

RBC Group

**Interim Condensed Consolidated
Financial Information**
For the six months ended 30 June 2015

RBC GROUP

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of PJSC RBC:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of PJSC RBC (the "Company") and its subsidiaries (the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of profit or loss and other comprehensive loss, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively, the Interim condensed consolidated financial information). Management is responsible for the preparation and presentation of this Interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this Interim condensed consolidated financial information 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 condensed consolidated 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 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 information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other Matters

We draw attention to the fact that USD amounts in the accompanying Interim condensed consolidated financial information, which are presented solely for the convenience of the users as described in Note 2 (b), do not form a part of the Interim condensed consolidated financial information, and accordingly, we do not express any assurance on it.



Moscow, Russia
25 September 2015

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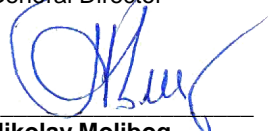
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS FOR SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended			
		30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Revenue		2,171	2,226	39	40
Cost of sales	5	(1,343)	(1,373)	(24)	(25)
Gross profit		828	853	15	15
Selling expenses	7	(555)	(660)	(10)	(12)
Administrative expenses	6	(460)	(574)	(8)	(10)
Other income		22	47	-	1
Other expenses		(19)	(30)	-	(1)
Loss from operating activities		(184)	(364)	(3)	(7)
Finance income	8	19	4	-	-
Finance expenses	8	(425)	(288)	(7)	(5)
Gain/(loss) on foreign exchange differences, net		231	(180)	4	(3)
Loss before income tax		(359)	(828)	(6)	(15)
Income tax benefit		124	6	2	-
Loss for the period		(235)	(822)	(4)	(15)
Other comprehensive income that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		-	4	-	-
Other comprehensive income for the period, net of income tax		-	4	-	-
Total comprehensive loss for the period		(235)	(818)	(4)	(15)
Loss attributable to:					
Owners of the Company		(230)	(820)	(4)	(15)
Non-controlling interests		(5)	(2)	-	-
Loss for the period		(235)	(822)	(4)	(15)
Total comprehensive loss for the period attributable to:					
Owners of the Company		(230)	(816)	(4)	(15)
Non-controlling interests		(5)	(2)	-	-
Total comprehensive loss for the period		(235)	(818)	(4)	(15)
Loss per share (in RUB)	19	(0.7)	(2.3)	(0.01)	(0.04)

The Notes on pages 9 to 34 form are an integral part of this unaudited interim condensed consolidated financial information.

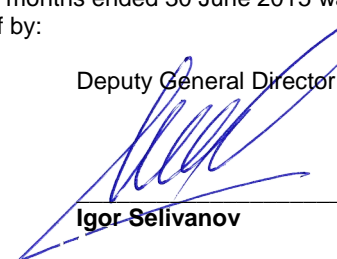
This interim condensed consolidated financial information for six months ended 30 June 2015 was approved by management on 25 September 2015 and signed on its behalf by:

General Director



Nikolay Molibog

Deputy General Director of Finance



Igor Selivanov

* The USD equivalent figures are provided for information purposes only and do not form part of the unaudited interim condensed consolidated financial information – refer to Note 2(b).

RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	30 June 2015 Mln RUB	31 December 2014 Mln RUB	30 June 2015 Mln USD*	31 December 2014 Mln USD*
ASSETS					
Non-current assets					
Property, plant and equipment	10	331	382	6	7
Intangible assets	11	1,708	1,774	31	32
Investments in associates and joint ventures	12	19	19	-	-
Deferred tax assets		384	367	7	7
Other non-current assets		40	26	1	-
Total non-current assets		2,482	2,568	45	46
Current assets					
Inventories		13	20	-	-
Other investments		15	14	-	-
Income tax receivable		18	12	-	-
Trade and other receivables	13	796	982	14	18
Cash and cash equivalents		509	214	9	4
Assets classified as held for sale	9	102	118	2	2
Total current assets		1,453	1,360	25	24
Total assets		3,935	3,928	70	70
EQUITY DEFICIT AND LIABILITIES					
Equity deficit					
Share capital	18	-	-	-	-
Share premium	18	4,133	3,281	74	59
Treasury shares		(631)	(631)	(11)	(11)
Translation reserve		1	7	-	-
Accumulated losses		(14,296)	(14,066)	(258)	(254)
Total equity deficit attributable to owners of the Company		(10,793)	(11,409)	(195)	(206)
Non-controlling interests		(7)	(4)	-	-
Total equity deficit		(10,800)	(11,413)	(195)	(206)
Non-current liabilities					
Loans and borrowings	14	12,374	12,421	222	223
Deferred tax liabilities		87	217	2	4
Total non-current liabilities		12,461	12,638	224	227
Current liabilities					
Loans and borrowings	14	876	1,231	16	22
Trade and other payables	17	1,178	1,211	21	22
Income tax payable		-	2	-	-
Provisions	16	220	259	4	5
Total current liabilities		2,274	2,703	41	49
Total liabilities		14,735	15,341	265	276
Total equity and liabilities		3,935	3,928	70	70

The Notes on pages 9 to 34 form are an integral part of this unaudited interim condensed consolidated financial information.

