

**OJSC Rosinter Restaurants Holding**  
**Unaudited Interim Condensed**  
**Consolidated Financial Statements**

*For the six-month period ended June 30, 2008*

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# OJSC ROSINTER RESTAURANTS HOLDING

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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") as at 30 June 2008, comprising of the interim consolidated balance sheet as at 30 June 2008 and the related interim consolidated statements of 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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. Consequently, it 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.

### **Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 2 in the financial statements which indicates that the Company's current liabilities exceeded its total assets by 80,624k USD. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

  
October 10, 2008

**OJSC ROSINTER RESTAURANTS HOLDING**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
*(All amounts are in thousands of US dollars, except for earnings per share)*

	Notes	For the six months ended June 30,	
		2008	2007
		<u>Unaudited</u>	
<b>Revenue</b>	<b>15</b>	<b>164,909</b>	<b>121,036</b>
Cost of sales	16	(103,221)	(74,182)
<b>Gross profit</b>		<b>61,688</b>	<b>46,854</b>
Selling, general and administrative expenses	17	(52,213)	(33,909)
Loss from joint ventures	6	(526)	(28)
Other gains		928	2,150
Other losses		(3,120)	(3,970)
Foreign exchange gains/(losses), net		(47)	306
<b>Profit from operating activities</b>		<b>6,710</b>	<b>11,403</b>
Financial income		1,207	493
Financial expense		(4,763)	(6,402)
<b>Profit before income tax</b>		<b>3,154</b>	<b>5,494</b>
Income tax expense	13	(1,859)	(1,443)
<b>Net profit for the period</b>		<b>1,295</b>	<b>4,051</b>
<b>Earnings per share, basic and diluted, US dollars</b>	<b>9</b>	<b>0.11</b>	<b>0.39</b>

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

**OJSC ROSINTER RESTAURANTS HOLDING**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**

*(All amounts are in thousands of US dollars)*

		<b>June 30, 2008</b>	<b>December 31, 2007</b>
	<b>Notes</b>	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	95,967	80,373
Intangible assets		8,274	7,105
Goodwill	4	1,251	739
Investments in joint ventures and associates	6	2,400	328
Long-term receivables from related parties	11	8,030	-
Long-term loans due from related parties	11	590	368
Deferred income tax asset		4,600	3,894
Other non-current assets		3,543	1,986
		<b>124,655</b>	<b>94,793</b>
<b>Current assets</b>			
Inventories		5,821	6,232
Advances paid		7,418	5,366
VAT and other taxes recoverable		4,523	4,751
Trade and other receivables		4,689	2,988
Short-term loans	7	2,123	410
Short-term loans due from related parties	11	4,476	18,572
Receivables from related parties	11	7,162	6,783
Cash and cash equivalents	8	18,764	8,037
		<b>54,976</b>	<b>53,139</b>
<b>TOTAL ASSETS</b>		<b>179,631</b>	<b>147,932</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	9	71,847	71,847
Additional paid-in capital	9	14,886	14,886
Share premium		46,698	46,698
Treasury shares	9	(8,608)	(8,608)
Accumulated losses		(92,248)	(93,543)
Translation difference		5,495	4,002
<b>TOTAL EQUITY</b>		<b>38,070</b>	<b>35,282</b>
<b>Non-current liabilities</b>			
Long-term debt due to related parties	11	825	1,046
Long-term debt	12	751	278
Deferred income		2,097	-
Finance lease liabilities		303	334
Deferred income tax liability		1,985	1,592
		<b>5,961</b>	<b>3,250</b>
<b>Current liabilities</b>			
Trade and other payables		37,195	33,516
Short-term debt	14	31,476	5,284
Current portion of long-term debt	14	49,380	51,681
Short-term debt due to related parties	11	278	233
Payables to related parties	11	1,918	2,827
Income tax payable		540	1,418
Current portion of finance lease liabilities		463	363
Current liabilities to partners	10	14,350	14,078
		<b>135,600</b>	<b>109,400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>179,631</b>	<b>147,932</b>

