

RBC Group

Interim Condensed Consolidated
Financial Statements

Six months ended 30 June 2011

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Grant Thornton
Грант Торнтон

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders
and Board of Directors
of Open joint stock company RBC

Accountants, Tax and Legal Advisers

Grant Thornton ZAO
32 A, Khoroshevskoye Shosse,
Moscow 123007, Russia

T +7 495 258 99 90
F +7 495 580 91 96

Аудиторы, Консультанты по
налоговым и юридическим вопросам

ЗАО Грант Торнтон
Россия, 123007, Москва
Хорошевское шоссе, д.32 А

T +7 495 258 99 90
F +7 495 580 91 96

www.gtrus.ru

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of OJSC RBC and its subsidiaries (the "Group"), comprising interim condensed consolidated statement of financial position as at 30 June 2011 and related interim condensed consolidated statements of comprehensive income, cash flows and changes in equity for six months then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 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 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 of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter

Without qualifying our conclusion, we also draw your attention to the fact that amounts in US dollars in the accompanying interim condensed consolidated financial statements, 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 statements.

GRANT THORNTON ZAO

Moscow, Russian Federation

20 September 2011

	Note	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB
Revenue	5	1,958	1,469
Cost of sales	6	(1,394)	(1,067)
Gross profit		564	402
Other income		61	20
Selling expenses	7	(484)	(364)
Administrative expenses	8	(236)	(267)
Other expenses		(32)	(36)
Results from operating activities		(127)	(245)
Financial income	9	1,289	21
Financial expenses	9	(279)	(1,647)
Share of profit of associates and joint ventures (net of income tax)		9	7
Profit / (loss) before income tax		892	(1,864)
Income tax (expense) / benefit		(14)	26
Profit / (loss) for the period		878	(1,838)
Other comprehensive income			
Foreign currency translation differences for foreign operations		1	-
Other comprehensive income for the period, net of income tax		1	-
Total comprehensive profit / (loss) for the period		879	(1,838)
Profit / (loss) attributable to:			
Shareholders of the Company		888	(1,850)
Non-controlling interest		(10)	12
Profit / (loss) for the period		878	(1,838)
Total comprehensive profit / (loss) attributable to:			
Shareholders of the Company		889	(1,850)
Non-controlling interest		(10)	12
Total comprehensive profit / (loss) for the period		879	(1,838)
Profit / (loss) per share			
Basic and diluted profit / (loss) per share, RUB	20	3	(12)

These interim condensed consolidated financial statements for six months ended 30 June 2011 were approved by management on 20 September 2011 and signed on its behalf by:

Chief Executive Officer



German Kaplun

Deputy General Director of Finance



Evgeny Shishkov

The unaudited interim condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

	Note	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Revenue	5	70	52
Cost of sales	6	(50)	(38)
Gross profit		20	14
Other income		2	1
Selling expenses	7	(17)	(13)
Administrative expenses	8	(8)	(10)
Other expenses		(1)	(1)
Results from operating activities		(4)	(9)
Financial income	9	46	1
Financial expenses	9	(10)	(59)
Share of profit of associates and joint ventures (net of income tax)		-	-
Profit / (loss) before income tax		32	(67)
Income tax (expense) / benefit		-	1
Profit / (loss) for the period		32	(66)
Other comprehensive income			
Foreign currency translation differences for foreign operations		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive profit / (loss) for the period		32	(66)
Profit / (loss) attributable to:			
Shareholders of the Company		32	(66)
Non-controlling interest		-	-
Profit / (loss) for the period		32	(66)
Total comprehensive profit / (loss) attributable to:			
Shareholders of the Company		32	(66)
Non-controlling interest		-	-
Total comprehensive profit / (loss) for the period		32	(66)
Profit / (loss) per share			
Basic and diluted profit / (loss) per share, USD*	20	-	-

The unaudited interim condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

	Note	30 June 2011 <u>Mln RUB</u>	31 December 2010 <u>Mln RUB</u>	30 June 2011 <u>Mln USD*</u>	31 December 2010 <u>Mln USD*</u>
ASSETS					
Non-current assets					
Property, plant and equipment	10	312	163	11	6
Intangible assets	11	1,019	1,072	36	38
Investments in associates and joint ventures	12	312	303	11	11
Deferred tax assets		225	227	8	8
Other non-current assets	13	206	127	7	5
Other investments		8	8	-	-
Total non-current assets		<u>2,082</u>	<u>1,900</u>	<u>73</u>	<u>68</u>
Current assets					
Inventories		25	24	1	1
Other investments		22	32	1	1
Income tax receivable		19	16	1	1
Trade and other receivables	14	911	819	33	29
Cash and cash equivalents		731	1,174	26	42
Total current assets		<u>1,708</u>	<u>2,065</u>	<u>62</u>	<u>74</u>
Total assets		<u><u>3,790</u></u>	<u><u>3,965</u></u>	<u><u>135</u></u>	<u><u>142</u></u>

The unaudited interim condensed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

		30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Note	Mln RUB	Mln RUB	Mln USD*	Mln USD*
EQUITY AND LIABILITIES					
Equity					
Share capital	19	-	-	-	-
Share premium	19	2,346	8,995	83	320
Treasury shares	19	(631)	(631)	(22)	(22)
Translation reserve		(8)	(9)	-	-
Accumulated losses		(5,915)	(13,417)	(211)	(478)
Total equity attributable to shareholders of the Company		(4,208)	(5,062)	(150)	(180)
Non-controlling interest		42	47	2	2
Total equity		(4,166)	(5,015)	(148)	(178)
Non-current liabilities					
Loans and borrowings	15	6,177	6,528	220	233
Derivative financial liability	15	350	1,083	12	39
Deferred tax liabilities		45	39	2	1
Total non-current liabilities		6,572	7,650	234	273
Current liabilities					
Loans and borrowings	15	38	126	1	5
Provisions	17	63	89	2	3
Trade and other payables	18	1,279	1,107	46	39
Income tax payable		4	8	-	-
Total current liabilities		1,384	1,330	49	47
Total liabilities		7,956	8,980	283	320
Total equity and liabilities		3,790	3,965	135	142

