

OJSC Rosinter Restaurants Holding

Unaudited Interim Condensed
Consolidated Financial Statements

For the six months ended June 30, 2013

OJSC Rosinter Restaurants Holding
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For the six months ended June 30, 2013

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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 of June 30, 2013, 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.

A handwritten signature in blue ink that reads "Ernst & Young LLC".

August 28, 2013

OJSC Rosinter Restaurants Holding
 Unaudited Interim Consolidated Statement of Financial Position
 at June 30, 2013

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

	Notes	June 30, 2013, unaudited	December 31, 2012, audited
ASSETS			
Non-current assets			
Property and equipment	4	1,735,528	1,840,496
Intangible assets		80,131	81,828
Goodwill		176,153	176,153
Long-term loans due from related parties	5	17,798	17,968
Long-term receivables due from related parties	5	2,189	2,780
Deferred income tax asset		151,094	154,402
Other non-current assets		171,745	162,812
		2,334,638	2,436,439
Current assets			
Inventories		125,686	168,683
VAT and other taxes recoverable		111,768	109,784
Income tax recoverable		18,766	22,063
Trade and other receivables		183,814	148,370
Advances paid		151,846	215,548
Receivables from related parties	5	70,721	118,556
Short-term loans		16,926	3,001
Short-term loans due from related parties	5	10,337	10,433
Cash and cash equivalents		308,598	279,008
		998,462	1,075,446
Assets held for sale		–	19,464
TOTAL ASSETS		3,333,100	3,531,349
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	2,204,190
Treasury shares	6	(413,085)	(413,085)
Other capital reserves		24,639	21,581
Accumulated losses		(3,907,339)	(3,863,253)
Translation difference		(86,590)	(72,626)
		588,830	643,822
Non-controlling interests		11,219	12,629
		600,049	656,451
Non-current liabilities			
Long-term loans and borrowings	8	784,340	479,200
Long-term liabilities to partners		19,442	43,476
Deferred income		–	191
Deferred income tax liabilities		61,298	72,508
		865,080	595,375
Current liabilities			
Trade and other payables		1,231,899	1,323,167
Short-term loans and borrowings	8	466,590	741,285
Payables to related parties	5	37,319	50,317
Short-term loans due to related parties	5	3,746	4,218
Short-term liabilities to partners		17,413	40,517
Deferred income		42,211	47,959
Income tax payable		68,793	72,060
		1,867,971	2,279,523
TOTAL EQUITY AND LIABILITIES		3,333,100	3,531,349

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, 2013

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

	Notes	For the six months ended June 30,	
		2013	2012
		Unaudited	
Revenue	9	5,196,409	5,186,068
Cost of sales	10	(4,276,638)	(4,182,036)
Gross profit		919,771	1,004,032
Selling, general and administrative expenses	11	(724,413)	(768,999)
Start-up expenses for new restaurants		(65,047)	(51,868)
Other gains	12	41,197	46,194
Other losses	12	(65,019)	(52,422)
Profit from operating activities before impairment		106,489	176,937
Loss from impairment of operating assets	13	(79,647)	(151,423)
Profit from operating activities after impairment		26,842	25,514
Financial income		7,271	13,934
Financial expense		(66,812)	(96,214)
Foreign exchange gains, net		21,307	16,062
Share of profits of associates		–	67
Loss before income tax		(11,392)	(40,637)
Income tax expense		(32,851)	(34,500)
Net loss for the period		(44,243)	(75,137)
Attributable to:			
Equity holders of the parent entity		(43,236)	(72,329)
Non-controlling interests		(1,007)	(2,808)
Loss per share, basic, Russian roubles	7	(2.77)	(4.63)
Loss per share, diluted, Russian roubles	7	(2.65)	(4.49)

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, 2013

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

	For the six months ended June 30,	
	2013	2012
Notes	Unaudited	
Net loss for the period	(44,243)	(75,137)
Exchange differences on translation of foreign operations	(13,964)	(5,118)
Share of translation differences of associates	–	(145)
Other comprehensive loss for the period, net of tax	(13,964)	(5,263)
Total comprehensive loss for the period, net of tax	(58,207)	(80,400)
Attributable to:		
Equity holders of the parent entity	(57,200)	(77,592)
Non-controlling interests	(1,007)	(2,808)

