OJSC Rosinter Restaurants Holding

Unaudited Interim Condensed
Consolidated Financial Statements

For the six months ended June 30, 2009

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(All amounts are in thousands of US dollars, unless specified otherwise)

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of OJSC Rosinter Restaurants Holding

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of OJSC Rosinter Restaurants Holding and its subsidiaries ("the Group") as at June 30, 2009, comprising of the interim condensed consolidated statement of financial position as at June 30, 2009, and the related interim condensed consolidated statements of income, 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 Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

November 6, 2009

Ernst & Young LLC

OJSC Rosinter Restaurants Holding

Interim Condensed Consolidated Income Statement

(All amounts are in thousands of US dollars, except for earnings per share)

	Notes	For the six months ended June 30, 2009	For the six months ended June 30, 2008 Restated*
		Unaudited	Unaudited
Revenue	14	**124,130**	**164,862**
Cost of sales	15	(85,425)	(103,409)
Gross profit		**38,705**	**61,453**
Selling, general and administrative expenses	16	(31,547)	(52,213)
Other gains**		638	634
Other losses		(2,615)	(3,120)
Foreign exchange gains from operating activities, net		293	270
Profit from operating activities before impairment		**5,474**	**7,024**
Impairment loss		(509)	–
Profit from operating activities after impairment		**4,965**	**7,024**
Financial income		347	1,207
Financial expense		(4,214)	(4,763)
Foreign exchange losses from financial activities, net		(1,218)	(317)
Share of losses of joint venture and associates***	5	(345)	(496)
(Loss)/profit before income tax		**(465)**	**2,655**
Income tax expense	12	(2,138)	(1,859)
Net (loss)/profit for the period		**(2,603)**	**796**
Attributable to:			
Equity holders of the parent entity		(2,408)	796
Minority interests		(195)	–
		(2,603)	**796**
(Losses)/earnings per share, basic and diluted, US dollars	7	**(0.20)**	**0.07**

* Certain amounts shown here do not correspond to the consolidated financial statements for the six months ended June 30, 2008 and reflect adjustments made as detailed in Note 3.

** The Group reconsidered Costa key money gain recognition according to service agreement terms. As a result, other gains reduced by $499 as compared to the presentation in the interim condensed consolidated financial statements for the six months ended June 30, 2008.

*** The Group reclassified share of losses of joint ventures and associates to a separate line after profit from operating activity as compared to the presentation in the interim condensed consolidated financial statements for the six months ended June 30, 2008.

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 US dollars, except for earnings per share)

	For the six months ended June 30, 2009	For the six months ended June 30, 2008
	Unaudited	
Net (loss)/profit for the period	**(2,603)**	**796**
Exchange differences on translation from functional to presentation currency	(3,697)	1,493
Other comprehensive (loss)/income for the period, net of tax	**(3,697)**	**1,493**
Total comprehensive (loss)/income for the period, net of tax	**(6,300)**	**2,289**
Attributable to:		
Equity holders of the parent entity	(6,014)	2,289
Minority interests	(286)	–
	(6,300)	**2,289**

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

OJSC Rosinter Restaurants Holding

Interim Condensed Consolidated Statement of Financial Position

(All amounts are in thousands of US dollars)

	Notes	June30, 2009 Unaudited	December31,2 008 Audited
ASSETS			
Non-current assets			
Property and equipment	4	77,114	85,942
Intangible assets		11,438	14,683
Goodwill		4,515	4,808
Investments in joint ventures and associates	5	1,117	1,490
Long-term loans due from related parties	10	988	875
Long-term advances to related parties	10	3,687	8,133
Long-term receivables from related parties	10	1,185	1,120
Deferred income tax asset		4,104	4,335
Other non-current assets		4,838	4,996
		108,986	**126,382**
Current assets			
Inventories		4,906	6,459
Advances paid		3,873	5,458
VAT and other taxes recoverable		3,170	4,863
Trade and other receivables		3,660	3,495
Short-term loans		125	171
Short-term loans due from related parties	10	2,283	2,702
Receivables from related parties	10	2,969	2,105
Cash and cash equivalents	6	5,365	5,934
		26,351	**31,187**
TOTAL ASSETS		**135,337**	**157,569**
EQUITY AND LIABILITIES			
Share capital	7	71,847	71,847
Additional paid-in capital	7	14,886	14,886
Share premium		46,698	46,698
Treasury shares	7	(8,608)	(8,608)
Accumulated losses		(115,317)	(108,733)
Other components of equity		(2,339)	1,267
TOTAL PARENT SHAREHOLDERS' EQUITY		**7,167**	**17,357**
Minority interest		**1,058**	**1,344**
TOTAL EQUITY		**8,225**	**18,701**
Non-current liabilities			
Long-term debt due to related parties	10	–	814
Long-term debt	11	33,789	3,688
Finance lease liabilities		67	143
Long-term liabilities to partners	9	5,065	5,187
Deferred income		1,741	2,282
Deferred income tax liability		2,651	2,727
		43,313	**14,841**
Current liabilities			
Trade and other payables		39,698	36,499
Short-term debt	13	28,059	44,721
Current portion of long-term debt	13	7,414	34,293
Short-term debt due to related parties	10	814	–
Payables to related parties	10	2,472	1,945
Income tax payable		1,338	1,254
Current portion of finance lease liabilities		245	369
Current liabilities to partners	9	3,109	4,338
Deferred income		650	608
		83,799	**124,027**
TOTAL EQUITY AND LIABILITIES		**135,337**	**157,569**

