OJSC RBC Information Systems

Consolidated Financial Statements
for the year ended 31 December 2009

Contents

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Independent Auditor's Report

To Board of Directors
OJSC RBC Information Systems

We have audited the accompanying consolidated financial statements of OJSC RBC Information Systems and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Grant Thornton
Грант Торнтон

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we also draw attention to the fact that USD amounts in the accompanying consolidated financial statements, which are presented solely for the convenience of the users as described in Note 2(d), do not form a part of the consolidated financial statements and are unaudited.

Grant Thornton ZAO

Moscow, Russian Federation
30 June 2010

	Note	Continuing operations 2009 Mln RUR	Discontinued operations 2009 Mln RUR	2009 Mln RUR	2008 Mln RUR
Revenue	8	3,043	8	3,051	5,164
Cost of sales	9	(2,293)	(3)	(2,296)	(3,332)
Gross profit		**750**	**5**	**755**	**1,832**
Other income	10	93	-	93	81
Distribution expenses	11	(758)	-	(758)	(1,892)
Administrative expenses	12	(500)	(22)	(522)	(590)
Other expenses	13	(38)	-	(38)	(116)
Loss on disposal of discontinued operation	6	-	(17)	(17)	-
Impairment loss	19	(516)	-	(516)	(2,279)
Results from operating activities		**(969)**	**(34)**	**(1,003)**	**(2,964)**
Financial income	15	17	18	35	144
Financial expenses	15	(573)	-	(573)	(5,615)
Share of loss of equity accounted investees, net of income tax	21	(755)	-	(755)	(620)
Loss before income tax		**(2,280)**	**(16)**	**(2,296)**	**(9,055)**
Income tax benefit/(expense)	16	406	(29)	377	(222)
Loss for the year		**(1,874)**	**(45)**	**(1,919)**	**(9,277)**
Other comprehensive income					
Foreign currency translation differences for foreign operations		5	-	5	19
Provision for loans given to related parties		-	-	-	(1,310)
Available-for-sale investments revaluation reserve		-	-	-	(4)
Acquisition of subsidiaries		3	-	3	-
Disposal of subsidaries, net of income tax		(3)	-	(3)	8
Other comprehensive income/(loss) for the year, net of income tax		**5**	**-**	**5**	**(1,287)**
Total comprehensive loss for the year		**(1,869)**	**(45)**	**(1,914)**	**(10,564)**
Loss attributable to:					
Shareholders of the Company		(1,879)	(47)	(1,926)	(9,129)
Non-controlling interest		5	2	7	(148)
Loss for the year		**(1,874)**	**(45)**	**(1,919)**	**(9,277)**
Total comprehensive loss attributable to:					
Shareholders of the Company		(1,874)	(47)	(1,921)	(10,416)
Non-controlling interest		5	2	7	(148)
Total comprehensive loss for the year		**(1,869)**	**(45)**	**(1,914)**	**(10,564)**
(Loss)/earnings per share	29				
Basic, diluted loss per share		(13.94)	(0.33)	(14.27)	(66.58)

These consolidated statements were approved by management on 30 June 2010 and were signed on its behalf by:

Chief Executive Officer

German Kaplun

Vice Chairman of Finance

Dmitry Belik

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	Note	Continuing operations 2009 Mln USD*	Discontinued operations 2009 Mln USD*	2009 Mln USD*	2008 Mln USD*
Revenue	8	101	-	101	171
Cost of sales	9	(76)	-	(76)	(110)
Gross profit		**25**	**-**	**25**	**61**
Other income	10	3	-	3	3
Distribution expenses	11	(25)	-	(25)	(63)
Administrative expenses	12	(17)	(1)	(18)	(20)
Other expenses	13	(1)	-	(1)	(4)
Loss on disposal of discontinued operation	6	-	-	-	-
Impairment loss	19	(17)	-	(17)	(75)
Results from operating activities		**(32)**	**(1)**	**(33)**	**(98)**
Financial income	15	1	1	2	5
Financial expenses	15	(19)	-	(19)	(186)
Share of loss of equity accounted investees, net of income tax	21	(25)	-	(25)	(20)
Loss before income tax		**(75)**	**-**	**(75)**	**(299)**
Income tax benefit/(expense)	16	13	(1)	12	(7)
Loss for the year		**(62)**	**(1)**	**(63)**	**(306)**
Other comprehensive income					
Foreign currency translation differences for foreign operations		-	-	-	1
Provision for loans given to related parties		-	-	-	(44)
Available-for-sale investments revaluation reserve		-	-	-	-
Acquisition of subsidaries		-	-	-	-
Disposal of subsidaries, net of income tax		-	-	-	-
Other comprehensive income/(loss) for the year, net of income tax		**-**	**-**	**-**	**(43)**
Total comprehensive loss for the year		**(62)**	**(1)**	**(63)**	**(349)**
Loss attributable to:					
Shareholders of the Company		(62)	(1)	(63)	(301)
Non-controlling interest		-	-	-	(5)
Loss for the year		**(62)**	**(1)**	**(63)**	**(306)**
Total comprehensive loss attributable to:					
Shareholders of the Company		(62)	(1)	(63)	(344)
Non-controlling interest		-	-	-	(5)
Total comprehensive loss for the year		**(62)**	**(1)**	**(63)**	**(349)**
(Loss)/earnings per share	29		-		
Basic, diluted loss per share		(0.46)	(0.01)	(0.47)	(2.20)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	Note	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
ASSETS					
Non-current assets					
Property, plant and equipment	17	241	349	8	12
Intangible assets	18	1,168	1,661	39	55
Prepayment for shares	20	-	50	-	2
Investments in equity accounted investees	21	129	884	4	29
Deferred tax assets	24	227	-	8	-
Other investments	22	13	5	-	-
Other assets	23	104	122	3	4
Total non-current assets		**1,882**	**3,071**	**62**	**102**
Current assets					
Inventories	25	29	37	1	1
Other investments	22	22	148	1	5
Income tax receivable		28	25	1	1
Trade and other receivables	26	748	861	25	28
Cash balance of OJSC RBC Bank	27	-	644	-	21
Cash balance of other Group companies	27	243	353	8	12
Total current assets		**1,070**	**2,068**	**36**	**68**
Total assets		**2,952**	**5,139**	**98**	**170**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	Note	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
EQUITY AND LIABILITIES					
Equity	28				
Share capital		-	-	-	-
Share premium		6,644	6,644	220	220
Treasury shares		(774)	(1,019)	(26)	(34)
Foreign currency translation reserves		(1)	(6)	-	-
Available-for-sale investments revaluation reserve		-	(4)	-	-
Retained earnings		(11,331)	(9,215)	(375)	(305)
Total equity attributable to shareholders of the Company		(5,462)	(3,600)	(181)	(119)
Non-controlling interest		28	22	1	1
Total equity		**(5,434)**	**(3,578)**	**(180)**	**(118)**
Non-current liabilities					
Loans and borrowings	30	-	4	-	-
Deferred tax liabilities	24	30	146	1	5
Total non-current liabilities		**30**	**150**	**1**	**5**
Current liabilities					
Loans and borrowings	30	6,066	5,593	201	185
Provisions	32	78	1,321	3	43
Trade and other payables	33	2,207	1,568	73	52
Income tax payable		5	85	-	3
Total current liabilities		**8,356**	**8,567**	**277**	**283**
Total liabilities		**8,386**	**8,717**	**278**	**288**
Total equity and liabilities		**2,952**	**5,139**	**98**	**170**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	2009 Mln RUR	2009 Mln USD*	2008 Mln RUR	2008 Mln USD*
OPERATING ACTIVITIES				
(Loss)/profit for the year	(1,919)	(63)	(9,277)	(306)
Adjustments for:				
Depreciation and amortisation	283	10	418	14
Impairment and write-off of assets	516	17	2,279	75
Unrealised foreign exchange loss	25	1	255	8
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(83)	(3)	54	2
Loss on disposal of discontinued operations	17	1	-	-
Net loss from disposal of promissory notes	-	-	162	5
Net loss from investments held for trading	-	-	2,209	73
Net loss from investments designated at fair value through profit or loss	-	-	413	14
Net gain from investments available for sale	-	-	(21)	(1)
Share in loss of equity accounted investees	755	25	620	20
Share option program compensation expense	13	-	26	1
Impairment loss on trade and other receivables	50	2	559	19
One-off expenses under forward contracts	-	-	1,600	53
Reversal of tax provision	-	-	(32)	(1)
Loans and other investments bad debts written off	-	-	61	2
Fair value adjustments of loans issued	-	-	3	-
Interest expense	405	13	540	18
Interest income	(11)	-	(129)	(4)
Other adjustments	3	-	23	1
Income tax (benefit)/expense	(377)	(12)	222	7
Operating (loss)/profit before changes in working capital and provisions	**(323)**	**(9)**	**(15)**	**-**
Decrease in inventories	8	-	4	-
(Increase)/decrease in trade and other receivables	(105)	(3)	64	2
Decrease in trade and other payables	(283)	(11)	(325)	(11)
Increase in other assets	-	-	(14)	-
Increase in provisions, other than on income tax	-	-	26	1
Cash flows used in operations before income taxes and interest paid	**(703)**	**(23)**	**(260)**	**(8)**
Income taxes paid	(30)	(1)	(132)	(4)
Interest paid	-	-	(335)	(11)
Cash flows used in operating activities	**(733)**	**(24)**	**(727)**	**(23)**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	2009 Mln RUR	2009 Mln USD*	2008 Mln RUR	2008 Mln USD*
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	43	1	11	-
Proceeds from disposal of intangible assets	72	2	-	-
Proceeds from disposal of investments	25	1	5,427	180
Proceeds from disposal of other assets	(3)	-	-	-
Proceeds from disposal of shares	13	-	-	-
Loans granted	(3)	-	(2,443)	(82)
Repayment of loans granted	3	-	1,130	37
Interest received	8	-	16	1
Acquisition of property, plant and equipment	(32)	(1)	(119)	(4)
Acquisition of intangible assets	(38)	(1)	(508)	(17)
Acquisition of other investments	-	-	(4,353)	(146)
Acqusition of other assets	(3)	-	-	-
Acquisition of non-controlling interest in subsidiaries	-	-	(460)	(15)
Acquisition of subsidiaries, net of cash acquired	4	-	(185)	(6)
Payment for shares in equity accounted investees	-	-	(849)	(28)
Disposal of subsidiaries, net of cash disposed	(159)	(4)	20	1
Cash flows used in investing activities	**(70)**	**(2)**	**(2,313)**	**(79)**
FINANCING ACTIVITIES				
Proceeds from issue of share capital, net of transaction costs	-	-	-	-
Acquisition of treasury shares	-	-	(759)	(25)
Proceeds from borrowings	74	2	5,184	173
Repayment of borrowings	(69)	(2)	(4,075)	(136)
Proceeds from sale of treasury shares	44	1	7	0
Cash flows from financing activities	**49**	**1**	**357**	**12**
Net decrease in cash and cash equivalents	**(754)**	**(25)**	**(2,683)**	**(90)**
Cash and cash equivalents at beginning of year (owned by OJSC RBC Bank)	644	21	376	13
Cash and cash equivalents at beginning of year (owned by other companies)	353	12	3,304	110
Cash and cash equivalents at end of year (owned by OJSC RBC Bank)	-	-	644	21
Cash and cash equivalents at end of year (owned by other companies)	243	8	353	12