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

**OJSC ROSINTER RESTAURANTS HOLDING**  
**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

*(All amounts are in thousands of US dollars)*

	For the six months ended June 30,	
	2008	2007
Notes	<u>Unaudited</u>	
<b>Cash flow from operating activities</b>		
Net profit for the period	1,295	4,051
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	5,592	4,269
Foreign exchange losses/(gains), net	47	(306)
Financial income	(1,207)	(493)
Financial expense	4,763	6,402
Allowance for impairment of advances paid, taxes recoverable and receivables, net	208	(642)
Allowance for impairment of inventories	(64)	252
Loss on disposal of non-current assets	1,290	2,326
Deferred income tax benefit	(181)	(330)
	<u>11,743</u>	<u>15,529</u>
Changes in operating assets and liabilities:		
Decrease /(increase) in inventories	655	(322)
Increase in advances, taxes recoverable, receivables and other non-current assets	(3,202)	(139)
Increase in receivables from/payables to related parties, net	(1,207)	(4,258)
Increase in trade and other payables	3,602	2,355
<b>Net cash flows from operating activities</b>	<u>11,591</u>	<u>13,165</u>
<b>Cash flows from investing activities</b>		
Issuance of loans to third parties	(2,004)	(2,333)
Proceeds from repayment of loans issued to third parties	55	543
Loans issued to related parties	(3,374)	(7,635)
Proceeds from repayment of loans issued to related parties	17,754	1,031
Purchases of property and equipment	(18,311)	(8,154)
Proceeds from disposal of property and equipment	235	313
Purchase of intangible assets	(362)	(462)
Payments to acquire equity of other companies	(9,529)	(39)
Contribution to joint venture	(2,999)	-
Purchases of interest in subsidiaries	(100)	-
Proceeds from sale of shares of subsidiaries	1,635	-
Interest received from bank deposit	5	45
<b>Net cash flows used in investing activities</b>	<u>(16,995)</u>	<u>(16,691)</u>

*Continued on the next page*

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

**OJSC ROSINTER RESTAURANTS HOLDING**  
**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

*(All amounts are in thousands of US dollars)*

	Notes	For the six months ended June 30,	
		2008	2007
		<u>Unaudited</u>	
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital		-	60,000
Repayment of related party loans		(227)	(793)
Proceeds from partners	<b>10</b>	996	1,479
Amounts paid to partners	<b>10</b>	(2,566)	(7,596)
Proceeds from bank loans		89,203	44,896
Repayment of bank loans		(67,963)	(59,078)
Bank interest paid		(3,440)	(3,736)
Repayment of lease obligations		(385)	(213)
Interest paid to related parties		-	(476)
Proceeds from cash capital contribution		-	352
<b>Net cash flows from financing activities</b>		<u><b>15,618</b></u>	<u><b>34,835</b></u>
Effect of exchange rate changes on cash and cash equivalents		513	322
Net increase in cash and cash equivalents		10,727	31,631
<b>Cash and cash equivalents at beginning of the period</b>		<u><b>8,037</b></u>	<u><b>6,223</b></u>
<b>Cash and cash equivalents at end of the period</b>		<u><b>18,764</b></u>	<u><b>37,854</b></u>
<b>Supplementary cash flow information:</b>			
Cash paid for income tax		2,974	1,226

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

OJSC ROSINTER RESTAURANTS HOLDING  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(All amounts are in thousands of US dollars)*

	Share capital	Addition paid- in capital	Share premium	Treasury shares	Accumulated losses	Translation difference	Total Equity
<b>At January 1, 2008</b>	71,847	14,886	46,698	(8,608)	(93,543)	4,002	35,282
Effect of exchange rate changes	-	-	-	-	-	1,493	1,493
<b>Total income for the period recognised directly in equity</b>	-	-	-	-	-	1,493	1,493
Profit for the period	-	-	-	-	1,295	-	1,295
<b>Total income for the period</b>	-	-	-	-	1,295	1,493	2,788
<b>At June 30, 2008 (unaudited)</b>	<b>71,847</b>	<b>14,886</b>	<b>46,698</b>	<b>(8,608)</b>	<b>(92,248)</b>	<b>5,495</b>	<b>38,070</b>
<b>At January 1, 2007</b>	58,545	14,523	-	-	(99,509)	2,566	(24,752)
Effect of exchange rate changes	-	-	-	-	-	69	69
<b>Total income for the period recognised directly in equity</b>	-	-	-	-	-	69	69
Profit for the period	-	-	-	-	4,051	-	4,051
<b>Total income for the period</b>	-	-	-	-	4,051	69	4,120
Issue of share capital, net of issuance cost ( <i>Note 9</i> )	13,302	-	46,698	-	-	-	60,000
Additional paid-in capital contribution ( <i>Note 9</i> )	-	352	-	-	-	-	352
<b>At June 30, 2007 (unaudited)</b>	<b>71,847</b>	<b>14,875</b>	<b>46,698</b>	<b>-</b>	<b>(95,458)</b>	<b>2,635</b>	<b>39,720</b>