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General Director


Nikolay Molibog

Deputy General Director of Finance


Igor Selivanov

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RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2015

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
OPERATING ACTIVITIES				
Loss for the period	(235)	(822)	(4)	(15)
Adjustments for:				
Depreciation and amortization	207	265	3	4
Gain/(loss) on foreign exchange differences, net	(231)	180	(4)	3
Gain on disposals of subsidiaries	(7)	(49)	-	(1)
Change in provisions, other than income tax	(29)	(37)	-	(1)
Interest expense	413	266	7	5
Interest income	(19)	(6)	-	-
Other non-cash adjustments	7	4	-	-
Income tax benefit	(124)	(6)	(2)	-
Operating loss before changes in working capital	(18)	(205)	-	(5)
Decrease in inventories	7	4	-	-
Decrease in trade and other receivables	145	112	3	2
Increase in trade and other payables	11	89	-	2
Decrease in assets classified as held for sale	16	13	-	-
Cash flows provided by operations before income taxes and interest paid	161	13	3	-
Income taxes paid	(43)	(22)	(1)	-
Interest paid	(456)	(35)	(8)	-
Cash flows used in operating activities	(338)	(44)	(6)	(1)
INVESTING ACTIVITIES				
Interest received	19	6	-	-
Proceeds from disposal of property, plant and equipment and intangible assets	14	-	-	-
Repayment of loans granted	-	6	-	-
Acquisition of property, plant and equipment	(29)	(49)	-	(1)
Acquisition of intangible assets	(98)	(145)	(2)	(3)
Acquisition of subsidiaries, net of cash acquired	(10)	-	-	-
Cash placed on deposit	-	(12)	-	-
Other proceeds	-	4	-	-
Disposal of subsidiaries, net of cash disposed	1	294	-	6
Cash flows (used in)/provided by investing activities	(103)	104	(2)	2
FINANCING ACTIVITIES				
Advances received from shareholders	852	-	15	-
Repayment of borrowings	(118)	(264)	(2)	(5)
Cash flows provided by/(used in) financing activities	734	(264)	13	(5)
Net increase/(decrease) in cash and cash equivalents	293	(204)	5	(4)
Cash and cash equivalents at beginning of the period	214	428	4	8
Effect of exchange rate changes on the balance of cash held in foreign currencies	2	-	-	-
Cash and cash equivalents at end of the period	509	224	9	4

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General Director



Nikolay Molibog

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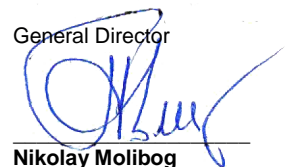
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2015

Mln RUB*	Attributable to owners of the Company					Total	Non-controlling interests	Total equity deficit
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2015	-	3,281	(631)	7	(14,066)	(11,409)	(4)	(11,413)
Loss for the period	-	-	-	-	(230)	(230)	(5)	(235)
Total comprehensive loss for the period	-	-	-	-	(230)	(230)	(5)	(235)
Disposal of subsidiaries, net of tax	-	-	-	(6)	-	(6)	2	(4)
Advances received from shareholders (Note 1)	-	852	-	-	-	852	-	852
Total transactions with owners of the Company, recognized directly in equity:	-	852	-	(6)	-	846	2	848
Balance at 30 June 2015	-	4,133	(631)	1	(14,296)	(10,793)	(7)	(10,800)

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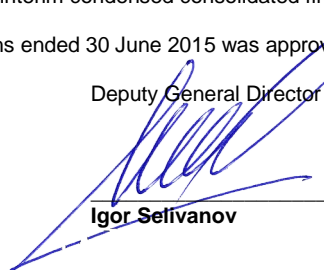
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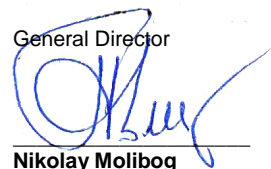
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	Attributable to owners of the Company					Total	Non-controlling interests	Total equity deficit
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2015	-	59	(11)	-	(254)	(206)	-	(206)
Loss for the period	-	-	-	-	(4)	(4)	-	(4)
Total comprehensive loss for the period	-	-	-	-	(4)	(4)	-	(4)
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	-	-
Advances received from shareholders (Note 1)	-	15	-	-	-	15	-	15
Total transactions with owners of the Company, recognized directly in equity:	-	15	-	-	-	15	-	15
Balance at 30 June 2015	-	74	(11)	-	(258)	(195)	-	(195)

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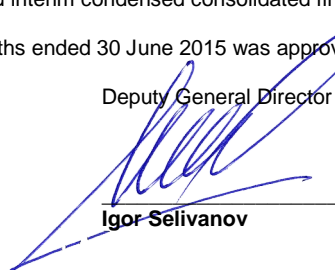
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RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR SIX MONTHS ENDED 30 JUNE 2015

Mln RUB*	Attributable to owners of the Company					Total	Non-controlling interests	Total equity deficit
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2014	-	3,281	(631)	5	(7,161)	(4,506)	1	(4,505)
Loss for the period	-	-	-	-	(820)	(820)	(2)	(822)
Foreign currency translation differences for foreign operations	-	-	-	4	-	4	-	4
Total comprehensive loss for the period	-	-	-	4	(820)	(816)	(2)	(818)
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	(7)	(7)
Total transactions with owners of the Company, recognized directly in equity:	-	-	-	-	-	-	(7)	(7)
Balance at 30 June 2014	-	3,281	(631)	9	(7,981)	(5,322)	(8)	(5,330)

The Notes on pages 9 to 34 form are an integral part of this unaudited interim condensed consolidated financial information.

This interim condensed consolidated financial information for six months ended 30 June 2015 was approved by management on 25 September 2015 and signed on its behalf by:

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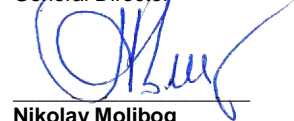
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	Attributable to owners of the Company					Total	Non-controlling interests	Total equity deficit
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2014	-	59	(11)	-	(129)	(81)	-	(81)
Loss for the period	-	-	-	-	(15)	(15)	-	(15)
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(15)	(15)	-	(15)
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	-	-
Total transactions with owners of the Company, recognized directly in equity:	-	-	-	-	-	-	-	-
Balance at 30 June 2014	-	59	(11)	-	(144)	(96)	-	(96)

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RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

1. BACKGROUND

(a) Organization and operations

PJSC RBC (“the Company”) and its subsidiaries (together referred to as “the Group”) comprise the companies registered in accordance with the Civil Code of the Russian Federation, and the companies registered and operating abroad.