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln RUR	**Attributable to equity holders of the Company**								
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Available-for-sale investments revaluation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2008	-	6,644	(304)	(25)	-	1,662	7,977	7	7,984
Profit/(loss) for the year	-	-	-	-	-	(9,129)	(9,129)	(148)	(9,277)
	-	6,644	(304)	(25)	-	(7,467)	(1,152)	(141)	(1,293)
Other comprehensive income									
Foreign currency translation differences	-	-	-	19	-	-	19	-	19
Revaluation of available-for-sale investments	-	-	-	-	(4)	-	(4)	-	(4)
Provision for loans given to related parties	-	-	-	-	-	(1,310)	(1,310)	-	(1,310)
Disposal of subsidary	-	-	-	-	-	8	8	-	8
Total other comprehensive income	-	-	-	19	(4)	(1,302)	(1,287)	-	(1,287)
Total comprehensive income for the year	-	6,644	(304)	(6)	(4)	(8,769)	(2,439)	(141)	(2,580)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Options granted	-	-	-	-	-	26	26	-	26
Own shares sold	-	-	44	-	-	(37)	7	-	7
Own shares acquired	-	-	(759)	-	-	-	(759)	-	(759)
	-	-	(715)	-	-	(11)	(726)	-	(726)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest interest in subsidiary	-	-	-	-	-	(554)	(554)	-	(554)
Derecognition of non-controlling interest interest	-	-	-	-	-	119	119	163	282
	-	-	-	-	-	(435)	(435)	163	(272)
Total transactions with owners	-	-	(715)	-	-	(446)	(1,161)	163	(998)
Balance at 31 December 2008	-	6,644	(1,019)	(6)	(4)	(9,215)	(3,600)	22	(3,578)

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln RUR	Attributable to equity holders of the Company								
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Available-for-sale investments revaluation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2009	-	6,644	(1,019)	(6)	(4)	(9,215)	(3,600)	22	(3,578)
Profit/(loss) for the year	-	-	-	-	-	(1,926)	(1,926)	7	(1,919)
	-	6,644	(1,019)	(6)	(4)	(11,141)	(5,526)	29	(5,497)
Other comprehensive income									
Foreign currency translation differences	-	-	-	5	-	-	5	-	5
Acquisitions of subsidiaries	-	-	-	-	-	-	-	3	3
Disposal of subsidaries, net of tax	-	-	-	-	4	(2)	2	(5)	(3)
Total other comprehensive income	-	-	-	5	4	(2)	7	(2)	5
Total comprehensive income for the year	-	6,644	(1,019)	(1)	-	(11,143)	(5,519)	27	(5,492)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Options granted	-	-	-	-	-	13	13	-	13
Own shares sold	-	-	245	-	-	(201)	44	-	44
Other contributions by and distributions to owners	-	-	-	-	-	-	-	1	1
Total transactions with owners	-	-	245	-	-	(188)	57	1	58
Balance at 31 December 2009	-	6,644	(774)	(1)	-	(11,331)	(5,462)	28	(5,434)

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

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Mln USD*	**Attributable to equity holders of the Company**								
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Available-for-sale investments revaluation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2008	-	220	(10)	(1)	-	55	264	-	264
Profit/(loss) for the year	-	-	-	-	-	(302)	(302)	(5)	(307)
Other comprehensive income									
Foreign currency translation differences	-	-	-	1	-	-	1	-	1
Revaluation of available-for-sale investments	-	-	-	-	-	-	-	-	-
Provision for loans given to related parties	-	-	-	-	-	(43)	(43)	-	(43)
Disposal of subsidary	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	1	-	(43)	(42)	-	(42)
Total comprehensive income for the year	-	220	(10)	-	-	(290)	(80)	(5)	(85)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Options granted	-	-	-	-	-	1	1	-	1
Own shares sold	-	-	1	-	-	(1)	-	-	-
Own shares acquired	-	-	(25)	-	-	-	(25)	-	(25)
	-	-	(24)	-	-	-	(24)	-	(24)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	(18)	(18)	-	(18)
Derecognition of Non-controlling interest	-	-	-	-	-	3	3	6	9
Total transactions with owners	-	-	(24)	-	-	(15)	(38)	6	(32)
Balance at 31 December 2008	-	220	(34)	-	-	(305)	(119)	1	(118)

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln USD*	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Translation reserve	Available-for-sale investments revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2009	-	220	(34)	-	-	(305)	(119)	1	(118)
Profit/(loss) for the year	-	-	-	-	-	(63)	(63)	-	(63)
	-	220	(34)	-	-	(368)	(182)	1	(181)
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-
Disposal of subsidaries	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	220	(34)	-	-	(368)	(182)	1	(181)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Options granted	-	-	-	-	-	-	-	-	-
Own shares sold	-	-	8	-	-	(7)	1	-	1
Other contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	8	-	-	(7)	1	-	1
Balance at 31 December 2009	-	220	(26)	-	-	(375)	(181)	1	(180)

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 80.

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1 Background

(a) Organisation and operations

OJSC RBC Information Systems (the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian open joint stock companies and limited liability companies as defined in the Civil Code of the Russian Federation, and companies located abroad. The Company was established as an open joint stock company in 2000. The Company's shares are traded in the Russian Federation on the Moscow Stock Exchange and Russian Trading System ("RTS"), and in the United States of America through a Level-1 ADR program.

The Company's registered office is the Russian Federation, Moscow, Profsoyuznaya Street, 78. As at 31 December 2009 no one individual controls more than 50% of the Company's voting shares.

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.

During 2009, the Group was in negotiation with its creditors regarding restructuring of its debt (see note 30). Subsequent to 31 December 2009, the Group has reached an agreement with its creditors, attracted additional equity financing, and began the process of changing the Group's structure (see note 41).

(b) Business environment

The Russian Federation and Ukraine, where the majority of the Group's transactions are conducted, have 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 and Ukraine 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 consolidated financial statements reflect management's assessment of the impact of the Russian and Ukrainian 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that financial investments at fair value through profit and loss and financial investments classified as available-for-sale are stated at their fair value.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"), which is the Group's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUR has been rounded to the nearest thousand.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

(d) Convenience translation

In addition to presenting the consolidated financial statements in RUR, supplementary information in USD has been presented for the convenience of users of the financial statements.

All amounts in the consolidated financial statements, including comparatives, are translated from RUR to USD at the closing exchange rate at 31 December 2009 of RUR 30.2442 to USD 1.

(e) Use of judgments, estimates and assumptions

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with IFRSs. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 7 - Acquisition of subsidiaries;
- Note 8 – Revenue;
- Note 19 – Impairment;
- Note 24 – Deferred tax assets and liabilities;
- Note 26 – Trade and other receivables;
- Note 32 – Provisions;
- Note 37 – Contingencies.

(f) Changes in accounting policies and presentation

With effect from 1 January 2009, the Group changed its accounting policies in the following areas:

- Accounting for borrowing costs;
- Determination and presentation of operating segments;
- Presentation of financial statements; and
- Accounting for business combination.