OJSC Rosinter Restaurants Holding

Interim Condensed Consolidated Cash Flow Statement

(All amounts are in thousands of US dollars)

	Notes	For the six months ended June 30, 2009	2008***
		Unaudited	
Cash flow from operating activities			
(Loss)/profit before income tax for the period		(465)	2,655
Adjustments to reconcile (loss)/profit before income tax to net cash provided by operating activities:			
Depreciation and amortisation		6,202	5,592
Foreign exchange losses, net		925	47
Financial income		(347)	(1,207)
Financial expense		4,214	4,763
Allowance for impairment of advances paid, taxes recoverable and receivables, net		145	208
Allowance for impairment of inventories		3	(64)
Loss on disposal of non-current assets		1,203	1,290
Impairment loss		509	–
Share of losses of joint venture and associates**	5	345	496
Write off of a loan receivable from a related party		306	–
		13,040	**13,780**
Changes in operating assets and liabilities:			
Decrease in inventories		1,085	655
Decrease /(increase) in advances, taxes recoverable, receivables and other non-current assets**		1,740	(3,698)
Increase in receivables from/payables to related parties, net		(435)	(708)
Increase in trade and other payables		4,947	4,536
Net cash generated from operations		**20,377**	**14,565**
Income tax paid***		(2,043)	(2,974)
Net cash flows from operating activities		**18,334**	**11,591**
Cash flows from investing activities			
Purchases of property and equipment		(3,032)	(18,311)
Prepayments to acquire subsidiaries		(374)	(100)
Purchase of intangible assets		(263)	(362)
Loans issued to related parties		(166)	(3,374)
Proceeds from disposal of property and equipment		354	235
Interest received from bank deposit		47	5
Proceeds from repayment of loans issued to third parties		34	55
Proceeds from sale of shares of subsidiaries		6	1,635
Interest received from loans issued to related parties		5	–
Proceeds from repayment of loans issued to related parties		–	17,754
Payments to acquire equity of other companies		–	(9,529)
Contribution to joint venture		–	(2,999)
Issuance of loans to third parties		–	(2,004)
Net cash flows used in investing activities		**(3,389)**	**(16,995)**

Continued on the next page

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

Interim Condensed Consolidated Cash Flow Statement (Continued)

(All amounts are in thousands of US dollars)

		For the six months ended June 30,	
		2009	**2008*** **
	Notes	**Unaudited**	
Cash flows from financing activities			
Repayment of related party loans		–	(227)
Proceeds from partners	9	109	996
Amounts paid to partners	9	(1,017)	(2,566)
Proceeds from bank loans *		56,527	89,203
Repayment of bank loans *		(65,765)	(67,963)
Bank interest paid		(4,671)	(3,440)
Repayment of lease obligations		(236)	(385)
Net cash flows (used in)/from financing activities		**(15,053)**	**15,618**
Effect of exchange rate changes on cash and cash equivalents		(461)	513
Net (decrease)/increase in cash and cash equivalents		(569)	10,727
Cash and cash equivalents at beginning of the period		**5,934**	**8,037**
Cash and cash equivalents at end of the period		**5,365**	**18,764**

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

** The Group reclassified share of joint venture's and associates' results from increase in advances, taxes recoverable, receivables and other non-current assets to a separate line as compared to the presentation in the interim condensed consolidated financial statements for the six months ended June 30, 2008.