The unaudited interim condensed consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
OPERATING ACTIVITIES				
Profit / (loss) for the period	878	(1,838)	32	(66)
<i>Adjustments for:</i>				-
Depreciation and amortization	118	124	4	4
Unrealized foreign exchange (gain) / loss	(516)	203	(18)	7
Loss on disposal of property, plant and equipment and intangible assets	8	5	-	-
Loss on disposal of investments	14	-	-	-
Share of profit of associates and joint ventures	(9)	(7)	-	-
Impairment loss on accounts receivable, net	1	101	-	4
Advertising provided as investment	(27)	(62)	(1)	(2)
Change in provisions, other than income tax	(26)	16	(1)	1
Gain from revaluation of derivatives	(733)	-	(26)	-
Fines and penalties on overdue debts	1	368	-	13
Loss from restructuring	-	730	-	26
Interest expense	248	197	9	7
Interest income	(24)	(16)	(1)	(1)
Other non-cash adjustments	-	(5)	-	-
Income tax expense / (benefit)	14	(26)	-	(1)
Operating loss before changes in working capital	(53)	(210)	(2)	(8)
Decrease in inventories	-	(12)	-	-
Increase / (decrease) in trade and other receivables	85	(64)	3	(2)
(Decrease) / increase in trade and other payables	(36)	54	(1)	2
Cash flows used in operations before income taxes and interest paid	(4)	(232)	-	(8)
Income taxes paid	(14)	(17)	-	(1)
Interest paid	(139)	(154)	(5)	(5)
Cash flows used in operating activities	(157)	(403)	(5)	(14)
INVESTING ACTIVITIES				
Loans granted	(6)	-	-	-
Repayment of loans granted	-	3	-	-
Interest received	24	-	1	-
Acquisition of property, plant and equipment	(219)	(16)	(9)	(1)
Acquisition of intangible assets	(19)	(2)	(1)	-
Acquisition of other assets	(33)	-	(1)	-
Cash placed in deposit	-	(1,000)	-	(36)
Cash flows used in investing activities	(253)	(1,015)	(10)	(37)

The unaudited interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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RBC Group
Unaudited Interim Condensed Consolidated Statement of Cash Flows for six months ended 30 June 2011

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
FINANCING ACTIVITIES				
Proceeds from issue of additional capital	-	2,346	-	84
Repayment of borrowings	(33)	(567)	(1)	(20)
Proceeds from sale of treasury shares	-	29	-	1
Cash flows from financing activities	(33)	1,808	(1)	65
				-
Net (decrease) / increase in cash and cash equivalents	(443)	390	(16)	14
Cash and cash equivalents at beginning of the period	1,174	243	42	9
Cash and cash equivalents at end of the period	731	633	26	23

The unaudited interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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Mln RUB	Attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated loss	Total		
Balance at 31 December 2010	-	8,995	(631)	(9)	(13,417)	(5,062)	47	(5,015)
Profit / (loss) for the period	-	8,995	(631)	(9)	888	888	(10)	878
Other comprehensive income	-	8,995	(631)	(9)	(12,529)	(4,174)	37	(4,137)
Foreign currency translation differences for foreign operations	-	-	-	1	-	1	-	1
Total other comprehensive income	-	-	-	1	-	1	-	1
Total comprehensive income / (loss) for the period	-	-	-	1	888	889	(10)	879
Transactions with owners recorded directly in equity								
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	(2)	(2)
Acquisition of non-controlling interest	-	-	-	-	(35)	(35)	7	(28)
Change in the parent company of the Group (Notes 1 and 19)	-	(6,649)	-	-	6,649	-	-	-
Total transactions with owners	-	(6,649)	-	-	6,614	(35)	5	(30)
Balance at 30 June 2011	-	2,346	(631)	(8)	(5,915)	(4,208)	42	(4,166)

The unaudited interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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Mln RUB

	Attributable to shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated loss			
Balance at 31 December 2009	-	6,644	(774)	(1)	(11,331)	(5,462)	28	(5,434)
Profit / (loss) for the period	-	-	-	-	(1,850)	(1,850)	12	(1,838)
	-	6,644	(774)	(1)	(13,181)	(7,312)	40	(7,272)
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in equity								
Additional contribution from shareholders	-	2,346	-	-	-	2,346	-	2,346
Own shares sold	-	-	139	-	(110)	29	-	29
Total transactions with owners	-	2,346	139	-	(110)	2,375	-	2,375
Balance at 30 June 2010	-	8,990	(635)	(1)	(13,291)	(4,937)	40	(4,897)

The unaudited interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

Mln USD*	Attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated loss	Total		
Balance at 31 December 2010	-	320	(22)	-	(478)	(180)	2	(178)
Profit for the period	-	-	-	-	32	32	-	32
	-	320	(22)	-	(446)	(148)	2	(146)
Other comprehensive income / (loss)								
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-
Total other comprehensive income / (loss)	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	32	32	-	32
Transactions with owners recorded directly in equity								
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(2)	(2)	-	(2)
Change in the parent company of the Group (Notes 1 and 19)	-	(237)	-	-	237	-	-	-
Total transactions with owners	-	(237)	-	-	235	(2)	-	(2)
Balance at 30 June 2011	-	83	(22)	-	(211)	(150)	2	(148)

The unaudited interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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

Mln USD*	Attributable to shareholders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated loss			
Balance at 31 December 2009	-	237	(28)	-	(404)	(195)	1	(194)
Profit / (loss) for the period	-	-	-	-	(66)	(66)	-	(66)
	-	237	(28)	-	(470)	(261)	1	(260)
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	(66)	(66)	-	(66)
Transactions with owners recorded directly in equity								
Additional contribution from shareholders	-	84	-	-	-	84	-	84
Own shares sold	-	-	5	-	(4)	1	-	1
Total transactions with owners	-	84	5	-	(4)	85	-	85
Balance at 30 June 2010	-	321	(23)	-	(474)	(176)	1	(175)

The unaudited interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the unaudited interim condensed consolidated financial statements set out on pages 14 to 42.

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1 Background

(a) Organization and operations

OJSC RBC (the “Company”) and its subsidiaries (together referred to as the “Group”) comprise Russian open joint stock companies, closed joint stock companies and limited liability companies as defined in the Civil Code of the Russian Federation, and the companies located abroad. As at 30 June 2011 and 31 December 2010 OJSC RBC Information Systems and its subsidiaries were controlled by the Company based on the terms of the shareholders’ agreements.

OJSC RBC was established in May 2005 as a closed joint stock company. It was reorganized as an open joint stock company in 2010. The shares of OJSC RBC are traded in the Russian Federation on the Moscow Stock Exchange and Russian Trading System.

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, print publications and internet hosting services. These services and products are sold in the Russian Federation and abroad.

As at 30 June 2011 and 30 December 2010 Mr. Mikhail D. Prokhorov was the ultimate beneficiary of the Company.

(b) Restructuring

In 2010 the Group began a process of changing its structure. As at 31 December 2009 and in prior periods OJSC RBC Information Systems established as an open joint stock company in 2000 was a parent company of the Group. In 2011 during the restructuring of the Group OJSC RBC was established as a new parent company.

At 7 June 2010 ONEXIM Group acquired a 51% stake in the Company through an additional share issue for USD 80 million. The remaining 49% in the Company were supposed to be exchanged for 100% of the shares of OJSC RBC Information Systems.

In January 2011 an exchange of the shares of OJSC RBC Information Systems to the shares of the Company was started. At the date of approval of these interim condensed consolidated financial statements, 92% of the shares of OJSC RBC Information Systems were exchanged. In June 2011 the shares of OJSC RBC Information Systems were delisted from Moscow Stock Exchange but the exchange of remaining part will continue.