(i) Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

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(ii) Determination and presentation of operating segments

As at 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision maker (CODM). This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, excluding revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. For the purposes of segment reporting, all of the operating segments are presented separately.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

According to an Improvement to IFRS 8 issued in 2009 there is no need to present the information about segment assets and liabilities if it is not used by CODM for its decisions. The improvement becomes effective since 2010, earlier adoption is permitted. The Group adopted early the improvement for the year ended 31 December 2009 and therefore does not present information about segment assets and liabilities.

The Group comprises the following operating segments, which are segregated by the nature of the goods and services they produce and provide:

- Business Internet Segment
- Consumer Internet Segment
- TV segment
- Printing segment
- Salon segment
- Banking segment

(iii) Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as at 1 January 2009. The revised standard requires, among other changes, a presentation of all owner changes in equity to be presented in the statement of changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(iv) Accounting for business combination and non-controlling interests

The Group chose to adopt early revised IFRS 3 Business Combinations (2008) and amended IAS 27 (2008) Consolidated and Separate Financial Statements, which otherwise becomes effective on 1 July 2009. The revisions address, among other things, accounting for step acquisitions, require acquisition-related costs to be recognised as expenses and remove the exception for changes in contingent

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consideration to be accounted by adjusting goodwill. The revisions also address how non-controlling interests in subsidiaries should be measured upon acquisition and require the effects of transactions with non-controlling interests to be recognised directly in equity. In addition, the revision requires an entity to attribute total comprehensive income to the owners of the parent and to the noncontrolling interest even if this results in non-controlling interest having a deficit balance. As a result of adoption of such revision, the balance of non-controlling interest was reduced by RUR 22 million/USD 0.7* million in as a result of attributing losses to non-controlling interest.

(g) Changes in accounting estimates

At 1 January 2009 the Group has reclassified intangible assets (two trademarks related to Salon segment) from an indefinite life category to a finite life category and began amortizing such intangibles over an estimated useful life of 20 years. The carrying value of such intangibles at the date of reclassification is RUR 239 million/USD 8* million. The above change in estimate resulted in additional amortization expense being recognized during 2009 in the amount of RUR 12 million/USD 0.4* million. The impairment loss recognized in relation to these trademarks in 2009 amounted to RUR 101 million/USD 3.3* million.

3 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are described in note 3(a) to 3(p). These accounting policies have been consistently applied.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategical financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising in translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments that are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RUR at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to RUR at exchange rates at the dates of the transactions.

Foreign currency differences resulting from translation of foreign operations are recognised directly in other comprehensive income. Since the Group transition to IFRSs such differences have been recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in the other comprehensive income, and are presented within equity in the foreign currency translation reserve.

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expenses is discussed in note 3(m).

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Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any accumulated impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)(i)), and foreign exchange gains and losses on available-for-sale monetary items (see note 3(b)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive statement is transferred to profit or loss.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the

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functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in the cost of such assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are recognised net in "other income" or "other expense" in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term, in which case the leased assets are depreciated over their useful life. Land is not depreciated.

The estimated useful lives for the current and comparative periods are the follows:

- TV equipment from 2 to 10 years
- Computer equipment from 2 to 5 years
- Office equipment from 3 to 7 years
- Other assets from 3 to 10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

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(ii) Web-sites

Costs relating to the development of web-sites are capitalized if the site is functional in nature (i.e. it is designed to generate revenue from sales).

Expenditure to maintain and improve design, content and appearance of a web-site is expensed as incurred.

(iii) Software

Acquired software is stated at historical cost less accumulated amortisation and any accumulated impairment losses. Costs relating to the development of software are capitalized if the Group expects to sell the software at a price above cost or use it in its operations.

(iv) Capitalised development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The capitalised expenditure includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised as a part of cost of qualifying assets.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Trade marks

Trade marks acquired by the Group and representing registered rights are stated at cost less accumulated amortisation and impairment losses.

(vi) Brands

Brands acquired by the Group in connection with the acquisition of internet resources, are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

(vii) Other intangible assets

Other intangible assets include licenses, customer lists, and content of websites. Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(viii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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(ix) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Trade marks	5 to 20 years
Software	3 years
Web-sites	3 years
Brands	12 to 15 years
Customer lists	1 to 10 years
Cable network connection	15 years
Other (licenses, content)	3 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible

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assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business acquisition, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment transactions

At the grant date fair value of share options granted to employees is recognised as personnel costs, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service requirements and non-market vesting conditions are met.

(j) Provisions

(i) Tax provisions

The Group provides for tax risks including late-payment interest and penalties, when it is probable that an outflow of economic benefits will be required according to the effective laws and regulations. Such provisions are maintained, and updated if necessary, for the period over which the respective tax positions remain subject to review by the tax authorities.

(ii) Other provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be

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required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Revenue

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For sales of printing products, transfer usually occurs when the goods are shipped to buyers.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(l) Other expenses

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

(m) Finance income and expenses

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

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Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2009, and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

- Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount are classified as equity instruments even if the fixed amount is determined in foreign currency. A fixed amount can be determined in any currency provided that entity offers these instruments pro rata to all of the existing owners of the same class of its own non-derivative equity instruments. The amendment is applicable for annual periods beginning on or after 1 February 2010. The amendment is expected to have no impact on the Group's consolidated financial statements

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment, which becomes mandatory for the Group's 2010 consolidated financial statements, with retrospective application required, is not expected to have any impact on the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* which clarifies that the entity receiving goods or services in a share-based payment transaction that is settled by any other entity in the group or any shareholder of such an entity in cash or other assets is required to recognise the goods or services received in its financial statements. Amendment will come into effect on 1 January 2010. The Group has not yet determined the potential effect of the amendment.

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- Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purpose, will come into effect not earlier than 1 January 2010. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets

The fair values of certain intangible assets acquired in business combinations were estimated as follows:

(i) Trade marks and brands

The fair value of trade marks and brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade mark or the brand being owned (the "relief-from-royalty" method).

(ii) Software and websites

The fair values of software and websites acquired in a business combination were determined through the cost approach, based on the actual expenditure the Group would have incurred to recreate such software and websites.

(iii) Other intangible assets

The fair values of customer lists acquired in business combinations were valued using the multi-period excess earnings approach.

The fair values of licences were determined using the cost approach, except that the fair value of the license of CJSC TRK MKS acquired in a business combination was valued using the market approach (note 7(i)).

(b) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(c) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, available-for-sale investments and held-to-maturity investments is determined by reference to their quoted weighted average price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(d) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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(e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(f) Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price at the measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

5 Segment reporting

(a) Business segments

The Group comprises the following main business segments:

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, hosting services. In 2008 the Group disclosed Consumer and Business Internet segments in aggregated Internet Segment.

TV segment. Operation of a TV channel, provision of TV advertising.

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. In 2008 the Group disclosed Salon as a part of Printing segment.

Bank segment. Provision of banking services. OJSC RBC Bank, the only legal entity comprising the banking segment, was disposed in 2009.

The geographic information regarding the revenues from external customers is not disclosed as it is not available and the cost to develop it would be excessive.

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2009 Mln RUR	**Revenue**	**Expenses**	**Payroll expenses**	**Cost of sales**	**Distribution expenses**	**Profit/ (loss)**	**Impairment loss**
Business internet	1,238	(987)	(570)	(93)	(324)	251	-
Consumer internet	627	(731)	(272)	(363)	(96)	(104)	(378)
TV	430	(719)	(345)	(278)	(96)	(289)	-
Print	249	(401)	(201)	(120)	(80)	(152)	-
Salon	593	(515)	(125)	(228)	(162)	78	(138)
Banking	8	(20)	-	(20)	-	(12)	-
Total	**3,145**	**(3,373)**	**(1,513)**	**(1,102)**	**(758)**	**(228)**	**(516)**
Adjustments	**(94)**	**(681)**	**13**	**(695)**	**-**	**(775)**	
Unused vacations	-	-	19	(19)	-	-	
Impairment of intangible assets	-	(516)	-	(516)	-	(516)	
Depreciation & amortisation	-	(283)	-	(283)	-	(283)	
Revenue from sale of TV equipment	(34)	34	-	34	-	-	
Sale of IA	(72)	72	-	72	-	-	
Others	12	12	(6)	18	-	24	
Reconciled total	**3,051**	**(4,054)**	**(1,500)**	**(1,796)**	**(758)**	**(1,003)**	
Financial income						35	
Financial expenses						(573)	
Share in profit of associated companies						(755)	
Taxation						377	
Non-controlling interest						(7)	
Net loss						**(1,926)**	

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2008 Mln RUR	Revenue	Expenses	Payroll expenses	Cost of sales	Distribution expenses	Profit/ (loss)	Impairment loss
Business internet	2,154	(1,675)	(489)	(362)	(824)	479	(62)
Consumer internet	667	(768)	(229)	(295)	(244)	(101)	(1,210)
TV	770	(1,154)	(477)	(395)	(282)	(384)	(262)
Print	569	(855)	(233)	(389)	(233)	(286)	(44)
Salon	909	(936)	(322)	(305)	(309)	(27)	(465)
Banking	95	(77)	(40)	(37)	-	18	(234)
Total	**5,164**	**(5,465)**	**(1,790)**	**(1,783)**	**(1,892)**	**(301)**	**(2,279)**
Adjustments	**-**	**(2,663)**	**(31)**	**(2,632)**	**-**	**(2,663)**	
Unused vacations	-	(26)	(26)	-	-	(26)	
Impairment of intangible assets	-	(2,279)	-	(2,279)	-	(2,279)	
Depreciation & amortisation	-	(418)	-	(418)	-	(418)	
Others	-	60	(5)	65	-	60	
Reconciled total	**5,164**	**(8,128)**	**(1,821)**	**(4,415)**	**(1,892)**	**(2,964)**	
Financial income						144	
Financial expenses						(5,615)	
Share in profit of associated companies						(620)	
Taxation						(222)	
Non-controlling interest						148	
Net loss						**(9,129)**	