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, 2013

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

	Notes	For the six months ended June 30,	
		2013	2012
		Unaudited	
Operating activities			
Loss before tax		(11,392)	(40,637)
Adjustments to reconcile loss before tax to net cash provided by operating activities:			
Depreciation and amortization	10, 11	154,323	187,994
Foreign exchange gains, net		(21,307)	(16,062)
Financial income		(7,271)	(13,934)
Financial expense		66,812	96,214
Reversal of impairment of advances paid, taxes recoverable and receivables	11	(10,905)	(7,356)
Obsolescence/(reversal of obsolescence) of inventories		(2,139)	184
Loss on disposal of non-current assets	12	37,780	29,478
Impairment of assets	13	79,647	151,423
Share of associates' results		–	(67)
Bargain purchase, net of cash acquired		–	(11,565)
Share based payment expenses		3,058	1,425
		288,606	377,097
Changes in operating assets and liabilities:			
Decrease in inventories		48,256	23,054
Decrease in advances, taxes recoverable, receivables and other assets		2,503	1,989
Decrease in receivables from/payables to related parties, net (Decrease)/increase in trade and other payable		16,384	10,924
		(120,131)	50,323
Net cash generated from operations		235,618	463,387
Interest paid		(60,587)	(71,062)
Interest received		4,825	7,313
Income tax paid		(47,838)	(54,115)
Net cash flows from operating activities		132,018	345,523
Investing activities			
Purchases of property and equipment		(137,717)	(144,775)
Loans issued to related parties		(1,190)	(1,253)
Proceeds from repayment of loans issued to related parties		1,226	2,306
Purchase of intangible assets		(724)	(9,709)
Proceeds from disposal of property and equipment		17,148	3,172
Proceeds from repayment of loans issued to third parties		4,566	–
Net cash flows used in investing activities		(116,691)	(150,259)

Continued on the next page

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 (continued)

	For the six months ended June 30,	
	2013	2012
Notes	Unaudited	
Financing activities		
Proceeds from bank loans	955,071	235,857
Repayment of bank loans	(925,359)	(338,489)
Payments to partners	(18,122)	(25,621)
Repayment of related party loans	(472)	(485)
Proceeds from issue of shares	–	3,647
Repayment of lease obligations	(138)	(326)
Dividends paid to shareholders	(1,103)	(894)
Net cash flows used in financing activities	9,877	(126,311)
Effect of exchange rate on cash and cash equivalents	4,386	80
Net increase in cash and cash equivalents	29,590	69,033
Cash and cash equivalents at beginning of the period	279,008	233,901
Cash and cash equivalents at end of the period	308,598	302,934

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, 2013

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

	Attributable to equity holders of the parent entity						Total	Non-controlling interests	Total Equity
	Share capital	Additional paid-in capital	Treasury shares	Other capital reserves	Accumulated losses	Translation difference			
At January 1, 2013, audited	2,767,015	2,204,190	(413,085)	21,581	(3,863,253)	(72,626)	643,822	12,629	656,451
Net loss for the period	–	–	–	–	(43,236)	–	(43,236)	(1,007)	(44,243)
Other comprehensive loss for the period	–	–	–	–	–	(13,964)	(13,964)	–	(13,964)
Total comprehensive loss for the period	–	–	–	–	(43,236)	(13,964)	(57,200)	(1,007)	(58,207)
Share based payment transactions	–	–	–	3,058	–	–	3,058	–	3,058
Disposal of non-controlling interest in subsidiary	–	–	–	–	(850)	–	(850)	850	–
Dividends	–	–	–	–	–	–	–	(1,253)	(1,253)
At June 30, 2013, unaudited	2,767,015	2,204,190	(413,085)	24,639	(3,907,339)	(86,590)	588,830	11,219	600,049
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 loss 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 transactions	–	–	–	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

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

OJSC Rosinter Restaurants Holding
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
For the six months ended June 30, 2013

(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, 2013, 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 one of 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, 2013 were approved for issue by the Chief Financial Officer of the OJSC Rosinter Restaurants Holding on August 28, 2013.

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, 2013 and 2012, the revenue from the Russian market was approximately 88% and 87% of total revenues, respectively. The non-current assets of Group’s subsidiaries operating in the Russian market were approximately 88% and 87% of total non-current assets of the Group for the six months ended June 30, 2013 and 2012, respectively. The second largest markets were Europe and Ukraine with 4% of total revenues for the six months ended June 30, 2013 and 2012, respectively.

On June 13, 2012 the Group acquired the remained 50% of Rosworth Investments Limited, which operates Costa Coffee outlets (“coffee outlets”) in the Russian Federation through its subsidiary Brava LLC.

