PJSC Rosinter Restaurants Holding

Unaudited Interim Condensed
Consolidated Financial Statements

For the six months ended June 30, 2015

PJSC Rosinter Restaurants Holding

Unaudited Interim Condensed Consolidated Financial Statements

for the six months ended June 30, 2015

TABLE OF CONTENTS

Statement of management's responsibilities for the preparation and approval of unaudited interim condensed consolidated financial statements for the six months ended June 30, 2015

Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the financial position of PJSC Rosinter Restaurants Holding and its subsidiaries (hereinafter, the "Group") as of June 30, 2015, and the results of its operations, cash flows and changes in equity for the six months ended June 30, 2015, in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with Russian legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2015 were approved by the President and CEO of PJSC Rosinter Restaurants Holding on August 27, 2015.

ADE AUDIT

ADE Audit
109028, Moscow, Khokhlovskiy pereulok, 16 building 1
+ 7 (495) 984 7590

Report on review of interim condensed consolidated financial statements

To the Shareholders and the Board of Directors of
PJSC Rosinter Restaurants Holding

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company Rosinter Restaurants Holding and its subsidiaries ("the Group"), comprising the interim consolidated statement of financial position as at June 30, 2015, the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting 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.

ADE Audit LLC

August 27, 2015

PJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Financial Position

at June 30, 2015

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

	Notes	June 30, 2015, unaudited	December 31, 2014, audited
ASSETS			
Non-current assets			
Property and equipment	4	1,414,874	1,633,395
Intangible assets		43,442	55,331
Goodwill		143,137	143,137
Long-term loans due from related parties	5	20,330	22,542
Long-term receivables due from related parties	5	–	229
Deferred income tax asset		258,395	190,140
Rent deposits and other non-current assets		208,427	210,295
		2,088,605	**2,255,069**
Current assets			
Inventories		113,288	162,023
VAT and other taxes recoverable		136,663	145,699
Income tax recoverable		12,027	2,086
Trade and other receivables		428,720	405,676
Advances paid		85,940	102,745
Receivables from related parties	5	212,619	178,614
Short-term loans		6,173	9,706
Short-term loans due from related parties	5	14,415	15,304
Cash and cash equivalents		182,911	70,611
		1,192,756	**1,092,464**
TOTAL ASSETS		**3,281,361**	**3,347,533**
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		2,090,217	2,204,190
Treasury shares	6	(260,667)	(413,085)
Other capital reserves		14,423	14,423
Accumulated losses		(4,903,200)	(4,526,678)
Translation difference		(239,869)	(244,635)
		(532,081)	**(198,770)**
Non-controlling interests		(5,498)	(5,641)
		(537,579)	**(204,411)**
Non-current liabilities			
Long-term loans and borrowings	8	431,222	1,392,422
Long-term liabilities to partners		18,235	19,389
Deferred income tax liabilities		876	575
		450,333	**1,412,386**
Current liabilities			
Trade and other payables		1,581,285	1,432,289
Short-term loans and borrowings	8	1,562,082	544,232
Payables to related parties	5	60,830	26,197
Short-term loans due to related parties	5	1,045	1,073
Deferred income		29,165	3,395
Income tax payable		134,200	132,372
		3,368,607	**2,139,558**
TOTAL EQUITY AND LIABILITIES		**3,281,361**	**3,347,533**

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

PJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Profit or Loss

for the six months ended June 30, 2015

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

		For the six months ended June 30,	
		2015	**2014**
	Notes	**Unaudited**	
Continuing operations			
Revenue	9	3,813,131	4,702,866
Cost of sales	10	(3,389,102)	(4,062,718)
Gross profit		**424,029**	**640,148**
Selling, general and administrative expenses	11	(459,027)	(594,530)
Start-up expenses for restaurants		(29,460)	(79,838)
Other gains	12	23,168	302,631
Other losses	12	(46,710)	(61,710)
(Loss)/profit from operating activities before impairment		**(88,000)**	**206,701**
(Loss from)/reversal of impairment of operating assets	13	(206,111)	22,649
(Loss)/profit from operating activities after impairment		**(294,111)**	**229,350**
Financial income		1,902	9,645
Financial expense		(126,090)	(91,926)
Foreign exchange (loss)/gain, net		(16,761)	16,304
(Loss)/profit before income tax from continuing operations		**(435,060)**	**163,373**
Income tax benefit/(expense)		59,388	(51,025)
(Loss)/profit for the period from continuing operations		**(375,672)**	**112,348**
Discontinued operations			
Loss after tax for the period from discontinued operations		–	(54,962)
Net (loss)/profit for the period		**(375,672)**	**57,386**
Attributable to:			
Equity holders of the parent entity		(376,522)	51,676
Non-controlling interests		850	5,710
Earnings per share	7		
Basic, (loss)/earnings per share, roubles		(23.73)	3.31
Diluted, (loss)/earnings per share, roubles		(23.55)	3.16
Earnings per share from continuing operations			
Basic, (loss)/earnings per share from continuing operations, roubles		(23.73)	6.83
Diluted, (loss)/earnings per share from continuing operations, roubles		(23.55)	6.51

