OJSC Rosinter Restaurants Holding

Unaudited Interim Condensed
Consolidated Financial Statements

For the six months ended June 30, 2011

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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"), comprising the interim consolidated statement of financial position as at 30 June 2011 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

7 September 2011

OJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Financial Position

at June 30, 2011

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

	Notes	June 30, 2011, unaudited	December 31, 2010, audited
ASSETS			
Non-current assets			
Property and equipment	3	2,138,905	2,335,502
Intangible assets		201,088	238,225
Goodwill		176,447	176,153
Investments in joint ventures and associates		4,559	6,545
Long-term loans due from related parties	4	73,149	141,110
Long-term receivables due from related parties	4	4,343	–
Deferred income tax asset		161,106	97,904
Other non-current assets		142,637	174,203
		2,902,234	**3,169,642**
Current assets			
Inventories		126,844	210,752
VAT and other taxes recoverable		111,122	119,568
Income tax recoverable		37,952	35,561
Trade and other receivables		159,023	142,136
Advances paid		192,012	215,437
Receivables from related parties	4	55,350	109,139
Short-term loans		12,061	13,396
Short-term loans due from related parties	4	82,568	12,576
Cash and cash equivalents		186,794	216,510
		963,726	**1,075,075**
TOTAL ASSETS		**3,865,960**	**4,244,717**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	5	2,767,015	2,767,015
Additional paid-in capital	5	2,204,816	2,204,816
Treasury shares	5	(416,732)	(355,003)
Other capital reserves	14	15,370	18,402
Accumulated losses		(3,662,774)	(3,299,433)
Translation difference		(64,458)	(52,439)
		843,237	**1,283,358**
Non-controlling interests		20,511	24,419
		863,748	**1,307,777**
Non-current liabilities			
Long-term debt	7	1,405,747	1,085,709
Long-term liabilities to partners		51,767	67,341
Finance lease liabilities		1,285	1,756
Deferred income		12,606	27,437
Deferred income tax liabilities		83,863	101,419
		1,555,268	**1,283,662**
Current liabilities			
Trade and other payables		1,206,341	1,158,131
Payables to related parties	4	33,010	21,752
Short-term debt	8	–	275,786
Short-term debt due to related parties	4	–	7,253
Short-term liabilities to partners		45,816	53,075
Current portion of finance lease liabilities		882	1,148
Deferred income		57,051	47,381
Income tax payable		103,844	88,752
		1,446,944	**1,653,278**
TOTAL EQUITY AND LIABILITIES		**3,865,960**	**4,244,717**

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, 2011

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

	Notes	For the six months ended June 30, 2011	For the six months ended June 30, 2010, as revised
		Unaudited	Unaudited
Revenue	9	**5,069,495**	**4,691,904**
Cost of sales	10	(4,161,334)	(3,580,772)
Gross profit		**908,161**	**1,111,132**
Selling, general and administrative expenses	11	(809,925)	(740,093)
Start-up expenses for new restaurants		(57,034)	(24,628)
Other gains	12	17,026	20,498
Other losses	12	(131,137)	(78,355)
(Loss)/profit from operating activities before impairment		**(72,909)**	**288,554**
(Loss)/gain from impairment of operating assets	13	(191,082)	4,363
(Loss)/profit from operating activities after impairment		**(263,991)**	**292,917**
Financial income		10,215	17,948
Financial expense		(80,308)	(123,420)
Foreign exchange losses, net		(35,792)	(9,296)
Share of profits/(losses) of joint venture and associates		498	(21,275)
(Loss)/profit before income tax		**(369,378)**	**156,874**
Income tax benefit/(expense)		47,868	(45,749)
Net (loss)/profit for the period		**(321,510)**	**111,125**
Attributable to:			
Equity holders of the parent entity		(317,618)	116,786
Non-controlling interests		(3,892)	(5,661)
(Losses)/earnings per share, basic and diluted, Russian Roubles	6	**(20.29)**	**9.82**

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, 2011

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

	Notes	For the six months ended June 30, 2011	2010
		Unaudited	
Net (loss)/profit for the period		**(321,510)**	**111,125**
Exchange differences on translation of foreign operations to presentation currency		(12,019)	(38,036)
Share of translation differences of associates and joint ventures		–	2,854
Other comprehensive loss for the period, net of tax		**(12,019)**	**(35,182)**
Total comprehensive (loss)/income for the period, net of tax		**(333,529)**	**75,943**
Attributable to:			
Equity holders of the parent entity		(329,637)	81,604
Non-controlling interests		(3,892)	(5,661)