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



**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(All amounts are in thousands of US dollars, 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, 2008, 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 in serving the most popular cuisines in Russia: Italian, Japanese, American and local Russian cuisine.

The Group derives approximately 90% of its revenues from restaurant business sales:

- most of the Group’s restaurants operate under its core proprietary trademarks: “IL Patio pizza pasta grill”, “Planet Sushi”, “American Bar and Grill”, “Café Des Artistes”, “Pechki-Lavochki”, “El Rincon Espanol”, “Moka Loka”, and “1 2 3 Cafe”. The Group also owns the “Santa Fe” restaurant in Moscow.
- other restaurants operate under licensed trademarks: “T.G.I. Friday’s”, “Sibirskaya Korona” and “Benihana”.

Other revenue of the Group represents revenue from 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 Group’s principal business activities are concentrated within the Russian Federation, but it also operates in Ukraine, Belarus, Kazakhstan, Latvia, Estonia, Czech Republic, Poland, Hungary and Austria. The Group also has exclusive development rights and/or registered trademarks in Azerbaijan, Kyrgyzstan, Uzbekistan, Moldova, Lithuania, Slovenia, Slovakia, Romania, Croatia, Macedonia, Bulgaria, Serbia and Montenegro.

In June 2007, the Parent sold 3,125,000 ordinary shares of the Company during the Initial Public Offering for a cash consideration of \$100,000. At the same time, the Company issued and sold 2,030,457 new shares to the Parent at a price of \$29.55. The nominal price of the shares issued was 169.7 Russian roubles (\$6.55 at the transaction date exchange rate). The shares of the Company sold by the Parent were admitted to trading on the Russian Trading System Stock Exchange.

The interim condensed consolidated financial statements for the six months ended 30 June 2008 were authorised for issue in accordance with a resolution of the CEO on October 10, 2008.

As of June 30, 2008 and 2007, the Group employed approximately 8,250 and 7,250 people, respectively.

During the six-month periods ended June 30, 2008 and 2007, the Group opened 29 and 16 new restaurants, respectively. In addition, the Group continues to develop a casual dining restaurant business on a franchise agreement basis. During the six-month period ended June 30, 2008 and 2007, the Group opened 9 and 7 franchise restaurants, respectively. As of June 30, 2008, the Group operated 268 restaurants.

**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(All amounts are in thousands of US dollars, unless specified otherwise)*

**2. Going Concern**

These 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, 2008 of \$135,600 exceeded its current assets by \$80,624. The net current liability position primarily results from bonds payable in the total amount of \$42,631 with a maturity date of November 26, 2010 and liabilities to partners in the amount of \$14,350. The bonds were treated as short-term debt due to an early redemption option exercisable in May 2009 (see Note 12). Liabilities to partners were reclassified from long-term to short-term liabilities as the Group has the intention to settle such liabilities during 2008.

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

- Liabilities to partners were reclassified to current liabilities based on management intention to settle these liabilities during 2008. The Group has no contractual obligation to repay its liabilities to partners during 2008.
- The Group generates significant operating cash flows. During the six-month period ended June 30, 2008 and 2007, the Group generated \$11,591 and \$13,165 of net cash from operating activities, respectively. The Group is expecting such cash flows to increase during 2008 in line with the growth in the overall business activity.
- Management has introduced enhanced operational initiatives designed to improve the Group's liquidity and its capital expenditure process. Actions implemented include, among others, 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.
- The Group has \$14,436 of open credit lines as of June 30, 2008 and approximately \$9,400 of credit line requests pending the approval of credit committees of these banks.

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.