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2009 Mln USD*	Revenue	Expenses	Payroll expenses	Cost of sales	Distribution expenses	Profit/ (loss)	Impairment loss
Business internet	41	(33)	(19)	(3)	(11)	8	-
Consumer internet	21	(24)	(9)	(12)	(3)	(3)	(12)
TV	14	(23)	(11)	(9)	(3)	(9)	-
Print	8	(14)	(7)	(4)	(3)	(6)	-
Salon	20	(17)	(4)	(8)	(5)	3	(5)
Banking	-	(1)	-	(1)	-	(1)	-
Total	**104**	**(112)**	**(50)**	**(37)**	**(25)**	**(8)**	**(17)**
Adjustments	**(3)**	**(22)**	**1**	**(23)**	**-**	**(25)**	
Unused vacations	-	-	1	(1)	-	-	
Impairment of intangible assets	-	(17)	-	(17)	-	(17)	
Depreciation & amortisation	-	(9)	-	(9)	-	(9)	
Revenue from sale of TV equipment	(1)	1	-	1	-	-	
Sale of IA	(2)	2	-	2	-	-	
Others	-	1	-	1	-	1	
Reconciled total	**101**	**(134)**	**(49)**	**(60)**	**(25)**	**(33)**	
Financial income						2	
Financial expenses						(19)	
Share in profit of associated companies						(25)	
Taxation						12	
Non-controlling interest						-	
Net loss						**(63)**	

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2008 Mln USD*	**Revenue**	**Expenses**	**Payroll expenses**	**Cost of sales**	**Distribution expenses**	**Profit/ (loss)**	**Impairment loss**
Business internet	71	(55)	(16)	(12)	(27)	16	(2)
Consumer internet	22	(26)	(8)	(10)	(8)	(4)	(40)
TV	25	(38)	(16)	(13)	(9)	(13)	(9)
Print	20	(29)	(8)	(13)	(8)	(9)	(1)
Salon	30	(31)	(11)	(10)	(10)	(1)	(15)
Banking	3	(2)	(1)	(1)	-	1	(8)
Total	**171**	**(181)**	**(60)**	**(59)**	**(62)**	**(10)**	**(72)**
Adjustments	**-**	**(88)**	**(1)**	**(87)**	**-**	**(88)**	
Unused vacations	-	(1)	(1)	-	-	(1)	
Impairment of intangible assets	-	(75)	-	(75)	-	(75)	
Depreciation & amortisation	-	(14)	-	(14)	-	(14)	
Others	-	2	-	2	-	2	
Reconciled total	**171**	**(269)**	**(61)**	**(146)**	**(62)**	**(98)**	
Financial income						5	
Financial expenses						(186)	
Share in profit of associated companies						(20)	
Taxation						(7)	
Non-controlling interest						5	
Net loss						**(301)**	

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6 Discontinued operation in 2009

In April 2009 the Group disposed of OJSC RBC Bank, the only legal entity comprising Banking segment. The Group sold 98% interest in OJSC RBC Bank, which represented all of its interest in the subsidiary, for RUR 300 million/ USD* 10. The loss from discontinued operations comprised RUR 45 million/ USD* 1, including the loss on disposal of RUR 17 million/ USD* 0.6 million. The Group had no discontinued operations in 2008.

	4 months ended 28 April 2009 Mln RUR	4 months ended 28 April 2009 Mln USD*	2008 Mln RUR	2008 Mln USD*
Results of discontinued operation				
Revenue	8	-	95	3
Cost of sales	(3)	-	(12)	-
Gross profit	**5**	**-**	**83**	**3**
Other income	-	-	40	1
Administrative expenses	(22)	(1)	(64)	(2)
Other expenses	-	-	(3)	-
Results from operating activities	**(17)**	**(1)**	**56**	**2**
Financial income	18	1	21	1
Financial expenses	-	-	(147)	(5)
(Loss)/profit before income tax	**1**	**-**	**(70)**	**(2)**
Income tax expense	(29)	(1)	10	-
(Loss)/profit for the year	**(28)**	**(1)**	**(60)**	**(2)**
Cash flows used in discontinued operation				
Net cash used in/(from) operating activities	136	4	(23)	(1)
Net cash from investing activities	-	-	(8)	-
Net cash used in financing activities	-	-	298	10
Net cash flows used in discontinued operation	136	4	267	9

Effect of disposal on financial position of the Group

	Carrying amount at date of disposal Mln RUR	Carrying amount at date of disposal Mln USD*
Non-current assets		
Property, plant and equipment	4	-
Current assets		
Financial instruments at fair value through profit or loss	34	1
Cash and cash equivalents	459	15
Other assets	5	-
Assets held for sale	50	2
Trade and other receivables	84	3
Non-current liabilities		
Deferred tax	(7)	-
Current liabilities		
Trade and other payables	(307)	(10)
Net identifiable assets, liabilities and contingent liabilities	322	11
Consideration received, satisfied in cash	300	10
Cash disposed of	459	15
Net cash outflow	159	5

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7 Acquisition and disposals of subsidiaries and non-controlling interest

(a) Acquisition of LLC "RBC Money"

In March 2009 the Group completed acquisition of 74% of the shares in LLC "RBC Money" for RUR 90 million/ USD* 3 million. This acquisition was made consistent with the Group's strategy, aiming for integration of electronic cash online payments business in the Consumer Internet business segment. LLC "RBC Money" provided services of electronic cash online payments.

A part of the purchase consideration in the amount of RUR 50 million/ USD* 2 million was settled in 2008 in the form of advertising services on RBC media resources provided by the Group to LLC "RBC Money".The Group forgave loan to the former owner of LLC "RBC Money" for an amount of RUR 40 million/ USD* 1 million as the remained part of consideration.

The impact of acquiring the subsidiary was to increase revenue for the year by RUR 9 million/USD* 0.3 million and to increase loss for the year by RUR 1 million/USD* 0.05 million.

The Group has determined fair value of identifiable tangible and intangible assets of the acquiree as at the acquisition date. The following assets have been identified:

	Fair value Mln RUR	Fair value Mln USD*	Estimated remaining useful life, years
Client base	7	-	6
Trademark	2	-	5

The acquisition of LLC "RBC Money" had the following effect on the Group's assets and liabilities at the date of acquisition:

	Recognised fair Mln RUR	Recognised fair Mln USD*
Non-current assets		
Property, plant and equipment	1	-
Intangible assets	9	-
Deferred tax asset	6	-
Current assets		
Trade and other receivables	7	-
Cash and cash equivalents	4	-
Non-current liabilities		
Deferred tax liabilities	(2)	-
Current liabilities		
Loans and borrowings	(1)	-
Trade and other payables	(37)	(1)
Net identifiable assets, liabilities and contingent liabilities	(13)	(1)
Group's share in net identifiable assets, liabilities and contingent liabilities	(10)	-
Goodwill on acquisition	100	3
Total consideration	90	3
Advertising services	50	2
Forgiven Loan	40	1
Cash acquired	4	-
Net cash inflow	4	-

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The gross contractual amounts receivable at the acquisition date was RUR 42 million/ USD* 1 million. The amount of RUR 35 million/ USD* 1 million was derecognized at the acquisition date, because the contractual cash flows are not expected to be collected.

Since the acquired subsidiary did not prepare IFRS financial statements before acquisition, it was impracticable to determine the effect of the acquisitions on consolidated revenue and profit for the year ended 31 December 2009, had the acquisition occurred on 1 January 2009.

Business combination for acquisition of LLC "RBC Money" was accounted under revised edition of IFRS 3 Business Combinations. Non-controlling interest was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets in the amount of RUR 3 million/ USD* 0.1 million at the acquisition date. The goodwill in the amount of RUR 100 million/ USD* 3 million arose on the acquisition because the Group expects to benefit from synergy of LLC "RBC Money" integration into activities of its Consumer internet segment.

(b) Disposal of control in LLC Fidel Solutions

In 2009 the Group disposed of its residual interest of 41% in LLC Fidel Solutions to its former owner for no consideration. There was no impact from the disposition on the loss for the year.

In August 2008 the Group disposed of 10% interest in LLC Fidel Solutions for no consideration to the former owners of the subsidiary. As a result, the Group's ownership in LLC Fidel Solutions reduced from 51% to 41%. At the date of loss of control assets of LLC Fidel Solutions were RUR 24 million/ USD* 0.8 million and liabilities were RUR 36 million/ USD* 1.2 million.

A liability for additional 10% non-controlling interest in LLC Fidel Solutions in the amount of RUR 25 million/USD* 1 million recognised by the Group as at 31 December 2007, was derecognised at 31 December 2008 as the seller's put option had not been exercised and expired. The excess of the value of derecognised liability over the carrying value of non-acquired non-controlling interest in the amount of RUR 24 million/ USD*1 million has been credited to equity.

