

Notice of no auditor review of Interim Condensed Consolidated Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the financial statements in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

OJSC Rosinter Restaurants Holding

Unaudited Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2010

OJSC Rosinter Restaurants Holding
Selected Notes to Interim Condensed Consolidated Financial Statements
for the nine months ended September 30, 2010

TABLE OF CONTENTS

Unaudited Interim Condensed Consolidated Financial Statements

Unaudited Interim Condensed Consolidated Statement of Financial Position	1
Unaudited Interim Condensed Consolidated Income Statement.....	2
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income	3
Unaudited Interim Condensed Cash Flow Statement.....	4
Unaudited Interim Condensed Statement of Changes in Equity.....	6
Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements	7

OJSC Rosinter Restaurants Holding

Interim Condensed Consolidated Statement of Financial Position

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

		September 30, 2010	December 31, 2009
ASSETS	Notes	Unaudited	Audited
Non-current assets			
Property and equipment	4	2,269,885	2,383,555
Intangible assets		245,995	327,408
Goodwill		143,137	143,137
Investments in joint ventures and associates	5	5,964	27,722
Long-term loans due from related parties	9	137,198	143,754
Long-term advances to related parties	9	196,380	165,430
Long-term receivables from related parties	9	41,524	37,950
Deferred income tax asset		100,977	81,679
Other non-current assets		282,070	139,212
		3,423,130	3,449,847
Current assets			
Inventories		168,770	200,301
Advances paid		156,695	134,599
VAT and other taxes recoverable		116,392	107,939
Trade and other receivables		106,722	96,206
Short-term loans		14,777	2,406
Short-term loans due from related parties	9	71,427	71,333
Receivables from related parties	9	58,763	74,316
Cash and cash equivalents	6	316,242	113,243
		1,009,788	800,343
TOTAL ASSETS		4,432,918	4,250,190
EQUITY AND LIABILITIES			
Share capital	7	2,767,015	2,041,569
Additional paid-in capital	7	402,293	402,293
Share premium	7	1,802,523	1,230,538
Treasury shares	7	(355,003)	(212,628)
Other capital reserves	17	10,544	-
Accumulated losses		(3,146,772)	(3,368,687)
Translation difference		(50,824)	(30,769)
TOTAL PARENT SHAREHOLDERS' EQUITY		1,429,776	62,316
Non-controlling interest		24,402	33,498
TOTAL EQUITY		1,454,178	95,814
Non-current liabilities			
Long-term debt due to related parties	9	24,754	24,624
Long-term debt	10	677,181	1,031,224
Finance lease liabilities		1,955	362
Long-term liabilities to partners		75,876	125,490
Deferred income		38,176	46,610
Deferred income tax liability		77,138	78,231
		895,080	1,306,541
Current liabilities			
Trade and other payables		1,132,950	1,413,759
Short-term debt	12	642,015	954,106
Current portion of long-term debt	12	92,790	214,813
Payables to related parties	9	25,643	44,694
Income tax payable		92,547	82,591
Current portion of finance lease liabilities		1,886	4,363
Current liabilities to partners		59,583	112,100
Deferred income		36,246	21,409
		2,083,660	2,847,835
TOTAL EQUITY AND LIABILITIES		4,432,918	4,250,190

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

OJSC Rosinter Restaurants Holding
Interim Condensed Consolidated Income Statement

(All amounts are in thousands of Russian Roubles, except for earnings per share)