*** The Group reconsidered Costa key money gain recognition according to service agreement terms. As a result, net profit for the period reduced by $499. Furthermore, the Group changed the presentation of income tax in the consolidated cash flow statement as compared to the presentation in the interim condensed consolidated financial statements for the six months ended June 30, 2008.

OJSC Rosinter Restaurants Holding

Interim Condensed Consolidated Statement of Changes in Equity

(All amounts are in thousands of US dollars)

	Attributable to equity holders of the parent entity								
	Share capital	**Addition paid-in capital**	**Share premium**	**Treasury shares**	**Accumulated losses**	**Foreign currency translation reserve**	**Parent shareholder's equity**	**Minority interests**	**Total Equity**
At January 1, 2009	**71,847**	**14,886**	**46,698**	**(8,608)**	**(108,733)**	**1,267**	**17,357**	**1,344**	**18,701**
Loss for the period	–	–	–	–	(2,408)	–	**(2,408)**	(195)	**(2,603)**
Other comprehensive loss for the period	–	–	–	–	–	(3,606)	**(3,606)**	(91)	**(3,697)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(2,408)**	**(3,606)**	**(6,014)**	**(286)**	**(6,300)**
Purchase of minority interest in a subsidiary *(Note 8)*	–	–	–	–	(4,176)	–	**(4,176)**	–	**(4,176)**
At June 30, 2009 (unaudited)	**71,847**	**14,886**	**46,698**	**(8,608)**	**(115,317)**	**(2,339)**	**7,167**	**1,058**	**8,225**
At January 1, 2008	**71,847**	**14,886**	**46,698**	**(8,608)**	**(93,543)**	**4,002**	**35,282**	**–**	**35,282**
Profit for the period *	–	–	–	–	796	–	**796**	**–**	**796**
Other comprehensive income for the period	–	–	–	–	–	1,493	**1,493**	–	**1,493**
Total comprehensive income for the period	–	–	–	–	**796**	**1,493**	**2,289**	**–**	**2,289**
At June 30, 2008 (unaudited)	**71,847**	**14,886**	**46,698**	**(8,608)**	**(92,747)**	**5,495**	**37,571**	**–**	**37,571**

* The Group reconsidered Costa key money gain recognition according to service agreement terms. As a result, profit for the period reduced by $499 as compared to the presentation in the interim condensed consolidated financial statements for the six months ended June 30, 2008.

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

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, 2009, 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", "Café Des Artistes", "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, Czech Republic, Poland and Hungary. The Group also has exclusive development rights and/or registered trademarks in Azerbaijan, Kyrgyzstan, Uzbekistan, Moldova, 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 $100,000. At the same time, the Company issued and sold 2,030,457 new shares to the Parent at a price of $29.55. The nominal price of the shares issued was 169.7 Russian roubles ($6.55 at the transaction date exchange rate). The shares of the Company sold by the Parent were admitted to trading on the Russian Trading System Stock Exchange and afterwards on MICEX.

The interim condensed consolidated financial statements for the six months ended June 30, 2009, were authorised for issue in accordance with a resolution of the CEO on November 6, 2009.

As of June 30, 2009 and 2008, the Group employed approximately 6,900 and 8,250 people, respectively.

During the six months ended June 30, 2009, the Group closed a net number of 13 restaurants. During the six months ended June 30, 2008, the Group opened a net number of 29 new restaurants. In addition, the Group continues to develop a casual dining restaurant business on a franchise agreement basis. During the six months ended June 30, 2009 and 2008, the Group opened 12 and 9 franchise restaurants, respectively. As of June 30, 2009, the Group operated 336 restaurants.

2. Going Concern

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

The Group's current liabilities as of June 30, 2009, of $83,799 exceeded its current assets by $57,448. The net current liability position primarily results from bank loans in the amount of $31,676 and bonds payable in the total amount of $3,797 with a maturity date of November 26, 2010. The bonds were treated as short-term debt due to an early redemption option exercisable in May 2010 (see Note 11). The Group incurred net loss in the amount of 2,603 for the six months ended June 30, 2009.