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

Unaudited Interim Consolidated Statement of Cash Flows

for the six months ended June 30, 2011

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

		For the six months ended June 30,	
		2011	**2010**
	Notes	**Unaudited**	
Operating activities			
(Loss)/profit before tax		(369,378)	156,874
Adjustments to reconcile profit/(loss) before tax to net cash provided by operating activities:			
Depreciation and amortisation	10, 11	206,813	197,934
Foreign exchange losses, net		35,792	9,296
Financial income		(10,215)	(17,948)
Financial expense		80,308	123,420
Allowance for impairment of advances paid, taxes recoverable and receivables	11	7,996	11,315
Allowance for impairment of inventories		(1,468)	(6,437)
Loss on disposal of non-current assets	12	89,615	30,541
Impairment of assets	13	191,082	(4,363)
Share of joint venture's and associates' results		(498)	21,275
Write off and impairment of loans receivable from related parties		92	633
Share based payment expenses	14	7,246	4,960
		237,385	**527,500**
Changes in operating assets and liabilities:			
Decrease in inventories		83,082	39,275
Increase in advances, taxes recoverable, receivables and other non-current assets		(3,483)	(130,106)
Decrease/(increase) in receivables from/ payables to related parties, net		46,635	(32,562)
Increase/(decrease) in trade and other payables		56,538	(209,527)
Net cash generated from operations		**420,157**	**194,580**
Interest paid		(61,050)	(137,521)
Interest received		4,149	5,704
Income tax paid		(22,475)	(90,038)
Net cash flows from/(used in) operating activities		**340,781**	**(27,275)**
Investing activities			
Purchases of property and equipment		(241,293)	(104,308)
Loans issued to related parties		(20,037)	(163,548)
Proceeds from repayment of loans issued to related parties		–	161,135
Payments to acquire non-controlling interest in subsidiaries		(45,723)	(33,097)
Purchase of intangible assets		(7,532)	(3,610)
Proceeds from disposal of property and equipment		10,291	6,448
Loans issued to third parties		(4,850)	–
Proceeds from repayment of loans issued to third parties		4,326	5
Net cash flows used in investing activities		**(304,818)**	**(136,975)**

Continued on the next page

Unaudited Interim Consolidated Statement of Cash Flows (continued)

		For the six months ended June 30,	
		2011	2010
	Notes	Unaudited	
Financing activities			
Acquisition of treasury shares	5	(61,729)	(125,314)
Proceeds from issue of equity instrument	5	–	770,957
Redemption of equity instrument	5	–	(832,514)
Proceeds from issue of equity instruments	5	–	837,694
Proceeds from bank loans		1,494,514	2,266,917
Repayment of bank loans		(1,445,931)	(2,605,488)
Repayment of related party loans		(6,329)	–
Payments to partners		(32,785)	(44,911)
Repayment of lease obligations		(1,312)	(2,911)
Dividends paid to shareholders		(16)	–
Net cash flows (used in)/from financing activities		**(53,588)**	**264,430**
Effect of exchange rate on cash and cash equivalents		(12,091)	(1,648)
Net (decrease)/increase in cash and cash equivalents		(29,716)	98,532
Cash and cash equivalents at beginning of the period		**216,510**	**113,243**
Cash and cash equivalents at end of the period		**186,794**	**211,775**