PJSC RBC was established in May 2005 as a closed joint-stock company. It was reorganized to an open joint-stock company in 2010 and further to public joint-stock company in June 2015. The shares of the Company are traded on the Moscow Stock Exchange in the Russian Federation.

The Company’s registered office is located at: 117393, Russian Federation, Moscow, Profsoyuznaya Street, 78.

The Group’s principal activities are advertising, provision of information services, operation of a business TV channel, printing publications, Internet hosting services and domain registration. These services and products are sold in the Russian Federation and abroad.

As at 30 June 2015 and 31 December 2014 Onexim Group was the controlling shareholder of the Company, whose ultimate beneficiary was Mr. Mikhail D. Prokhorov.

(b) Restructuring

On 1 January 2016, the amendments to Mass Media Law (the “Law”) come into force in the Russian Federation. These amendments will reduce the permitted level of foreign ownership (including among other things, non-Russian entities and individuals, individuals with double citizenship or individuals without citizenship) in Russian mass media companies to 20% beneficial ownership or control, whether direct or indirect. In the event of non-compliance by the stated deadline, the Russian government would have the authority to revoke the mass media registration and licenses of the business.

The Group is a multimedia holding, operating several editorial boards, internet resources, business television and business publications, as well as research and conferences projects and infrastructure services, which include primarily domain name registration and hosting business. Some of the Group’s media resources fall under the Law definition of mass media.

Starting 2015, the Group has been implementing measures to ensure compliance with the updated requirements of the Law. Currently the legal Group structure comprises two blocks of companies.

It is expected that at the beginning of 2016 the first block of companies will control editorial board of the Group; this will enable the Group to meet the requirements of the Mass Media Law. This editorial board will operate under the Russian subsidiaries of LLC RBC Online, owned at 19,537% by PJSC RBC. In August 2015, the ultimate beneficiary of the Group has contributed, through a 100%-owned LLC Bisnessinform, 852 mln RUB / 15 mln USD* in share capital of LLC RBC Online to become the second shareholder.

The second block of companies, 100% owned by PJSC RBC, will aggregate all commercial activities affecting financial results of the Group. The second block of companies own the Group’s trademarks and will continue to exercise selling activities for the Group, promote RBC brand and RBC-branded products and services.

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2. BASIS OF PREPARATION

(a) Statement of compliance

This interim condensed consolidated financial information for six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

These financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2014 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Company’s annual consolidated financial statements for 2014 prepared in accordance with IFRS. Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Company’s annual consolidated financial statements for 2014 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

(b) Convenience translation

In addition to presenting the interim condensed consolidated financial information in Russian rubles (“RUB”), supplementary information in the US dollars (“USD”) has been presented for the convenience of the users of the interim condensed consolidated financial information.

All amounts in the interim condensed consolidated financial information, including comparative information for the interim condensed consolidated statement of financial position, are translated from RUB to USD at the closing exchange rate at 30 June 2015 of RUB 55.524 to USD 1.

(c) Going concern

These interim condensed consolidated financial information have been prepared on a going concern basis, which assumes that the Group will continue to be able to operate in the foreseeable future, and there is no intention to liquidate or significantly decrease operations of the Group and, as a result, liabilities will be settled and assets will be realized in the ordinary course of business.

As at 30 June 2015, the Group had negative net assets of 10,800 mln RUB / 195 mln USD* (as at 31 December 2014: 11,413 mln RUB / 206 mln USD*). The Group’s working capital deficit amounted to 821 mln RUB / 16 mln USD* as at 30 June 2015 (as at 31 December 2014: 1,343 mln RUB / 25 mln USD*).

Since 2014, a number of measures have been implemented by management aimed at cost optimization. Some of those measures and expected savings are as follows:

- Rent expenses and utilities are expected to be reduced by up to 50 mln RUB / 0.9 mln USD*, or by 23%, in 2015 compared to 2014, as a result of actions undertaken by management to optimize leased office and other space;
- The integration of Business Internet and Hosting segments support functions is being finalized, to allow for expected decrease in other administrative expenses by more than 110 mln RUB / 0.88 mln USD*, or 18%, in 2015 year-on-year, primarily attributable to back office personnel headcount optimization;
- A reduction of content expenses by 30 mln RUB / 0.54 mln USD* (down 30%) year-on-year is expected to be achieved for 2015.

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RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

The Group further expects to prolong short-term loans from related parties falling due at the end of 2015.

In addition, Onexim Group, the Group's shareholder, will be able to provide financial support to the extent required to settle liabilities falling due within the next 12 months.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with the accounting policies adopted in the Group's last annual consolidated financial statements for the year ended 31 December 2014, except for the impact of the following new or revised standards and interpretations issued by IASB and IFRIC effective for financial years beginning on or after 1 January 2015:

- Amendments to IAS 19, *Defined Benefit Plans: Employee contributions*;
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Annual Improvements to IFRSs 2011-2013 Cycle;

These amendments did not have significant effect on the interim condensed consolidated financial information.

The Group did not early adopt any other standard, amendment or interpretation that has been issued and is not yet effective.

4. SEGMENT REPORTING

The Group presents the following reportable segments based on the level of disaggregation at which the Management Committee (chief operating decision maker, or CODM) assesses the operating results of the Group in respect of revenue sources.

The Group's reporting segments are as follows:

Business Internet segment: provision of Internet advertising services and information services to the business audience. Results of Public.ru project are included in Business Internet segment since 1 January 2015.

Consumer Internet segment: provision of Internet entertainment services, advertising services and e-commerce to the consumer audience.

Domain names registration and hosting segment: provision of hosting and domain registration services.

TV segment: advertising and other services on the RBC-TV channel.

Business printing segment: advertising placement in magazines and newspapers, and distribution of magazines and newspapers.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

Corporate: corporate headquarters expenses.

The “Other category” includes other operating segments including “Conferences”, “Public events” and “CNews”, which are not reportable separately due to insignificance of business activity and, accordingly, are combined into the “Other” category separately from other reconciling items.