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

- Management has introduced 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, 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.
- All operational efficiency initiatives allow the Group to generate significant operating cash flows. During the six months ended June 30, 2009 and 2008, the Group generated $18,334 and $11,591 of net cash from operating activities, respectively. Even under the current economic environment the Group is expecting for 2009 positive operating cash flows in the range of prior years' operating cash flows mainly due to the fact that the 116 new restaurants opened recently are mostly maturing in 2009. An additional positive impact on cash flows comes from all 2008 efficiency initiatives that start showing an impact in 2009.
- Subsequent to the balance sheet date the Group repaid bank loans to two banks in the amount of $7,808: Amsterdam TB – $4,400 and Sberbank – $3,408.
- In November 2009, the Group signed a new credit agreement for approximately $6,000 from Credit Europe Bank. In addition, the Group is at the final stages of agreeing a project financing credit line for approximately $5,000 from Raiffeisen Bank specifically for development of the Group's restaurants at Sheremetyevo Airport Terminal D.
- The Group already signed an agreement with Sberbank in June 2009 to refinance bonds when they will become due in 2010. The amount of the agreement is $4,050.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might be necessary if such additional resources are not available and the Group is unable to continue as a going concern.

3. Basis of Preparation and Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements for the six months ended June 30, 2009, 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, 2008.

Operating results for the six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended June 30, 2009, are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2008, except for the adoption of new Standards as of January 1, 2009, noted below:

- Amendments to IFRS 7 Improving Disclosures about Financial Instruments ("Amendments to IFRS 7");
- IAS 1 Presentation of Financial Statements ("IAS 1") – Revised;
- Improvements to IFRSs.

Amendments to IFRS 7 requires additional disclosure about fair value measurement and liquidity risk. These Amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which an entity is exposed. The fair value measurement disclosures and the liquidity risk disclosures are not significantly impacted by the amendments.

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, non-owner changes in equity are presented as a separate line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Improvements to IFRSs

In May 2008, the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

3. Basis of Preparation and Accounting Policies (continued)

Changes in Accounting Policies (continued)

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. This amendment has no impact on the financial position of the Group.

IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. The Group reassessed the useful lives of its intangible assets and concluded that the straight-line method was still appropriate.

IFRS 8 Operating Segments ("IFRS 8") is effective for annual periods beginning on or after January 1, 2009. This standard requires disclosure of information about the Group's operating segments. All operating segments of the Group are identified on the basis of internal reports that are regularly reviewed by the Group's top management and represent Moscow business unit, Regional business unit and European business unit. These operating segments are aggregated into a single reporting segment as they have similar economic characteristics and the segments are similar in the nature of the products, services and production processes, the type of customers of their products and services, and the nature of the regulatory environment. Adoption of IFRS 8 did not have any effect on the financial position or performance of the Group.

The Group did not apply IFRIC 13 Customer Loyalty Programmes ("IFRIC 13") for the six months ended June 30, 2008, however, the Group has early adopted IFRIC 13 for the year ended December 31, 2008.

IFRIC 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transactions. The consideration received in the sales transactions is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. IFRIC 13 has no specific provisions on transition.

As a result of the adoption of IFRIC 13, the following adjustments were made to the financial information for the six months ended June 30, 2008:

Net decrease in revenues: $47
Net increase in cost of sales: $188
Net increase in other gains: $235

3. Basis of Preparation and Accounting Policies (continued)

Changes in Accounting Policies (continued)

The amendments to the following standards and interpretations below did not have any impact on accounting policies, financial position or performance of the Group:

- IFRS 2 Share-based Payments;
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 Financial Instruments: Disclosures;
- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors;
- IAS 10 Events after the Reporting Period;
- IAS 18 Revenue;
- IAS 19 Employee Benefits;
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance;
- IAS 27 Consolidated and Separate Financial Statements;
- IAS 28 Investment in Associate;
- IAS 31 Interest in Joint venture;
- IAS 34 Interim Financial Reporting;
- IAS 36 Impairment of Assets;
- IAS 39 Financial Instruments: Recognition and Measurement;
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

4. Property and Equipment

During the six months ended June 30, 2009 and 2008, the Group acquired assets with a cost of $4,117 and $19,792, respectively, not including property and equipment acquired through a business combination. Assets with a net book value of $1,552 and $2,264 were disposed of by the Group during the six months ended June 30, 2009 and 2008, respectively, resulting in a net loss on disposal of $1,203 and $1,290, respectively.

The Group recognised impairment losses of property and equipment for the six months ended June 30, 2009, in the amount of $509 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 and Samara.