Subsequent to the disposal of the control in LLC Fidel, the Group wrote off a loan issued to Fidel upon its acquisition in 2007 in the amount of RUR 29 million/USD* 1 million.

In 2008 the Group recognized profit of RUR 12 million/ USD* 0.4 million from investments in LLC Fidel Solutions. Gain from disposal of the subsidiary in 2008 amounted to RUR 8 million/ USD* 0 million.

(c) Acquisitions in 2008

(i) Acquisition of CJSC TRK MKS

In April 2008 the Group acquired 100% of the shares in CJSC TRK Molodaya Kultura Sibiri for RUR 185 million/USD* 6 million in cash. The impact of acquiring the subsidiary was to increase loss for the year by RUR 1 million/USD* 0.03 million.

CJSC TRK Molodaya Kultura Sibiri provides TV broadcasting services in Novosibirsk region. The licence enabled the Group to broadcast RBC-TV channel in Novosibirsk. CJSC TRK Molodaya Kultura Sibiri was renamed into CJSC RBC TV Novosibirsk immediately after the control was obtained in 2008.

The Group has determined fair value of identifiable tangible and intangible assets of the acquiree as at the acquisition date with assistance of an independent appraiser. The following assets have been identified:

	Fair value Mln RUR	**Fair value Mln USD***	**Estimated remaining useful life**
TV broadcasting license	169	6	indefinite

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The acquisition of LLC Molodaya Kultura Sibiri had the following effect on the Group's assets and liabilities at the date of acquisition:

	Recognised fair values on acquisition Mln RUR	Recognised fair values on acquisition Mln USD*
Property, plant and equipment	-	-
Intangible assets	169	6
Other identifiable assets and liabilities, net	(1)	-
Net identifiable assets, liabilities and contingent liabilities	168	6
Group's share in net identifiable assets, liabilities and contingent liabilities	168	6
Goodwill on acquisition	17	-
Total consideration paid	185	6
Cash acquired	-	-
Net cash outflow	185	6

Since the acquired subsidiary did not prepare IFRS financial statements before acquisition, it was impracticable to determine the effect of the acquisitions on consolidated revenue and profit for the year ended 31 December 2008, had the acquisition occurred on 1 January 2008.

The goodwill in the amount of RUR 17 million/ USD* 1 million arose on the acquisition because the Group expects to benefit from synergy of CJSC Molodaya Kultura Sibiri integration into activities of its TV segment.

(ii) Acquisition of 20% non-controlling interests of EDI S Press Holding Ltd.

In February 2008 the Group partially exercised its option to acquire a non-controlling interest of 40% in EDI S Press, through acquiring 20% interest for RUR 192 million /USD*6 million paid in cash, increasing ownership of the Group in EDI S Press from 60% to 80%. The liability for the total non-controlling interest of 40% in the amount of RUR 383 million/USD*12 million has been recognised in the Group's consolidated financial statements for 2007. Since the option to acquire the residual 20% non-controlling interest expired on 31 December 2008, the Group has derecognised the liability for non-acquired non-controlling interest of RUR 191 million/USD*6 million. The excess of the value of derecognised liability over the carrying value of non-acquired non-controlling interest in the amount of RUR 103 million/ USD*3 million has been credited to equity.

(iii) Acquisition of 17% non-controlling interests of Valento Commerce Ltd.

In July 2008 and September 2008 the Group partially exercised its option to acquired 25% shares of Valento Commerce Ltd., through acquiring of total 17% shares of Valento Commerce Ltd. for RUR 544 million /USD*18 million. The purchase consideration has been partially settled during 2008 in cash in the amount of RUR 258 million/ USD* 8 million, by providing advertising services to seller for the amount of RUR 158 million/ USD* 6 million and by assignment of receivables for the amount of RUR 128 million/ USD* 4 million. At 31 December 2008 purchase consideration payable amounted to RUR 76 million /USD*2 million (note 33).

As a result of this acquisition, the Group's ownership in Valento Commerce Ltd. increased from 75% to 92%. The excess of the purchase consideration over the carrying value of the acquired non-controlling

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interest in the amount of RUR 544 million/ USD*18 million has been debited to equity. In September 2008 the Group committed to acquire the remaining 8% non-controlling interest in Valento Commerce for RUR 176 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. At the date when these consolidated financial statements are approved for issuance, the Group is in process of acquiring the 8% interest. Management expects to complete the acquisition in the second half of 2010.

8 Revenue

	2009 Mln RUR	2008 Mln RUR	2009 MlnUSD*	2008 Mln USD*
Revenue from sale of internet advertising services and hosting services	1,801	2,808	60	93
Revenue from sale of advertising services in printing segment and from sales on prints	853	1,506	28	50
Revenue from sale of TV advertising services	389	755	13	25
Revenue from banking services	8	95	-	3
	3,051	5,164	101	171

9 Cost of sales

	2009 Mln RUR	2008 Mln RUR	2009 MlnUSD*	2008 Mln USD*
Payroll costs	1,370	1,707	45	56
Depreciation and amortisation	241	409	8	14
Rent expenses	137	50	5	2
Telecom expenses	123	165	4	5
Printing services	70	154	2	5
Content expenses	67	81	2	3
Domain name expenses	45	31	1	1
Conference costs	44	114	1	4
Other expenses	199	621	6	20
	2,296	3,332	74	110

10 Other income

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Gain on disposal of intangible assets	65	-	2	-
Gain on disposal of property, plant and equipment	18	-	1	-
Other operating income	6	9	-	-
Non-repayable aid	4	-	-	-
Gain on disposal of investments	-	21	-	1
Rental income	-	1	-	-
Reversal of tax provision	-	32	-	1
Foreign currency exchange income	-	18	-	1
	93	81	3	3

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11 Distribution expenses

Distribution expenses are mainly represented by advertising expenses.

12 Administrative expenses

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Wages and salaries	117	114	4	4
Rent	104	149	3	5
Consulting and legal expenses	76	68	3	2
Depreciation and amortization	42	12	2	-
Communication	32	24	1	1
Material expenses	31	17	1	1
Housing	20	9	1	-
Taxes other than profit tax	17	33	1	1
Employee compensation under share option program	13	26	-	1
IT expenses	13	11	-	-
Insurance	8	16	-	1
Business trips and transportation costs	7	26	-	1
Benefits for employees	-	6	-	-
Information services	2	17	-	1
Other administrative expenses	40	62	1	2
	522	590	17	20

13 Other Expenses

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Other operating expenses	30	53	1	2
Loss on disposal of inventories	5	-	-	-
Penalties	3	9	-	-
Loss on disposal of property, plant and equipment	-	53	-	2
Loss on disposal of Intangible assets	-	1	-	-
	38	116	1	4

14 Personnel costs

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Wages, salaries and bonuses	1,294	1,547	43	51
Contributions to State pension fund and other social charges	193	274	6	9
Share options (note 31)	13	26	-	1
	1,500	1,847	49	61

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15 Financial income and expenses

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Financial income				
Other financial income	24	15	1	-
Interest income	11	129	-	4
	35	144	1	4
Financial expenses				
Interest expense	(405)	(540)	(12)	(18)
Net loss from investments designated at fair value through profit and loss	-	(413)	-	(14)
Impairment loss on trade and other receivables	(50)	(559)	(2)	(18)
Foreign exchange (loss), net	(103)	(22)	(3)	(1)
Loans issued written-off	-	(61)	-	(2)
Other financial expenses	(15)	(25)	-	(1)
Net loss from investments held for trading	-	(2,209)	-	(73)
One-off expenses under forward contracts	-	(1,600)	-	(53)
Net loss from disposal of investments held to maturity	-	(162)	-	(5)
Brokers commissions	-	(24)	-	(1)
	(573)	(5,615)	(17)	(186)

16 Income tax expense

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Current tax expense				
Current year	45	(150)	1	(5)
	45	(150)	1	(5)
Deferred tax expense				
Origination and reversal of temporary differences	332	(60)	11	(2)
Change in tax rate	-	(12)	-	-
	332	(72)	11	(2)
	377	(222)	12	(7)

The applicable income tax rate for the Company and Russian subsidiaries is 20% (2008: 24%). With effect from 1 January 2009, the income tax rate for Russian companies has been reduced to 20%. This rate has been used in the calculation of deferred tax assets and liabilities. Foreign subsidiaries pay income tax in accordance with the legislative requirements of their tax jurisdictions. For the entities located in Ukraine, the applicable tax rate is the corporate income tax rate of 25% (2008: 25%). For the entities located in Cyprus, the applicable tax rate is the corporate income tax rate of 10% (2008: 10%). An entity located in Netherland Antilles had tax loss in 2009 and 2008 (tax rate is variable from 2.4% to 30%). The income earned by entities incorporated in the British Virgin Islands is not currently subject to income tax.