Revenue and expenses in reportable segments relate only to transactions with external counterparties. Sales between segments are not analyzed by the CODM and are not included in the segment reporting disclosure.

Accounting policy principles relating to the reportable segments are consistent with the Group accounting policies. Segment income represents the income received in these segments, excluding depreciation and amortization, finance income and costs, income tax, and the share of profit of associates and joint ventures. Segment income is used by the chief operating decision maker for the purposes of resource allocation and evaluation of segment results.

Geographical information in respect to revenue is not analyzed by the Group’s management.

During 6 months ended 30 June 2015 and 2014 sales to any individual customer did not represent more than 10% of the Group’s revenue.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of the measurement of segment profit or loss.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

For the period ended 30 June 2015 Mln RUB	Hosting	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	850	732	323	90	90	-	86	2,171
Cost of sales	(510)	(230)	(267)	(19)	(75)	-	(58)	(1,159)
Gross profit	340	502	56	71	15	-	28	1,012
Selling expenses	(42)	(306)	(101)	(34)	(47)	-	(25)	(555)
Administrative expenses	(106)	(35)	(37)	(4)	(6)	(239)	(10)	(437)
Other expenses, related to operating activities	(2)	(1)	-	-	3	(8)	-	(8)
TOTAL	190	160	(82)	33	(35)	(247)	(7)	12
Adjusted EBITDA for management accounts								12
<i>Adjustments</i>								
Income on disposal of intangible assets								6
Loss on disposal of PPE								(2)
Income on disposal of subsidiaries								7
Amortization and depreciation								(207)
Loss from operating activities								(184)
Finance income								19
Finance expenses								(425)
Gain on foreign exchange differences, net								231
Loss before income tax								(359)

* The USD equivalent figures are provided for information purposes only and do not form part of the unaudited interim condensed consolidated financial information – refer to Note 2(b).

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

For the period ended 30 June 2015 MIn USD*	Hosting	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	15	13	6	2	2	-	1	39
Cost of sales	(9)	(4)	(5)	-	(2)	-	(1)	(21)
Gross profit	6	9	1	2	-	-	-	18
Selling expenses	(1)	(5)	(2)	(1)	(1)	-	-	(10)
Administrative expenses	(2)	(1)	(1)	-	-	(4)	-	(8)
Other expenses, related to operating activities	-	-	-	-	-	-	-	-
TOTAL	3	3	(2)	1	(1)	(4)	-	-
Adjusted EBITDA for management accounts								-
<i>Adjustments</i>								
Income on disposal of intangible assets								-
Loss on disposal of PPE								-
Income on disposal of subsidiaries								-
Amortization and depreciation								(3)
Loss from operating activities								(3)
Finance income								-
Finance expenses								(7)
Gain on foreign exchange differences, net								4
Loss before income tax								(6)

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

For the period ended 30 June 2014 MIn RUB	Hosting	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	774	688	383	146	121	-	114	2,226
Cost of sales	(439)	(161)	(303)	(44)	(95)	(1)	(86)	(1,129)
Gross profit	335	527	80	102	26	(1)	28	1,097
Selling expenses	(60)	(333)	(101)	(79)	(53)	-	(34)	(660)
Administrative expenses	(180)	(26)	(48)	(13)	(7)	(268)	(11)	(553)
Other income, related to operating activities	2	-	-	-	-	-	(1)	1
Other expenses, related to operating activities	(4)	(2)	(1)	1	(1)	(29)	4	(32)
TOTAL	93	166	(70)	11	(35)	(298)	(14)	(147)
Adjusted EBITDA for management accounts								(147)
<i>Adjustments</i>								
Income on disposal of intangible assets								1
Loss on disposal of PPE								(1)
Income on disposal of subsidiaries								48
Amortization and depreciation								(265)
Loss from operating activities								(364)
Finance income								4
Finance expenses								(288)
Loss on foreign exchange differences, net								(180)
Loss before income tax								(828)

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

For the period ended 30 June 2014 MIn USD*	Hosting	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	14	12	7	3	2	-	2	40
Cost of sales	(8)	(3)	(5)	(1)	(2)	-	(2)	(21)
Gross profit	6	9	2	2	-	-	-	19
Selling expenses	(1)	(6)	(2)	(1)	(1)	-	(1)	(12)
Administrative expenses	(3)	(1)	(1)	-	-	(5)	-	(10)
Other income, related to operating activities	-	-	-	-	-	-	-	-
Other expenses, related to operating activities	-	-	-	-	-	(1)	-	(1)
SUBTOTAL	2	2	(1)	1	(1)	(6)	(1)	(4)
Adjusted EBITDA for management accounts								(4)
<i>Adjustments</i>								
Income on disposal of intangible assets								-
Loss on disposal of PPE								-
Income on disposal of subsidiaries								1
Amortization and depreciation								(4)
Loss from operating activities								(7)
Finance income								-
Finance expenses								(5)
Loss on foreign exchange differences, net								(3)
Loss before income tax								(15)

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

5. COST OF SALES

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Payroll costs, including social charges	660	652	12	12
Expenses for domain names registration	221	178	5	3
Depreciation and amortization	184	244	3	4
Content expenses	74	77	1	1
Telecom expenses	55	62	1	1
Rent expenses	50	51	1	1
Printing expenses	24	29	-	1
Conference expenses	23	38	-	1
Other expenses	52	42	1	1
	1,343	1,373	24	25

6. ADMINISTRATIVE EXPENSES

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Payroll costs, including social charges	300	357	6	7
Rent expenses and utilities	83	100	2	2
Depreciation and amortization	23	21	-	-
Consulting and legal expenses	15	18	-	-
Material expenses	8	14	-	-
Telecom expenses	5	14	-	-
Other expenses	26	50	-	1
	460	574	8	10

7. SELLING EXPENSES

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Advertising expenses	253	322	5	6
Payroll costs, including social charges	202	224	4	4
Agent and commission fees	72	94	1	2
Other selling expenses	28	20	-	-
	555	660	10	12

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

8. FINANCE INCOME AND EXPENSES

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Finance income				
Interest income	19	6	-	-
Other finance income	-	(2)	-	-
	19	4	-	-

	Six months ended		Six months ended	
	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
Finance expenses				
Interest expenses	(413)	(266)	(7)	(5)
Other finance expenses	(12)	(22)	-	-
	(425)	(288)	(7)	(5)

9. ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2015 the Group has property rights on flats in residential buildings in Moscow, Moscow region and the Cyprus Republic amounting to 102 Mln RUB / 2 Mln USD*. These rights were received as a payment for advertising services rendered by the Group.