**3. Basis of Preparation and Accounting Policies**

**Basis of Preparation**

These interim condensed consolidated financial statements for the six-month period ended June 30, 2008 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, 2007.

Operating results for the six-month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
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**3. Basis of Preparation and Accounting Policies (continued)**

**Changes in Accounting Policies**

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, 2007, except for the early adoption of IFRIC 13 "Customer Loyalty Programmes" ("IFRIC 13") mandatory for financial periods beginning on or after July 1, 2008 and changes in valuation of inventory cost (refer to Note 3).

IFRIC 13 requires that if the entity is collecting the consideration on behalf of the third party, it shall measure its revenue as the net amount retained on its own account, i.e. the difference between the consideration allocated to the award credits and the amount payable to the third party for supplying the awards. If the entity is acting as an agent for a third party, it should recognise revenue arising from rendering agency services to that third party in accordance with IAS 18 "Revenue".

The Group uses "Malina" programme operated by Loyalty Partners Vostok LLC ("Loyalty Partners"), a related party. As there is no difference between the consideration allocated to the award credits and the amount payable to Loyalty Partners, no revenue was recognised by the Group, except for the revenue arising from rendering agency services to Loyalty Partners. In accordance with the transitional requirements of this interpretation, the Group has applied these changes retrospectively.

**4. Business Combinations**

On June 30, 2008, the Group acquired a 100% ownership interest in Den' LLC ("Den"), a Russian limited liability company, for cash consideration of \$1,479. The acquisition resulted in excess of the purchase price over the fair value of the net assets assumed of \$479, which was recorded as goodwill as the main asset of "Den" were rent rights and the Group expects to obtain profit from using this location.

**5. Property and Equipment**

During the six months ended June 30, 2008 and 2007, the Group acquired assets with a cost of \$19,792 and \$7,759, respectively, not including property and equipment acquired through a business combination. Assets with a net book value of \$2,264 and \$3,724 were disposed of by the Group during the six months ended June 30, 2008 and 2007, respectively, resulting in a net loss on disposal of \$1,297 and \$2,149, respectively.

**6. Investments in Joint Ventures**

The movement in investments in joint ventures during the six months ended June 30, 2008 was as follows:

	<b>Pulkovo</b>	<b>Costa</b>	<b>Total</b>
<b>At December 31, 2007</b>	<b>327</b>	<b>1</b>	<b>328</b>
Investments in joint ventures	104	2,999	<b>3,103</b>
Key money from Costa	-	(500)	<b>(500)</b>
Share of profit / (loss)	8	(534)	<b>(526)</b>
Translation difference	6	(11)	<b>(5)</b>
<b>At June 30, 2008</b>	<b>445</b>	<b>1,955</b>	<b>2,400</b>

In December 2007, the Group entered into a joint venture agreement with Costa Limited ("Costa") which operates coffee houses in the United Kingdom and other countries. During the six-month period ended June 30, 2008, the Group contributed \$2,999 to the capital of the joint venture. Further, the Group should provide the joint venture with a \$2,000 interest bearing credit facility on or before October 15, 2008.

**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(All amounts are in thousands of US dollars, unless specified otherwise)*

**7. Short-Term Loans**

Short-term loans consisted of the following:

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
	<b>Unaudi</b>	<b>Audited</b>
Bohemia Appetit s.r.o.	2,000	-
Other short-term loans	123	410
<b>Total short-term loans</b>	<b>2,123</b>	<b>410</b>

On March 17, 2008 the Group issued to the third party Bohemia Appetit s.r.o. (Kolkovna Group S.A.) a short-term loan facility in the amount of \$2,000 bearing interest of 12% per annum and maturing in August 2008. On August 18, 2008 the loan was fully repaid.

**8. Cash and Cash Equivalents**

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
	<b>Unaudited</b>	<b>Audited</b>
Cash in hand	10,288	3,746
Cash in transit	370	3,362
Cash at bank	5,117	418
Short-term deposits	2,989	511
<b>Total cash and cash equivalents</b>	<b>18,764</b>	<b>8,037</b>

**9. Share Capital**

*Share Capital*

On June 1, 2007, the Company issued and sold 2,030,457 new shares with a nominal value of 169.7 Russian roubles per share (\$6.55 at the transaction date exchange rate) to the Parent at the price of \$29.55 for the total amount of \$60,000 (refer to Note 1). The excess of cash consideration over nominal value of shares issued was recognised as share premium. On December 27, 2007, the Group bought back 146,970 shares from the Parent at a price of \$58.57 for the amount of \$8,608. These shares were accounted for as treasury shares. The authorized and issued share capital of the Company as of June 30, 2008 and 2007 comprised 12,030,457 shares. All issued shares were fully paid.