(c) Business environment

The Russian Federation, where the majority of the Group’s transactions are conducted, has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. These interim condensed consolidated financial statements reflect management’s assessment of the impact of the Russian and business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of preparation

(a) Statement of compliance

These interim condensed consolidated financial statements for six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and do not include all the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2010.

Operating results for six months ended 30 June 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011.

(b) Convenience translation

In addition to presenting the interim condensed consolidated financial statements 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 statements.

All amounts in the interim condensed consolidated financial statements, 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 2011 of RUB 28.0758 to USD 1.

3 Significant accounting policies

The interim condensed consolidated financial statements for six months ended 30 June 2011 have been prepared in accordance with the accounting policies adopted in the Group’s last annual consolidated financial statements for the year ended 31 December 2010, except for the adoption of *Improvements to IFRSs 2010* (2010 Improvements) as at 1 January 2011. The 2010 Improvements made several minor amendments to IFRSs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim condensed consolidated financial statements.

- Amendment to IAS 1 “Presentation of Financial Statements” provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment did not have any impact on the financial position or performance of the Group.
- Amendments to IAS 34 “Interim Financial Reporting” clarify certain disclosure relating to events and transactions that are significant to an understanding of changes in the Group’s circumstances since the last annual financial statements. The Group’s interim condensed consolidated financial statements for six months ended 30 June 2011 reflect these amended disclosure requirements, where applicable.
- Amendments to IAS 24 “Related Party Transactions” clarify the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. However, the Group has continued to disclose related party transactions as in the prior period. This amendment did not have any impact on the financial position or performance of the Group.
- Amendments to IAS 32 “Financial Instruments” alter the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, to acquire a fixed number of the entity’s own equity

instruments for a fixed amount in any currency. The amendment did not have an effect on the financial position or performance of the Group.

- Amendments to IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” inform that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 “Financial Instruments: Recognition and Measurement”. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. This amendment did not have any impact on the financial position or performance of the Group.

4 Segment reporting

The Group has the following reportable segments, based on the way how the Board of Directors and Management Committee of the Company (chief operating decision maker) provide an assessment of the operating results of the Group:

Business Internet Segment. Provision of internet advertising and information services for business audience.

Consumer Internet Segment. Provision of entertainment internet services and resources, internet advertising and hosting services.

TV segment. Operation of a TV channel and provision of TV advertising services.

Printing segment. Provision of advertising in magazines and newspapers, and sale of magazines and newspapers.

Salon segment. Printing and distribution of various magazines about design and interior.

Six months ended 30 June 2011, Mln RUB	Revenue	Expenses	Payroll expenses	Cost of sales	Administrative expenses	Other operating expenses	Other operating income	Selling expenses	Profit / (loss)
Business internet	820	(725)	(337)	(93)	(31)	(5)	-	(259)	95
Consumer internet	447	(484)	(200)	(145)	(32)	(3)	-	(104)	(37)
TV	256	(337)	(220)	(78)	(24)	(2)	-	(13)	(81)
Printing	169	(178)	(97)	(40)	(10)	(1)	-	(30)	(9)
Salon	266	(217)	(83)	(49)	(15)	(8)	-	(62)	49
SUBTOTAL	1,958	(1,941)	(937)	(405)	(112)	(19)	-	(468)	17
EBITDA (management accounts)									17
<i>Adjustments</i>									
Agency revenue	16	(16)	-	(16)	-	-	-	-	-
Provision for unused vacations	-	(22)	(22)	-	-	-	-	-	(22)
Disposal of property, plant and equipment	-	(2)	-	-	-	(2)	-	-	(2)
Accrual for audit services	-	(2)	-	-	(2)	-	-	-	(2)
Disposal of intangible assets	-	(5)	-	-	-	(5)	-	-	(5)
Inventory write-off	-	(22)	-	(22)	-	-	-	-	(22)
Reversal of tax fines provision	-	58	-	-	-	-	58	-	58
Reclassification of expenses	2	(2)	(2)	28	(18)	(6)	22	(26)	-
Prepaid expenses reversed	-	(3)	-	(3)	-	-	-	-	(3)
Discounts provided to customers	(10)	10	-	-	-	-	-	10	-
Reclassification of research expenses	-	-	(28)	28	-	-	-	-	-
Disposals of subsidiaries	-	(14)	-	-	-	-	(14)	-	(14)
Other differences	(8)	(6)	-	(1)	-	-	(5)	-	(14)
Total adjustments	-	(26)	(52)	14	(20)	(13)	61	(16)	(26)
SUBTOTAL	1,958	(1,967)	(989)	(391)	(132)	(32)	61	(484)	(9)
EBITDA (IFRS accounts)									(9)
Depreciation and amortization	-	(118)	-	(109)	(9)	-	-	-	(118)
SUBTOTAL	1,958	(2,085)	(989)	(500)	(141)	(32)	61	(484)	(127)
Financial income									1,289
Financial expenses									(279)
Share of profit of associates and joint ventures									9
Taxation									(14)
Non-controlling interest									10
Net profit attributable to shareholders of the Company									888

Six months ended 30 June 2010, Mln RUB		Revenue	Expenses	Payroll expenses	Cost of sales	Administrative expenses	Other operating expenses	Other operating income	Selling expenses	Profit / (loss)
Business internet		589	(561)	(241)	(76)	(29)	-	-	(215)	28
Consumer internet		304	(345)	(150)	(115)	(29)	(14)	-	(37)	(41)
TV		189	(310)	(172)	(98)	(36)	(1)	-	(3)	(121)
Printing		126	(169)	(89)	(43)	(14)	-	-	(23)	(43)
Salon		255	(208)	(71)	(52)	(20)	(1)	-	(64)	47
Restructuring costs		-	(66)	-	-	(66)	-	-	-	(66)
SUBTOTAL		1,463	(1,659)	(723)	(384)	(194)	(16)	-	(342)	(196)
EBITDA (management accounts)										(196)
<i>Adjustments</i>										
Provision for unused vacations		-	(12)	-	(12)	-	-	-	-	(12)
Restructuring costs		-	65	-	-	65	-	-	-	65
Accrual for audit services		-	19	-	-	19	-	-	-	19
Accruals for expenses		-	(2)	-	-	(2)	-	-	-	(2)
Disposal of subsidiaries		-	12	-	-	-	-	12	-	12
Accounting records after reporting date		-	(4)	-	(2)	(1)	(1)	-	-	(4)
Prior period's goods returns reversal		6	(4)	-	(4)	-	-	-	-	2
Tax fines		-	(2)	-	-	-	(2)	-	-	(2)
Reclassification to research expenses		-	-	(37)	37	-	-	-	-	-
Reclassification of expenses		-	-	-	78	(47)	(17)	8	(22)	-
Inventory write-off		-	(3)	-	(3)	-	-	-	-	(3)
Total adjustments		6	69	(37)	94	34	(20)	20	(22)	75
SUBTOTAL		1,469	(1,590)	(760)	(290)	(160)	(36)	20	(364)	(121)
EBITDA (IFRS accounts)										(121)
Depreciation and amortization		-	(124)	-	(100)	(24)	-	-	-	(124)
SUBTOTAL		1,469	(1,714)	(760)	(390)	(184)	(36)	20	(364)	(245)
Financial income										21
Financial expenses										(1,647)
Share of profit of associates and joint ventures										7
Taxation										26
Non-controlling interest										(12)
Net loss attributable to shareholders of the Company										(1,850)