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Reconciliation of effective tax rate:

	2009 Mln RUR	%	2008 Mln RUR	%
Loss before income tax	(2 296)	100%	(9 055)	100%
Income tax at applicable tax rate	459	-20%	2 173	-24%
Effect of income taxed at (lower)/higher rates	(74)	3%	(409)	5%
Increase of late-payment interest and penalties related to the provision for income tax	-	0%	(5)	0%
Change in tax rate	-	0%	(12)	0%
Non-deductible expenses	(1 350)	-59%	(2 005)	22%
Non-taxable income	1 636	72%	138	-2%
Recogniton of deferred tax for temporary differences form prior years	251	11%	-	0%
Current year losses for which no deferred tax asset was recognised	(612)	-27%	(97)	1%
Under/(over) provided in prior years	67	3%	(5)	0%
	377	-16%	(222)	2%

	2009 Mln USD*	%	2008 Mln USD*	%
Loss before income tax	(75)	100%	(299)	100%
Income tax at applicable tax rate	15	-20%	72	-24%
Effect of income taxed at (lower)/higher rates	(2)	3%	(14)	5%
Increase of late-payment interest and penalties related to the provision for income tax	-	0%	-	0%
Change in tax rate	-	0%	-	0%
Non-deductible expenses	(45)	-59%	(66)	22%
Non-taxable income	54	72%	5	-2%
Recogniton of deferred tax for temporary differences form prior years	8	11%	-	0%
Current year losses for which no deferred tax asset was recognised	(20)	-27%	(3)	1%
Under/(over) provided in prior years	2	3%	-	0%
	12	-16%	(6)	2%

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17 Property, plant and equipment

Mln RUR	TV equipment	Computer equipment	Office equipment	Other assets	Construction-in-progress	Prepayments	Total
Cost							
Balance at 1 January 2008	532	479	146	43	18	-	**1,218**
Acquisitions through business combinations	1	-	-	-	-	-	**1**
Additions	41	43	11	2	16	5	**118**
Disposed with discontinued operation	-	-	-	-	-	-	**-**
Disposals	(83)	(211)	(6)	(3)	(9)	-	**(312)**
Transfer	-	3	7	-	(10)	-	**-**
Balance at 31 December 2008	**491**	**314**	**158**	**42**	**15**	**5**	**1,025**
Balance at 1 January 2009	491	314	158	42	15	5	**1,025**
Acquisitions through business combinations	-	1	-	-	-	-	**1**
Additions	6	15	2	8	1	-	**32**
Disposed with discontinued operation	-	(74)	(7)	(1)	-	-	**(82)**
Disposals	(41)	(81)	(9)	(1)	-	-	**(132)**
Transfer	7	-	-	-	(7)	-	**-**
Balance at 31 December 2009	**463**	**175**	**144**	**48**	**9**	**5**	**844**

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Mln RUR	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Construction-in-progress**	**Prepayments**	**Total**
Depreciation							
Balance at 1 January 2008	(394)	(319)	(35)	(13)	-	-	**(761)**
Depreciation charge	(72)	(52)	(30)	(8)	-	-	**(162)**
Disposed with discontinued operation	-	-	-	-	-	-	**-**
Acquisitions through business combinations	(1)	-	-	-	-	-	**(1)**
Disposals	59	182	5	2	-	-	**248**
Balance at 31 December 2008	**(408)**	**(189)**	**(60)**	**(19)**	**-**	**-**	**(676)**
Balance at 1 January 2009	(408)	(189)	(60)	(19)	-	-	**(676)**
Depreciation charge	(22)	(46)	(40)	(2)	-	-	**(110)**
Disposed with discontinued operation	-	71	5	-	-	-	**76**
Disposals	23	77	7	-	-	-	**107**
Balance at 31 December 2009	**(407)**	**(87)**	**(88)**	**(21)**	**-**	**-**	**(603)**
Net book value							
At 1 January 2008	138	160	111	30	18	-	**457**
At 1 January 2009	83	125	98	23	15	5	**349**
At 31 December 2009	56	88	56	27	9	5	**241**

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln. USD*	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Construction-in-progress**	**Prepayments**	**Total**
Cost							
Balance at 1 January 2008	18	16	5	2	1	-	**42**
Acquisitions through business combinations	-	-	-	-	-	-	**-**
Additions	1	1	-	-	1	-	**3**
Disposed with discontinued operation	-	-	-	-	-	-	**-**
Disposals	(3)	(7)	-	-	-	-	**(10)**
Transfer	-	-	-	-	-	-	**-**
Balance at 31 December 2008	**16**	**10**	**5**	**2**	**2**	**-**	**35**
Balance at 1 January 2009	16	10	5	2	2	-	**35**
Acquisitions through business combinations	-	-	-	-	-	-	**-**
Additions	-	-	-	-	-	-	**-**
Disposed with discontinued operation	-	(2)	-	-	-	-	**(2)**
Disposals	(2)	(3)	-	-	-	-	**(5)**
Transfer			-	-	-	-	**-**
Balance at 31 December 2009	**14**	**5**	**5**	**2**	**2**	**-**	**28**

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln. USD*	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Construction-in-progress**	**Prepayments**	**Total**
Depreciation							
Balance at 1 January 2008	(13)	(11)	(1)	-	-	-	**(25)**
Depreciation charge	(2)	(2)	(1)	-	-	-	**(5)**
Disposed with discontinued operation	-	-	-	-	-	-	**-**
Acquisitions through business combinations	-	-	-	-	-	-	**-**
Disposals	2	6	-	-	-	-	**8**
Balance at 31 December 2008	**(13)**	**(7)**	**(2)**	**-**	**-**	**-**	**(22)**
Balance at 1 January 2009	(13)	(7)	(2)	-	-	-	**(22)**
Depreciation charge	(1)	(2)	(1)	-	-	-	**(4)**
Disposed with discontinued operation	-	2	-	-	-	-	**2**
Disposals	1	3	-	-	-	-	**4**
Balance at 31 December 2009	**(13)**	**(4)**	**(3)**	**-**	**-**	**-**	**(20)**
Net book value							
At 1 January 2008	5	5	4	2	1	-	**17**
At 1 January 2009	3	3	3	2	2	-	**13**
At 31 December 2009	1	1	2	2	2	-	**8**

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

18 Intangible assets

Mln RUR	Trade marks	Software	Web-sites	Brands	Prepayments	Cable network connection	Goodwill	Customer list	Other	Total
Cost										
At 1 January 2008	480	228	338	525	176	410	1,776	197	64	4,194
Additions	-	75	175	-	177	-	-	-	16	443
Additions through business combinations	-	-	-	-	-	-	21	-	169	190
Disposals	-	-	-	-	(16)	-		-	-	(16)
Disposed through disposals of sibsidaries	-	(3)	(3)	-	-	-	(13)	-	-	(19)
Transferes	-	49	-	-	(286)	237		-	-	-
At 31 December 2008	**480**	**349**	**510**	**525**	**51**	**647**	**1,784**	**197**	**249**	**4,792**
At 1 January 2009	480	349	510	525	51	647	1,784	197	249	4,792
Additions	-	59	34	-	-	-	-	-	1	94
Additions through business combinations	2	-	-	-	-	-	100	7	-	109
Disposals	-	-	-	(10)	-	-	-	-	-	(10)
Disposed through disposals of sibsidaries	-	(2)	-	-	-	-	(194)	(6)	(20)	(222)
Transferes	-	41	-	-	(51)	10	-		-	-
At 31 December 2009	**482**	**447**	**544**	**515**	**-**	**657**	**1,690**	**198**	**230**	**4,763**

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln RUR	**Trade marks**	**Software**	**Web-sites**	**Brands**	**Prepayments**	**Cable network connection**	**Goodwill**	**Customer list**	**Other**	**Total**
Amortisation										
At 1 January 2008	(35)	(159)	(234)	(81)	-	(17)	-	(35)	(43)	(604)
Amortisation charge	(18)	(69)	(65)	(45)	-	(40)	-	(22)	(3)	(262)
Disposals	-	-	-	-	-		-	-	-	-
Impairment losses	(96)	(87)	(146)	(377)	-	-	(1,340)	(44)	(175)	(2,265)
Transferes										
At 31 December 2008	**(149)**	**(315)**	**(445)**	**(503)**	**-**	**(57)**	**(1,340)**	**(101)**	**(221)**	**(3,131)**
At 1 January 2009	(149)	(315)	(445)	(503)	-	(57)	(1,340)	(101)	(221)	(3,131)
Amortisation charge	(31)	(47)	(29)	(2)	-	(47)	-	(16)	(1)	(173)
Disposals	-	-	-	3	-	-	-	-	-	3
Disposed through disposals of sibsidaries	-	2	-	-	-	-	193	6	21	222
Impairment losses	(106)	(41)	-	-	-	-	(339)	(30)	-	(516)
Transferes	-	-	-	-	-	-	-	-	-	-
At 31 December 2009	**(286)**	**(401)**	**(474)**	**(502)**	**-**	**(104)**	**(1,486)**	**(141)**	**(201)**	**(3,595)**
Net Book Value										
At 1 January 2008	445	69	104	444	176	393	1,776	162	21	3,590
At 31 December 2008	331	34	65	22	51	590	444	96	28	1,661
At 31 December 2009	196	46	70	13	-	553	204	57	29	1,168

