PJSC Rosinter Restaurants Holding

Interim Condensed Consolidated
Financial Statements (unaudited)

For the six months ended June 30, 2017

PJSC Rosinter Restaurants Holding

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Statement of management's responsibilities for the preparation and approval of unaudited interim condensed consolidated financial statements for the six months ended June 30, 2017

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, 2017, and the results of its operations, cash flows and changes in equity for the six months ended June 30, 2017, 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, 2017 were approved by the President and CEO of PJSC Rosinter Restaurants Holding on August 24, 2017.

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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, comprising the interim consolidated statement of financial position as at June 30, 2017 and 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 of PJSC Rosinter Restaurants Holding is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, Interim Financial Reporting. 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, Interim Financial Reporting.

V. M. Smirnov, Engagement partner (audit qualification certificate № 03-000891)
ADE Audit LLC

August 24, 2017
Moscow, Russia

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Financial Position (unaudited)

at June 30, 2017

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

	Notes	June 30, 2017, unaudited	December 31, 2016, audited
ASSETS			
Non-current assets			
Property and equipment	4	1,536,821	1,545,967
Intangible assets		49,487	49,520
Goodwill		143,137	143,137
Deferred income tax asset		209,834	200,668
Rent deposits and other non-current assets		458,341	178,762
		2,397,620	**2,118,054**
Current assets			
Inventories		136,105	168,245
VAT and other taxes recoverable		63,789	84,954
Income tax recoverable		10,965	11,088
Trade and other receivables		63,520	83,976
Advances paid		105,330	100,022
Receivables from related parties	5	151,767	171,613
Short-term loans		1,073	876
Short-term loans due from related parties	5	14,415	14,415
Cash and cash equivalents		104,226	113,421
		651,190	**748,610**
TOTAL ASSETS		**3,048,810**	**2,866,664**
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	2,090,217
Treasury shares	6	(260,667)	(260,667)
Other capital reserves		8,936	12,593
Accumulated losses		(5,058,015)	(4,913,369)
Translation difference		(411,274)	(420,472)
		(863,788)	**(724,683)**
Non-controlling interests		3,209	(6,081)
		(860,579)	**(730,764)**
Non-current liabilities			
Long-term loans and borrowings	8	2,053,157	1,875,278
Deferred income tax liabilities		18,044	10,972
		2,071,201	**1,886,250**
Current liabilities			
Trade and other payables		1,118,989	1,412,327
Short-term loans and borrowings	8	540,948	85,229
Payables to related parties	5	5,448	28,237
Short-term loans due to related parties	5	6,382	6,412
Deferred income		56,144	42,752
Income tax payable		110,277	136,221
		1,838,188	**1,711,178**
TOTAL EQUITY AND LIABILITIES		**3,048,810**	**2,866,664**

CEO
PJSC Rosinter Restaurants Holding

Signature /Zaytsev S.V./

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Profit or Loss (unaudited)

for the six months ended June 30, 2017

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

		For the six months ended June 30,	
		2017	2016
	Notes	Unaudited	
Revenue	9	3,446,221	3,564,221
Cost of sales	10	(2,963,790)	(3,160,870)
Gross profit		**482,431**	**403,351**
Selling, general and administrative expenses	11	(433,071)	(442,433)
Start-up expenses for restaurants		(25,901)	(30,347)
Other gains	12	18,270	49,633
Other losses	12	(27,632)	(7,510)
Profit/(loss) from operating activities before impairment		**14,097**	**(27,306)**
Reversal of impairment of operating assets	13	12,159	45,721
Profit from operating activities after impairment		**26,256**	**18,415**
Financial income		1,866	738
Financial expense		(187,922)	(172,460)
Foreign exchange loss, net		(2,000)	(62,979)
Income from the joint venture		–	10,096
Loss before income tax		**(161,800)**	**(206,190)**
Income tax benefit		26,704	18,009
Loss for the period		**(135,096)**	**(188,181)**
Net loss for the period		**(135,096)**	**(188,181)**
Attributable to:			
Equity holders of the parent entity		(144,646)	(188,622)
Non-controlling interests		9,550	441
Earnings per share	7		
Basic, loss per share, roubles		(9.12)	(11.89)
Diluted, loss per share, roubles		(9.06)	(11.80)

CEO
PJSC Rosinter Restaurants Holding

Signature ______ /Zaytsev S.V./

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

Interim Consolidated Statement of Other Comprehensive Income (unaudited)
for the six months ended June 30, 2017