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, 2011

(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, 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 *(Note 5)*	–	–	(61,729)	–	–	–	**(61,729)**	–	**(61,729)**
Share based payment *(Note 14)*	–	–	–	(3,032)	–	–	**(3,032)**	–	**(3,032)**
Purchase of non-controlling interest in a subsidiary *(Note 4)*	–	–	–	–	(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**
At January 1, 2010, audited	**2,041,569**	**1,632,831**	**(212,628)**	**–**	**(3,368,687)**	**(30,769)**	**62,316**	**33,498**	**95,814**
Net profit for the period	–	–	–	–	116,786	–	**116,786**	(5,661)	**111,125**
Other comprehensive loss for the period	–	–	–	–	–	(35,182)	**(35,182)**	–	**(35,182)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**116,786**	**(35,182)**	**81,604**	**(5,661)**	**75,943**
Issue of equity instrument *(Note 5)*	–	770,957	–	–	–	–	**770,957**	–	**770,957**
Redemption of equity instrument *(Note 5)*	–	(832,514)	–	–	–	–	**(832,514)**	–	**(832,514)**
Issue of share capital, net of issuance costs *(Note 5)*	449,283	388,411	–	–	**–**	**–**	**837,694**	**–**	**837,694**
Purchase of treasury shares *(Note 5)*	–	–	(125,314)	–	**–**	**–**	**(125,314)**	**–**	**(125,314)**
Share based payment *(Note 14)*	–	–	–	4,960	**–**	**–**	**4,960**	**–**	**4,960**
Dividends	–	–	–	–	**–**	**–**	**–**	**(822)**	**(822)**
At June 30, 2010, unaudited	**2,490,852**	**1,959,685**	**(337,942)**	**4,960**	**(3,251,901)**	**(65,951)**	**799,703**	**27,015**	**826,718**

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, 2011, 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 and other services, revenues from canteens and from sales of semi-finished products.

The Interim Condensed Consolidated financial statements of the Company for the six months ended June 30, 2011 were approved for issue by the Board of Directors on September 7, 2011.

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, 2011 and 2010, the revenues from the Russian market were approximately 87% and 88% of total revenues, respectively. The non-current assets of Group's subsidiaries operating in the Russian market were approximately 87% and 85% of total non-current assets of the Group for the six months ended June 30, 2011 and 2010, respectively. The second largest market was Kazakhstan with 4% and 5% of total revenues for the six months ended June 30, 2011 and 2010, respectively and 4% and 5% of non-current assets at June 30, 2011 and December 31, 2010.

At June 30, 2011 and 2010, the Group employed approximately 7,980 and 7,250 people, respectively.

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

Entity	Country of incorporation	June 30, 2011 % Ownership	December 31, 2010 % Ownership
Rosinter Restaurants LLC	Russia	100.00%	98.70%
Rosinter Restaurants Novosibirsk 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 Tatarstan LLC	Russia	51.00%	51.00%
BelRosInter LLC	Belarus	100.00%	100.00%
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, 2011, the Group opened 11 new restaurants and closed 4 restaurants. During the six months ended June 30, 2010, the Group opened 8 new restaurants and closed 8 restaurants. In addition, the Group continues to develop a casual dining restaurant business on a franchise agreement basis. 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. The Group opened 10 and closed 4 franchise restaurants in Moscow city, Moscow region and Russian regions during the six months ended June 30, 2010. As of June 30, 2011 and 2010 the Group operated 378 and 356 restaurants respectively.

2. Basis of Preparation of Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2011, 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, 2010.

Going Concern

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

The Group's current liabilities as of June 30, 2011, of RUR 1,446,944 exceeded its current assets by RUR 483,218. The net current liability position primarily results from trade and other payables in the amount of RUR 1,206,341.

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

- During the six months ended June 30, 2011 and 2010, net cash generated from operations amounted to RUR 420,157 and RUR 194,580, respectively.
- During the six months ended June 30, 2011 the Group repaid RUR 563,379 of long-term loans ahead of schedule and RUR 190,065 of short-term loans in full as they fell due. In June 2011, the Group entered into unsecured long-term and short term loan agreements with UniCredit Bank CJSC in the total amount of RUR 350,000.
- Net loss for the six months ended June 30, 2011 amounted to RUR 321,510 mainly resulted from impairment of assets in the amount of RUR 191,082. Increased purchase prices of food and beverage as well as an increase of rent rates and payroll taxes also contributed to the net loss in the first six months of 2011. Negative effect of these factors is addressed by new pricing strategy introduced by the management in order to increase gross profit margin.
- Management has introduced enhanced operational initiatives designed to improve the Group's liquidity and profitability. Actions implemented include, among others, innovative brand promotions, an improvement in the business economics through savings in labour, food and beverage costs, and an increased franchised component in its new restaurant development plan.