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln USD*	**Trade marks**	**Software**	**Web-sites**	**Brands**	**Prepayments**	**Cable network connection**	**Goodwill**	**Customer list**	**Other**	**Total**
Cost										
At 1 January 2008	16	8	11	17	6	14	59	7	2	140
Additions	-	2	6	-	6	-	-	-	1	15
Additions through business combinations	-	-	-	-	-	-	1	-	6	7
Disposals	-	-	-	-	(1)	-	-	-	-	(1)
Disposed through disposals of sibsidaries	-	-	-	-	-	-	-	-	-	-
Transferes	-	2	-	-	(9)	7	-	-	-	-
At 31 December 2008	**16**	**12**	**17**	**17**	**2**	**21**	**60**	**7**	**9**	**161**
At 1 January 2009	16	12	17	17	2	21	60	7	9	161
Additions	-	2	1	-	-	-	-	-	-	3
Additions through business combinations	-	-	-	-	-	-	3	-	-	3
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of sibsidaries	-	-	-	-	-	-	(6)	-	(1)	(7)
Transferes	-	2	-	-	(2)	-	-	-	-	-
At 31 December 2009	**16**	**16**	**18**	**17**	**-**	**21**	**57**	**7**	**8**	**160**

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln USD*	**Trade marks**	**Software**	**Web-sites**	**Brands**	**Prepayments**	**Cable network connection**	**Goodwill**	**Customer list**	**Other**	**Total**
Amortisation										
At 1 January 2008	(1)	(5)	(8)	(3)	-	(1)	-	(1)	(1)	(20)
Amortisation charge	(1)	(2)	(2)	(1)	-	(1)	-	(1)	(1)	(9)
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment losses	(3)	(3)	(5)	(12)	-	-	(44)	(1)	(6)	(74)
Transferes	-	-	-	-	-	-	-	-	-	-
At 31 December 2008	**(5)**	**(10)**	**(15)**	**(16)**	**-**	**(2)**	**(44)**	**(3)**	**(8)**	**(103)**
At 1 January 2009	(5)	(10)	(15)	(16)	-	(2)	(44)	(3)	(8)	(103)
Amortisation charge	(1)	(2)	(1)	-	-	(2)	-	(1)	-	(7)
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of sibsidaries	-	-	-	-	-	-	6	-	1	7
Impairment losses	(3)	(1)	-	-	-	-	(11)	(1)	-	(16)
Transferes	-	-	-	-	-	-	-	-	-	-
At 31 December 2009	**(9)**	**(13)**	**(16)**	**(16)**	**-**	**(4)**	**(49)**	**(5)**	**(7)**	**(119)**
Net Book Value										
At 1 January 2008	15	3	3	14	6	13	59	6	1	120
At 31 December 2008	11	2	2	1	2	19	16	4	1	58
At 31 December 2009	7	3	2	1	-	17	8	2	1	41

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(a) Amortization charge

The amortization charge for the year is included in “Cost of sales” and “Administrative expenses”.

(b) Non-cash aqusition of intangible assets

In 2009 the Group acquired license with a carrying value of RUR 55 million/ USD* 2 million from a related party in exchange for advertising services (see note 38).

(c) Impairment testing and write off

All intangible assets were tested for impairment as at 31 December 2009 within those cash generating units where they belonged and RUR 39 million/ USD* 1 million were individually impaired.

All intangible assets were tested for impairment as at 31 December 2008 within those cash generating units where they belonged (note 19). In addition, the Group recognised a full individual impairment loss in respect of certain intangible assets with the total carrying value of RUR 96 million /USD* 3 million due to inability either to sell or to use them. Those intangible assets included all intangible assets and goodwill of “Square Meter” acquired in 2007 in the total amount of RUR 31 million/ USD* 1 million, software in the amount of RUR 38 million/USD*1 million, internet brands and websites in the total amount of RUR 27 million/ USD* 1 million.

19 Impairment

For the purposes of impairment testing, the goodwill has been allocated to two cash generating units, namely Consumer internet, Hosting. These cash generating units included respective Group entities whose acquisition resulted in recognition of the goodwill. These units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

For the purpose of impairment testing all other non-financial assets of the Group were allocated to cash generating units set out below. The values assigned to the key assumptions represent management’s assessment of future trends in the business and are based on both external sources and internal sources.

For the purposes of impairment testing the recoverable amount of each business was assumed to be equal to its value in use (discounted cash flow).

(i) Consumer internet business

This cash generating unit comprises consumer internet, which attracts advertising revenue from third parties. Also in 2009 the RBC Money business was included in Consumer Internet business CGU due to its activities being tightly interrelated with the CGU operations.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit for Consumer Internet projects:

- Cash flows were projected based on actual operating results for 2009 and the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year;
- Annual revenue from internet advertising was projected to increase in the following years by 40% in 2010, by 30% in 2011, by 27% in 2012, by 33% in 2013 and by 22% in 2014;
- Annual expenses were projected to increase by 19% in 2010 as compared to 2009, and to increase by 23% in 2011, by 24% in 2012, by 26% in 2013 and by 27% in 2014;

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A nominal after-tax discount rate of 19% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital. The cash flow testing conducted at the above assumptions resulted in an impairment loss of RUR 109 million/ USD* 4 million, all of which were allocated to goodwill.

The reasons for the change of the business' fair value are worsened economic conditions and decreased forecast of cash flows from business activities.

The above estimates are particularly sensitive in the following areas:

- An increase of one percentage point in the discount rate used would have increased the impairment loss by RUR 129 million /USD* 4 million.
- A 10% decrease in annual sales would have increased the impairment loss by RUR 197 million/USD* 7 million.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- A decrease of discount rate used in Consumer Internet business fair value estimation by 4% and decrease of discount rate used in RBC Money business fair value estimation by 11%; or
- A 10% increase in annual sales of Consumer Internet business and 118% increase in annual sales of RBC Money business.

(ii) Salon business

This cash generating unit includes subsidiaries of EDI S Press Holding, involved in publishing and distribution of magazines "Idei Vashego Doma", "Interier-Magazin", "Salon-Interier" and others, in Russia and Ukraine.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year.
- Annual advertising sales were projected to change as 10% annual decline in 2010-2014;
- Annual internet advertising sales were projected to change in line with Russian internet advertising market (15% growth in 2010, 26% growth in 2011, 27% growth in 2012, 15% growth in 2013 and 2014);
- Annual sales of prints have been projected to grow 5% annually in 2010-2014;
- Annual expenses were projected to decline by 11% in 2010, by 3% in 2011, by 2% in 2012-2013, by 1% in 2014;
- A nominal after-tax discount rate of 16% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

The cash flow testing conducted at the above assumptions resulted in an impairment loss of RUR 138 million/ USD* 5 million, all of which were allocated to intangible assets.

The reasons for the change of the business' fair value are worsened economic conditions and decreased forecast of cash flows from business activities.

The above estimates are particularly sensitive in the following areas:

- A one per cent increase in the discount rate used would have increased the impairment loss by RUR 29 million /USD* 1 million;

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- A 10% decrease in annual sales would have increased the impairment loss by RUR 230 million /USD* 8 million.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- A decrease of discount rate by 6%; or
- A 4% increase in annual sales.

(iii) *Business Internet*

This cash generating unit includes subsidiaries involved in business internet activities.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and on the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year.
- Annual internet advertising sales were projected to change in line with the Russian internet advertising market (48% growth in 2010, 65% growth in 2011, 42% growth in 2012-2014);
- Annual expenses were projected to increase by 28% in 2010-2011, by 25% in 2012, by 33% in 2013 and by 30% in 2014;
- A nominal after-tax discount rate of 17% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in no impairment.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 3%; or
- An 11% decrease in annual sales.

(iv) *Business Print*

This cash generating unit includes subsidiaries involved in publication and distribution of the newspaper “RBC daily” and magazine “RBC” in Russia.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and on the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year.
- Annual sales of advertising in prints were projected to change in line with the Russian print advertising market (14% decline in 2010, 26% growth in 2011-2014);
- Annual expenses were projected to increase by 28% in 2010-2011, by 25% in 2012, by 33% in 2013 and by 30% in 2014;

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- A nominal after-tax discount rate of 17% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in no impairment.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 3%; or
- An 11% decrease in annual sales.

(v) *Business TV*

This cash generating unit includes subsidiaries involved in operating RBC-TV channel in Russia and abroad.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and on the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year.
- Annual TV advertising sales were projected to change in line with the Russian TV advertising market (29% growth in 2010, 35% growth in 2011, 20% growth in 2012 and 24% growth in 2013-2014);
- Annual expenses were projected to increase by 28% in 2010-2011, by 25% in 2012, by 33% in 2013 and by 30% in 2014;
- A nominal after-tax discount rate of 17% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in no impairment.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 3%; or
- An 11% decrease in annual sales.

(vi) *Hosting business*

This cash generating unit includes subsidiaries involved in provision of web hosting services in Russia.

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The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and on the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year;
- Domain registration tariffs were projected to decline by 15% in 2010-2011, by 14% in 2012, by 12% in 2012 and by 10% in 2014. Hosting tariffs were projected to decline by 16% in 2010, by 15% in 2011, by 14% in 2012, by 12% in 2013 and by 10% in 2014;
- Annual expenses were projected to increase by 48% in 2010, by 5% in 2011, by 7% in 2012, by 5% in 2013 and by 7% in 2014;
- A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

The cash flow testing conducted at the above assumptions resulted in an impairment loss of RUR 230 million/ USD* 8 million, which was fully allocated to goodwill.

The reasons for the change of the business' fair value are worsened economic conditions and decreased forecast of cash flows from business activities.