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

	For the six months ended June 30,	
	2017	**2016**
	Unaudited	
Net loss for the period	(135,096)	(188,181)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	9,198	61,468
Other comprehensive income for the period, net of tax	**9,198**	**61,468**
Total comprehensive loss for the period, net of tax	**(125,898)**	**(126,713)**
Attributable to:		
Equity holders of the parent entity	(135,448)	(127,154)
Non-controlling interests	9,550	441

Interim Consolidated Statement of Cash Flows (unaudited)

for the six months ended June 30, 2017

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

		For the six months ended June 30,	
		2017	**2016**
	Notes	**Unaudited**	
Operating activities			
Loss before tax		(161,800)	(206,190)
Adjustments to reconcile loss before tax to net cash provided by operating activities:			
Depreciation and amortization		96,238	90,426
Foreign exchange loss, net		2,000	62,979
Gain from sale of share in joint venture	12,14	–	(23,345)
Financial income		(1,866)	(738)
Financial expense		187,922	172,460
Allowance for impairment of advances paid, taxes recoverable and receivables	11	890	12,979
(Reversal of write-down)/allowance for impairment of inventories to net realizable value		(4,543)	180
Loss on disposal of non-current assets	12	22,175	897
Write-off of trade and other payables	12	(10,533)	(17,381)
Income from the joint venture		–	(10,096)
Share based payment		(3,657)	–
Reversal of impairment of operating assets	13	(12,159)	(45,721)
Reversal of provision for contingent claims	12	(1,168)	(3,449)
		113,499	**33,001**
Changes in operating assets and liabilities:			
Decrease in inventories		36,654	40,124
(Increase)/decrease in advances, taxes recoverable, receivables, rent deposits and other non-current assets		(31,961)	22,678
Decrease in receivables from related parties		19,068	16,787
(Decrease)/increase in payables to related parties		(24,590)	35,577
(Decrease)/increase in trade and other payables		(193,441)	86,951
Net cash flows (used in)/generated from operations		**(80,771)**	**235,118**
Interest paid		(162,290)	(150,543)
Interest received		1,164	1,824
Income tax paid		(1,431)	(5,083)
Net cash flows (used in)/generated from operating activities		**(243,328)**	**81,316**
Investing activities			
Purchases of property and equipment		(93,343)	(107,196)
Purchase of intangible assets		(6,647)	(21,833)
Issuance of loans to third parties		(300,500)	–
Repayment of loans issued to third parties		–	2,461
Proceeds from disposal of property and equipment		2,739	19,797
Repayment of loans issued to related parties		–	7,712
Dividends received		–	10,096
Net cash flows used in investing activities		**(397,751)**	**(88,963)**

Continued on the next page

Interim Consolidated Statement of Cash Flows (unaudited) (continued)

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

		For the six months ended June 30,	
		2017	**2016**
	Notes	**Unaudited**	
Financing activities			
Proceeds from bank loans		1,270,362	40,119
Repayment of bank loans		(636,763)	(22,965)
Payments to partners		(1,620)	(8,024)
Proceeds from related party loans		–	500
Repayment of related party loans		(30)	–
Dividends paid to shareholders		(17)	(186)
Net cash flows from financing activities		**631,932**	**9,444**
Effect of exchange rate on cash and cash equivalents		(48)	(1,479)
Net (decrease)/increase in cash and cash equivalents		**(9,195)**	**318**
Cash and cash equivalents at beginning of the period		**113,421**	**101,596**
Cash and cash equivalents at end of the period		**104,226**	**101,914**

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

PJSC Rosinter Restaurants Holding

Interim Consolidated Statement of Changes in Equity (unaudited)

for the six months ended June 30, 2017

(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, 2017, audited	**2,767,015**	**2,090,217**	**(260,667)**	**12,593**	**(4,913,369)**	**(420,472)**	**(724,683)**	**(6,081)**	**(730,764)**
Net (loss)/profit for the period	–	–	–	–	(144,646)	–	**(144,646)**	9,550	**(135,096)**
Other comprehensive income for the period	–	–	–	–	–	9,198	**9,198**	–	**9,198**
Total comprehensive loss for the period	**–**	**–**	**–**	–	**(144,646)**	**9,198**	**(135,448)**	**9,550**	**(125,898)**
Share based payment	–	–	–	(3,657)	–	–	**(3,657)**	–	**(3,657)**
Dividends	–	–	–	–	–	–	**–**	(260)	**(260)**
At June 30, 2017, unaudited	**2,767,015**	**2,090,217**	**(260,667)**	**8,936**	**(5,058,015)**	**(411,274)**	**(863,788)**	**3,209**	**(860,579)**
At January 1, 2016, audited	**2,767,015**	**2,090,217**	**(260,667)**	**14,443**	**(4,919,610)**	**(446,682)**	**(755,284)**	**(5,502)**	**(760,786)**
Net (loss)/profit for the period	–	–	–	–	(188,622)	–	**(188,622)**	441	**(188,181)**
Other comprehensive income for the period	–	–	–	–	–	61,468	**61,468**	–	**61,468**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(188,622)**	**61,468**	**(127,154)**	**441**	**(126,713)**
Dividends	–	–	–	–	–	–	**–**	(219)	**(219)**
At June 30, 2016, unaudited	**2,767,015**	**2,090,217**	**(260,667)**	**14,443**	**(5,108,232)**	**(385,214)**	**(882,438)**	**(5,280)**	**(887,718)**