These 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

Reclassifications

The Group has made the reclassifications in the six months ended June 30, 2010 comparative numbers as follows:

Extract from Consolidated Income Statement

	June 30, 2010, as reported	Reclassifications	June 30, 2010, as revised
Revenue	**4,691,904**	–	**4,691,904**
Cost of sales *	(3,568,300)	(12,472)	(3,580,772)
Gross profit	**1,123,604**	**(12,472)**	**1,111,132**
Selling, general and administrative expenses *,**	(741,251)	1,158	(740,093)
Start-up expenses for new restaurants	(24,628)	–	(24,628)
Allowance for impairment of advances paid, taxes recoverable and receivables *	(450)	450	–
Other gains	20,498	–	20,498
Other losses**	(89,219)	10,864	(78,355)
Profit from operating activities before impairment	**288,554**	**–**	**288,554**

* The Group reclassified sublease services cost from selling, general and administrative expenses to cost of sales in the amount of RUR 12,472, as by nature these expenses fully relate to sublease operations and match the revenue from sublease services. The Group also reclassified property tax attributable to restaurant equipment from selling, general and administrative expenses to cost of sales, and included Allowance for impairment of advances paid, taxes recoverable and receivables to selling, general and administrative expenses.

** The Group reclassified the receivables written off from other losses to selling, general and administrative expenses as Allowance for impairment of advances paid, taxes recoverable and receivables.

The Group has made certain reclassifications in the statement of cash flow and statement of changes in equity for the six months ended June 30, 2010.

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. The expenses related to this change in estimation amounted to RUR 36,103 (RUR 36,528, if this change had been applied in the same period of last year).

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 consolidated financial statements for the year ended December 31, 2010, except for the adoption of new standards and interpretations as of January 1, 2011, noted below:

- IAS 24 (revised) *Related Party Transactions (Amendment)*
- Amendment to IAS 32 *Financial Instruments: Presentation*
- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
- Amendments to standards following May 2010 improvements to IFRS project:
  - IFRS 3 *Business Combinations*;
  - IFRS 7 *Financial Instruments — Disclosures;*
  - IAS 1 *Presentation of Financial Statement;*
  - IAS 34 *Interim Financial Statements;*

2. Basis of Preparation of Financial Statements (continued)

New Standards, Interpretations and Amendments, thereof Adopted by the Group (continued)

- IAS 27 *Consolidated and Separate Financial Statements;*
- IFRIC 13 *Customer Loyalty Programmes.*

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Property and Equipment

During the six months ended June 30, 2011 and 2010, the Group acquired assets with a cost of RUR 241,293 and RUR 111,814, respectively. Assets with a net book value of RUR 80,754 and RUR 32,205 were disposed of by the Group during the six months ended June 30, 2011 and 2010, respectively, resulting in a net loss on disposal of RUR 70,462 and RUR 25,754, respectively.

The Group has several finance lease contracts for motor vehicles and computer equipment. The carrying value of the leased assets as of June 30, 2011 and 2010 amounted to RUR 12,838 and RUR 14,166, respectively.

The Group recognised impairment losses of property and equipment for the six months ended June 30, 2011 in the amount of RUR 167,568, as the recoverable amount of these assets is nil at the same date. During the six months ended June 30, 2010 the Group reversed accumulated impairment losses of property and equipment in the amount of RUR 4,363. Impairment losses were identified as a result of the testing at the level of restaurants (cash generating units). The recoverable amount of a cash generating unit has been determined based on a value in use calculation using net cash flows from financial budgets approved by key management covering the period of useful life of up to 10 years of the main asset of each cash generating unit. The cash flow projections were discounted at the rate of 12% in Russian Rouble nominal terms for June 30, 2011 and 2010. The calculation of discount rate was based on Group's cost of financing. Recognised impairment losses of property and equipment relate to loss-making restaurants. The accumulated impairment loss of property and equipment amounted to RUR 229,614 and RUR 112,819 as of June 30, 2011 and 2010, respectively.

4. 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.

4. Related Parties Disclosures (continued)

Short-term loans receivable from/payable to related parties consisted of the following as of June 30:

Related Parties	Nature of relationship	Short-term loans receivable from related parties June 30, 2011	December 31, 2010	Short-term loans payable to related parties June 30, 2011	December 31, 2010
		Unaudited	**Audited**	**Unaudited**	**Audited**
Hodler Finance S.A.(1)	Entity under common control	70,190	–	–	–
Rostik Investment Group Inc.(2)	(EUCC)	10,000	10,000	–	–
Other EUCC		2,378	2,576	–	7,253
Total short-term loans receivable from/payable to related parties		**82,568**	**12,576**	**–**	**7,253**

(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 70,190 at the exchange rate at June 30, 2011) 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 August 2010, the loan agreement was renewed with the interest rate of 10.00% per annum and due date of December 31, 2011.