(All amounts are in thousands of US dollars, unless specified otherwise)

5. Investments in Joint Ventures and Associates

The Group accounted for investments in joint ventures and associates under the equity method.

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

	Pulkovo and AirTrade Joint Venture	Costa Joint Venture	Associates	Total
At December 31, 2008	–	**1,340**	**150**	**1,490**
Share of (loss)/profit	–	(355)	10	**(345)**
Translation difference	–	(20)	(8)	**(28)**
At June 30, 2009	–	**965**	**152**	**1,117**
At December 31, 2007	**327**	**1**	**141**	**469**
Investments in joint ventures	104	2,999	–	**3,103**
Share of profit/(loss)	8	(534)	30	**(496)**
Translation difference	6	(11)	8	**3**
At June 30, 2008	**445**	**2,455**	**179**	**3,079**

6. Cash and Cash Equivalents

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

	June 30, 2009	December 31, 2008
	Unaudited	Audited
Cash at bank	2,899	4,205
Cash in hand	409	533
Cash in transit	855	909
Short-term deposits	1,202	287
Total cash and cash equivalents	**5,365**	**5,934**

7. Share Capital

Share Capital

The authorized and issued share capital of the Company as of June 30, 2009 and December 31, 2008 comprised 12,030,457 shares. All issued shares were fully paid. On December 27, 2007, the Group bought back 146,970 shares from the Parent at a price of $58.57 for the amount of $8,608. These shares were accounted for as treasury shares. As of June 30, 2009 and December 31, 2008, the outstanding share capital comprised of 11,883,487 shares.

(All amounts are in thousands of US dollars, unless specified otherwise)

7. Share Capital (continued)

(Losses)/earnings per Share

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

	For the six months ended June 30,	
	2009	2008
	Unaudited	
Net (loss)/profit attributable to equity holders of the Parent	(2,408)	796
Weighted average number of ordinary shares outstanding	11,883,487	11,883,487
(Losses)/earnings per share attributable to equity holders of the Parent, basic and diluted (US dollars)	(0.20)	0.07

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

8. Purchase of Minority 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 156,200,000 Russian roubles ($4,780 at the exchange rate at the date of transaction). 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 minority of $4,176, which was recognised directly in equity as.

9. Liabilities to Partners

The movements in liabilities to partners for the six months ended June 30, 2009 and for financial year of 2008 were as follows:

	For the six months ended June 30, 2009	For the year ended December 31, 2008
	Unaudited	Audited
At January 1	**9,525**	**14,078**
(Decrease)/increase in amounts due to partners	(163)	2,321
Payments to partners	(1,017)	(6,685)
Capital contributed by partners in cash	109	1,706
Capital contributed by partners in property and equipment	–	(199)
Other non-cash settlements	17	(839)
Translation difference	(297)	(857)
At June 30 / December 31	**8,174**	**9,525**

(All amounts are in thousands of US dollars, unless specified otherwise)

10. 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	
		June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
		Unaudited	Audited	Unaudited	Audited
Rostik Investment Group Inc.	Entity under common control (EUCC)	2,197	2,340	–	–
Other EUCC		86	362	814	–
Total short-term loans receivable from/payable to related parties		**2,283**	**2,702**	**814**	–

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

Related Parties	Long-term loans receivable from related parties		Long-term loans payable to related parties	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
	Unaudited	Audited	Unaudited	Audited
Other EUCC	988	875	–	814
Total long term loans receivable from / payable to related parties	**988**	**875**	–	**814**

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 $1,574 at a market rate of 12% per annum. The outstanding balance at amortized cost was $1,185 and $1,120 as of June 30, 2009, and December 31, 2008, respectively.

Long-term advances to related parties consisted of prepayments to CJSC Preobrazhenie for minority shares in the Group's subsidiaries in Omsk in the amount of $3,687 as of June 30, 2009, and for minority shares in the Group's subsidiaries in Samara and Omsk in the total amount of $8,133 as of December 31, 2008.