	Notes	For the nine months ended September 30,	
		2010	2009
		Unaudited	
Revenue	13	7,125,650	6,077,358
Cost of sales	14	(5,425,674)	(4,636,130)
Gross profit		1,699,976	1,441,228
Selling, general and administrative expenses	15	(1,120,767)	(1,030,785)
Start-up expenses for new restaurants		(32,579)	(44,701)
Increase in the allowance for impairment of advances paid, taxes recoverable and receivables		(1,996)	(18,452)
Other gains		22,082	14,306
Other losses		(122,555)	(156,638)
Profit from operating activities before impairment		444,161	204,958
Gain/(loss) from impairment of operating assets	4	2,432	(38,398)
Profit from operating activities after impairment		446,593	166,560
Financial income		37,876	14,520
Financial expense		(179,424)	(249,990)
Foreign exchange losses, net		(4,302)	(45,172)
Share of losses of joint venture and associates	5	(22,233)	(17,676)
Profit/(loss) before income tax		278,510	(131,758)
Income tax expense	11	(64,869)	(94,342)
Net profit/(loss) for the period		213,641	(226,100)
Attributable to:			
Equity holders of the parent entity		221,915	(218,552)
Non-controlling interest		(8,274)	(7,548)
		213,641	(226,100)
Earnings/(losses) per share, basic and diluted, Russian Roubles	7	16.94	(18.39)

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

OJSC Rosinter Restaurants Holding
Interim Condensed Consolidated Statement of Comprehensive Income

(All amounts are in thousands of Russian Roubles, except for earnings per share)

	For the nine months ended	
	September 30,	
	2010	2009
	Unaudited	
Net profit/(loss) for the period	213,641	(226,100)
Exchange differences on translation from functional to presentation currency	(20,530)	(58,061)
Share of exchange differences of associates and joint ventures	475	2,135
Other comprehensive loss for the period, net of tax	(20,055)	(55,926)
Total comprehensive income/(loss) for the period, net of tax	193,586	(282,026)
Attributable to:		
Equity holders of the parent entity	201,860	(274,478)
Non-controlling interest	(8,274)	(7,548)
	193,586	(282,026)

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 Russian Roubles)

	Notes	For the nine months ended	
		September 30,	
		2010	2009
		Unaudited	
Operating activities			
Profit/(loss) before income tax		278,510	(131,758)
Adjustments to reconcile profit/(loss) before income tax to net cash provided by operating activities:			
Depreciation and amortization		300,602	303,435
Foreign exchange losses		4,302	45,172
Financial income		(37,876)	(14,520)
Financial expense		179,424	249,990
Allowance for impairment of advances paid, taxes recoverable and receivables		1,996	18,452
Allowance for impairment of inventories		(9,774)	(2,019)
Loss on disposal of non-current assets		46,709	83,669
Impairment of assets	4	(2,432)	38,398
Share of joint venture's and associates' results	5	22,233	17,676
Write off and impairment of loans receivable from related parties		621	36,764
Share based payments	17	10,544	–
		794,859	645,259
Changes in operating assets and liabilities:			
Decrease in inventories		41,194	35,432
(Increase)/decrease in advances, taxes recoverable, receivables and other non-current assets		(198,077)	62,070
(Increase)/decrease in receivables from/payables to related parties, net		(1,082)	53,108
(Decrease)/increase in trade and other payables		(230,756)	200,930
Net cash generated from operations		406,138	996,799
Interest paid		(211,662)	(243,782)
Interest received		22,240	2,184
Income tax paid		(97,790)	(86,585)
Net cash flows from operating activities		118,926	668,616
Investing activities			
Purchases of property and equipment		(160,772)	(195,908)
Loans issued to related parties		(176,309)	(16,790)
Proceeds from repayment of loans issued to related parties		161,135	–
Prepayments to acquire non-controlling interest in subsidiaries		(30,949)	(34,671)
Purchase of intangible assets		(5,415)	(19,777)
Proceeds from disposal of property and equipment		7,208	10,584
Proceeds from repayment of loans issued to third parties		5	2,619
Proceeds from sale of shares in subsidiaries		–	207
Net cash flows used in investing activities		(205,097)	(253,736)

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 Russian Roubles)