Long-term loans receivable from/payable to related parties were the following as of June 30:

Related Parties	Nature of relationship	Long-term loans receivable from related parties June 30, 2011	December 31, 2010	Long-term loans payable to related parties June 30, 2011	December 31, 2010
		Unaudited	**Audited**	**Unaudited**	**Audited**
Rosworth Investments Limited (3)	Joint Venture	73,149	64,918	–	–
Hodler Finance S.A.(1)	(EUCC)	–	76,192	–	–
Total long-term loans receivable from/payable to related parties		**73,149**	**141,110**	**–**	**–**

(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 125,218 at the exchange rate at June 30, 2011) bearing interest of USD LIBOR 3M plus 1% per month and maturing in 2017. The outstanding balances at amortised cost were RUR 73,149 and RUR 64,918 as of June 30, 2011 and December 31, 2010, respectively.

As of December 31, 2010 and June 30, 2011 long-term and short-term loans and accounts receivable from related parties were neither past due nor impaired.

As of 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 4,343.

4. Related Parties Disclosures (continued)

Short-term accounts receivable from/payable to related parties consisted of the following as of June 30:

Related Parties	Nature of relationship	Receivables from related parties		Payables to related parties	
		June 30, 2011	**December 31, 2010**	**June 30, 2011**	**December 31, 2010**
		Unaudited	**Audited**	**Unaudited**	**Audited**
Rostik Investment Group Inc. (4)	EUCC	26,190	69,064	–	1,213
RIG Restaurant Limited (5)	Parent company	14,235	15,131	–	–
Brava LLC (6)	Joint Venture	5,781	19,192	909	1,847
RosCorp LLC (7)	EUCC	2,330	5	7	452
TransCorpRate LLC (8)	EUCC	2,202	–	–	–
Loyalty Partners Vostok LLC (9)	EUCC	–	–	9,107	4,573
Chicken Factory LLC (10)	EUCC	–	–	11,314	–
Other EUCC		4,612	5,747	11,673	13,667
Total receivable from / payable to related parties		**55,350**	**109,139**	**33,010**	**21,752**

(4) The outstanding receivable balance as of June 30, 2011 and December 31, 2010 represents management and financial advisory services provided by the Group to Rostik Investment Group Inc. The outstanding payable balance as of June 30, 2011 and December 31, 2010 comprises rent payable and interest payable.

(5) The outstanding receivable balance as of June 30, 2011 and December 31, 2010, results from operating expenses and IPO expenses paid by the Group on behalf of RIG Restaurants Limited.

(6) The outstanding receivable balance as of June 30, 2011 and December 31, 2010 represents catering, management and other services provided in accordance with agreements between the Group and Brava LLC, the Russian subsidiary of the Group’s joint venture with Costa Limited. The outstanding payable balance as of June 30, 2011 and December 31, 2010 represents royalty and other services provided by Brava LLC to the Group.

(7) The outstanding balances as of June 30, 2011 and December 31, 2010 represent advances for rent, transport and utility services provided by RosCorp LLC to the Group.

(8) The outstanding balance as of June 30, 2011 represents receivables from the sale of equipment to TransCorpRate LLC

(9) 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.

(10) The outstanding payable balance as of June 30, 2011 represents purchase of goods from Chicken Factory LLC.

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.

