date of credit - in May 2013. As of June 30, 2012, the unutilised balance of the facility amounted to RUR 80,000.

Loan Covenants

Loan agreements with Sberbank of Russia OJSC, Raiffeisenbank CJSC and UniCredit Bank CJSC with original maturity dates of December 2013, May 2012 – November 2013 and January-June 2014, respectively include the following significant covenants:

- Financial debt to Earnings before interest, taxes, depreciation, and amortization (EBITDA);
- Outstanding balances of financial debt based on consolidated financial statements in accordance with International Financial Reporting Standards;
- Outstanding balances of financial debt based on consolidated financial statements in accordance with Russian Generally Accepted Accounting Principles.

As of December 31, 2011, the Group did not comply with the financial covenants of the loan agreements with Sberbank of Russia, OJSC dated December 24, 2010 of RUR 700,000 and UniCredit Bank, CJSC dated June 15, 2011 of RUR 250,000. As a result, as of December 31, 2011, the outstanding balances of these loans were classified as current liability of the Group.

On June 29, 2012 the Group signed an addendum to the loan agreement dated December 24, 2010 with Sberbank of Russia, OJSC that revised financial covenants previously set. As of June 30, 2012, the Group complied with all revised financial covenants.

In June 2012, the Group received a letter from UniCredit Bank, CJSC where the bank clarified financial covenants calculation methodology for the loan agreement dated June 15, 2011. The bank confirmed that the Group complied with all financial covenants as at December 31, 2011. In accordance with bank's methodology, as of June 30, 2012 the Group complied with all financial covenants.

10. Revenue

Revenue for the six months ended June 30 consisted of the following:

	For the six months ended June 30,	
	2012	2011, as revised
	Unaudited	
Revenue from restaurants	4,863,905	4,748,125
Franchise revenue	140,865	132,158
Revenue from canteens	88,054	80,338
Sublease services	65,299	49,857
Sales of semi-finished products to franchisees	–	11,711
Other revenues	30,817	16,390
Total revenue	**5,188,940**	**5,038,579**

11. Cost of Sales

The following expenses were included in cost of sales for the six months ended June 30:

	For the six months ended June 30,	
	2012	2011, as revised
	Unaudited	
Food and beverages	1,200,068	1,213,013
Payroll and related taxes	1,139,162	1,225,831
Rent	930,484	799,135
Restaurant equipment depreciation	168,752	179,780
Utilities	157,965	183,351
Materials	147,908	171,792
Laundry and sanitary control	119,919	100,133
Maintenance and repair services	87,192	83,310
Other services	80,576	68,931
Transportation services	43,004	36,573
Sublease services cost	39,703	33,502
Franchising fee	37,085	42,064
Other expenses	32,621	19,711
Total cost of sales	**4,184,439**	**4,157,126**

12. Selling, General and Administrative Expenses

The following expenses were included in selling, general and administrative expenses for the six months ended June 30:

	For the six months ended June 30,	
	2012	2011, as revised
	Unaudited	
Payroll and related taxes	455,476	456,529
Advertising	123,296	101,133
Rent	40,488	35,038
Other services	39,034	41,878
Depreciation and amortization	19,242	27,033
Transportation services	19,160	17,193
Utilities	17,358	16,553
Financial and legal services	13,549	11,148
Materials	7,853	8,342
Bank services	4,284	4,862
Maintenance and repair services	3,895	9,204
(Decrease)/increase in the allowance for impairment of advances paid, taxes recoverable and receivables	(7,356)	7,996
Laundry and sanitary control	420	662
Other expenses	32,769	52,820
Total selling, general and administrative expenses	**769,468**	**790,391**

13. Other Gains/Losses

Gains and losses for the six months ended June 30 consisted of the following:

	For the six months ended June 30,	
	2012	2011, as revised
	Unaudited	
Write off of trade and other payables	1,187	8,937
Gain on bargain purchase	27,687	–
Other gains	17,320	8,089
Total other gains	**46,194**	**17,026**
Loss on disposal of non-current assets	29,478	89,615
Non-refundable VAT	10,824	14,607
Other losses	12,120	13,934
Total other losses	**52,422**	**118,156**

Other gains primarily related to other miscellaneous gains. Other losses mainly resulted from the closure of certain restaurants and other one-off expenses.

14. Losses from Impairment of Assets

	For the six months ended June 30,	
	2012	2011
	Unaudited	
Loss from impairment of property and equipment *(Note 4)*	147,577	167,568
Loss from impairment of intangible assets	3,846	23,514
Total loss from impairment of assets	**151,423**	**191,082**

15. Commitments and Contingencies

Litigation

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the resolution of all business matters will not have a material impact on the Group's financial position or operating results.

Operating Lease Commitments

The Group has entered into a number of commercial lease agreements for its restaurants' premises. The nominal amounts of minimum rental payables under the non-cancellable leases were as follows:

	June 30, 2012, unaudited	**December 31, 2011, audited**
Within one year	1,661,930	1,745,303
After one year but not more than five years	3,647,272	4,133,320
More than five years	1,180,329	1,174,213
Total minimum rental payables:	**6,489,531**	**7,052,836**

Capital Commitments

At June 30, 2012 and December 31, 2011 the Group had capital commitments of RUR 57,516 and 58,421, respectively, principally relating to the construction of new restaurants.