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

Entity	Country of incorporation	June 30, 2013 % Ownership	December 31, 2012 % 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%
Brava LLC	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%

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

2. 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, 2013, of RUB 1,867,971 (RUB 2,279,523 as of December 31, 2012) exceeded its current assets by RUB 869,509 (RUB 1,204,077 as of December 31, 2012). The net current liability position primarily results from trade and other payables in the amount RUB 1,231,899 (RUB 1,323,167 as of 31 December 2012) and short-term loans and borrowings in the amount RUB 466,590 (RUB 741,285 as of 31 December 2012).

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, 2013, the Group repaid RUB 220,191 of loans in accordance with schedule.
- During the six month period ended June 30, 2013 and 2012, net cash generated from operations amounted to RUB 235,618 and RUB 463,387, respectively. The reduced inflow of cash from operating activities primarily resulted from the Group paying down its liabilities due to suppliers, which decreased during the six month period ended June 30, 2013 by RUB 120,131.
- The net loss for six months ended June 30, 2013 amounted to RUB 44,243 primarily resulted from impairment of assets in the amount of RUB 79,647.
- 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.
- The existence of undrawn loans amount to RUB 200,000 (additional resources).

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.

3. Basis of Preparation of Financial Statements

Basis of Preparation of Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2013, 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, 2012.

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

3. Basis of Preparation of Financial Statements (continued)

Changes in Accounting Policy and Disclosures

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of the following new and amended IFRS and IFRIC interpretations as of 1 January 2013:

- IAS 1 *Presentation of Items of Other Comprehensive Income*
- Amendments to IAS 1 *Clarification of the requirement for comparative information* (Amendment)
- IAS 32 *Tax effects of distributions to holders of equity instruments* (Amendment)
- IAS 34 *Interim financial reporting and segment information for total assets and liabilities* (Amendment)
- IAS 19 *Employee Benefits* (Revised 2011) (IAS 19R)
- IFRS 7 *Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities* – Amendments to IFRS 7
- IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*
- IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

These amendments have had no effect on the financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Property and Equipment

During the six months ended June 30, 2013 and 2012, the Group acquired assets with a cost of RUB 138,430 and RUB 204,838, respectively. Assets with a net book value of RUB 40,667 and RUB 38,261 were disposed of by the Group during the six months ended June 30, 2013 and 2012, respectively, resulting in a net loss on disposal of RUB 40,939 and RUB 35,089, respectively.

As of June 30, 2013 and December 31, 2012 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 502,732 and RUB 487,761, respectively.

The Group has several finance lease contracts for motor vehicles. The carrying value of the leased assets as of June 30, 2013 and December 31, 2012 amounted to RUB 900 and RUB 964, respectively.

Property and equipment was tested for impairment as of June 30, 2013. The Group recognized impairment losses of property and equipment for the six months ended June 30, 2013 and 2012, in the amount of RUB 81,971 and 147,577, 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 as of June 30, 2013 and December 31, 2012 amounted to RUB 401,155 and RUB 387,549, 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.

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

4. Property and Equipment (continued)

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 1% to 5% 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 17.00% and 11.79% in Russian Rouble nominal terms for June 30, 2013 and 2012, 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.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

	Revenue and other gains	Purchases	Long-term receivables due from related parties	Receivables from related parties	Payables to related parties
Related parties	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
2013					
Entities under common control, including:					
Loyalty Partners Vostok LLC (1)	5,823	179,658	2,189	70,721	37,319
RosCorp LLC (2)	3,171	–	–	–	13,543
Best Eastern Distribution LLC (3)	2,037	76,621	–	307	58
Rostik Investment Group Inc. (4)	–	58,936	–	–	10,856
Legkaya Zhizn LLC (5)	–	24,024	–	186	1,539
	–	–	–	64,678	–
Total 2013	5,823	179,658	2,189	70,721	37,319

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
(continued)

5. Related Parties Disclosures (continued)

Related parties	Revenue and other gains	Purchases	Long-term receivables due from related parties	Receivables from related parties	Payables to related parties
	June 30, 2012	June 30, 2012	December 31, 2012	December 31, 2012	December 31, 2012
	Unaudited	Unaudited	Audited	Audited	Audited
2012					
Joint Ventures	4,755	7,118	–	–	–
Entities under common control, including:					
RosCorp LLC (2)	14,786	105,921	2,780	118,556	50,317
Best Eastern Distribution LLC (3)	1,971	74,292	–	7,684	43
Legkaya Zhizn LLC (5)	–	11,746	–	–	3,078
Rostik Investment Group Inc. (4)	–	–	–	80,782	–
Loyalty Partners Vostok LLC (1)	–	6,035	–	22,320	2,002
	7,801	13	–	–	26,717
Total 2012	19,541	113,039	2,780	118,556	50,317