4. Related Parties Disclosures (continued)

Transactions with related parties were as follows for the six months ended June 30, 2010:

Related Parties	Nature of relationship	Revenue and other gains	Purchases	Interest income	Interest expense
		Unaudited			
Omsk QSR Network LLC (11)	EUCC	11,333	–	–	–
National QSR Network LLC (11)	EUCC	10,874	–	–	–
Russian Caramel Restaurants LLC (12)	EUCC	9,292	2	–	–
Brava LLC (6)	Joint Venture	6,362	3,970	–	–
RIG Restaurant Limited (5)	Parent company	–	63,181	8	–
Omsk Caramel Restaurants LLC (12)	EUCC	3,250	–	–	–
Roskorp LLC (7)	EUCC	1,101	69,396	–	–
Rostik Aero LLC (13)	EUCC	156	8,026	–	–
Rosworth Investment Limited (3)	Joint Venture	–	–	379	15,996
Rostik Investment Group Inc. (1, 4)	EUCC	–	12,304	6,610	–
Other EUCC		12,272	23,384	7,610	1,612
Total		**54,640**	**180,263**	**14,607**	**17,608**

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 (6)	Joint venture	5,687	8,969	–	–
Loyalty Partners Vostok LLC (9)	EUCC	5,349	–	–	–
Chicken Factory LLC (10)	EUCC	2,930	31	–	–
RosCorp LLC (7)	EUCC	1,321	65,110	–	–
Rostik Aero LLC (13)	EUCC	–	6,482	–	–
Rostik Investment Group Inc. (1, 4)	EUCC	–	6,604	5,323	–
Hodler Finance S.A. (2)	EUCC	–	–	3,086	–
Rosworth Investments Limited (3)	Joint Venture	–	–	738	6,431
TransCorpRate LLC (8)	EUCC	(16,609)	–	186	2,155
Other EUCC		2,986	24,303	–	–
Total		**1,664**	**111,499**	**9,333**	**8,586**

(11) During the six months ended June 30, 2010, the Group rendered management, consulting and accounting services and sold semi-finished product to Omsk QSR Network LLC and National QSR Network LLC.

(12) During the six months ended June 30, 2010, the Group rendered rent, management and accounting services to Russian Caramel Restaurants LLC and Omsk Caramel Restaurants LLC. As of December 31, 2010 these entities were excluded from EUCC and were classified as unrelated third parties.

(13) During the six months ended June 30, 2011 and 2010, Rostik Aero LLC provided the Group with premises for fees.

4. Related Parties Disclosures (continued)

Compensation to Key Management Personnel

Key management personnel totalled 11 and 12 persons as at June 30, 2011 and 2010, 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,	
	2011	**2010**
	Unaudited	
Salary	30,331	37,925
Performance bonuses	1,187	11,129
	31,518	**49,054**

The Group’s contributions relating to social taxes for key management personnel amounted to RUR 1,892 and RUR 1,114 during the six months ended June 30, 2011 and 2010, respectively.

5. Share Capital

Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2011 and December 31, 2010 comprised 16,305,334 shares. The nominal par value of each ordinary share is 169.70 Russian Roubles.

On February 11, 2010, the Group announced a secondary offering (the “Offering”) of the Company’s ordinary shares to be completed in two steps. In the first step of the offering, RIG Restaurants Limited, the Parent, placed 2,619,048 shares of the Company at 10.5 US dollars (316.23 Russian Roubles at exchange rate at February 17, 2010, when Offering price was announced) per share for a total offer size of 27,500 thousand US dollars (RUR 828,234 at exchange rate at February 17, 2010), before fees and expenses.

The Parent provided the Group with a loan in the amount of 26,196 thousand US dollars (RUR 770,957 at exchange rates at the dates of cash receipt). According to the loan agreement the Group was entitled to repay this loan by delivering 2,619,048 own shares or in cash. The Group recognised this loan as an equity instrument with an embedded call option on own shares. The Group measured the embedded option at fair value through profit or loss. In June 2010 the Group repaid the loan in cash.

On May 25, 2010, during the second step of the offering, the Company issued 4,274,877 new shares for open subscription (the “Subscription”) at the price of 10.5 US dollars (RUR 324.19 at exchange rate at May 25, 2010).

On August 5, 2010 the Company successfully completed the Subscription and Offering having placed 4,274,877 shares for a fully paid consideration of RUR 1,402,488. During the Offering, on July 7, 2010 the Group bought back 52,224 shares at a price of 326.68 Russian Roubles for a consideration of RUR 17,061.

All the expenses of the Parent and the Company directly attributable to the Offering in the amount of RUR 43,500 were netted with the proceeds from the Offering in equity. Net proceeds from the Offering amounted to RUR 1,341,927.