Six months ended 30 June 2011, Mln USD*	Revenue	Expenses	Payroll expenses	Cost of sales	Administrative expenses	Other operating expenses	Other operating income	Selling expenses	Profit / (loss)
Business internet	29	(25)	(13)	(2)	(1)	-	-	(9)	4
Consumer internet	16	(17)	(7)	(5)	(1)	-	-	(4)	(1)
TV	9	(12)	(8)	(3)	(1)	-	-	-	(3)
Printing	6	(5)	(3)	(1)	-	-	-	(1)	1
Salon	9	(8)	(3)	(2)	(1)	-	-	(2)	1
SUBTOTAL	69	(67)	(34)	(13)	(4)	-	-	(16)	2
EBITDA (management accounts)									2
<i>Adjustments</i>									
Agency revenue	1	(1)	-	(1)	-	-	-	-	-
Provision for unused vacations	-	(1)	(1)	-	-	-	-	-	(1)
Disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-
Accrual for audit services	-	-	-	-	-	-	-	-	-
Disposal of intangible assets	-	-	-	-	-	-	-	-	-
Inventory write-off	-	(1)	-	(1)	-	-	-	-	(1)
Reversal of tax fines provision	-	2	-	-	-	-	2	-	2
Reclassification of expenses	-	-	-	1	(1)	-	1	(1)	-
Prepaid expenses reversed	-	-	-	-	-	-	-	-	-
Discounts provided to customers	-	-	-	-	-	-	-	-	-
Reclassification of research expenses	-	-	(1)	1	-	-	-	-	-
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-
Other differences	-	(2)	-	(1)	1	(1)	(1)	-	(2)
Total adjustments	1	(3)	(2)	(1)	-	(1)	2	(1)	(2)
SUBTOTAL	70	(70)	(36)	(14)	(4)	(1)	2	(17)	-
EBITDA (IFRS accounts)									-
Depreciation and amortization	-	(4)	-	(4)	-	-	-	-	(4)
SUBTOTAL	70	(74)	(36)	(18)	(4)	(1)	2	(17)	(4)
Financial income									46
Financial expenses									(10)
Share of profit of associates and joint ventures									-
Taxation									-
Non-controlling interest									-
Net profit attributable to shareholders of the Company									32

Six months ended 30 June 2010, Mln USD*		Revenue	Expenses	Payroll expenses	Cost of sales	Administrative expenses	Other operating expenses	Other operating income	Selling expenses	Profit / (loss)
Business internet		21	(21)	(9)	(3)	(1)	-	-	(8)	-
Consumer internet		11	(11)	(5)	(4)	(1)	-	-	(1)	-
TV		7	(10)	(6)	(3)	(1)	-	-	-	(3)
Printing		4	(6)	(3)	(2)	-	-	-	(1)	(2)
Salon		9	(8)	(3)	(2)	(1)	-	-	(2)	1
Restructuring costs		-	(2)	-	-	(2)	-	-	-	(2)
SUBTOTAL		52	(58)	(26)	(14)	(6)	-	-	(12)	(6)
EBITDA (management accounts)										(6)
<i>Adjustments</i>										
Provision for unused vacations		-	-	-	-	-	-	-	-	-
Restructuring costs		-	1	-	-	1	-	-	-	1
Accrual for audit services		-	1	-	-	1	-	-	-	1
Accruals for expenses		-	-	-	-	-	-	-	-	-
Disposal of subsidiaries		-	1	-	-	-	-	1	-	1
Accounting records after reporting date		-	-	-	-	-	-	-	-	-
Prior period's goods returns reversal		-	-	-	-	-	-	-	-	-
Tax fines		-	-	-	-	-	-	-	-	-
Reclassification to research expenses		-	(1)	-	3	(2)	(1)	-	(1)	(1)
Reclassification of expenses		-	-	(1)	1	-	-	-	-	-
Inventory write-off		-	-	-	-	-	-	-	-	-
Total adjustments		-	2	(1)	4	-	(1)	1	(1)	2
SUBTOTAL		52	(56)	(27)	(10)	(6)	(1)	1	(13)	(4)
EBITDA (IFRS accounts)										(4)
Depreciation and amortization		-	(5)	-	(4)	(1)	-	-	-	(5)
SUBTOTAL		52	(61)	(27)	(14)	(7)	(1)	1	(13)	(9)
Financial income										1
Financial expenses										(59)
Share of profit of associates and joint ventures										-
Taxation										1
Non-controlling interest										-
Net loss attributable to shareholders of the Company										(66)

5 Revenue

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Revenue from sales of internet advertising services and hosting services	1,279	904	46	32
Revenue from sales of advertising services in printing segment and from sales of prints	427	379	15	13
Revenue from sales of TV advertising services	252	186	9	7
	1,958	1,469	70	52

6 Cost of sales

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Payroll costs, including social charges	894	677	32	24
Depreciation and amortization	109	100	4	4
Telecom expenses	84	76	3	3
Rent expenses	57	44	2	1
Domain names expenses	41	29	2	1
Printing services	40	49	1	2
Conference costs	39	19	1	-
Cost of magazines and newspapers printed	39	11	1	1
Content expenses	36	30	1	1
Other expenses	55	32	3	1
	1,394	1,067	50	38

7 Selling expenses

Selling expenses are mainly represented by advertising expenses.