The Group intends to dispose of those property rights in the next twelve months and is actively searching for customers. No impairment loss was recognized to the assets held sale as at 30 June 2015.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

10. PROPERTY, PLANT AND EQUIPMENT

MIn RUB	TV equipment	Computer equipment	Office equipment	Vehicles	Other assets	Construction-in-progress	Total
Cost							
At 1 January 2015	317	574	106	66	33	2	1,098
Reclassification between groups	-	2	-	-	-	(2)	-
Additions	9	11	-	-	-	1	21
Disposals	(89)	(79)	(5)	(10)	(6)	-	(189)
At 30 June 2015	237	508	101	56	27	1	930
Accumulated depreciation							
At 1 January 2015	(206)	(390)	(53)	(44)	(23)	-	(716)
Reclassification between groups	(2)	(3)	3	-	2	-	-
Depreciation charge	(14)	(43)	(5)	(3)	(2)	-	(67)
Disposals	88	78	5	9	4	-	184
At 30 June 2015	(134)	(358)	(50)	(38)	(19)	-	(599)
Net book value							
At 1 January 2015	111	184	53	22	10	2	382
At 30 June 2015	103	150	51	18	8	1	331

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

MIn RUB	<u>TV equipment</u>	<u>Computer equipment</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Other assets</u>	<u>Construction-in-progress</u>	<u>Total</u>
Cost							
At 1 January 2014	322	465	161	64	48	6	1,066
Reclassification between groups	(2)	60	(51)	1	(7)	(1)	-
Additions	5	43	2	-	-	-	50
Disposals	(1)	(2)	(2)	(7)	-	(1)	(13)
At 30 June 2014	324	566	110	58	41	4	1,103
Accumulated depreciation							
At 1 January 2014	(189)	(284)	(98)	(41)	(31)	-	(643)
Reclassification between groups	3	(60)	51	-	6	-	-
Depreciation charge	(16)	(40)	(4)	(6)	(2)	-	(68)
Disposals	1	1	1	5	-	-	8
At 30 June 2014	(201)	(383)	(50)	(42)	(27)	-	(703)
Net book value							
At 1 January 2014	133	181	63	23	17	6	423
At 30 June 2014	123	183	60	16	14	4	400

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	TV equipment	Computer equipment	Office equipment	Vehicles	Other assets	Construction-in-progress	Total
Cost							
At 1 January 2015	6	10	2	1	1	-	20
Reclassification between groups	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	(2)	(1)	-	-	-	-	(3)
At 30 June 2015	4	9	2	1	1	-	17
Accumulated depreciation							
At 1 January 2015	(4)	(7)	(1)	(1)	-	-	(13)
Reclassification between groups	-	-	-	-	-	-	-
Depreciation charge	-	(1)	-	-	-	-	(1)
Disposals	2	1	-	-	-	-	3
At 30 June 2015	(2)	(7)	(1)	(1)	-	-	(11)
Net book value							
At 1 January 2015	2	3	1	-	1	-	7
At 30 June 2015	2	2	1	-	1	-	6

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	TV equipment	Computer equipment	Office equipment	Vehicles	Other assets	Construction-in-progress	Total
Cost							
At 1 January 2014	6	8	3	1	1	-	19
Reclassification between groups	-	1	(1)	-	-	-	-
Additions	-	1	-	-	-	-	1
Disposals	-	-	-	-	-	-	-
At 30 June 2014	6	10	2	1	1	-	20
Accumulated depreciation							
At 1 January 2014	(3)	(5)	(2)	(1)	(1)	-	(12)
Reclassification between groups	-	(1)	1	-	-	-	-
Depreciation charge	-	(1)	-	-	-	-	(1)
Disposals	-	-	-	-	-	-	-
At 30 June 2014	(3)	(7)	(1)	(1)	(1)	-	(13)
Net book value							
At 1 January 2014	3	3	1	-	-	-	7
At 30 June 2014	3	3	1	-	-	-	7

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

11. INTANGIBLE ASSETS

Min RUB	Trademarks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2015	150	237	878	411	495	354	1,718	35	236	4,514
Additions	-	55	5	-	-	-	-	2	16	78
Disposals	-	-	(4)	-	-	-	-	-	-	(4)
Other	-	14	13	-	-	-	-	-	-	27
At 30 June 2015	150	306	892	411	495	354	1,718	37	252	4,615
Accumulated amortization and impairment										
At 1 January 2015	(141)	(131)	(673)	(330)	(196)	(40)	(1,027)	-	(202)	(2,740)
Amortization charge	(2)	(27)	(54)	(8)	(28)	(10)	-	(1)	(10)	(140)
Other	-	(14)	(13)	-	-	-	-	-	-	(27)
At 30 June 2015	(143)	(172)	(740)	(338)	(224)	(50)	(1,027)	(1)	(212)	(2,907)
Net book value										
At 1 January 2015	9	106	205	81	299	314	691	35	34	1,774
At 30 June 2015	7	134	152	73	271	304	691	36	40	1,708