	Notes	For the nine months ended September 30,	
		2010	2009
		Unaudited	
Financing activities			
Acquisition of treasury shares	7	(125,314)	–
Proceeds from issue of shares	7	1,280,370	–
Proceeds from bank loans *		2,303,437	2,686,022
Repayment of bank loans *		(3,078,258)	(3,066,014)
Amounts paid to partners		(75,111)	(49,008)
Proceeds from partners		–	3,607
Repayment of lease obligations		(4,858)	(11,060)
Dividends paid to shareholders		(1,041)	(273)
Net cash flows (used in)/from financing activities		299,225	(436,726)
Effect of exchange rate on cash and cash equivalents		(10,055)	(3,542)
Net increase/(decrease) in cash and cash equivalents		202,999	(25,388)
Cash and cash equivalents at beginning of the year		113,243	174,334
Cash and cash equivalents at end of the year		316,242	148,946

* The Group uses financing which, due to the short term nature of this debt (3 to 11 months), requires repayment and reissuance several times throughout the year.

OJSC Rosinter Restaurants Holding
Interim Condensed Consolidated Statement of Changes in Equity

(All amounts are in thousands of Russian Roubles)

	Attributable to equity holders of the parent entity							Parent shareholder's equity	Non- controlling interests	Total Equity
	Share capital	Addition paid-in capital	Share premium	Treasury shares	Other capital reserves	Accumulated losses	Translation difference			
At January 1, 2010	2,041,569	402,293	1,230,538	(212,628)	–	(3,368,687)	(30,769)	62,316	33,498	95,814
Net profit for the period	–	–	–	–	–	221,915	–	221,915	(8,274)	213,641
Other comprehensive loss for the period	–	–	–	–	–	–	(20,055)	(20,055)	–	(20,055)
Total comprehensive income for the period	–	–	–	–	–	221,915	(20,055)	201,860	(8,274)	193,586
Issue of share capital, net of issuance costs <i>(Note 7)</i>	725,446	–	571,985	–	–	–	–	1,297,431	–	1,297,431
Treasury shares <i>(Note 7)</i>	–	–	–	(142,375)	–	–	–	(142,375)	–	(142,375)
Share based payments <i>(Note 17)</i>	–	–	–	–	10,544	–	–	10,544	–	10,544
Dividends	–	–	–	–	–	–	–	–	(822)	(822)
At September 30, 2010 (unaudited)	2,767,015	402,293	1,802,523	(355,003)	10,544	(3,146,772)	(50,824)	1,429,776	24,402	1,454,178
At January 1, 2009	2,041,569	402,293	1,230,538	(212,628)	–	(2,970,309)	15,767	507,230	40,379	547,609
Net loss for the period	–	–	–	–	–	(218,552)	–	(218,552)	(7,548)	(226,100)
Other comprehensive loss for the period	–	–	–	–	–	–	(55,926)	(55,926)	–	(55,926)
Total comprehensive loss for the period	–	–	–	–	–	(218,552)	(55,926)	(274,478)	(7,548)	(282,026)
Purchase of non-controlling interest in a subsidiary <i>(Note 8)</i>	–	–	–	–	–	(126,347)	–	(126,347)	–	(126,347)
Dividends	–	–	–	–	–	–	–	–	(613)	(613)
At September 30, 2009 (unaudited)	2,041,569	402,293	1,230,538	(212,628)	–	(3,315,208)	(40,159)	106,405	32,218	138,623

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
for the nine months ended September 30, 2010

(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 September 30, 2010, 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 the 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”, “Pechki-Lavochki” and “1 2 3 Cafe”;
- 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, Moldova, Czech Republic, Poland and Hungary. The Group also has exclusive development rights and/or registered trademarks in Azerbaijan, Kyrgyzstan, Uzbekistan, Lithuania, Estonia, Austria, 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 million US dollars (RUR 2,590,403 at exchange rate at June 1, 2007). At the same time, the Company issued and sold 2,030,457 new shares to the Parent at a price of RUR 766.99. In February - August 2010, the Group performed a two step secondary offering of 4,274,877 new shares for a cash consideration of RUR 1,340,906 (Note 7). The shares of the Company are admitted for trading on the Russian Trading System Stock Exchange and on MICEX.