8 Administrative expenses

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Payroll costs, including social charges	95	83	4	3
Rent	57	61	2	2
Material expenses	22	18	1	1
Housing	14	12	1	1
Depreciation, amortization and licenses	9	24	-	1
Consulting and legal expenses	8	14	-	-
Business trips and transportation costs	6	5	-	-
Bank commission	6	3	-	-
Insurance	5	4	-	-
Communication	2	16	-	1
Taxes other than profit tax	1	3	-	-
IT expenses	1	1	-	-
Other administrative expenses	10	23	-	1
	236	267	8	10

9 Financial income and expenses

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Financial income				
Gain from revaluation of derivatives	733	-	26	-
Foreign exchange gain net	516	-	19	-
Interest income	24	16	1	1
Recovery of impairment loss on trade and other receivables	14	-	-	-
Other financial income	2	5	-	-
	1,289	21	46	1

RBC Group

Notes to the Unaudited Interim Condensed Consolidated Financial Statements for six months ended 30 June 2011

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Financial expenses				
Interest expense	(248)	(197)	(9)	(7)
Trade and other receivables written off	(15)	(66)	-	(3)
Other financial expenses	(16)	(5)	(1)	-
Impairment loss on trade and other receivables	-	(35)	-	(1)
Foreign exchange loss, net	-	(246)	-	(9)
Loss from restructuring	-	(730)	-	(26)
Fines and penalties on overdue debts	-	(368)	-	(13)
	(279)	(1,647)	(10)	(59)

10 Property, plant and equipment

Mln RUB	TV equipment	Computer equipment	Office equipment	Vehicles	Other assets	Construction-in- progress	Prepayments	Total
Cost								
Balance at 31 December 2010	198	204	179	-	219	4	1	805
Reclassification between groups	3	15	(18)	71	(71)	-	-	-
Additions	1	19	-	5	1	131	41	198
Disposals	-	-	-	(3)	(1)	-	-	(4)
Balance at 30 June 2011	202	238	161	73	148	135	42	999
Depreciation								
Balance at 31 December 2010	(184)	(149)	(151)	-	(158)	-	-	(642)
Reclassification between groups	(1)	(12)	17	(27)	23	-	-	-
Depreciation charge	(3)	(27)	(12)	(5)	(1)	-	-	(48)
Disposals	1	1	-	-	1	-	-	3
Balance at 30 June 2011	(187)	(187)	(146)	(32)	(135)	-	-	(687)
Net book value								
At 31 December 2010	14	55	28	-	61	4	1	163
At 30 June 2011	15	51	15	41	13	135	42	312

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

Mln RUB	TV equipment	Computer equipment	Office equipment	Other assets	Construction-in- progress	Prepayments	Total
Cost							
Balance at 31 December 2009	463	175	144	48	9	5	844
Additions	2	12	-	-	2	-	16
Disposals	(3)	(25)	(3)	-	(2)	-	(33)
Balance at 30 June 2010	462	162	141	48	9	5	827
Depreciation							
Balance at 31 December 2009	(407)	(87)	(88)	(21)	-	-	(603)
Depreciation charge	(9)	(35)	(14)	(2)	-	-	(60)
Disposals	2	23	2	-	-	-	27
Balance at 30 June 2010	(414)	(99)	(100)	(23)	-	-	(636)
Net book value							
At 31 December 2009	56	88	56	27	9	5	241
At 30 June 2010	48	63	41	25	9	5	191

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Mln USD*	TV equipment	Computer equipment	Office equipment	Vehicles	Other assets	Construction-in- progress	Prepayments	Total
Cost								
Balance at 31 December 2010	7	7	6	-	8	-	-	28
Reclassification between groups	-	1	(1)	3	(3)	-	-	-
Additions	-	1	-	-	-	3	1	5
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2011	7	9	5	3	5	3	1	33
Depreciation								
Balance at 31 December 2010	(7)	(5)	(5)	-	(5)	-	-	(22)
Reclassification between groups	-	-	-	(1)	1	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2011	(7)	(5)	(5)	(1)	(4)	-	-	(22)
Net book value								
At 31 December 2010	-	2	1	-	3	-	-	6
At 30 June 2011	-	4	-	2	1	3	1	11

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

MIn USD*	TV equipment	Computer equipment	Office equipment	Other assets	Construction-in- progress	Prepayments	Total
Cost							
Balance at 31 December 2009	16	6	5	2	-	-	29
Additions	-	-	-	-	-	-	-
Disposals	-	(1)	-	-	-	-	(1)
Balance at 30 June 2010	16	5	5	2	-	-	28
Depreciation							
Balance at 31 December 2009	(14)	(3)	(3)	(1)	-	-	(21)
Additions	-	(1)	-	-	-	-	(1)
Disposals	-	1	-	-	-	-	1
Balance at 30 June 2010	(14)	(3)	(3)	(1)	-	-	(21)
Net book value							
At 31 December 2009	2	3	2	1	-	-	8
At 30 June 2010	2	2	2	1	-	-	7

(a) Reclassifications of the property, plant and equipment in 2011

Due to increase of the carrying value of vehicles management of the Group decided to change the format of the presentation of the property, plant and equipment. Vehicles were reclassified from the group "Other" to the group "Vehicles" effective from 1 January 2011. The reason of this change is to provide the users of the interim condensed consolidated financial statements with a more detailed understanding of the property, plant and equipment of the Group.

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

11 Intangible assets

Mln RUB	Trade marks	Software	Web-sites	Brands	Cable network connection	Goodwill	Customer list	Other	Total
Cost									
At 31 December 2010	491	434	553	534	713	1,699	198	224	4,846
Reclassification between groups	(2)	5	12	(13)	-	-	-	(2)	-
Additions	-	5	17	1	-	-	-	-	23
Disposals	(7)	-	-	(7)	-	(24)	(15)	(2)	(55)
At 30 June 2011	<u>482</u>	<u>444</u>	<u>582</u>	<u>515</u>	<u>713</u>	<u>1,675</u>	<u>183</u>	<u>220</u>	<u>4,814</u>
Amortization									
At 31 December 2010	(328)	(386)	(505)	(505)	(207)	(1,486)	(152)	(205)	(3,774)
Reclassification between groups	2	(2)	(4)	1	-	-	-	3	-
Amortization charge	(17)	(7)	(16)	(1)	(22)	-	(6)	-	(69)
Disposal	7	-	-	1	-	24	15	1	48
At 30 June 2011	<u>(336)</u>	<u>(395)</u>	<u>(525)</u>	<u>(504)</u>	<u>(229)</u>	<u>(1,462)</u>	<u>(143)</u>	<u>(201)</u>	<u>(3,795)</u>
Net book value									
At 31 December 2010	<u>163</u>	<u>48</u>	<u>48</u>	<u>29</u>	<u>506</u>	<u>213</u>	<u>46</u>	<u>19</u>	<u>1,072</u>
At 30 June 2011	<u>146</u>	<u>49</u>	<u>57</u>	<u>11</u>	<u>484</u>	<u>213</u>	<u>40</u>	<u>19</u>	<u>1,019</u>

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

Mln RUB	Trade marks	Software	Web-sites	Brands	Cable network connection	Goodwill	Customer list	Other	Total
Cost									
At 31 December 2009	482	447	544	515	657	1,690	198	230	4,763
Additions	1	48	-	-	-	-	-	1	50
Disposals	-	(1)	-	-	-	-	-	-	(1)
At 30 June 2010	483	494	544	515	657	1,690	198	231	4,812
Amortization									
At 31 December 2009	(286)	(401)	(474)	(502)	(104)	(1,486)	(141)	(201)	(3,595)
Amortization charge	(14)	(12)	(14)	-	(18)	-	(6)	-	(64)
Disposal	-	1	-	-	-	-	-	-	1
At 30 June 2010	(300)	(412)	(488)	(502)	(122)	(1,486)	(147)	(201)	(3,658)
Net book value									
At 31 December 2009	196	46	70	13	553	204	57	29	1,168
At 30 June 2010	183	82	56	13	535	204	51	30	1,154