As of June 30, 2008 and December 31, 2007, the outstanding share capital comprised of 11,883,487 shares.

**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
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*(All amounts are in thousands of US dollars, unless specified otherwise)*

**9. Share Capital (continued)**

*Earnings per Share*

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	
Net profit attributable to equity holders of the Parent	1,295	4,051
Weighted average number of ordinary shares outstanding	11,883,487	10,336,540
Profit per share attributable to equity holders of the Parent, basic and diluted (US dollars)	0.11	0.39

The Company has no potentially dilutive ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

**10. Liabilities to Partners**

The movements in liabilities to partners for the six months ended June 30, 2008 and for financial year of 2007 were as follows:

	<b>For the six months</b>	<b>For the year ended</b>
	<b>ended June 30,</b>	<b>December 31, 2007</b>
	<b>2008</b>	
	<b>Unaudited</b>	<b>Audited</b>
<b>At January 1</b>	<b>14,078</b>	<b>17,755</b>
Increase in amounts due to partners	1,136	5,490
Payments to partners	(2,566)	(15,041)
Capital contributed by partners in cash	996	4,570
Reclassification from other payables	316	
Capital contributed by partners in property and equipment	-	839
Liabilities to partners in Baltic subsidiaries disposed of during the year	-	(225)
Translation difference	390	690
<b>At June 30 / December 31</b>	<b>14,350</b>	<b>14,078</b>

**11. 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.

**OJSC ROSINTER RESTAURANTS HOLDING**  
**SELECTED NOTES TO INTERIM CONDENSED**  
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*(All amounts are in thousands of US dollars, unless specified otherwise)*

**11. Related Parties Disclosures (continued)**

Short term loans receivable from/payable to related parties were as follows:

Related Parties	Nature of relationship	Short-term loans receivable from related parties		Short-term loans payable to related parties	
		June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
		Unaudited	Audited	Unaudited	Audited
	Entity under common control (EUCC)				
Rostik Investment Group Inc.	(EUCC)	2,931	2,801	-	-
National QSR Network LLC	EUCC	1,023	3,056	-	-
Hodler Finance S.A.	EUCC	-	9,166	-	-
OJSC Birulevo	EUCC	-	3,076	-	-
Other EUCC		522	473	278	233
<b>Total short-term loans receivable from/payable to related parties</b>		<b>4,476</b>	<b>18,572</b>	<b>278</b>	<b>233</b>

Long-term loans receivable from/payable to related parties were as follows:

Related Parties	Long-term loans receivable from related parties		Long-term loans payable to related parties	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
	Unaudited	Audited	Unaudited	Audited
Other EUCC	590	368	825	1,046
<b>Total long term loans receivable from / payable to related parties</b>	<b>590</b>	<b>368</b>	<b>825</b>	<b>1,046</b>

Long-term receivables from related parties of \$8,030 represented advances paid to Rostik Investment Group Inc. for Valderama Investments Limited (refer to Note 20).

Accounts receivable from / payable to related parties were as follows:

Related Parties	Nature of relationship	Receivables from related parties		Payables to related parties	
		June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
		Unaudited	Audited	Unaudited	Audited
Rostik Investment Group Inc.	EUCC	1,801	3,195	118	106
RIG Restaurant Limited (Cyprus)	Parent company	1,274	1,273	440	669
National QSR Network LLC	EUCC	1,019	497	-	-
Rosworth Investments Limited	Joint Venture	1,000	-	-	-
Russian Caramel Restaurants LLC	EUCC	277	158	-	-
Brava LLC	Joint Venture	288	-	-	-
Loyalty Partners Vostok LLC	Other related party	-	-	1,113	1,048
Other EUCC		1,503	1,660	247	1004
<b>Total receivable from / payable to related parties</b>		<b>7,162</b>	<b>6,783</b>	<b>1,918</b>	<b>2,827</b>

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**11. Related Parties Disclosures (continued)**

As at June 30, 2008 and December 31, 2007, receivables from related parties at nominal value of \$93 and \$43, respectively, were impaired and fully provided for.