The interim condensed consolidated financial statements for the nine months ended September 30, 2010 and 2009, were authorised for issue in accordance with a resolution of the President and Chief Executive Officer on November 26, 2010.

As of September 30, 2010 and 2009, the Group employed approximately 7,500 and 7,400 people, respectively.

During the nine months ended September 30, 2010 the Group opened 8 new restaurants and closed 11 restaurants. During the nine month ended September 30, 2009, the Group closed a net number of 11 restaurants. In addition, the Group continues to develop a casual dining restaurant business on a franchise agreement basis. During the nine months ended September 30, 2010 the Group opened 16 and closed 4 franchise restaurants. During the nine months ended September 30, 2009 the Group opened 18 and closed 4 franchise restaurants. As of September 30, 2010, the Group operated 359 restaurants.

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

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 September 30, 2010, of RUR 2,083,660 exceeded its current assets by RUR 1,073,872.

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

- During the nine months ended September 30, 2010 the Company received RUR 1,280,370 proceeds from the secondary Offering and the Subscription (Note 7). The proceeds from the Offering were primarily used to reduce current debt that substantially increased the financial stability of the Group.
- During the nine months ended September 30, 2010 and 2009, the Group generated positive operating cash flows before changes in operating assets and liabilities in the amount of RUR 794,859 and RUR 645,259, respectively. Net cash generated from operations during the same periods amounted to RUR 406,138 and RUR 996,799, respectively. Cash outflow from changes in operating assets and liabilities was a result of extension of operations during the period and repayment of current debts generated in 2009, when the Group used working capital as source of financing.
- Management has introduced enhanced operational initiatives designed to improve the Group's liquidity. Actions implemented include, among others, a new capital expenditure process, an improvement in the business economics through savings in labor, food and beverage costs, and an increased franchised component in its new restaurant development plan. The recent economic situation has also allowed the Group to significantly lower rent expenses.

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 nine months ended September 30, 2010, 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, 2009.

Operating results for the nine months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010.

Changes in Accounting Policy and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the nine months ended September 30, 2010, are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2009.

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

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

4. Property and Equipment

During the nine months ended September 30, 2010 and 2009, the Group acquired assets with a cost of RUR 171,461 and RUR 172,185, respectively, not including property and equipment acquired through a business combination. Assets with a net book value of RUR 49,125 and RUR 91,472 were disposed of by the Group during the nine months ended September 30, 2010 and 2009, respectively, resulting in a net loss on disposal of RUR 41,978 and RUR 83,354, respectively.

The Group recognised impairment losses of property and equipment for the nine months ended September 30, 2009, in the amount of RUR 38,398, as the recoverable amount of these assets is nil at the same date. Impairment losses were identified as a result of the testing at the level of restaurants (cash generating units). Recognised impairment losses of property and equipment relate to loss-making restaurants located in Moscow, Krasnoyarsk, Samara and Tolyatti. During the nine months ended September 30, 2010, the Group reversed accumulated impairment loss of property and equipment in the amount of RUR 2,432.

5. Investments in Joint Ventures and Associates

The Group accounted for investments in joint ventures and associates under the equity method. Costa Joint Venture includes Rosworth Investment Limited and its operating subsidiary Brava LLC.

The movement in investments in joint ventures and associates was as follows:

	Costa Joint Venture	Associates	Total
At December 31, 2009	22,522	5,200	27,722
Share of (loss)/profit	(22,999)	766	(22,233)
Translation difference	477	(2)	475
At September 30, 2010	–	5,964	5,964
At December 31, 2008			
Investments in joint ventures	39,381	4,402	43,783
Share of profit/(loss)	(18,152)	476	(17,676)
Translation difference	2,135	–	2,135
At September 30, 2009	23,364	4,878	28,242

6. Cash and Cash Equivalents

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

	September 30, 2010	December 31, 2009
	Unaudited	Audited
Cash in bank	231,716	65,660
Cash in hand	14,782	20,083
Cash in transit	23,855	18,759
Short-term deposits	45,889	8,741
Total cash and cash equivalents	316,242	113,243

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

7. Share Capital

Share Capital

The authorized, issued and fully paid share capital of the Company as of September 30, 2010 and December 31, 2009 comprised 16,305,334 and 12,030,457 shares respectively.