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, 2017, 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, local Russian and pan-Asian 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, 2017 were approved for issue by the President and CEO of the PJSC Rosinter Restaurants Holding on August 24, 2017.

The Group derives revenue in the territory of Russia and CIS countries. For the six months ended June 30, 2017 and 2016, the revenue from the Russian market was approximately 97% and 95% of total revenues, respectively. The non-current assets of Group's subsidiaries operating in the Russian market were approximately 98% of total non-current assets of the Group as of June 30, 2017 and December 31, 2016. The second largest market was Belarus with 3% of total revenues for the six months ended June 30, 2017 and 5% for the six months ended June 30, 2016.

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

Entity	Country of incorporation	June 30, 2017 % Ownership	December 31, 2016 % Ownership
Rosinter Restaurants LLC	Russia	100.00%	100.00%
Rosinter Restaurants ZapSib LLC	Russia	100.00%	100.00%
Rosinter Restaurants Perm LLC	Russia	100.00%	100.00%
Rosinter Restaurants Ekaterinburg LLC	Russia	51.00%	51.00%
BelRosInter LLC	Belarus	93.00%	93.00%

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

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, 2017 of RUB 1,838,188 (RUB 1,711,178 as of December 31, 2016) exceeded its current assets by RUB 1,186,998 (RUB 962,568 as of December 31, 2016). As of June 30, 2017 the net current liability position primarily results from trade and other payables amounting to RUB 1,118,989 (RUB 1,412,327 as of December 31, 2016). During the six months ended June 30, 2017 net cash flows used in operations amounted to RUB 80,771 and during the six months ended June 30, 2016 net cash flows generated from operations amounted to RUB 235,118.

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

- During the six month ended June 30, 2017 the Group has entered into a set of long-term credit agreements with Bank VTB with an interest rate determined as the Bank of Russia interest rate plus 1%. In July 2017 the interest rate was reduced to the fixed rate of 8.75%.
- According to the new credit agreements that were signed with Bank VTB in April 2017, the Group received additional credit facilities in the total amount of RUB 1,775,000 and prolonged the existing credit agreement in the amount of RUB 570,000. New borrowings will be used for financing the strategic development plan of existing restaurants renovation and new restaurants opening.
- Additional sources of short-term financing are available to the Group as of June 30, 2017, including undrawn fixed rate credit facilities in the amount of RUB 58,841 and bank guarantees in the amount of RUB 359,542.
- 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 through savings in food and beverage costs.
- The principal shareholders of the Company are considering opportunities to provide financing to the Group or some of its businesses.

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.

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

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, 2017, 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, 2016.

Changes in Accounting Policy and Disclosures

The accounting polices followed in the preparation of these interim condensed consolidation financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended December 31, 2016.

The Group has adopted all new standards, amendments to standards and interpretations that were effective from January 1, 2017. The impact of the adoption of these new standards, amendments to standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

Certain new standards and amendments to standards as disclosed in the consolidated financial statements as at and for the year ended December 31, 2016, have been issued but are not effective for the financial year beginning January 1, 2017 and which Group has not early adopted.

4. Property and Equipment

During the six months ended June 30, 2017 and 2016, the Group acquired assets with a cost of RUB 93,343 and RUB 107,196, respectively. Assets with a net book value of RUB 25,831 were disposed of by the Group during the six months ended June 30, 2017 resulting in a net loss on disposal of RUB 22,802. During the six months ended June 30, 2016 the Group recognised net gain in the amount of RUB 1,345 on disposal of assets with a net book value of RUB 18,452.

As of June 30, 2017 and December 31, 2016 gross carrying amount of fully depreciated property, plant and equipment that were still in use amounted to RUB 649,815 and RUB 713,108, respectively.

Property and equipment was tested for impairment as part of cash generating units without goodwill as of June 30, 2017. For the six months ended June 30, 2017 and 2016, the Group reversed impairment losses of property and equipment in the amount of RUB 12,301 and 51,864, respectively. The accumulated impairment loss of property and equipment as of June 30, 2017 and December 31, 2016 amounted to RUB 168,839 and RUB 356,118, 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.