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

PJSC Rosinter Restaurants Holding

Unaudited Interim Consolidated Statement of Other Comprehensive Income

for the six months ended June 30, 2015

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

	For the six months ended June 30,	
	2015	**2014**
	Unaudited	
Net (loss)/profit for the period	**(375,672)**	**57,386**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations:		
Income/(loss) arising during the period	4,766	(42,554)
Less: reclassification adjustments for losses included in profit or loss	–	64,333
Other comprehensive income for the period, net of tax	**4,766**	**21,779**
Total comprehensive (loss)/ profit for the period, net of tax	**(370,906)**	**79,165**
Attributable to:		
Equity holders of the parent entity	(371,756)	73,455
Non-controlling interests	850	5,710

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

Unaudited Interim Consolidated Statement of Cash Flows
for the six months ended June 30, 2015

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

		For the six months ended June 30,	
		2015	**2014**
	Notes	**Unaudited**	
Operating activities			
(Loss)/profit before tax from continuing operations		(435,060)	163,373
Loss before tax from discontinued operations		–	(54,720)
Adjustments to reconcile (loss)/profit before tax to net cash provided by operating activities:			
Depreciation and amortization		106,730	131,457
Reclassification adjustments for losses included in profit or loss		–	64,333
Foreign exchange loss/(gains), net		16,761	(14,427)
Gain from disposal of subsidiaries		–	(294,818)
Financial income		(1,902)	(9,645)
Financial expense		126,090	91,958
Allowance for impairment of advances paid, taxes recoverable and receivables	11	4,329	3,242
Reversal of write-down of inventories to net realisable value		(724)	(15,327)
Loss on disposal of non-current assets	12	37,077	38,893
Impairment of assets	13	206,111	11,246
Gain on the disposal of discontinued operation		–	(49,800)
Contingent liabilities and provisions	12	1,913	10,950
Share based payment		–	(10,774)
		61,325	**65,941**
Changes in operating assets and liabilities:			
Decrease in inventories		48,292	50,159
Decrease in advances, taxes recoverable, receivables, rent deposits and other non-current assets		21,318	185,605
(Increase)/decrease in receivables from related parties		(47,889)	1,211
Increase in payables to related parties		38,066	47,018
Increase in trade and other payables		157,465	193,732
Net cash generated from operations		**278,577**	**543,666**
Interest paid		(119,802)	(87,061)
Interest received		148	761
Income tax paid		(7,857)	(15,295)
Net cash flows from operating activities		**151,066**	**442,071**
Investing activities			
Purchases of property and equipment		(131,371)	(286,821)
Loans issued to third parties		–	(5,900)
Purchase of intangible assets		(12,276)	(3,466)
Proceeds from repayment of loans issued to third parties		2,136	5,961
Proceeds from disposal of property and equipment		1,237	1,112
Proceeds from repayment of loans issued to related parties		3,672	–
Net inflow from cash and cash equivalents in respect of disposal subsidiaries		3,955	2,327
Net cash flows used in investing activities		**(132,647)**	**(286,787)**

Continued on the next page

Unaudited Interim Consolidated Statement of Cash Flows (continued)

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

		For the six months ended June 30,	
		2015	**2014**
		Unaudited	
Financing activities			
Proceeds from bank loans		130,000	1,200,000
Repayment of bank loans		(70,484)	(1,273,940)
Payments to partners		(1,964)	(7,091)
Repayment of related party loans		(28)	(1,017)
Sale of treasury shares	6	38,445	–
Dividends paid to shareholders		(612)	(1,083)
Net cash flows from/(used in) financing activities		**95,357**	**(83,131)**
Effect of exchange rate on cash and cash equivalents		(1,476)	(1,344)
Net increase in cash and cash equivalents		**112,300**	**70,809**
Cash and cash equivalents at beginning of the period		**70,611**	**96,008**
Cash and cash equivalents at end of the period		**182,911**	**166,817**