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 770,956 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 decided to repay the loan in cash.

On May 25, 2010, during the second step of the offering, the Company issued 4,274,877 new shares with a nominal value of 169.7 Russian Roubles per share 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 1,340,906. 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 43,475 were netted with the proceeds from the Offering in equity. Net proceeds from the Offering amounted to RUR 1,280,370.

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. As at September 30, 2010 total quantity and value of treasury shares of the Company held by the Group were 599,194 and RUR 355,003 respectively.

Earnings/(losses) per Share

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

	For the nine months ended	
	September 30,	
	2010	2009
	Unaudited	
Net profit/(loss) attributable to equity holders of the Parent	221,915	(218,552)
Weighted average number of ordinary shares outstanding	13,103,780	11,883,487
Earnings/(losses) per share attributable to equity holders of the Parent, basic and diluted (Russian Roubles)	16.94	(18.39)

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

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

8. Purchase of Non-controlling Interest in a Subsidiary

On May 12, 2009, the Group acquired 49% of the share capital and settled certain accounts payables of Rosinter Restaurants Samara CJSC, the Group's subsidiary, for cash consideration of RUR 156,200. The net assets of Rosinter Restaurants Samara were negative at the date of acquisition. The acquisition resulted in excess of the purchase price over the book value of non-controlling interest of RUR 126,347, which was recognized directly in equity.

9. Related Parties Disclosures

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

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

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

Related Parties	Nature of relationship	Short-term loans receivable from related parties		Short-term loans payable to related parties	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
		Unaudited	Audited	Unaudited	Audited
	Entity under common control				
Rostik Investment Group Inc. ⁽¹⁾	(EUCC)	68,750	68,750	–	–
Other EUCC		2,677	2,583	–	–
Total short-term loans receivable from/payable to related parties		71,427	71,333	–	–

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

Related Parties	Nature of relationship	Long-term loans receivable from related parties		Long-term loans payable to related parties	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
		Unaudited	Audited	Unaudited	Audited
Hodler Finance S.A. ⁽²⁾	(EUCC)	76,008	120,977	–	–
Other EUCC		61,190	22,777	24,754	24,624
Total long term loans receivable from/payable to related parties		137,198	143,754	24,754	24,624

- (1) 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. In August 2010, the loan agreement was renewed with the same interest rate and due date of December 31, 2010.

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

9. Related Parties Disclosures (continued)

- (2) In November 2009, the Group issued two unsecured loans to Hodler Finance S.A. in the amounts of 3,000 thousand US dollars and 1,000 thousand US dollars (RUR 90,733 and RUR 30,244 at the exchange rate at December 31, 2009) bearing interest of 12.05% and 8.78% per annum, respectively, and maturing in 2012. Such loans correspond to 36.40% portion of the credit lines obtained by the Group from Raiffeisenbank and Credit Europe Bank where related parties provided real estate as supplementary collateral. During the nine months ended September 30, 2010, these loans were fully repaid. On January 27, 2010 the Group issued an unsecured loan to Hodler Finance S.A. in the amount of 1,500 thousand US dollars (RUR 76,008 at the exchange rate at September 30, 2009) bearing interest of 8.75% and maturing in 2012.

Long-term receivables from related parties consisted of receivables from Rostik Investment Group Inc. for management and financial advisory services provided by the Group in accordance with a consultancy agreement signed in 2007. In January 2008, the Group entered into an addendum in which the parties agreed that the arrangement must be settled not later than December 31, 2011. The Group discounted the nominal amount of RUR 47,854 at the exchange rate at September 30, 2010, at a market rate of 12.00% per annum. The outstanding balance at amortised cost was RUR 41,524 and RUR 37,950 as at September 30, 2010 and December 31, 2009, respectively.