Transactions with related parties were as follows for the six-month period ended June 30, 2008:

Related Parties	Nature of relationship	Revenue and other income	Purchases	Interest income	Interest expense
		Unaudited			
RosCorp LLC	EUCC	60	2,369	-	-
National QSR Network LLC	EUCC	1,087	84	342	-
Rostik Investment Group Inc.	EUCC	-	662	200	-
Russian Caramel Restaurants LLC	EUCC	310	-	-	-
Hodler Finance S.A.	EUCC	15	-	501	-
Rosworth Investments Limited	EUCC	500	118	-	-
Other EUCC		1,360	1,284	55	58
<b>Total:</b>		<b>3,332</b>	<b>4,517</b>	<b>1,098</b>	<b>58</b>

Transactions with related parties were as follows for the six-month period ended June 30, 2007:

Related Parties	Nature of relationship	Revenue and other income	Purchases	Interest income	Interest expense
		Unaudited			
RosCorp LLC	EUCC	-	1,817	-	-
Amazonit LLC	EUCC	-	312	-	-
PBO Service LLC	EUCC	235	-	-	-
Other EUCC		1,006	1,059	339	58
<b>Total:</b>		<b>1,241</b>	<b>3,188</b>	<b>339</b>	<b>58</b>

*Compensation to Key Management Personnel*

Key management personnel totalled 15 persons as at June 30, 2008 and 2007. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following in the six-month periods ended June 30:

	For the six months ended June 30,	
	2008	2007
	Unaudited	
Salary	1,745	970
Performance bonuses	97	800
	<b>1,842</b>	<b>1,770</b>

The Group's contributions relating to social taxes for key management personnel amounted to \$125 and \$74 during the six months ended June 30, 2008 and 2007, respectively.

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**12. Long-Term Debt**

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

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
	<b>Unaudited</b>	<b>Audited</b>
Bonds issued, net of issuance cost	48,507	45,680
Saving Bank of the Russian Federation (Sberbank)	679	4,074
UkrEximbank	178	1,228
Other long-term debts	767	977
	<b>50,131</b>	<b>51,959</b>
Less: current portion	(49,380)	(51,681)
<b>Total long-term debt</b>	<b>751</b>	<b>278</b>

**Bonds**

In July 2003, Rosinter Restaurants LLC, a Group company, registered with the Federal Securities Market Commission in Russia the issue of 400,000 non-convertible bonds with a face value of 1,000 roubles each in an aggregated principal amount of 400 million Russian roubles. On July 7, 2004, the Group issued 330,371 of those bonds in an aggregated principal amount of 330 million Russian roubles. The bonds have 16 coupons payable quarterly. Interest rates for each coupon vary from 10% to 12% per annum. The outstanding balance at June 30, 2008 and December 31, 2007 is 140,117 bonds in the amount of \$5,973 (at the exchange rate at June 30, 2008) and 144,243 bonds in the amount of \$5,878 (at the exchange rate at December 31, 2007), respectively. On July 2, 2008 the bonds were redeemed.

In December 2005, Rosinter Restaurants LLC, a Group company, issued an additional 1,000,000 non-convertible bonds with a face value of 1,000 roubles each in an aggregated principal amount of 1,000 million Russian roubles. The bonds have 10 coupons payable semi-annually with variable interest rates declared by the Group. The interest rate for the three coupon periods ended May 2008 was 10.75%. The interest rate for the next two coupon periods ending November and May 2009 is 12.00%. During the six-month period ended June 30, 2008, bondholders exercised their early redemption option and all redeemed bonds were sold by the Group. The outstanding balance at June 30, 2008 and December 31, 2007 represents 1,000,000 bonds in the amount of \$42,631 (at the exchange rate at June 30, 2008) and 981,142 bonds in the amount of \$39,971 (at the exchange rate at December 31, 2007), respectively. The bonds are due on November 26, 2010. The bondholders have an early redemption option exercisable in May 2009.