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

Unaudited Interim Consolidated Statement of Changes in Equity

for the six months ended June 30, 2015

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

	Attributable to equity holders of the parent entity								
	Share capital	**Additional paid-in capital**	**Treasury shares**	**Other capital reserves**	**Accumulated losses**	**Translation difference**	**Total**	**Non-controlling interests**	**Total Equity**
At January 1, 2015, audited	**2,767,015**	**2,204,190**	**(413,085)**	**14,423**	**(4,526,678)**	**(244,635)**	**(198,770)**	**(5,641)**	**(204,411)**
Net loss for the period	–	–	–	–	(376,522)	–	**(376,522)**	850	**(375,672)**
Other comprehensive income for the period	–	–	–	–	–	4,766	**4,766**	–	**4,766**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(376,522)**	**4,766**	**(371,756)**	**850**	**(370,906)**
Sale of treasury shares		(113,973)	152,418	–	–	–	**38,445**	–	**38,445**
Dividends	–	–	–	–	–	–	**–**	(707)	**(707)**
At June 30, 2015, unaudited	**2,767,015**	**2,090,217**	**(260,667)**	**14,423**	**(4,903,200)**	**(239,869)**	**(532,081)**	**(5,498)**	**(537,579)**
At January 1, 2014, audited	**2,767,015**	**2,204,190**	**(413,085)**	**25,941**	**(4,326,002)**	**(18,165)**	**239,894**	**4,530**	**244,424**
Net profit for the period	–	–	–	–	51,676	–	**51,676**	5,710	**57,386**
Other comprehensive income for the period	–	–	–	–	–	21,779	**21,779**	–	**21,779**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**51,676**	**21,779**	**73,455**	**5,710**	**79,165**
Share based payment transactions	–	–	–	(6,536)	–	–	**(6,536)**	–	**(6,536)**
Dividends	–	–	–	–	–	–	**–**	(1,163)	**(1,163)**
At June 30, 2014, unaudited	**2,767,015**	**2,204,190**	**(413,085)**	**19,405**	**(4,274,326)**	**3,614**	**306,813**	**9,077**	**315,890**

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

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

1. Corporate Information

PJSC Rosinter Restaurants Holding (the "Company") was registered as a Russian public 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, 2015, 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.

PJSC Rosinter Restaurants Holding and its subsidiaries (the "Group") is one of the leading casual dining operators 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.

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.

The interim condensed consolidated financial statements of the Company for the six months ended June 30, 2015 were approved for issue by the President and CEO of the PJSC Rosinter Restaurants Holding on August 27, 2015.

The Group derives revenue in the territory of Russia and CIS countries. For the six months ended June 30, 2015 and 2014, the revenue from the Russian market was approximately 95% of total revenues. The non-current assets of Group's subsidiaries operating in the Russian market were approximately 96% and 95% of total non-current assets of the Group for the six months ended June 30, 2015 and 2014, respectively. The second largest market was Belorussia with 3% of total revenues for the six months ended June 30, 2015 and 2014.

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

Entity	Country of incorporation	June 30, 2015 % Ownership	December 31, 2014 % Ownership
Rosinter Restaurants LLC	Russia	100.00%	100.00%
Rosinter Restaurants ZapSib LLC	Russia	100.00%	100.00%
Rosinter Restaurants Perm LLC	Russia	51.00%	51.00%
Rosinter Restaurants Ekaterinburg LLC	Russia	51.00%	51.00%
BelRosInter LLC	Belarus	93.00%	93.00%
Rosinter Almaty LLP	Kazakhstan	90.00%	90.00%

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, 2015, of RUB 3,368,607 (RUB 2,139,558 as of December 31, 2014) exceeded its current assets by RUB 2,175,851 (RUB 1,047,094 as of December 31, 2014). As of June 30, 2015 the net current liability position primarily results from trade and other payables and short-term loans amounting to RUB 1,581,285 and RUB 1,562,082, respectively (RUB 1,432,289 and RUB 544,232, respectively, as of December 31, 2014). During the six months ended June 30, 2015 and 2014, net cash generated from operations amounted to RUB 278,577 and RUB 543,666, respectively.