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	Trademarks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2015	3	4	16	7	9	6	31	1	5	82
Additions	-	1	-	-	-	-	-	-	-	1
Disposals	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
At 30 June 2015	3	5	16	7	9	6	31	1	5	83
Accumulated amortization and impairment										
At 1 January 2015	(3)	(2)	(12)	(6)	(4)	(1)	(18)	-	(4)	(50)
Amortization charge	-	-	(1)	-	(1)	-	-	-	-	(2)
Other	-	-	-	-	-	-	-	-	-	-
At 30 June 2015	(3)	(2)	(13)	(6)	(5)	(1)	(18)	-	(4)	(52)
Net book value										
At 1 January 2015	-	2	4	1	5	5	13	1	1	32
At 30 June 2015	-	3	3	1	4	5	13	1	1	31

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

Min RUB	Trademarks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2014	174	239	958	411	495	1,021	1,706	23	214	5,241
Additions	1	6	107	-	-	-	-	(8)	12	118
Disposals	-	-	(5)	-	-	-	-	-	-	(5)
Disposed through disposals of subsidiaries	-	-	-	-	-	-	(5)	-	-	(5)
At 30 June 2014	175	245	1,060	411	495	1,021	1,701	15	226	5,349
Accumulated amortization and impairment										
At 1 January 2014	(136)	(106)	(674)	(314)	(136)	(342)	(1,032)	-	(170)	(2,910)
Amortization charge	(10)	(23)	(82)	(8)	(26)	(33)	-	-	(15)	(197)
Disposals	-	-	5	-	-	-	-	-	-	5
Disposed through disposals of subsidiaries	-	-	-	-	-	-	5	-	-	5
At 30 June 2014	(146)	(129)	(751)	(322)	(162)	(375)	(1,027)	-	(185)	(3,097)
Net book value										
At 1 January 2014	38	133	284	97	359	679	674	23	44	2,331
At 30 June 2014	29	116	309	89	333	646	674	15	41	2,252

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

MIn USD*	Trademarks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2014	3	4	17	7	9	18	31	-	4	93
Additions	-	-	2	-	-	-	-	-	-	2
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	3	4	19	7	9	18	31	-	4	95
Accumulated amortization and impairment										
At 1 January 2014	(2)	(2)	(12)	(6)	(2)	(6)	(19)	-	(3)	(52)
Amortization charge	-	-	(1)	-	-	(1)	-	-	-	(2)
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	(2)	(2)	(13)	(6)	(2)	(7)	(19)	-	(3)	(54)
Net book value										
At 1 January 2014	1	2	5	1	7	12	12	-	1	41
At 30 June 2014	1	2	6	1	7	11	12	-	1	41

Amortization charge

The amortization charge for the six months ended 30 June 2015 and 2014 is included in *Cost of sales* and *Administrative expenses* lines in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive loss.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As at 30 June 2015 the Group had the following investments in the associates and joint ventures:

Name	Principal activity	The share ownership as of six months ended	
		30 June 2015	31 December 2014
Limandora Ltd.	Online resource for children's audience	51%	51%
CJSC Yuzhny Region-Telekommunikacii	TV broadcasting	50%	50%
BidLive Russia, LLC	Internet resource bidonthecity.com	45%	45%
		30 June 2015 MIn RUB	31 December 2014 MIn RUB
		30 June 2015 MIn USD*	31 December 2014 MIn USD*
CJSC Yuzhny Region-Telekommunikacii		19	19
		-	-
Total		19	19
		-	-

No impairment loss was recognized during six months ended 30 June 2015 and 30 June 2014.

13. TRADE AND OTHER RECEIVABLES

	30 June 2015 MIn RUB	31 December 2014 MIn RUB	30 June 2015 MIn USD*	31 December 2014 MIn USD*
Financial assets				
Trade accounts receivable	728	846	13	15
Other receivable	22	50	1	1
Allowance for doubtful accounts	(95)	(131)	(2)	(2)
Total financial assets	655	765	12	14
Non-financial assets				
VAT receivable	96	94	2	2
Other prepayments	43	109	-	2
Other taxes receivable	2	11	-	-
Prepaid expenses	-	3	-	-
Total non-financial assets	141	217	2	4
Total trade and other receivables	796	982	14	18

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

The changes in the allowance for doubtful accounts for the period comprise:

	30 June 2015 Mln RUB	30 June 2014 Mln RUB	30 June 2015 Mln USD*	30 June 2014 Mln USD*
As at 1 January	131	165	2	3
(Decrease)/increase in allowance for doubtful accounts	(7)	12	-	
Accounts receivable written off against the allowance	(29)	(43)	-	(1)
As at 30 June	95	134	2	2

14. LOANS AND BORROWINGS

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest rate	Year of maturity	30 June 2015 Mln RUB Carrying amount	31 December 2014 Mln RUB Carrying amount	30 June 2015 Mln USD* Carrying amount	31 December 2014 Mln USD* Carrying amount
Non-current liabilities							
Loans							
Loans at 7%	USD	7%	2020	6,710	6,835	121	123
Loans at 6%	USD	6%	2022	5,577	5,500	100	99
Unsecured bond issues							
Bonds (issue B-4)	RUB	6%	2018	87	86	1	1
Total long-term liabilities				12,374	12,421	222	223
Current liabilities							
Loans at 7%	USD	7%	2015	317	568	6	10
Bonds (issue B-1)			2015	-	120	-	2
Other loans	RUB			559	543	10	10
Total short-term liabilities				876	1,231	16	22

The USD-denominated loan participation notes and RUB-denominated bonds were issued by the Group as part of debt restructuring process in 2010, in which the Group reached agreement with its creditors to exchange all of the outstanding debt to 6,337 Mln RUB / 114.4 Mln USD* loan participation notes, 191 Mln RUB / 3.44 Mln USD* of RUB-denominated bonds and options/warrants granted to the loan participation notes and bond holders as described below.