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

4. Property and Equipment (continued)

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 11.02% 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 (0.3)% to 4.9% depending on the year of projection and country.

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.

	Purchases	**Revenue and other gains**	**Receivables from related parties**	**Payables to related parties**
Related parties	**For the six months ended June 30,2017**	**For the six months ended June 30,2017**	**June 30,2017**	**June 30,2017**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
2017				
Entities under common control:				
RosCorp LLC (1)	54,897	1,629	–	–
Chicken Factory LLC (2)	–	22	3,836	–
Rostic Aero LLC (3)	10,926	–	–	2,175
Loyalty Partners Vostok LLC (4)	872	11,408	–	1,364
Rostik Investment Group Inc. (5)	1,132	4,790	88,628	–
RIG Restaurants Ltd (6)	–	–	55,401	–
Others	11,700	433	3,902	1,909
Total 2017	**79,527**	**18,282**	**151,767**	**5,448**

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

5. Related Parties Disclosures (continued)

Related parties	Purchases For the six months ended June 30,2016 Unaudited	Revenue and other gains For the six months ended June 30,2016 Unaudited	Receivables from related parties December 31, 2016 Audited	Payables to related parties December 31, 2016 Audited
2016				
Entities under common control:				
RosCorp LLC (1)	60,464	1,399	–	225
Chicken Factory LLC (2)	48,082	346	–	–
Rostic Aero LLC (3)	7,998	–	–	4,166
Loyalty Partners Vostok LLC (4)	5,103	1,030	–	20,861
Rostik Investment Group Inc. (5)	1,381	113	90,961	–
RIG Restaurants Ltd (6)	–	–	56,460	–
Others	10,208	510	24,192	2,985
Total 2016	**133,236**	**3,398**	**171,613**	**28,237**

(1) During the six months ended June 30, 2017 and 2016, RosCorp LLC provided the Group with rent, transport and utility services.

(2) The outstanding receivable balances as of June 30, 2017 relate to advance for purchase of goods from Chicken Factory LLC.

(3) During the six months ended June 30, 2017 and 2016, Rostik Aero LLC leased restaurant premises 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 director position in Loyalty Partners Vostok LLC.

(5) The outstanding receivable balances as of June 30, 2017 and December 31, 2016 relate to sale of the subsidiary companies to Rostik Investment Group Inc.

(6) The outstanding receivable balances as of June 30, 2017 and December 31, 2016 relate to sale of the subsidiary company to RIG Restaurants Ltd.

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

Related parties	Financial income For the six months ended June 30,2017 Unaudited	Financial expense For the six months ended June 30,2017 Unaudited	Short-term loans receivable from related parties June 30, 2017 Unaudited	Short-term loans payable to related parties June 30, 2017 Unaudited
Entities under common control	774	44	14,415	6,382
Total 2017	**774**	**44**	**14,415**	**6,382**

Related parties	For the six months ended June 30,2016 Unaudited	For the six months ended June 30,2016 Unaudited	December 31,2016 Audited	December 31, 2016 Audited
Entities under common control	–	63	14,415	6,412
Total 2016	**–**	**63**	**14,415**	**6,412**

As of December 31, 2016 and June 30, 2017 long-term and short-term loans from related parties were neither past due nor impaired.

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

5. Related Parties Disclosures (continued)

Compensation to Key Management Personnel

Key management personnel totaled 13 and 12 persons as at June 30, 2017 and 2016, 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,	
	2017	**2016**
	Unaudited	
Salary	30,556	33,646
	30,556	**33,646**

The Group's contributions relating to social taxes for key management personnel amounted to RUB 6,143 and RUB 6,541 during the six months period ended June 30, 2017 and 2016, respectively.

6. Share Capital

The authorised, issued and fully paid share capital of the Company as of June 30, 2017 and December 31, 2016 comprised 16,305,334 shares. The nominal value of each ordinary share is 169.70 Russian roubles.