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

- The Group has long relationship with Sberbank of Russia, OJSC and UniCredit Bank, JSC who have been the major lenders to the Group for many years (starting from 2005 and 2004, respectively). The Group's management is in direct and regular contact with both banks.
- The Group is continuing to negotiate with its banks to ensure the ongoing availability of credits necessary to fund future planned capital expenditures and operations as necessary. Such ongoing negotiations include managing the Group's compliance with covenants which are included in existing debt agreements, debt portfolio refinancing and improving terms and conditions of existing funding.
- Additional sources of short-term financing are available to the Group, including undrawn fixed rate credit facilities in the amount of RUB 166,453 and bank guarantees in the amount of RUB 60,000.
- Management has been implementing enhanced operational initiatives designed to improve the Group's liquidity. Actions implemented include, among others, capital expenditure process, an improvement in the business economics through savings in labour and food and beverage costs. The current economic situation has also allowed the Group to negotiate rent decrease.
- The principal shareholders are considering opportunities to provide financing to the Group or some of its businesses.
- The Group has started a refinance process in respect to its maturing short term borrowings. This process has not yet been completed, but is highly effective to the moment. In case such refinance succeed then new long term loans would cover more than 75% of the Group's net current liability deficit.

Based on the currently available facts and circumstances the management and directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

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, 2015, 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, 2014.

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 2014, except for the adoption of new and amended IFRS and IAS interpretations as of 1 January 2015.

At the date of authorization of these unaudited condensed consolidated interim financial statements for the six months ended June 30, 2015 the following standards, which are applicable to the Group, were issued but not yet effective.

- IFRS 9 *Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments – to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

- IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB issued, IFRS 15 *Revenue from Contracts with Customers* which will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue and various interpretations*. IFRS 15 has an effective date for annual periods beginning on or after January 1, 2017 and early adoption is permitted. IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Group has not yet adopted these standards and is in the process of determining the impact of these new standards.

Certain new standards, interpretations and amendments to standards and interpretations, have been issued but did not have a material impact on these condensed consolidated interim financial statements:

- Annual Improvements 2010-2012 Cycle;
- Annual Improvements 2011-2013 Cycle;
- Amendments to IFRS 10 *Consolidated financial statement and* IAS 28 *Investments in associates and joint ventures* entitled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 16 *Fixed assets*, and IAS 38 *Intangible assets*;
- Amendments to IAS 1 *Presentation of Financial Statements*.

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

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

4. Property and Equipment

During the six months ended June 30, 2015 and 2014, the Group acquired assets with a cost of RUB 131,371 and RUB 286,821, respectively. Assets with a net book value of RUB 37,849 and RUB 38,606 were disposed of by the Group during the six months ended June 30, 2015 and 2014, respectively, resulting in a net loss on disposal of RUB 36,499 and RUB 35,846, respectively.

As of June 30, 2015 and December 31, 2014 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 526,312 and RUB 518,278, respectively.

Property and equipment was tested for impairment as part of cash generating units without goodwill as of June 30, 2015. For the six months ended June 30, 2015, the Group has impaired property and equipment from continuing operations in the amount of RUB 192,007. For the six months ended June 30, 2014, the Group reversed impairment losses of property and equipment in the amount of RUB 19,383. The accumulated impairment loss of property and equipment as of June 30, 2015 and December 31, 2014 amounted to RUB 411,633 and RUB 339,183, 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.

Key assumptions used in determining value in use of cash generating units operated in Russia were as follows:

- Cash flow projections cover a period of useful life of up to 10 years of the principal assets of each cash generating unit.
- The cash flow projections were discounted at the rate of 17% in Russian roubles nominal terms. The calculation of the discount rate was based on Group's cost of financing and weighted average cost of capital (WACC).
- The growth rate used in the calculation vary from (1.0)% to 1.5% depending on the year of projection.

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.

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

5. Related Parties Disclosures (continued)

Related parties	Revenue and other gains For the six months ended June 30, 2015	Purchases For the six months ended June 30, 2015	Long-term receivables due from related parties June 30, 2015	Receivables from related parties June 30, 2015	Payables to related parties June 30, 2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
2015					
Entities under common control:					
Chicken Factory LLC (1)	3,536	31,807	–	–	10,650
Rostik Investment Group Inc. (2)	2,279	3,860	–	83,602	8,532
RosCorp LLC (3)	1,705	61,128	–	–	26,975
Loyalty Partners Vostok LLC (4)	1,578	5,261	–	–	5,097
Best Eastern Distribution LLC (5)	7	6,507	–	33,982	–
RIG Restaurants Ltd.(6)	–	–	–	51,404	–
Others	927	18,343	–	43,631	9,576
Total 2015	**10,032**	**126,906**	–	**212,619**	**60,830**