As part of debt restructuring, CJSC RBC-TV, the Group subsidiary, pledged the rights to its trademarks and brand name in the appraised amount of 46 Mln RUB / 0.8 Mln USD* to E.M.I.S. Finance B.V. acting as a lender, as long as pledged shares in certain companies of the Group.

The loan participation notes and bonds are subject to a number of covenants which impose restrictions in respect of certain transactions and financial ratios, including, but not limited to, restrictions in respect of indebtedness and profitability. As at 30 June 2015, the Group was in compliance with all covenants.

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Derivative financial liabilities

In 2010, as part of the debt restructuring process, the Group agreed to grant call warrants to its loan participation note holders and options to its bond holders, vesting in 2015 and 2018 respectively. In accordance with the terms of the warrant and option agreements, the Group is obliged to pay the options and warrants holders the difference between the average price of a PJSC RBC share of over the 120 days preceding the exercise date and the fixed price of USD 1.96 per warrant/option. Further, the exercise of W-2 warrants is conditional upon the Group non-defaulting on its loan participation notes.

The number of options granted and outstanding was as follows:

	Exercise date	30 June 2015	31 December 2014
Warrants W-1	6 May 2015	-	21,220,220
Warrants W-2	6 May 2018	18,579,709	18,579,709
Options W-1	2 June 2015	-	196,128
Options W-2	2 June 2018	246,403	246,403

Warrants/options are to be settled in cash and are classified as financial liability in the accompanying statement of financial position. The fair value of the warrants/options was determined using the Black-Scholes valuation model and amounted to 0 Mln RUB / 0 Mln USD* at 30 June 2015 and 31 December 2014.

The warrants/options with exercise date on 6 May 2015 and 2 June 2015 expired unexercised.

15. DISPOSALS OF SUBSIDIARIES

(a) Acquisition of companies

RBC Online, RBC Efir

In April 2015, the Group entered into restructuring to ensure compliance of the holding structure with the amended Mass Media Law (refer to Note 1). The Group sets up LLC RBC Online and LLC RBC Efir, with 100% ownership of the Group. The Board of directors approved the transfer of assets to these entities, in particular 100% ownership interest in LLC Business Press, LLC Business Press SPB.

(b) Disposal of companies

Salon Segment companies

In April 2015, the Group liquidated a number of non-operating or dormant entities previously belonging to Salon Segment, disposed of back in 2013. The negative net assets of liquidated entities as at the date of disposal amounted to RUB 5 mln / USD* 0.09 mln. As at the date of the disposal, non-controlling interest share comprised RUB 1.6 mln/ USD* 0.03 mln.

A gain on disposal in the amount of RUB 3.4 mln /USD* 0.06 mln is included in other income line in the accompanying interim condensed consolidated statement of profit or loss and other comprehensive loss.

ID Izdatelski dom, Ogorod Ltd

In June 2015, the Group liquidated LLC ID Izdatelski dom and Ogorod Ltd.

The total negative net assets of liquidated ID Izdatelski dom and Ogorod Ltd as at the date of disposal amounted to RUB 3.4 mln /USD* 0.06 mln. A gain on disposal in the amount of RUB 3.4 mln / USD* 0.06 mln is included in other income line in the accompanying interim condensed consolidated statement of profit or loss and other comprehensive loss.

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16. PROVISIONS

	30 June 2015 Mln RUB	31 December 2014 Mln RUB	30 June 2015 Mln USD*	31 December 2014 Mln USD*
Unused vacation provision	88	63	2	1
Provision for payroll bonuses	85	133	2	3
Tax contingencies	34	47	-	1
Other provisions	13	16	-	-
	220	259	4	5

17. TRADE AND OTHER PAYABLES

	30 June 2015 Mln RUB	31 December 2014 Mln RUB	30 June 2015 Mln USD*	31 December 2014 Mln USD*
Financial liabilities				
Trade accounts payables	356	363	6	6
Other payables and accrued expenses	87	94	2	2
Total financial liabilities	443	457	8	8
Non-financial liabilities				
Advances received	485	495	9	9
VAT Payable	122	172	2	3
Other taxes payable	46	36	1	1
Other payables	82	51	1	1
Total non-financial liabilities	735	754	13	14
Total trade and other payables	1,178	1,211	21	22

18. EQUITY

(a) Share capital and share premium

As at 30 June 2015 and 31 December 2014 PJSC RBC share capital was presented as follows:

Number of shares unless otherwise stated	Ordinary shares 30 June 2015	Ordinary shares 31 December 2014
Authorized shares	365,631,010	365,631,010
Par value	RUB 0.0006	RUB 0.0006
On issue at beginning of year	365,631,010	365,631,010
On issue at end of the period fully paid	365,631,010	365,631,010

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

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The changes in share capital and additional shares issue as a result of the restructuring (refer to Note 1) are presented below:

	30 June 2015 Mln RUB	31 December 2014 Mln RUB	30 June 2015 Mln USD*	31 December 2014 Mln USD*
Share capital	-	-	-	-
Share premium	4,133	3,281	74	59

(b) Dividends

In accordance with the Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

As at 30 June 2015 and 31 December 2014 the Group had cumulative retained loss and, therefore, no dividends could be distributed.

(c) Treasury shares

As at 30 June 2015 and as at 31 December 2014 the Group held 14,976,590 treasury shares.