**Sberbank**

In September 2006, the Group obtained a loan in the amount of 100 million Russian roubles (\$4,074 at the exchange rate at December 31, 2008) bearing interest of 9.2% per annum and maturing in March 2008. The loan was secured by a pledge of restaurant equipment with a net book value of \$1,362. The loan was fully repaid on March 17, 2008.

In April 2008, the Group entered into a credit facility agreement in the amount of 100 million Russian roubles (\$4,263 at the exchange rate at June 30, 2008) bearing interest of 12.5% per annum and maturing in October 2009. The loan is secured by a pledge of restaurant equipment with a net book value of \$1,735. The unutilized balance of the credit facility amounted to \$3,584 at June 30, 2008.



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**12. Long-Term Debt (continued)**

**Ukreximbank**

During 2005, the Group obtained an unsecured credit facility in the amount of \$1,388 bearing interest of 12% per annum and maturing in July 2008. The credit facility is secured by a pledge of restaurant equipment with a carrying value of \$234. The unutilized balance of the credit facility amounted to \$1,210 and \$160 at June 30, 2008 and December 31, 2007, respectively. The credit facility was fully repaid on July 31, 2008.

**13. Income Tax**

The major components of income tax expense for the six-month periods ended June 30 were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	
Current income tax	(2,040)	(1,773)
Deferred income tax	181	330
<b>Total income tax expense</b>	<b>(1,859)</b>	<b>(1,443)</b>

**14. Short-Term Debt**

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

	<b>June 30,</b>	<b>December 31,</b>
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Audited</b>
Sberbank	19,184	3,777
Alfa Bank	7,290	–
Credit Europe Bank	5,000	–
UniCredit Bank (former International Moscow Bank)	–	1,507
Other	2	–
	<hr/> 31,476	<hr/> 5,284
Current portion of long-term debt ( <i>Note 10</i> )	49,380	51,681
<b>Total short-term debt</b>	<b><hr/>80,856</b>	<b><hr/>56,965</b>

**Sberbank**

In December 2005, the Group entered into a revolving credit facility agreement in the total amount of 155 million Russian roubles, bearing interest of 12.0% per annum and maturing in December 2006. In December 2007, the Group renewed the revolving credit facility agreement for the amount of 190 million Russian roubles (\$7,741 at the exchange rate at December 31, 2007) bearing interest of 9.0% per annum and maturing in January 2008. To secure the debt, the Group pledged its restaurant and office equipment and furniture with a carrying value of \$1,839. The unutilized balance of the credit facility amounted to \$3,964 at December 31, 2007. The credit facility was fully repaid on January 10, 2008.

In the six-month period ended June 30, 2008, the Group entered into a number of credit facility agreements within the limit of the General Agreement in the total amount of 450 million Russian roubles (\$19,184 at the exchange rate at June 30, 2008) bearing interest from 11.0% to 12.0% per annum and maturing from February 26 to May 23, 2009. The credit facilities are secured by a pledge of restaurant equipment with a carrying value of \$7,337.

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**14. Short-Term Debt (continued)**

**Alfa Bank**

In May 2008, the Group entered into a credit facility agreement in the amount of 171 million Russian roubles (\$7,290 at the exchange rate at June 30, 2008), bearing interest of 12.5% per annum and maturing in October 2008.

**Credit Europe Bank**

In March 2008, the Group entered into a credit facility agreement in the amount of \$5,000 bearing interest of 9.0% per annum and maturing in September 2008.

**UniCredit Bank**

In May 2007, the Group obtained a credit facility agreement amounting to 130 million roubles (\$5,542 at the exchange rate at June 30, 2008) bearing interest from 9.5% to 12.0% per annum and maturing in November 2008. The credit facility is secured by a pledge of restaurant equipment with a net book value of \$1,892. The unutilized balance of the credit facility amounted to 5,542 and \$3,789 at June 30, 2008 and December 31, 2007, respectively.

**Amsterdam TB**

In August 2006, the Group entered into a credit facility agreement amounting to \$4,000 bearing interest of LIBOR plus 3.7% per annum and maturing in August 2009. The loan was guaranteed by RIG Restaurants Limited, the Parent company. The loan agreement contained covenants which limit the indebtedness of Rosinter Restaurants LLC, a Group entity. The unutilized balance of the credit facility amounted to \$4,000 at June 30, 2008 and December 31, 2007.