At September 30, 2010 and December 31, 2009 long-term advances to related parties consisted of payments to CJSC Preobrazhenie for non-controlling shares in the Group's subsidiaries in Omsk in the amount of RUR 196,380 and RUR 165,430 respectively.

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

Related Parties	Nature of relationship	Receivables from related parties		Payables to related parties	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
		Unaudited	Audited	Unaudited	Audited
Rostik Investment Group Inc.	EUCC Parent company	25,799	19,375	1,437	3,792
RIG Restaurant Limited	Joint Venture	15,098	7,841	–	–
Brava LLC	EUCC	6,545	3,459	3,055	965
National QSR Network LLC	EUCC	867	8,842	33	–
Perm Caramel Restaurants LLC	EUCC	131	9,252	419	–
Tumen Caramel Restaurants LLC	EUCC	–	6,284	–	–
Loyalty Partners Vostok LLC	EUCC	–	–	3,423	21,556
Other EUCC		10,323	19,263	17,276	18,381
Total receivable from / payable to related parties		58,763	74,316	25,643	44,694

Transactions with related parties were as follows for the nine months ended September 30, 2010:

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

9. Related Parties Disclosures (continued)

Related Parties	Nature of relationship	Revenue and other income	Purchases	Interest income	Interest expense
Unaudited					
Russian Caramel Restaurants LLC	EUCC	16,314	2	–	–
Omsk QSR Network LLC	EUCC	11,669	–	–	–
National QSR Network LLC	EUCC	11,270	–	–	–
Brava LLC	Joint Venture	9,007	6,202	–	–
Omsk Caramel Restaurants LLC	EUCC	5,200	–	–	–
Loyalty Partners Vostok LLC	EUCC	4,372	1,444	–	–
Roskorp LLC	EUCC	1,622	102,351	–	–
RIG Restaurant Limited	Parent company	–	76,085	8	–
Rostik Aero LLC	EUCC	234	11,686	–	–
Rostik Investment Group Inc.	EUCC	–	14,775	9,658	–
Hodler Finance S.A.	EUCC	–	1,877	9,287	–
Rosworth Investment Limited	Joint Venture	–	–	727	20,033
Other EUCC		28,759	28,596	–	2,365
Total		88,447	243,018	19,680	22,398

Transactions with related parties were as follows for the nine months ended September 30, 2009:

Related Parties	Nature of relationship	Revenue and other income	Purchases	Interest income	Interest expense
Unaudited					
National QSR Network LLC	EUCC	17,908	–	–	–
Omsk QSR Network LLC	EUCC	19,885	–	–	–
Russian Caramel Restaurants LLC	EUCC	14,260	44	–	–
Brava LLC	Joint Venture	9,232	655	–	–
Roskorp LLC	EUCC	2,065	103,156	–	–
Rostik Aero LLC	EUCC	234	11,897	–	–
Rostik Investment Group Inc.	EUCC	–	14,940	10,418	–
Rosworth Investment Limited	EUCC	–	19	665	7,233
Other EUCC		18,880	61,069	–	2,375
Total		82,464	191,780	11,083	9,608

Compensation to Key Management Personnel

Key management personnel totalled 8 and 12 persons as at September 30, 2010 and 2009. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following for the nine months ended September 30:

	2010	2009
	Unaudited	
Salary	53,545	55,558
Performance bonuses	23,495	–
	77,040	55,558

The Group's contributions relating to social taxes for key management personnel amounted to RUR 955 and RUR 1,590 during the nine months ended September 30, 2010 and 2009, respectively.