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

Mln USD*	Trade marks	Software	Web-sites	Brands	Cable network connection	Goodwill	Customer list	Other	Total
Cost									
At 31 December 2010	17	15	20	19	25	61	7	8	172
Reclassification between groups	-	-	-	-	-	-	-	-	-
Additions	-	-	1	-	-	-	-	-	1
Disposals	-	-	-	-	-	(1)	(1)	-	(2)
At 30 June 2011	17	15	21	19	25	60	6	8	171
Amortization									
At 31 December 2010	(12)	(14)	(18)	(18)	(7)	(53)	(5)	(7)	(134)
Reclassification between groups	-	-	-	-	-	-	-	-	-
Amortization charge	(1)	-	(1)	-	(1)	-	-	-	(3)
Disposal	-	-	-	-	-	1	1	-	2
At 30 June 2011	(13)	(14)	(19)	(18)	(8)	(52)	(4)	(7)	(135)
Net book value									
At 31 December 2010	5	1	2	1	18	8	2	1	38
At 30 June 2011	4	1	2	1	17	8	2	1	36

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

Mln USD*	Trade marks	Software	Web-sites	Brands	Cable network connection	Goodwill	Customer list	Other	Total
Cost									
At 31 December 2009	17	16	19	18	23	60	7	8	168
Additions	-	2	-	-	-	-	-	-	2
Disposals	-	-	-	-	-	-	-	-	-
At 30 June 2010	17	18	19	18	23	60	7	8	170
Amortization									
At 31 December 2009	(10)	(14)	(17)	(18)	(4)	(53)	(5)	(7)	(128)
Amortization charge	-	-	-	-	(1)	-	-	-	(1)
Disposal	-	-	-	-	-	-	-	-	-
At 30 June 2010	(10)	(14)	(17)	(18)	(5)	(53)	(5)	(7)	(129)
Net book value									
At 31 December 2009	7	2	2	-	19	7	2	1	40
At 30 June 2010	7	4	2	-	18	7	2	1	41

(a) Amortization charge

The amortization charge for six months ended 30 June 2011 and for six month ended 30 June 2010 is included in “Cost of sales” and “Administrative expenses”.

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

12 Investments in associates and joint ventures

As at 30 June 2011 the Group had the following investments in the associates and joint ventures:

	Carrying value at 31 December 2010	Recognized profit / (loss)	Carrying value at 30 June 2011
	Mln RUB	Mln RUB	Mln RUB
Atwood Lake Ltd.	113	26	139
Limandora Ltd.	27	(17)	10
CJSC Yuzhny Region-Telekommunikacii	27	-	27
IGlobe	76	-	76
BidLive	60	-	60
	303	9	312

	Carrying value at 31 December 2010	Recognized profit / (loss)	Carrying value at 30 June 2011
	Mln USD*	Mln USD*	Mln USD*
Atwood Lake Ltd.	4	1	5
Limandora Ltd.	1	(1)	-
CJSC Yuzhny Region-Telekommunikacii	1	-	1
IGlobe	3	-	3
BidLive	2	-	2
	11	-	11

No impairment loss was recognized during six months ended 30 June 2011.

As at 30 June 2010 the Group had the following investments in the associates and joint ventures:

	Carrying value at 31 December 2009	Recognized profit / (loss)	Carrying value at 30 June 2010
	Mln RUB	Mln RUB	Mln RUB
Atwood Lake Ltd.	75	15	90
Limandora Ltd.	29	(6)	23
CJSC Yuzhny Region-Telekommunikacii	25	(2)	23
	129	7	136

	Carrying value at 31 December 2009	Recognized profit / (loss)	Carrying value at 30 June 2010
	Mln USD*	Mln USD*	Mln USD*
Atwood Lake Ltd.	3	-	3
Limandora Ltd.	1	-	1
CJSC Yuzhny Region-Telekommunikacii	1	-	1
	5	-	5

No impairment loss was recognized during six months ended 30 June 2010.

13 Other non-current assets

Other non-current assets as at 30 June 2011 represent the contracts for the acquisition of property in the amount of RUB 206 million / USD* 7 million (31 December 2010: RUB 127 million / USD* 5 million) for the construction of apartments in residential buildings in Moscow and Moscow region and are stated at cost less impairment (zero impairment loss was recognized during six months ended 30 June 2011 and six months ended 30 June 2010, respectively). An increase in the carrying value of the contracts for the acquisition of property in the amount of RUB 79 million / USD* 2.8 million is the result of exchange for trade and other receivables. These assets were obtained as payment for the rendered advertising services.

14 Trade and other receivables

	30 June 2011 Mln RUB	31 December 2010 Mln RUB	30 June 2011 Mln USD*	31 December 2010 Mln USD*
Trade accounts receivable	867	881	31	31
Other receivable	161	51	6	2
Other prepayments	73	85	3	3
VAT receivable	48	50	2	2
Deferred expenses	9	13	-	-
	1,158	1,080	42	38
Impairment provision for accounts receivable	(247)	(261)	(9)	(9)
Total accounts receivable	911	819	33	29

Impairment provision for trade accounts receivable in amount of RUB 207 million / USD* 7 million (31 December 2010: RUB 232 million / USD* 8 million) is included in total impairment provision for accounts receivable.

The following are movements in the impairment provision for accounts receivable:

	Six months ended 30 June 2011 Mln RUB	Six months ended 30 June 2010 Mln RUB	Six months ended 30 June 2011 Mln USD*	Six months ended 30 June 2010 Mln USD*
Balance as at 1 January	261	399	9	14
Reversal of impairment loss on accounts receivables during the period	(59)	(115)	(2)	(4)
Impairment loss recognized during the period	45	78	2	3
Balance as at 30 June	247	362	9	13

Movement in the impairment provision for accounts receivable for six months ended 30 June 2011 was due to impairment provision reversal recognized through financial income in total amount RUB 14 million / USD* 0.5 million. Accounts receivable write off was recognized directly through financial expenses in total amount RUB 15 million / USD* 0.5 million.

Total movement in the impairment provision for accounts receivable for six months ended 30 June 2010 consisted of: increase in impairment provision recognized in financial expenses in total amount RUB 35 million / USD* 1.2 million and accounts receivable written off against impairment provision in total amount RUB 72 million / USD* 2.5 million. Accounts receivable write off was recognized directly through financial expenses in total amount RUB 66 million / USD* 2.4 million.

15 Loans and borrowings

As at 31 December 2009 the Group was in default of its loans and borrowings. As at 31 December 2010 the Group's management reached the agreements with all of its creditors and the outstanding debt was exchanged, as at 30 June 2011 it is remained as RUB 5,986 million / USD* 213 million of the loan participation notes and RUB 191 million / USD* 7 million of the bonds.