Related parties	Revenue and other gains For the six months ended June 30, 2014	Purchases For the six months ended June 30, 2014	Long-term receivables due from related parties December 31, 2014	Receivables from related parties December 31, 2014	Payables to related parties December 31, 2014
	Unaudited	Unaudited	Audited	Audited	Audited
2014					
Entities under common control:					
Loyalty Partners Vostok LLC (4)	3,902	12,023	–	1,690	–
RosCorp LLC (3)	2,268	54,323	–	321	744
Best Eastern Distribution LLC (5)	6	71,825	–	20,454	40
Chicken Factory LLC (1)	–	48,362	–	–	8,015
Rostik Investment Group Inc. (2)	–	–	–	84,388	11,644
RIG Restaurants Ltd.(6)	–	–	–	51,786	–
Others	2,055	71,841	229	19,975	5,754
Total 2014	**8,231**	**258,374**	**229**	**178,614**	**26,197**

(1) The outstanding payable balance as of June 30, 2015 represents purchase of goods from Chicken Factory LLC.

(2) The outstanding receivable balance as of June 30, 2015 relates to the sale of companies Rosinter Polska Sp. z.o.o. and American Cuisine Warsaw Sp. z.o.o. to Rostik Investment Group Inc. The outstanding payable balance as of June 30, 2015 comprises rent payable to Rostik Investment Group Inc.

(3) The outstanding balances as of June 30, 2015 and December 31, 2014 represent advances for rent, transport and utility services provided by RosCorp LLC to the Group.

(4) The outstanding balances to Loyalty Partners Vostok LLC related to services under the “Malina” customer loyalty program provided to the Group. The ultimate controlling shareholder holds directors position in Loyalty Partners Vostok LLC.

(5) During the six months ended June 30, 2015 and 2014, the Group purchased equipment, goods and materials from Best Eastern Distribution LLC.

(6) The outstanding receivable balances as of June 30, 2015 and December 31, 2014 relates to the sale of company Aero Restaurants to RIG Restaurants Ltd.

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

5. Related Parties Disclosures (continued)

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

Related parties	Financial income	Financial expense	Short-term loans receivable from related parties	Long-term loans receivable from related parties	Short-term loans payable to related parties
	For the six months ended June 30, 2015	For the six months ended June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Joint Ventures	1,558	–	–	20,330	–
Entities under common control	58	69	14,415	–	1,045
Total 2015	**1,616**	**69**	**14,415**	**20,330**	**1,045**
Related parties	**For the six months ended June 30, 2014**	**For the six months ended June 30, 2014**	**December 31, 2014**	**December 31, 2014**	**December 31, 2014**
	Unaudited	Unaudited	Audited	Audited	Audited
Joint Ventures	996	–	–	22,542	–
Entities under common control	199	128	15,304	–	1,073
Total 2014	**1,195**	**128**	**15,304**	**22,542**	**1,073**

As of December 31, 2014 and June 30, 2015 long-term and short-term loans from related parties were neither past due nor impaired.

Compensation to Key Management Personnel

Key management personnel totaled 13 and 8 persons as at June 30, 2015 and 2014, 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 June 30, 2015	For the six months ended June 30, 2014
	Unaudited	Unaudited
Salary	29,290	22,421
Performance bonuses	41	–
	29,331	**22,421**

The Group's contributions relating to social taxes for key management personnel amounted to RUB 5,894 and RUB 2,356 during the six months period ended June 30, 2015 and 2014, respectively.

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

6. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2015 and December 31, 2014 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian roubles.

On June 26, 2015 the Group sold 256,169 treasury shares at a price of 150.08 Russian roubles for total amount of RUB 38,445.

The total quantity and value of treasury shares of the Company held by the Group as of June 30, 2015 were 438,104 and RUB 260,667, respectively, as of December 31, 2014 – 694,273 and RUB 413,085, respectively.