(All amounts are in thousands of US dollars, unless specified otherwise)

10. Related Parties Disclosures (continued)

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

Related Parties	Nature of relationship	Receivables from related parties		Payables to related parties	
		June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
		Unaudited	Audited	Unaudited	Audited
RosCorp LLC	EUCC	588	–	21	–
Rostik Investment Group Inc.	EUCC	464	332	65	83
Brava LLC	Joint Venture	311	294	48	–
Perm Caramel Restaurants LLC	EUCC	299	314	–	–
RIG Restaurant Limited	Parent company	236	263	–	–
Tumen Caramel Restaurants LLC	EUCC	201	214	–	–
National QSR Network LLC	EUCC	183	1	–	122
Russian Caramel Restaurants LLC	EUCC	4	30	25	32
Loyalty Partners Vostok LLC	Other related party	–	–	1,733	1,257
Other EUCC		683	657	580	451
Total receivable from / payable to related parties		**2,969**	**2,105**	**2,472**	**1,945**

As at June 30, 2009, and December 31, 2008, receivables from related parties at nominal value of nil and $35, respectively, were impaired and fully provided for.

Transactions with related parties were as follows for the six months ended June 30, 2009:

Related Parties	Nature of relationship	Revenue and other income	Purchases	Interest income	Interest expense
		Unaudited			
RosCorp LLC	EUCC	46	985	–	–
Omsk QSR Network LLC	EUCC	439	–	–	–
National QSR Network LLC	EUCC	358	–	–	–
Russian Caramel Restaurants LLC	EUCC	282	–	–	–
Brava LLC	Joint Venture	205	4	–	–
Rostik Investment Group Inc	EUCC	–	–	209	–
Other EUCC		378	182	61	48
Total:		**1,708**	**1,171**	**270**	**48**

(All amounts are in thousands of US dollars, unless specified otherwise)

10. Related Parties Disclosures (continued)

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

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

Compensation to Key Management Personnel

Key management personnel totalled 13 and 15 persons as at June 30, 2009 and 2008. Total compensation to key management personnel, including social taxes, was recorded in general and administrative expenses and consisted of the following in the six months ended June 30:

	For the six months ended June 30, 2009	For the six months ended June 30, 2008
	Unaudited	
Salary	1,107	1,745
Performance bonuses	–	97
	1,107	**1,842**

The Group's contributions relating to social taxes for key management personnel amounted to $68 and $125 during the six months ended June 30, 2009 and 2008, respectively.

11. Long-Term Debt

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

	June 30, 2009	December 31, 2008
	Unaudited	Audited
Saving Bank of the Russian Federation (Sberbank)	26,570	–
MDM Bank *(Note 13)*	6,500	–
Bonds issued, net of issuance cost	3,797	33,974
Expobank	3,452	3,676
Other long-term debts	884	331
	41,203	**37,981**
Less: current portion	(7,414)	(34,293)
Total long-term debt	**33,789**	**3,688**

(All amounts are in thousands of US dollars, unless specified otherwise)

11. Long-Term Debt (continued)

Sberbank

On June 3, 2009, the Group entered into a new loan agreement with Sberbank in the amount of 950 million Russian roubles ($30,912 at the exchange rate at June 3, 2009) bearing interest of 18.5% 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 trade marks with a net book value of $16 and pledged value of $19,148 (at the exchange rate at June 3, 2009), fixed assets of the regional companies with a net book value of $6,740 and pledged value of $18,096 (at the exchange rate at June 3, 2009), 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 $3,791 as of June 30, 2009.

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 1,000 million Russian roubles. The bonds have 10 coupons payable semi-annually with variable interest rates declared by the Group. The interest rate for the three coupon periods ended May 2008 was 10.75%. The interest rate for the next two coupon periods ended May 2009 was 12.00%. The interest rate for the next two coupon periods ending May 2010 is 18.00%. During the six months ended June 30, 2009, most of bondholders exercised their early redemption option. The outstanding balance at June 30, 2009, and December 31, 2008, represented 118,923 bonds in the nominal amount of $3,800 (at the exchange rate at June 30, 2009) and 1,000,000 bonds in the nominal amount of $34,036 (at the exchange rate at December 31, 2008), respectively. The bonds will mature on November 26, 2010. The bondholders have an early redemption option exercisable in May 2010.

Expobank

In July 2008, the Group assumed a liability under a credit facility through the business combination in the amount of 108 million Russian roubles ($3,452 at the exchange rate at June 30, 2009) bearing interest of 12.0% per annum and maturing in January 2010. In February 2009, an interest rate was increased to 15.0%. The credit facility is secured by guarantees of Rostik Investment Group, Inc and VAKO LLC, related parties.