On December 27, 2007, the Group bought back 146,970 shares from the Parent at a price of RUR 1,446.74 for the amount of RUR 212,628. On March 12, 2010, the Group bought back 400,000 shares from the Parent at a price of RUR 313.28 for the amount of RUR 125,314. On April 4, 2011, the Group bought back 101,209 shares at a price of RUR 609.92 for the amount of RUR 61,729. As at June 30, 2011 total quantity and value of treasury shares of the Company held by the Group were 700,403 and RUR 416,732 respectively.

6. Earnings per Share

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

	For the six months ended June 30,	
	2011	**2010**
	Unaudited	
Net (loss)/income attributable to equity holders of the Company	(317,618)	116,786
Weighted average number of ordinary shares outstanding	15,656,933	11,894,948
(Losses)/earnings per share attributable to equity holders of the Parent, basic and diluted (Russian Roubles)	**(20.29)**	**9.82**

The company has no potentially dilutive ordinary shares; therefore, the diluted (losses)/earnings per share equal basic (losses)/earnings per share.

7. Long-Term Debt

Long-term debt, at amortized cost, was as follows:

	June 30, 2011, unaudited	**December 31, 2010, audited**
Sberbank of Russia OJSC	700,000	550,000
Raiffeisenbank CJSC	500,000	617,752
UniCredit Bank CJSC	200,000	–
Other long-term debts	5,747	3,678
	1,405,747	**1,171,430**
Less: current portion *(Note 8)*	–	(85,721)
Total long-term debt	**1,405,747**	**1,085,709**

Sberbank of Russia OJSC

On June 3, 2009, the Group entered into a loan agreement with Sberbank of Russia, OJSC in the amount of RUR 950,000, bearing interest of 18.50%, 11.75% (since June, 2010) per annum and maturing in June 2012. As of December 31, 2010 the outstanding balance of the loan amounted to RUR 450,000. This credit facility was fully repaid in January 2011 ahead of schedule.

On December 24, 2010, the Group entered into a new credit facility agreement in the amount of RUR 700,000, bearing interest of 8.75% per annum and maturing in December 2013. As of December 31, 2010 the outstanding and unutilised balances of the loan amounted to RUR 100,000 and RUR 600,000, respectively. As of June 30, 2011 the outstanding balance of the credit facility amounted to RUR 700,000.

Raiffeisenbank CJSC

In November 2009, the Group entered into a credit facility agreement in the amount of 5,000 thousand US dollars (RUR 152,385 at the exchange rate at December 31, 2010), bearing interest of LIBOR plus 8.50% per annum and maturing in May 2012. As of December 31, 2010 the outstanding balance of the loan amounted to RUR 117,752. As of December 31, 2010 the current portion of this credit facility amounted to RUR 83,119. This credit facility was fully repaid in February 2011 ahead of schedule.

On November 22, 2010 the Group entered into a new credit facility agreement with Raiffeisenbank, CJSC in the amount of RUR 500,000, maturing in November 2012 with possibility of prolongation up to November 2013, bearing interest of Mosprime 1M plus 4.50 % per annum. As of June 30, 2011 the outstanding balance of the loan amounted to RUR 500,000.

7. Long-Term Debt (continued)

UniCredit Bank CJSC

On June 15, 2011 the Group entered into an unsecured loan agreement with credit limit in the amount of RUR 250,000, bearing interest of 8.85% per annum and maturing in June 2014. As of June 30, 2011 the outstanding balance of the loan amounted to RUR 200,000.

8. Short-Term Debt

Short-term debt, at amortized cost, was as follows:

	June 30, 2011, unaudited	December 31, 2010, audited
UniCredit Bank CJSC	–	180,000
Sberbank of Russia OJSC	–	10,000
Other short-term debt	–	65
	–	**190,065**
Current portion of long-term debt *(Note 7)*	–	85,721
Total short-term debt	**–**	**275,786**

UniCredit Bank CJSC

In April 2010, the Group obtained a credit facility in the amount of RUR 240,000, bearing interest of 10.00% per annum and maturing in April 2011. As of December 31, 2010, the unutilised balance of the credit facility amounted to RUR 60,000. During the six months ended June 30, 2011 this credit facility was fully repaid.

Sberbank of Russia OJSC

In 2008, the Group entered into a number of credit facility agreements within the limit of the General Agreement. During 2009 - 2010, the credit facility agreements were renewed within the same limit and finally maturing in February 2011. In January 2011 the debt was fully repaid.