19. LOSS PER SHARE

The calculation of basic loss per share as at 30 June 2015 was based on the loss for the year and the weighted average number of ordinary shares outstanding during 6 months ended 30 June 2015. Basic earnings per share were calculated as:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Number of shares		
Issued shares at 1 January	365,631,010	365,631,010
Own shares held at 1 January	<u>(14,976,590)</u>	<u>(14,976,590)</u>
Weighted average number of shares for the period ended 30 June	<u>350,654,420</u>	<u>350,654,420</u>
	Six months ended 30 June 2015 Mln RUB	Six months ended 30 June 2014 Mln RUB
Loss for the period attributable to Shareholders of the Company	<u>(230)</u>	<u>(820)</u>
Loss for the period from continuing operations attributable to Shareholders of the Company	<u>(230)</u>	<u>(820)</u>
Weighted average number of shares	<u>350,654,420</u>	<u>350,654,420</u>
Basic Loss per share from continuing operations, RUB	<u>(0.7)</u>	<u>(2.3)</u>
Total Basic Loss per share, RUB	<u>(0.7)</u>	<u>(2.3)</u>

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June 2015 Mln USD*	Six months ended 30 June 2014 Mln USD*
Loss for the period attributable to Shareholders of the Company	(4)	(15)
Loss for the period from continuing operations	(4)	(15)
Weighted average number of share	350,654,420	350,654,420
Basic Loss per share from continuing operations, USD*	(0.01)	(0.04)
Total Basic Loss per share, USD*	(0.01)	(0.04)

As at 30 June 2015 and 30 June 2014 the Company had no potentially dilutive ordinary shares.

20. CONTINGENCIES

(a) 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.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014-2015, the oil price decreased significantly, which led to substantial decrease of the Russian Ruble exchange rate.

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.

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. In the first quarter of 2015 international credit agencies downgraded Russia's long-term foreign currency sovereign rating to the speculative level with the negative outlook.

The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, slackening of the economic growth rates and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

(b) Taxation

Commercial and tax legislation of the Russian Federation and countries where the Group operates is subject to varying interpretations and frequent changes. In addition, there is a risk of tax authorities making arbitrary judgments of business activities and take a position different from that of the Group's management. Management believes that tax liabilities have been adequately provided and are in compliance with the currently legislation and no additional tax liabilities (other than those disclosed in Note 16) shall arise. The Group assesses that if a particular tax treatment based on management's judgment in respect of the Group's business activities was to be challenged by the tax authorities, the exposure to additional taxes, penalties and interest will not exceed 0.3% of the Group's revenue for the three last annual reporting periods.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2015

In 2014, amendments were introduced into the Russian tax legislation in respect of taxation of profit of controlled foreign companies. According to these changes, the undistributed profits of the Group's foreign subsidiaries, recognized as controlled foreign companies, may result in an increase of the tax base of the controlling entities in 2016. The Group is formulating its tax planning strategy with regard to the foreign subsidiaries.

Generally, tax payers are subject to tax audits with respect to the three calendar years preceding the year of the audit. However, completed audits do not exclude the possibility of subsequent additional tax audits performed by upper-level tax inspectorates reviewing the results of tax audits of their subordinate tax inspectorates. Also, according to the clarification of the RF Constitutional Court the statute of limitation for tax liabilities may be extended beyond the three year term set forth in the tax legislation, if a court determines that the taxpayer has obstructed or hindered a tax inspection.

Litigation

During the reporting period entities of the Group were involved in various claims and legal proceedings (both as plaintiff and defendant) arising in the normal course of business. Management does not believe that the ultimate resolution of such matters will give a material adverse impact on the Group's operating results or financial position.

On 19 December 2012 partners of the Group in joint entity "BidOnTheCity Russia" (BidLive), in which the Group owns 45%, filed a lawsuit to court of the city of New York (USA) against OJSC "RBC" and Halverston Holdings Limited, a Group's subsidiary, as well as a number of senior managers and members of the Board of Directors of the Group, for damages incurred due to the loss of reputation. This claim was settled in the first half of 2014 in the amount of 22 mln RUB/USD* 0.6mln. The respective expense was included in Other expenses line in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive loss for 6 months ended 30 June 2014.

21. RELATED PARTY DISCLOSURES

For the purposes of this interim condensed consolidated financial information, parties are considered to be related if one party has the ability to control the other party, is under common control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24, *Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Key management personnel and close family members are also related parties.

(a) Transactions with key management personnel and close family members

Compensation to key management personnel

Compensation of key management personnel consists of remuneration paid to directors, general directors and executive directors for the services in full- or part-time positions. Compensation is made up of annual remuneration and a performance bonus depending on operating results.

Total key management compensation represented by short-term employee benefits and included in administrative expenses in the interim condensed consolidated statement of profit and loss and other comprehensive income was RUB 64 million / USD* 1 million and RUB 88 million / USD* 2 million for six-month periods ended 30 June 2015 and 30 June 2014, respectively.

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(b) Transactions with the associates and joint ventures

The Group's transactions and balances with the associates are disclosed below.

Associate

	30 June 2015 MIn RUB	31 December 2014 MIn RUB	30 June 2015 MIn USD*	31 December 2014 MIn USD*
Investments	19	19	-	-
Trade and other receivables	5	5	-	-

No transactions with Group's associates and joint ventures were carried out within 6 months ended 30 June 2015 and 2014.

Transactions with other related parties

The Group's transactions and balances with other related parties are disclosed below.

	Accounts receivable / (payable), loans and borrowings 30 June 2015	Income / (expenses) Six months ended 30 June 2015	Accounts receivable / (payable), loans and borrowings 31 December 2014	Income / (expenses) Six months ended 30 June 2014
Loans received	(559)	-	(543)	(9)
Other services provided	-	(8)	-	-
Other services received	-	5	-	(10)
Advances received from shareholders (Note 1)	(852)	-	-	-

	Accounts receivable / (payable), loans and borrowings 30 June 2015	Income / (expenses) Six months ended 30 June 2015	Accounts receivable / (payable), loans and borrowings 31 December 2014	Income / (expenses) Six months ended 30 June 2014
Loans received	(10)	-	(10)	-
Other services provided	-	-	-	-
Other services received	-	-	-	-
Advances received from shareholders (Note 1)	(15)	-	-	-

22. SEASONALITY

The Group advertising revenue depends on seasonal demand. Advertising demand traditionally is the highest in the fourth quarter. In the financial year ended 31 December 2014, 45% of revenues were earned in the first half of the year, with 55% relating to the second half. Seasonality does not impact the Group's revenue or cost recognition policies.

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