12. Income Tax

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

	For the six months ended June 30,	
	2009	**2008**
	Unaudited	
Current income tax	(2,207)	(2,040)
Deferred income tax	69	181
Total income tax expense	**(2,138)**	**(1,859)**

(All amounts are in thousands of US dollars, unless specified otherwise)

13. Short-Term Debt

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

	June 30, 2009 Unaudited	December 31, 2008 Audited
Sberbank	17,577	18,719
Bank Societe General Vostok (BSGV)	5,000	5,000
Amsterdam TB	4,400	8,400
MDM Bank	–	7,500
Credit Europe Bank	–	5,000
Other	1,082	102
	28,059	**44,721**
Current portion of long-term debt *(Note 11)*	7,414	34,293
Total short-term debt	**35,473**	**79,014**

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 450 million Russian roubles ($14,381 at the exchange rate at June 30, 2009) bearing interest of 12.25% per annum and maturing from February to May 2009. During the six months ended June 30, 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. The credit facilities are secured by a pledge of restaurant equipment in Moscow with a carrying value of $7,664. The credit facilities were fully utilised at June 30, 2009 and December 31, 2008.

In April 2008, the Group entered into a credit facility agreement in the amount of 100 million Russian roubles ($3,196 at the exchange rate at June 30, 2009) bearing interest of 12.75% per annum and maturing in October 2009. The loan is secured by a pledge of restaurant equipment with a net book value of $1,703. The credit facility was fully utilised at June 30, 2009 and December 31, 2008.

BSGV

In July 2008, the Group entered into a revolving credit facility agreement in the amount of $5,000 bearing interest from 6.8% to 8.0% per annum and maturing in January 2010. The credit facility was fully utilised at June 30, 2009 and December 31, 2008.

Amsterdam TB

In August 2006, the Group entered into a credit facility agreement amounting to $4,000 bearing interest of LIBOR plus 3.7% per annum and maturing in August 2009. The loan agreement contained covenants which limit the indebtedness of Rosinter Restaurants LLC, a Group entity. In July 2008, the credit facility was renewed with the amount of $8,400, interest rate of 10.0% and due date of July 16, 2009. In June 2009, the Group repaid the debt in the amount of $4,000. In July 2009, the debt was fully repaid.

MDM Bank

In September 2008, the Group entered into an unsecured loan agreement in the amount of $7,500 bearing interest of 13.5% per annum and maturing in March 2009. In June 2009, the Group renewed the loan agreement for the amount of $6,500 bearing interest of 16.0% and maturing in December 2010. According to the new terms, the loan was reclassified to long-term loans (refer to Note 11).

(All amounts are in thousands of US dollars, unless specified otherwise)

13. Short-Term Debt (continued)

Credit Europe Bank

In March 2008, the Group entered into a revolving credit facility agreement in the amount of $5,000 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 March 2009.

14. Revenue

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

	For the six months ended June 30, 2009	2008
	Unaudited	
Revenue from restaurants	109,692	146,335
Revenue from canteens	4,415	5,488
Franchise revenue	2,662	3,758
Sublease services and other services	2,612	2,415
Sales of semi-finished products to franchisees	1,119	2,269
Other services	3,630	4,597
Total revenue	**124,130**	**164,862**

15. 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, 2009	2008
	Unaudited	
Food and beverages	30,624	43,315
Payroll and related taxes	25,384	33,423
Rent	20,162	17,936
Restaurant equipment depreciation	5,053	4,294
Utilities	4,081	4,026
Customer loyalty programmes	121	415
Total cost of sales	**85,425**	**103,409**

(All amounts are in thousands of US dollars, unless specified otherwise)

16. 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, 2009	2008
	Unaudited	
Payroll and related taxes	11,445	16,009
Rent	3,414	3,173
Laundry and sanitary control	1,940	2,465
Maintenance and repair services	1,802	2,545
Materials	1,727	3,716
Advertising	1,645	5,616
Other services	1,395	2,943
Depreciation and amortization	1,149	1,298
Bank services	1,026	1,101
Transportation services	943	1,280
Franchising fee	724	879
Start-up expenses for new restaurants	635	6,797
Utilities	533	613
Financial and legal services	529	705
Increase in the allowance for doubtful accounts receivable	145	208
Other expenses	2,495	2,865
Total selling, general and administrative expenses	**31,547**	**52,213**

17. 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:

	June 30, 2009	December 31, 2008
	Unaudited	Audited
Within one year	35206	39,703
After one year but not more than five years	91937	112,318
More than five years	23279	42,326
Total minimum rental payables	**150,422**	**194,347**