The total quantity and value of treasury shares of the Company held by the Group as of June 30, 2017 and December 31, 2016 were 438,104 shares and RUB 260,667, 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,	
	2017	**2016**
	Unaudited	
Net loss attributable to equity holders of the Company	(144,646)	(188,622)
Weighted average number of ordinary shares outstanding	15,867,230	15,867,230
Effect on dilution: share based payments	97,373	123,000
Weighted average number of ordinary shares adjusted for the effect of dilution	15,964,603	15,990,230
Loss per share attributable to equity holders of the Parent, basic, roubles	**(9.12)**	**(11.89)**
Loss per share attributable to equity holders of the Parent, diluted, roubles	**(9.06)**	**(11.80)**

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

8. Loans and Borrowings

Long-term loans and borrowings	June 30, 2017, Unaudited	December 31, 2016, Audited
Russian roubles fixed rate 10.0%-16.08% bank loans maturing within 7 years	2,389,400	1,845,000
Other loans and borrowings	38,127	41,557
	2,427,527	**1,886,557**
Less: current portion	(374,370)	(11,279)
Total long-term loans and borrowings	**2,053,157**	**1,875,278**

Short-term loans and borrowings	June 30, 2017, Unaudited	December 31, 2016, Audited
Russian roubles fixed rate 15.5% overdraft facility	139,460	73,950
Russian roubles fixed rate 16.0% bank loans maturing within 12 months	27,118	–
	166,578	**73,950**
Current portion of long-term loans and borrowings	374,370	11,279
Total short-term loans and borrowings	**540,948**	**85,229**

9. Revenue

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

	For the six months ended June 30,	
	2017	2016
	Unaudited	
Revenue from restaurants	3,329,523	3,454,420
Franchise revenue	84,093	76,228
Sublease services	29,074	28,374
Other revenues	3,531	5,199
Total revenue	**3,446,221**	**3,564,221**

(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,	
	2017	**2016**
	Unaudited	
Food and beverages	756,327	867,720
Payroll and related taxes	738,216	804,555
Rent	888,060	883,770
Utilities	96,129	97,971
Laundry and sanitary control	85,340	108,600
Restaurant equipment depreciation	83,446	75,265
Materials	79,056	88,757
Other services	60,574	62,495
Transportation services	59,531	65,136
Franchising fee	53,778	39,841
Maintenance and repair services	36,200	37,594
Sublease services cost	7,721	7,010
Other expenses	19,412	22,156
Total cost of sales	**2,963,790**	**3,160,870**

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,	
	2017	**2016**
	Unaudited	
Payroll and related taxes	269,087	269,656
Advertising	55,174	35,701
Rent	25,961	31,823
Other services	18,926	18,169
Depreciation and amortization	12,792	15,161
Financial and legal services	5,631	6,456
Utilities	5,535	6,383
Transportation services	4,281	9,393
Bank services	4,108	3,582
Materials	3,761	3,138
Maintenance and repair services	2,729	3,587
Increase in the allowance for impairment of advances paid, taxes recoverable and receivables	890	12,979
Other expenses	24,196	26,405
Total selling, general and administrative expenses	**433,071**	**442,433**

(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,	
		2017	2016
	Notes	Unaudited	
Write off of trade and other payables		10,533	17,381
Reversal of previous year expenses		1,797	–
Reversal of provision for contingent claims		1,168	3,449
Gain from sale of share in joint venture	14	–	23,345
Gain on sale of non-current assets		–	1,345
Other gains		4,772	4,113
Total other gains		**18,270**	**49,633**
Loss on disposal of non-current assets		22,175	2,242
Write-off of non-refundable VAT		1,831	2,547
Other losses		3,626	2,721
Total other losses		**27,632**	**7,510**

13. Impairment of assets

	For the six months ended June 30,	
	2017	2016
	Unaudited	
Reversal of impairment of property and equipment *(Note 4)*	(12,301)	(51,864)
Loss from impairment of intangible assets	142	6,143
Total reversal of impairment of assets	**(12,159)**	**(45,721)**

14. Investments in joint ventures and associates

In February 2011 the Group entered into a joint venture agreement with Japan Centre Group Limited which operates Japanese restaurants in the United Kingdom and other countries. On February 22, 2011, the Group acquired 50% of shares of Rosinter-Umai UK Limited for total consideration of 1 Great Britain Pound (47.32 Russian roubles at the exchange rate at February 22, 2011).

At June 1, 2016 the Group sold its share in the joint venture to third party for consideration of 242,500 Great Britain Pounds (RUB 23,345 at the exchange rate on June 1, 2016).

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

15. Commitments and Contingencies

Operating environment

During 2017 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterized by a decline in gross domestic product. The financial markets continue to be volatile and are characterized by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The Group continues to monitor the situation and executes set of measures to minimize influence of possible risks on operating activity of the Group and its financial position.

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, 2017 the expected minimum annual lease payables under these agreements amounted to RUB 1,261,651 and RUB 2,550,017, respectively.

Capital Commitments

At June 30, 2017 and December 31, 2016 the Group had capital commitments of RUB 26,740 and RUB 55,022, respectively, principally relating to the construction of new restaurants.