- 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.
- The outstanding balances as of June 30, 2013 and December 31, 2012 represent advances for rent, transport and utility services provided by RosCorp LLC to the Group.
- During the six months ended June 30, 2013 and 2012, the Group purchased equipment, goods and materials from Best Eastern Distribution LLC.
- The outstanding receivable balance as of June 30, 2013 and December 31, 2012 represents management and financial advisory services provided by the Group to Rostik Investment Group Inc. The outstanding payable balance as of June 30, 2013 and December 31, 2012 comprises rent payable and interest payable.
- The outstanding receivable balance as of June 30, 2013 and December 31, 2012 represents advances for goods to Legkaya Zhizn LLC provided by the Group.

Loans receivable from/payable to related parties consisted of the following:

Related parties	Interest income	Interest expense	Short-term loans receivable from related parties	Long-term loans receivable from related parties	Short-term loans payable to related parties
	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Joint Ventures	810	–	–	17,798	–
Entities under common control	270	255	10,337	–	3,746
Total 2013	1,080	255	10,337	17,798	3,746
	June 30, 2012	June 30, 2012	December 31, 2012	December 31, 2012	December 31, 2012
	Unaudited	Unaudited	Audited	Audited	Audited
Joint Ventures	3,997	–	–	17,968	–
Entities under common control	4,154	321	10,433	–	4,218
Total 2012	8,151	321	10,433	17,968	4,218

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

5. Related Parties Disclosures (continued)

As of December 31, 2012 and June 30, 2013 long-term and short-term loans from related parties were neither past due nor impaired.

Compensation to Key Management Personnel

Key management personnel totalled 12 and 14 persons as at June 30, 2013 and 2012, 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,	
	2013	2012
	Unaudited	
Salary	21,040	13,121
Performance bonuses	–	2,416
	21,040	15,537

The Group's contributions relating to social taxes for key management personnel amounted to RUB 2,384 and RUB 2,282 during the six months ended June 30, 2013 and 2012, respectively.

6. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2013 and December 31, 2012 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian Roubles.

As of June 30, 2013 and December 31, 2012 the total quantity and value of treasury shares of the Company held by the Group were 694,273 and RUB 413,085.

7. 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,	
	2013	2012
	Unaudited	
Net loss attributable to equity holders of the Company	(43,236)	(72,329)
Weighted average number of ordinary shares outstanding	15,611,061	15,611,061
Effect on dilution: share based payments	730,418	493,845
Weighted average number of ordinary shares adjusted for the effect of dilution	16,341,479	16,104,906
Loss per share attributable to equity holders of the Parent, basic	(2.77)	(4.63)
Loss per share attributable to equity holders of the Parent, diluted	(2.65)	(4.49)

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

8. Loans and Borrowings

	June 30, 2013, Unaudited	December 31, 2012, audited
Long-term loans and borrowings		
Sberbank of Russia OJSC	450,122	700,000
Raiffeisenbank CJSC	500,000	250,000
UniCredit Bank CJSC	–	250,000
Finance lease liabilities	885	–
	951,007	1,200,000
Less: current portion	(166,667)	(720,800)
Total long-term loans and borrowings	784,340	479,200

	June 30, 2013, Unaudited	December 31, 2012, audited
Short-term loans and borrowings		
UniCredit Bank CJSC	250,000	20,191
Sberbank of Russia OJSC	49,878	–
Finance lease liabilities	45	294
	299,923	20,485
Current portion of long-term loans and borrowings	166,667	720,800
Total short-term loans and borrowings	466,590	741,285

Sberbank of Russia OJSC

On December 24, 2010, the Group entered into a credit facility agreement in the amount of RUB 700,000 bearing interest of 8.75% per annum and maturing in December 2013. As of June 30, 2013 the outstanding balance of the credit facility amounted to RUB 49,878.

On March 25, 2013, the Group entered into an unsecured loan agreement with a credit limit in the amount of RUB 700,000, bearing interest of 11.68% per annum and maturing in May 2015-March 2016. As of June 30, 2013 the outstanding balance of the loan amounted to RUB 450,122.