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,	
	2015	**2014**
	Unaudited	
Net (loss)/profit attributable to equity holders of the Company	(376,522)	51,676
Weighted average number of ordinary shares outstanding	15,867,230	15,611,061
Effect on dilution: share based payments	123,000	761,839
Weighted average number of ordinary shares adjusted for the effect of dilution	15,990,230	16,372,900
(Loss)/earnings per share attributable to equity holders of the Parent, basic, roubles	**(23.73)**	**3.31**
(Loss)/earnings per share attributable to equity holders of the Parent, diluted, roubles	**(23.55)**	**3.16**

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

8. Loans and Borrowings

Long-term loans and borrowings	**June 30, 2015, Unaudited**	**December 31, 2014, Audited**
Russian roubles fixed rate 16.1% bank loans maturing within 2 years	700,000	1,803,547
Other loans and borrowings	29,757	32,623
	729,757	**1,836,170**
Less: current portion	(298,535)	(443,748)
Total long-term loans and borrowings	**431,222**	**1,392,422**

Short-term loans and borrowings	**June 30, 2015, Unaudited**	**December 31, 2014, Audited**
Russian roubles fixed rate 9.3% - 14.7% bank loans maturing within 12 months	1,263,547	30,000
Russian roubles Mosprime 1M plus 3.0% overdraft facility	–	70,484
	1,263,547	**100,484**
Current portion of long-term loans and borrowings	298,535	443,748
Total short-term loans and borrowings	**1,562,082**	**544,232**

9. Revenue

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

	For the six months ended June 30,	
	2015	**2014**
	Unaudited	
Revenue from restaurants	3,703,272	4,490,001
Franchise revenue	81,173	133,739
Sublease services	21,693	50,547
Other revenues	6,993	28,579
Total revenue	**3,813,131**	**4,702,866**

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

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,	
	2015	2014
	Unaudited	
Food and beverages	891,012	1,037,622
Payroll and related taxes	843,553	1,058,793
Rent	1,001,888	1,143,855
Utilities	111,100	128,651
Laundry and sanitary control	108,429	135,220
Materials	101,191	126,174
Restaurant equipment depreciation	93,105	115,406
Other services	65,942	82,546
Transportation services	59,459	60,621
Maintenance and repair services	42,577	69,627
Franchising fee	42,357	50,437
Sublease services cost	8,698	30,268
Other expenses	19,791	23,498
Total cost of sales	**3,389,102**	**4,062,718**

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,	
	2015	2014
	Unaudited	
Payroll and related taxes	268,873	374,024
Advertising	48,050	51,234
Rent	35,892	38,928
Other services	26,101	26,117
Depreciation and amortization	13,625	14,574
Transportation services	8,521	14,407
Utilities	7,146	11,373
Financial and legal services	6,498	8,070
Maintenance and repair services	4,677	5,524
Materials	3,663	4,198
Bank services	3,177	3,608
Laundry and sanitary control	265	290
Increase in the allowance for impairment of advances paid, taxes recoverable and receivables	4,329	3,242
Other expenses	28,210	38,941
Total selling, general and administrative expenses	**459,027**	**594,530**

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

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,	
	2015	**2014**
	Unaudited	
Write off of trade and other payables	8,267	4,793
Insurance compensation	6,355	–
Gain from disposal of subsidiaries	–	294,818
Other gains	8,546	3,020
Total other gains	**23,168**	**302,631**
Loss on disposal of non-current assets	37,077	38,893
Non-refundable VAT	2,945	9,144
Provision for contingent claims	1,913	–
Other losses	4,775	13,673
Total other losses	**46,710**	**61,710**

13. Impairment of assets

	For the six months ended June 30,	
	2015	**2014**
	Unaudited	
Loss from/(reversal of) impairment of property and equipment *(Note 4)*	192,007	(19,383)
Loss from/(reversal of) impairment of intangible assets	14,104	(3,266)
Total loss from/(reversal of) impairment of assets	**206,111**	**(22,649)**

14. Commitments and Contingencies

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook. In December 2014, the Central Bank of the Russian Federation significantly increased its key interest rate, which resulted in growth of interest rates on domestic borrowings. The exchange rate of the Russian rouble depreciated significantly. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, further weakening of the Rouble and other negative economic consequences.

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

14. Commitments and Contingencies (continued)

The future economic development of Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group`s business in the current business and economic environment. The future economic and regulatory situation and its impact on the Group`s operations may differ from management`s current expectations.

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, operating results and cash flows.

Operating Lease Commitments

The Group has entered into a number of short-term and long-term lease agreements which are cancellable by voluntary agreement of the parties or by payment of termination compensation. At June 30, 2015 and December 31, 2014 the expected minimum annual lease payables under these agreements amounted to RUB 2,220,922 and RUB 2,343,311, respectively.

Capital Commitments

At June 30, 2015 and December 31, 2014 the Group had capital commitments of RUB 62,064 and RUB 105,488, respectively, principally relating to the construction of new restaurants.

15. Events after Reporting Period

There were no significant events after reporting date.