**Promsvyazbank**

In June 2007, the Group entered into a credit facility agreement amounting to 50 million Russian roubles (\$2,037 at the exchange rate as of December 31, 2007) bearing interest of 11% per annum and maturing in June 2008. The unutilized balance of the credit facility amounted to \$2,037 as of December 31, 2007. In the six-month period ended June 30, 2008, the Group utilized and fully repaid the credit facility.

**15. Revenue**

Revenue for the six months ended June 30, 2007 and 2006 consisted of the following:

	<b>For the six months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	
Revenue from restaurants	146,382	109,190
Sublease services and other services	5,488	2,750
Franchise revenue	3,758	2,446
Revenue from canteens	2,415	1,776
Sales of semi-finished products to franchisees	2,269	2,204
Other services	4,597	2,670
<b>Total revenue</b>	<b>164,909</b>	<b>121,036</b>

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**16. Cost of Sales**

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

	<b>For the six months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	
Food and beverages	43,315	32,330
Payroll and related taxes	33,423	21,921
Rent	17,936	13,839
Restaurant equipment depreciation	4,294	3,182
Utilities	4,026	3,018
Customer loyalty programmes	227	(108)
<b>Total cost of sales</b>	<b>103,221</b>	<b>74,182</b>

**17. Selling, General and Administrative Expenses**

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

	<b>For the six months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	
Payroll and related taxes	16,009	12,059
Start-up expenses for new restaurants	6,797	1,288
Advertising	5,616	4,701
Materials	3,716	2,250
Rent	3,173	2,508
Other services	2,943	1,459
Maintenance and repair services	2,545	1,849
Laundry and sanitary control	2,465	1,154
Depreciation and amortization	1,298	1,087
Transportation services	1,280	928
Bank services	1,101	786
Franchising fee	879	769
Financial and legal services	705	275
Utilities	613	480
Increase in the allowance for doubtful accounts receivables	208	-
Other expenses	2,865	2,316
<b>Total selling, general and administrative expenses</b>	<b>52,213</b>	<b>33,909</b>

**18. 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.

**Russian Federation Tax and Regulatory Environment**

There is no changes in the Group's assessment of its tax contingency position.

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**18. Commitments and Contingencies (continued)**

**Operating lease commitments**

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

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
	<b>Unaudited</b>	<b>Audited</b>
Within one year	27,932	27,018
After one year but not more than five years	80,688	83,122
More than five years	29,315	40,224
<b>Total minimum rental payables:</b>	<b>137,935</b>	<b>150,364</b>

**19. Share-Based Payment**

On February 11, 2008, the Group announced the Share Appreciation Rights Programme under which 10 top managers and 19 key employees (the "participants") were granted cash-settled share options. 96,799 options were allocated to the top managers at the exercise price of \$58.5 and 20,197 options were allocated to the key employees at the exercise price of \$47.0. Option grants vest over a number of months: 1/3<sup>rd</sup>-after initial period of 12 months from the date of grant, 1/3<sup>rd</sup>-after 24 months from the date of grant, 1/3<sup>rd</sup>-after 36 months from the date of grant. The options were granted on January 1, 2008 and July 21, 2008. Upon voluntary or involuntary termination by a participant (but not for cause), any shares vested at the time of leaving will remain capable of being exercised but only for a period of 90 days after the date of termination. All unvested options will be relinquished at the date of leaving. There were no options executed during the six-month period ended June 30, 2008.

**20. Subsequent Events**

*Valderama Investments Limited acquisition*

On July 6, 2008, the Group acquired a 100% ownership interest in Valderama Investments Limited ("Valderama") from Rostik Investment Group Inc., a related party, for cash consideration of \$12,220. Valderama holds 100% participatory interest in AirTrade LLC and 58.86% shares in KOP Pulkovo OJSC.

In addition to the information disclosed in respect of this acquisition, IFRS 3 "Business Combinations" requires the Group to disclose the amounts to be recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities. It is impracticable to disclose this information because the Group has not completed purchase price allocation in accordance with IFRS 3 "Business Combinations" and the acquired entity did not prepare IFRS financial statements prior to the date of its acquisition.