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

10. Long-Term Debt

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

	September 30, 2010	December 31, 2009
	Unaudited	Audited
Sberbank of Russia (Sberbank)	620,000	831,389
Credit Europe Bank	–	181,465
Raiffeisenbank	138,195	51,738
Bonds issued, net of issuance cost	7,169	118,859
Titul LLC	–	35,000
Garant Invest	–	21,171
Other long-term debts	4,607	6,415
	769,971	1,246,037
Less: current portion	(92,790)	(214,813)
Total long-term debt	677,181	1,031,224

Sberbank

On June 3, 2009, the Group entered into a new loan agreement with Sberbank in the amount of RUR 950,000 bearing interest of 18.50% per annum and maturing in June 2012, to cover repayments of bonds in accordance with the early redemption options. The Group has provided Sberbank with a security against this loan which consists of trademarks with a net book value of RUR 450 and pledged value of RUR 588,446, fixed assets of the regional companies with a net book value of RUR 191,292 and pledged value of RUR 550,727, more than 50% of the shares of the companies whose fixed assets have been used as collateral against this loan, 99% of the shares of Moscow company Rosinter Restaurants LLC and 25% plus 1 share of a public company Rosinter Restaurants Holding. The unutilised balance of the loan amounted to RUR 330,000 as of September 30, 2010.

Bonds

In December 2005, Rosinter Restaurants LLC, a Group company, issued 1,000,000 non-convertible bonds with a face value of 1,000 roubles each in an aggregated principal amount of RUR 1,000,000. The bonds have 10 coupons payable semi-annually with variable interest rates declared by the Group. The interest rate for the two coupon periods ended May 2009 was 12.00%. The interest rate for the two coupon periods ended May 2010 was 18.00%. During 2009, most of bondholders exercised their early redemption option. The outstanding balance at September 30, 2010, and December 31, 2009, represented bonds in the nominal amount of RUR 7,169 and RUR 118,859 respectively. The bonds maturing on November 26, 2010 were fully repaid.

Raiffeisenbank

In November 2009, the Group entered into a credit facility agreement in the amount of 5,000 thousand US dollars (RUR 152,015 at the exchange rate at September 30, 2010) bearing interest of LIBOR plus 8.50% per annum and maturing in May 2012. The credit facility is secured by a guarantee of Institut Stekla OJSC, a related party. The unutilised balance of the loan amounted to RUR 13,820 as of September 30, 2010.

11. Income Tax

The major components of income tax expense for the nine months ended September 30 were as follows:

	2010	2009
	Unaudited	
Current income tax	(85,381)	(97,755)
Deferred income tax	20,512	3,413
Total income tax expense	(64,869)	(94,342)

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

12. Short-Term Debt

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

	September 30, 2010	December 31, 2009
	Unaudited	Audited
Sberbank of Russia (Sberbank)	100,000	450,000
UniCredit Bank	240,000	–
MDM Bank	–	189,026
Bank Societe General Vostok (BSGV)	152,015	151,221
Credit Europe Bank	150,000	–
Alfa- Bank	–	120,000
Other short-term debt	–	43,859
	642,015	954,106
Current portion of long-term debt (<i>Note 10</i>)	92,790	214,813
Total short-term debt	734,805	1,168,919

Sberbank

In 2008, the Group entered into a number of credit facility agreements within the limit of the General Agreement in the total amount of RUR 450,000 bearing interest of 12.25% per annum and maturing from February to May 2009. During 2009, the credit facility agreements were renewed within the same limit bearing interest from 16.25% to 17.75% per annum and maturing from February to May 2010. In April 2010, the credit facility agreements were renewed within the same limit bearing interest from 10.75% to 11.50% per annum and maturing in February 2011. The credit facilities are secured by a pledge of restaurant equipment in Moscow with a carrying value of RUR 30,853. The credit facilities were fully utilised at December 31, 2009. The unutilised balance of credit facility amounted to RUR 350,000 as of September 30, 2010.

BSGV

In July 2008, the Group entered into a revolving credit facility agreement in the amount of 5,000 thousand US dollars (RUR 152,015 at the exchange rate at September 30, 2010) bearing interest from 6.80% to 8.00% per annum and maturing in January 2010. Then, the credit facility agreement was renewed within the same limit bearing interest of 6.40% per annum and maturing in November 2010. The credit facility was fully utilised at September 30, 2010. On November 27, 2010 this credit facility was fully repaid.