During six months ended 30 June 2010 year the outstanding debt was exchanged into USD 178 million (RUB 5,533 million) of the loan participation notes, RUB 170 million of the bonds and USD 28 million (RUB 871 million) of the option. Also out of the initial debt RUB 721 million / USD* 26 million paid off by the Group and RUB 191 million / USD* 7 million was forgiven by the creditors. As a result of the debt restructuring the Group recognized a loss on restructuring of RUB 730 million / USD* 26 million (including RUB 50 million / USD* 2 million of consulting expenses) and accrued fines and penalties on overdue debts of RUB 368 million / USD* 13 million.

As at 30 June 2011 and 31 December 2010 the loans and borrowings of the Group were as follows:

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
<i>Non-current liabilities</i>				
Loans	5,986	6,337	213	226
Unsecured bond issues	191	191	7	7
	6,177	6,528	220	233
<i>Current liabilities</i>				
Unsecured bond issues	36	113	1	5
Other loans	2	13	-	-
	38	126	1	5

Movement in the carrying amount of loans for the period ended 30 June 2011 occurred mostly due to foreign currency exchange effect (loans are denominated in USD).

Repayment of borrowings were made in amount of RUB 33 million / USD* 1 million.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Year of maturity</u>	<u>Carrying amount</u>			
				<u>30 June 2011 Mln RUB</u>	<u>31 December 2010 Mln RUB</u>	<u>30 June 2011 Mln USD*</u>	<u>31 December 2010 Mln USD*</u>
<i>Non-current liabilities</i>							
Loans							
Loans at 7%	USD	7%	2015	3,796	3,956	135	141
Loans at 6%	USD	6%	2018	2,190	2,381	78	85
Unsecured bond issues							
Bonds (issue B-1)	RUB	7%	2015	115	117	4	4
Bonds (issue B-2)	RUB	7%	2015	4		-	
Bonds (issue B-4)	RUB	6%	2018	72	74	3	3
<i>Current liabilities</i>							
Unsecured bond issues							
Bonds (issue BO-4)	RUB	12%	2009	14	53	-	2
Bonds (issue BO-5)	RUB	11%	2009	22	60	1	3
Other loans	RUB			2	13	-	-

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

Derivative financial liabilities

As part of the debt restructuring process the Group agreed to grant to its creditors the options vesting in 2015 and in 2018. As at 30 June 2011 21,220,220 (31 December 2010: 21,099,564) options vesting in 2015 and 18,579,709 (31 December 2010: 18,464,487) options vesting in 2018 were granted to the creditors. The Group is obliged to pay creditors the difference between average price of a share of OJSC RBC for the last 120 days preceding the execution date and the fixed price of USD 1.96. The fair value of the options at 30 June 2011 amounted to RUB 350 million / USD* 12 million (31 December 2010: RUB 1,083 million / USD* 36 million). The fair value of the options was determined by an independent appraiser Renaissance Capital, using the Black-Scholes valuation model.

16 Disposal of subsidiaries

Disposal of LLC Amida and other subsidiaries

As part of restructuring process in 2011 the Group disposed of its interest of 95% in LLC Amida, LLC Nashi Dengi and close to 100% interest in some other subsidiaries for no consideration. The loss from disposal comprised RUB 14 million / USD* 0.5 million, recognized as other operating expenses. It should be treated in conjunction with restructuring process and future results of disposals of OJSC RBC Information Systems and its subsidiaries. Net effect of such disposals is expected to be insignificant.

At the date of loss of the control total assets amount was RUB 24 million / USD* 1 million and total liabilities were RUB 10 million / USD* 0.3 million.

17 Provisions

As at 30 June 2011 the following provisions were made:

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
Unused vacation provision	43	22	2	1
Legal case provision	13	2	-	-
Income tax	7	41	-	2
VAT	-	13	-	-
Late-payment interests and penalties related to VAT	-	11	-	-
	63	89	2	3

Tax provision in total amount RUB 58 million / USD* 2 million was released to other operating income.

18 Trade and other payables

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
Trade accounts payable	414	396	16	14
Other payables and accrued expenses	350	228	12	8
Advances received	350	335	12	12
Other taxes payable	165	148	6	5
	1,279	1,107	46	39

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19 Equity

(a) Share capital and share premium

Number of shares unless otherwise stated	Ordinary shares 30 June 2011	Ordinary shares 31 December 2010
Authorized shares	318,890,625	140,000,000
Par value	RUB 0.0006	RUB 0.001
On issue at beginning of the period	318,890,625	140,000,000
Issued for cash	-	-
On issue at end of the period, fully paid	<u>318,890,625</u>	<u>140,000,000</u>

According to restructuring plan it is expected that 140,000,000 of OJSC RBC Information Systems ordinary shares would be exchanged to 156,250,000 (49%) of OJSC RBC ordinary shares in proportion of 1 to 1.116. ONEXIM Group is owner of 51% of OJSC RBC ordinary shares (number of ordinary shares: 162,640,625). As at 30 June 2011 OJSC RBC share capital consists of 318,890,625 ordinary shares.

At 30 June 2011 92% of the shares of OJSC RBC Information Systems were exchanged. The exchange of remaining part will further continue.

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.

The exchange of the shares led to the following changes in the interim condensed consolidated financial statements:

	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	<u>Mln RUB</u>	<u>Mln RUB</u>	<u>Mln USD*</u>	<u>Mln USD*</u>
Share capital	-	-	-	-
Share premium	2,346	8,995	83	320

During six months ended 30 June 2011 amount of share premium of prior parent company OJSC RBC Information Systems was transferred from share premium of the Group to accumulated loss of the Group. Management of the Group decided to apply these changes prospectively.

(b) Treasury shares

At the reporting date the Group held 4,228 of its own shares, obtained during first half of 2011 as the exchange of the shares of OJSC RBC Information Systems to the shares of OJSC RBC in proportion of 1 to 1.116. As at 30 June 2010 the Group held 4,400 of its own shares (index 1.116 was applied).

(c) ADR

OJSC RBC Information Systems established a Level-1 ADR program for its common stock on 24 March 2005 through Bank of New York. One ADR represents four ordinary shares. 438 shares were reserved for ADR in depositary by Bank of New York as at 30 June 2011 (31 December 2010: 2,932).