Raiffeisenbank CJSC

On November 22, 2010, the Group entered into a credit facility agreement in the amount of RUB 500,000 maturing in May 2012 – November 2013 bearing interest of Mosprime 1M plus 4.50% per annum. As of June 30, 2013 this credit facility was fully repaid.

In November 2012, the Group entered into a credit facility agreement in the amount of RUB 500,000, bearing interest of internal bank rate plus 2.0% or Mosprime 1M plus 3.20% per annum and maturing in November 2015. As of June 30, 2013 outstanding balance of this credit facility amounted to RUB 500,000 and current portion of this credit facility amounted to RUB 166,667.

UniCredit Bank CJSC

On June 15, 2011, the Group entered into an unsecured loan agreement with a credit limit in the amount of RUB 250,000, bearing interest of 8.85% per annum and maturing in January-June 2014. As of June 30, 2013, the outstanding balance of the loan amounted to RUB 250,000 and current portion of this credit facility amounted to RUB 250,000.

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

8. Loans and borrowings (continued)

UniCredit Bank CJSC (continued)

In June 2011, the Group entered into a credit facility in the amount of RUB 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 RUB 80,000, bearing interest of Mosprime 1M plus 3.00% per annum and maturing in May 2012. In May 2012 the interest was renegotiated to Mosprime 1M plus 3.25% per annum and mature date of credit - in May 2013. As of June 30, 2012, the overdraft facility was fully repaid.

9. Revenue

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

	For the six months ended June 30,	
	2013	2012
	Unaudited	
Revenue from restaurants	4,865,883	4,863,905
Franchise revenue	151,638	140,865
Revenue from canteens	96,004	88,054
Sublease services	53,201	65,299
Other revenues	29,683	27,945
Total revenue	5,196,409	5,186,068

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,	
	2013	2012
	Unaudited	
Food and beverages	1,200,812	1,197,196
Payroll and related taxes	1,162,796	1,139,162
Rent	1,036,532	930,262
Utilities	152,700	157,929
Restaurant equipment depreciation	139,888	168,752
Materials	135,271	147,908
Laundry and sanitary control	129,837	119,919
Maintenance and repair services	84,813	87,126
Other services	74,879	80,576
Franchising fee	52,601	37,085
Transportation services	49,811	43,004
Sublease services cost	31,730	40,496
Other expenses	24,968	32,621
Total cost of sales	4,276,638	4,182,036

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

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,	
	2013	2012
	Unaudited	
Payroll and related taxes	452,097	455,476
Advertising	68,218	123,296
Other services	43,415	39,550
Rent	43,076	40,488
Utilities	18,938	16,889
Transportation services	18,201	19,160
Depreciation and amortization	14,435	19,242
Financial and legal services	13,217	13,549
Materials	11,327	7,853
Laundry and sanitary control	5,364	420
Bank services	5,249	4,284
Maintenance and repair services	3,609	3,895
Decrease in the allowance for impairment of advances paid, taxes recoverable and receivables	(10,905)	(7,356)
Other expenses	38,172	32,253
Total selling, general and administrative expenses	724,413	768,999

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,	
	2013	2012
	Unaudited	
Write off of trade and other payables	4,661	1,187
Gain on termination of rent agreements	12,324	–
Gain on bargain purchase	–	27,687
Other gains	24,212	17,320
Total other gains	41,197	46,194
Loss on disposal of non-current assets	37,780	29,478
Non-refundable VAT	8,672	10,824
Other losses	18,567	12,120
Total other losses	65,019	52,422

13. Losses from Impairment of Assets

	For the six months ended June 30,	
	2013	2012
	Unaudited	
Loss from impairment of property and equipment (<i>Note 4</i>)	81,971	147,577
(Reversal of)/Loss from impairment of intangible assets	(2,324)	3,846
Total loss from impairment of assets	79,647	151,423

OJSC Rosinter Restaurants Holding

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (continued)

14. 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, 2013, unaudited	December 31, 2012, audited
Within one year	1,627,409	1,626,527
After one year but not more than five years	3,671,212	3,488,536
More than five years	1,049,024	890,605
Total minimum rental payables:	6,347,645	6,005,668

Capital Commitments

At June 30, 2013 and December 31, 2012 the Group had capital commitments of RUB 53,973 and 32,661, respectively, principally relating to the construction of new restaurants.

15. Events after Reporting Period

On August 28, 2013, the Group entered into a credit facility agreement with UniCredit Bank, CJSC in the amount of RUR 700,000 bearing interest 9.3% per annum and maturing in September 2015-August 2016.