Credit Europe Bank

In March 2008, the Group entered into a revolving credit facility agreement in the amount of 5,000 thousand US dollars bearing interest of 9.0% per annum and maturing in September 2008. In September 2008, the credit facility was renewed with the interest rate of 14.0% and due date of March 31, 2009. The debt was fully repaid in December 2009. In June 2010, the Group entered into a loan agreement in the amount of RUR 150,000 with the interest rate of 9.0% and due date of December 03, 2010. On November 23, 2010 this loan was fully repaid.

UniCredit Bank

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.

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

13. Revenue

Revenue for the nine months ended September 30 consisted of the following:

	2010	2009
	Unaudited	
Revenue from restaurants	6,552,009	5,508,608
Revenue from canteens	167,064	192,691
Franchise revenue	192,022	133,467
Sublease services and other services	112,953	124,770
Sales of semi-finished products to franchisees	55,468	58,860
Other services	46,134	58,962
Total revenue	7,125,650	6,077,358

14. Cost of Sales

The following expenses were included in cost of sales for the nine months ended September 30:

	2010	2009
	Unaudited	
Food and beverages	1,693,766	1,408,323
Payroll and related taxes	1,475,276	1,242,802
Rent	1,129,831	1,004,956
Utilities	255,816	206,711
Restaurant equipment depreciation	254,871	248,937
Laundry and sanitary control	124,568	99,924
Materials	117,294	87,352
Maintenance and repair services	99,891	77,762
Sublease services	78,271	91,354
Other services	77,510	71,585
Franchising fee	48,932	35,606
Transportation services	37,606	32,366
Other expenses	32,042	28,452
Total cost of sales	5,425,674	4,636,130

15. Selling, General and Administrative Expenses

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

	2010	2009
	Unaudited	
Payroll and related taxes	614,679	568,014
Advertising	150,964	96,103
Other services	65,315	51,834
Rent	51,365	75,360
Depreciation and amortization	45,732	54,498
Bank services	40,306	28,245
Utilities	22,674	25,503
Financial and legal services	19,124	24,078
Materials	16,278	11,149
Transportation services	15,329	16,564
Maintenance and repair services	11,499	12,315
Laundry and sanitary control	4,654	328
Other expenses	62,848	66,794
Total selling, general and administrative expenses	1,120,767	1,030,785

OJSC Rosinter Restaurants Holding

Selected Notes to Interim Condensed Consolidated Financial Statements (continued)

16. 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 rentals payable under the non-cancellable leases were as follows:

	September 30, 2010	December 31, 2009
	Unaudited	Audited
Within one year	967,141	1,206,527
After one year but not more than five years	2,427,649	2,973,410
More than five years	945,906	1,039,328
Total minimum rental payables	4,340,696	5,219,265

17. Share-Based Payments

On April 30, 2010 the Group adopted an incentive plan (the "plan") under which 26 executive employees (the "participants") were granted cash settled phantom share options (the "option"). 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 223,000, out of which 34,000 were dismissed upon employment termination and 189,000 were outstanding at September 30, 2010. Exercise price is 10.5 US dollars. The group intends to make use of its right to settle its obligation by issuance of treasury shares it holds for that purpose. The Group valued the options and the plan at the market price at the date of granting and did not revalue at September 30, 2010. The value of the plan is recognized in the financial statements during the vesting period.

The Group recognized the plan's effect as payroll expense of RUR 10,544 for the period from April 30, 2010 to September 30, 2010.

18. Subsequent events

On November 22, 2010 the Group entered into a non-revolving credit facility agreement with Raiffeisenbank in the amount of RUR 500,000 maturing in November 2012 with possibility of prolongation up to November 2013. On November 22-26, 2010 the Group utilised RUR 460,000 of Raiffeisenbank credit facility for the purpose of refinancing of the present credit liabilities including repayment of a portion of loans ahead of schedule from Sberbank maturing in January 2011 and December 2011 in the amounts of RUR 90,000 and RUR 120,000, respectively.