20 Profit / (loss) per share

The calculation of basic profit per share as at 30 June 2011 was based on the profit for the period and the weighted average number of ordinary shares outstanding during the six months ended 30 June 2011 of 314,663 thousand (six months ended 30 June 2010: 151,470 thousand). For comparability purposes quantity of the ordinary shares related to six months ended 30 June 2010 was recalculated in proportion of 1 to 1.116. Profit / (loss) per share was calculated as follows:

In thousands of shares	Six months ended 30 June 2011	Six months ended 30 June 2010
Issued shares at 1 January	318,891	156,250
Own shares held at 1 January	(4,228)	(4,400)
Effect of shares issued in April	-	(380)
Weighted average number of shares for the period ended 30 June	<u>314,663</u>	<u>151,470</u>
	Six months ended 30 June 2011	Six months ended 30 June 2010
Profit / (loss) for the period, Mln RUB	878	(1,838)
Weighted average number of shares, in thousands	314,663	151,470
Basic profit / (loss) per share, RUB	<u>2.79</u>	<u>(12.13)</u>
	Six months ended 30 June 2011	Six months ended 30 June 2010
Profit / (loss) for the period, Mln USD*	32	(66)
Weighted average number of shares, in thousands	314,663	151,470
Basic profit / (loss) per share, USD*	<u>0.1</u>	<u>(0.44)</u>

There were no potentially dilutive ordinary shares at 30 June 2011 and 30 June 2010.

21 Commitments

a) Acquisition of non-controlling interest

RBC Money

In July 2009 the Group committed to acquire the remaining 26% of non-controlling interest in LLC RBC Money for RUB 15 million / USD* 0.5 million, subject to the condition of finalization of the Group restructuring process. At the date of approval of these interim condensed consolidated financial statements, the Group is in process of acquiring of 26% interest. Management expects to complete the acquisition in the second half of 2011.

Loveplanet

In September 2008 the Group committed to acquire the remaining 8% non-controlling interest in Valento Commerce Ltd for RUB 182 million / USD* 6 million, subject to the condition of achieving a specified number of unique visitors of Valento's internet resources. Subsequent to 2008 the condition has been met.

During six months ended 30 June 2010 the Group provided advertising services on RBC media resources in the amount of RUB 62 million / USD* 2 million as part of the purchase consideration. In total during 2010 RUB 6 million / USD* 0.2 million was paid in cash and RUB 120 million / USD* 4 million was settled in form of advertising services. During six months ended 30 June 2011 RUB 27 million / USD* 1 million was settled in form of advertising services.

b) Equity-settled share-based program for management

In April 2011 the Group approved an equity-settled share-based program for the selected key management personnel of the Group. The terms of the program have not yet been sufficiently defined. The process is expected to be finalized by the end of 2011.

22 Contingencies

a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

b) Litigation

The Group is involved in various claims and legal proceedings 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 consolidated operating results or financial position.

c) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation

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suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on this interim condensed consolidated Financial Statements, if the authorities were successful in enforcing their interpretations, could be significant.

Management has not provided any amounts in these interim condensed consolidated financial statements, except for the provision in Note 17.

23 Related party disclosures

For the purposes of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control or can 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. Key management personnel and close family members are also related parties.

a) Control relationships

The Group has a controlling relationship with all of its subsidiaries.

b) 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 comprehensive income was RUB 61 million / USD* 2 million and RUB 47 million / USD* 2 million for six-month periods ended 30 June 2011 and 30 June 2010, respectively.

c) Transactions with the associates and joint ventures

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

Mln RUB	Outstanding balance 30 June 2011	Transaction value Six months ended 30 June 2011	Outstanding balance 31 December 2010	Transaction value Six months ended 30 June 2010
Other services received	-	(1)	-	-
Advertising services provided	(36)	46	-	3
Other services provided	(2)	1	(1)	5

Mln USD*	Outstanding	Transaction value	Outstanding	Transaction value
	balance 30 June 2011	Six months ended 30 June 2011	balance 31 December 2010	Six months ended 30 June 2010
Other services received	-	-	-	-
Advertising services provided	(1)	2	-	-
Other services provided	-	-	-	-

d) **Transactions with other related parties**

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

Mln RUB	Outstanding	Transaction value	Outstanding	Transaction value
	balance 30 June 2011	Six months ended 30 June 2011	balance 31 December 2010	Six months ended 30 June 2010
Other services received	-	(6)	-	(51)
Loans received	-	-	(2)	-
Advertising services provided	1	2	-	47
Loans issued	2	-	4	-
Other services provided	-	2	-	1
Bank deposits	491	-	867	-

Mln USD*	Outstanding	Transaction value	Outstanding	Transaction value
	balance 30 June 2011	Six months ended 30 June 2011	balance 31 December 2010	Six months ended 30 June 2010
Other services received	-	-	-	(2)
Loans received	-	-	-	-
Advertising services provided	-	-	-	2
Cash in bank and on-hand	-	-	-	-
Loans issued	-	-	-	-
Other services provided	-	-	-	-
Bank deposits	17	-	31	-

As at 30 June 2011 the Group had deposit in the bank "International finance club" in amount of RUB 491 million / USD* 17 million, which has a maturity date 20 July 2011 and consists of two parts: RUB 351 million / USD* 12 million (including RUB 1 million of accrued interest) nominal interest rate 7.25% and RUB 140 million / USD* 5 million nominal interest rate 6.25%. As at 30 June 2011 amount of deposits is included in Cash and cash equivalents at consolidated statement of financial position.

24 EBITDA

The Board of Directors monitors the performance of the Group by EBITDA, which is determined as result from operating activities adjusted to exclude depreciation and amortization expenses and any impairment losses.

	Six months ended 30 June 2011	Six months ended 30 June 2010	Six months ended 30 June 2011	Six months ended 30 June 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
Results from operating activities	(127)	(245)	(4)	(9)
<i>Adjustments for:</i>				
Amortization	69	64	2	3
Depreciation	49	60	2	2
Impairment of intangible and other assets	-	-	-	-
EBITDA	(9)	(121)	-	(4)

25 Events subsequent to the reporting date

Acquisition of RU-CENTER

In March 2011 the Group announced a plan on acquisition of JSC “RSIC” (RU-CENTER), the domain name registrar and hosting provider. RU-CENTER will become part of consumer internet segment. Acquisition of RU-CENTER is expected to take place in the second half of 2011. Structure of the deal has not been finalized yet.

Construction of the new television studio complex

In September 2011 the Group launched a new television studio complex for the business TV channel of RBC-TV which gives possibility to create new media product.

For construction purposes RUB 260 million / USD* 9 million were invested in the studio complex. This significant investment resulted in development of the most modern and complex television studio in the Russian media market. The area of a new studio complex of RBC-TV is about 2,000 square meters, height is 10 meters. The complex is intended for various kinds of shooting, including the live-shows and talk shows.

Acquisition of OGOROD

In September 2011 the Group purchased 51% of shares in OGOROD – geotargeting and micro-blogging service which is expected to be integrated into online messenger QIP and entertainment portal qip.ru. The value of the deal, including investments in the project, amounts to USD 1 million. The Group has the option to raise its ownership to 70% after a two-year period.

Additional share issuance

In September 2011 Board of Directors of the Group voted on increasing of the share capital of OJSC RBC by offering 51,109,375 additional shares via public subscription. ONEXIM Group announced its intention to exercise its preemptive right to buy 51% of the additional share issuance. Additional share issuance will take place in second half of 2011 or in 2012.