9. Revenue

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

	For the six months ended June 30,	
	2011	**2010**
	Unaudited	
Revenue from restaurants	4,748,125	4,312,105
Franchise revenue	158,866	127,255
Revenue from canteens	80,338	122,320
Sublease services	49,857	70,562
Sales of semi-finished products to franchisees	11,711	37,111
Other services	20,598	22,551
Total revenue	**5,069,495**	**4,691,904**

10. 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,	
	2011	2010, as revised
	Unaudited	
Payroll and related taxes	1,225,831	986,848
Food and beverages	1,217,221	1,076,482
Rent	799,135	737,665
Utilities	183,351	171,166
Restaurant equipment depreciation	179,780	167,419
Materials	171,792	101,027
Laundry and sanitary control	100,133	80,521
Maintenance and repair services	83,310	67,060
Other services	68,931	56,056
Franchising fee	42,064	31,849
Transportation services	36,259	23,131
Sublease services cost	33,502	55,216
Other expenses	20,025	26,332
Total cost of sales	**4,161,334**	**3,580,772**

11. 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,	
	2011	2010, as revised
	Unaudited	
Payroll and related taxes	454,300	412,351
Advertising	126,466	98,715
Other services	43,939	39,565
Rent	34,949	30,272
Depreciation and amortisation	27,033	30,515
Utilities	16,298	16,039
Transportation services	15,788	8,784
Financial and legal services	13,954	12,718
Bank services	10,669	26,499
Maintenance and repair services	9,204	1,727
Materials	8,304	10,255
Increase in the allowance for impairment of advances paid, taxes recoverable and receivables	7,996	11,315
Laundry and sanitary control	662	1,896
Other expenses	40,363	39,442
Total selling, general and administrative expenses	**809,925**	**740,093**

12. Other (Gains)/Losses

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

	For the six months ended June 30,	
	2011	2010, as revised
	Unaudited	
Write off of trade and other payables	(8,937)	(1,492)
Other gains	(8,089)	(19,006)
Total other gains	**(17,026)**	**(20,498)**
Loss on disposal of non-current assets	89,615	30,541
Non-refundable VAT	14,607	10,552
Other losses	26,915	37,262
Total other losses	**131,137**	**78,355**

Other gains primarily related to insurance claims, accounts payable balances write off and other miscellaneous gains.

Other losses mainly resulted from the closure of certain restaurants and other one-off expenses.

13. Losses/(Gains) from Impairment of Assets

	For the six months ended June 30,	
	2011	2010
	Unaudited	
Loss/(gain) from impairment of property and equipment *(Note 3)*	167,568	(4,363)
Loss from impairment of intangible assets	23,514	–
Total losses/(gains) from impairment of assets	**191,082**	**(4,363)**

14. Share Based Payments

On April 30, 2010 and later on the Group adopted an incentive plan (the "Plan") under which 26 executive employees and 7 members of the Board of Directors (the "Participants") were granted cash settled phantom share options (the "Options"). The right to exercise the Option occurs in three instalments of 1/3rd each and vests after 1, 2 and 3 years after the Plan adoption. Each instalment is exercisable within 5 years upon vesting. Total number of the Options initially granted was 240,000, out of which 74,000 were dismissed upon employment termination, 37,000 granted additionally to the same Participants, 27,666 exercised in 2011 upon vesting of the first instalment and 175,334 were outstanding at June 30, 2011. Exercise price is 10.5 US dollars. The Group settles the first 1/3rd of the Plan in cash and paid RUR 7,464 to the Participants during the six months ended June 30, 2011. The Group will settle the remaining unexercised Options with treasury shares (the other 2/3rds of the Plan). The Group valued the cash-settled part of the Options and the Plan at the market price at the reporting date. The Group valued the equity-settled part of the Options and the Plan at the date of granting and did not revalue at June 30, 2011. The value of the Plan is recognized in the financial statements during the vesting period as payroll expense and amounted to RUR 7,246 during the six months ended June 30, 2011.

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, 2011, unaudited	December 31, 2010, audited
Within one year	1,483,820	1,170,842
After one year but not more than five years	3,303,607	2,572,343
More than five years	984,455	781,634
Total minimum rental payables:	**5,771,882**	**4,524,819**