The above estimates are particularly sensitive in the following areas:

- A one per cent increase in the discount rate would have increased the impairment loss by RUR 13 million /USD* 0.4 million.
- A 10% decrease in annual sales would have increased the impairment loss by RUR 112 million/ USD* 4 million.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An decrease of discount rate by 8%; or
- A 21% increase in annual sales.

(vii) TRK MKS

This cash generating unit includes CJSC TRK Molodaya Kultura Sibiri, which provides RBC-TV broadcasting services in Novosibirsk region.

The following key assumptions were used in determining the recoverable amount of the non-financial assets attributable to the cash generating unit:

- Cash flows were projected to be based on actual operating results for 2009 and the five-year business plan for 2010-2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year;
- Annual TV advertising sales were projected to change in line with the Russian TV advertising market (17% growth in 2010, 27% growth in 2011, 20% growth in 2012-2014);
- Annual EBITDA was projected to be 20% in 2010, 22% in 2011, 24% in 2012, 26% in 2013 and 28% in 2014;
- A nominal after-tax discount rate of 16% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in no impairment.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 3%; or
- A 22% decrease in annual sales.

(viii) *Atwood Lake Ltd*

The Group performed an impairment testing of the investment in equity accounted investee, Atwood Lake Ltd., at 31 December 2009.

The following key assumptions for impairment testing were used for Atwood operations:

- Cash flows were projected based on actual operating results for 2009 and the five-year business plan for 2010 – 2014. Net cash flows in the post-forecast period were determined assuming a 2.5% growth per year;
- Annual advertising sale were projected to decline in 2010 by 50%, by 15% in 2011, by 7% in 2012, and to grow by 6% in 2013-2014;
- Annual expenses were projected to increase by 94% in 2010, by 65% in 2011, by 77% in 2012, by 43% in 2013 and decrease by 14% in 2014;
- A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

The cash flow testing conducted at the above assumptions resulted in an impairment of the equity investment in Atwood Lake Ltd. of RUR 728 million/USD* 24 million.

The reasons for the change of the business' fair value are worsened economic conditions and decreased forecast of cash flows from business activities.

The above estimates are particularly sensitive in the following areas:

- An increase of one percentage point in the discount rate used would have decreased the impairment loss by RUR 84 million/USD* 3 million;
- A 10% decrease in annual sales would have increased the impairment loss by RUR 42 million/ USD* 1 million.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- A decrease of discount rate used in Atwood business fair value estimation by 16%; or
- A 94% increase in annual sales of Atwood business.

(ix) *Limandora*

The Group performed an impairment testing of the investment in its equity accounted investee, Limandora Ltd, at 31 December 2009.

The following key assumptions for impairment testing were used:

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- Cash flows were projected based on actual operating results for 2009 and the five-year business plan for 2010 – 2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year;
- Annual sales and cost were projected based on the similar web-site`s growth in another country;
- Annual advertising sales were projected at RUR 18 million/ USD* 0.6 million in 2010, and to grow by 100% in 2011, by 67% in 2012, by 40% in 2013, and by 18% in 2014;
- Annual costs were projected to increase by 64% in 2010, by 39% in 2011, by 37% in 2012, by 27% in 2013 and by 14% in 2014;
- A nominal after-tax discount rate of 19% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in impairment of RUR 6 million/USD* 0.2 million.

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 2%; or
- A 5% decrease in annual sales.

(x) CJSC Yuzhny Region – Telekommunikacii

The Group performed an impairment testing of the investment in its equity accounted investee, CJSC Yuzhny Region-Telekommunikacii, at 31 December 2009.

The following key assumptions for impairment testing were used:

- Cash flows were projected based on actual operating results for 2009 and the five-year business plan for 2010 – 2014. Net cash flows in the post-forecast period were determined assuming a 3.5% growth per year.
- Annual TV advertising revenue were projected to be in line with Russia TV advertising market (29% grown in 2010, 35% grown in 2011, 6% grown in 2012-2014);
- The ratio of annual EBITDA to revenue was projected to be 15% in 2010, 21% in 2011, 23% in 2012, 25% in 2013 and by 28% in 2014;
- A nominal after-tax discount rate of 19% was applied in determining the recoverable amount of the cash-generating unit. The discount rate used was based on an industry average weighted average cost of capital.

As a result of the above test the recoverable amount of the cash-generating unit exceeded its carrying amount.

The above estimates are not sensitive in the following areas:

- An increase of one percentage point in the discount rate used would result in no impairment;
- A reduction in the annual sales by 10% would result in no impairment.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

For the CGU recoverable amount to be equal to its carrying amount the following changes in the amounts of the values assigned to the key assumptions must take place:

- An increase of discount rate by 1%; or
- A 9% decrease in annual sales.

The impairment loss recognized by the Group as of 31 December 2009 is summarized in the table below:

	Impairment loss allocation as at 31 December 2009, Mln RUR			
Cash generating unit	**Goodwill**	**Intangible assets**	**Investments**	**Total**
Consumer Internet business	109	-	-	109
Salon business	-	138	-	138
Hosting business	230	-	-	230
Atwood Lake Ltd.	-	-	728	728
Individually impaired intangible assets	-	39	-	39
	339	177	728	1,244

	Impairment loss allocation as at 31 December 2009, Mln USD*			
Cash generating unit	**Goodwill**	**Intangible assets**	**Investments**	**Total**
Consumer Internet business	4	-	-	4
Salon business	-	5	-	5
Hosting business	8	-	-	8
Atwood Lake Ltd.	-	-	24	24
Individually impaired intangible assets	-	1	-	1
	12	6	24	42

	Impairment loss allocation as at 31 December 2008, Mln RUR				
Cash generating unit	**Goodwill**	**Intangible assets**	**Investment**	**Deferred tax assets**	**Total**
Consumer internet business	645	538	-	-	1,183
Salon business	353	112	-	-	465
Hosting business	91	-	-	-	91
TRK MKS	16	151	-	-	167
Amida	24	20	-	-	44
OJSC RBC Bank	194	25	-	15	234
Atwood Lake Ltd.	-	-	385	-	385
Limandora	-	-	85	-	85
CJSC Yuzhny Region-				-	
Telecommunikacii	-	-	97	-	97
OOO Yuzhny Region	-	-	38	-	38
OOO Fidel Solutions	-	-	12	-	12
Other intangible assets	17	79	-	-	96
	1,340	925	617	15	2,897

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Cash generating unit	Goodwill	Intangible assets	Investment	Deferred tax assets	Total
	Impairment loss allocation as at 31 December 2008, Mln USD*				
Consumer internet business	21	18	-	-	39
Salon business	12	4	-	-	15
Hosting business	3	-	-	-	3
TRK MKS	1	5	-	-	6
Amida	1	1	-	-	2
OJSC RBC Bank	6	1	-	-	7
Atwood Lake Ltd.	-	-	13	-	13
Limandora	-	-	3	-	3
CJSC Yuzhny Region-Telecommunikacii	-	-	3	-	3
OOO Yuzhny Region	-	-	1	-	1
OOO Fidel Solutions	-	-	-	-	-
Other intangible assets	1	3	-	-	4
	45	32	20	-	97

20 Prepayment for shares

Prepayment for shares of LLC "RBC Money"

In March 2009 the Group completed acquisition of LLC "RBC Money" (note 7(a)).

In 2008 the Group entered into agreement to acquire 74% interest in LLC "Rupay" for RUR 90 million/ USD* 3 million. LLC "Rupay" provided services of electronic cash online payments. Upon signing the acquisition agreement the entity had been renamed into LLC "RBC Money". A part of the purchase consideration in the amount of RUR 50 million/ USD* 2 million was settled in 2008 in the form of advertising services on RBC media resources provided by the Group to LLC "RBC Money".

21 Equity accounted investees

As of 31 December 2009 the Group had the following investments in equity accounted investees:

	Carrying value before impairment loss Mln RUR	Recognized income/(loss) Mln RUR	Impairment loss Mln RUR	Carrying value at 31.12.2009 Mln RUR
Atwood Lake Ltd.	809	(6)	(728)	75
Limandora Ltd.	48	(19)	-	29
CJSC Yuzhny Region-Telecommunikacii	27	(2)	-	25
	884	(27)	(728)	129

* *The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

	Carrying value before impairment loss Mln USD*	Recognized income/(loss) Mln USD*	Impairment loss Mln USD*	Carrying value at 31.12.2009 Mln USD*
Atwood Lake Ltd.	27	-	(24)	3
Limandora Ltd.	1	(1)	-	-
CJSC Yuzhny Region-Telecommunikacii	1	-	-	1
	29	(1)	(24)	4

As of 31 December 2008 the Group had the following investments in equity accounted investees:

	Carrying value before impairment loss Mln RUR	Recognized income/(loss) Mln RUR	Impairment loss Mln RUR	Carrying value at 31.12.2008 Mln RUR
Atwood Lake Ltd.	1,194	-	(385)	809
Limandora Ltd.	133	-	(85)	48
CJSC Yuzhny Region-Telecommunikacii	127	(3)	(97)	27
LLC Yuzhny Region	38	-	(38)	-
LLC Fidel Solutions	12	-	(12)	-
	1,504	(3)	(617)	884

	Carrying value before impairment loss Mln USD*	Recognized income/(loss) Mln USD*	Impairment loss Mln USD*	Carrying value at 31.12.2008 Mln USD*
Atwood Lake Ltd.	40	-	(13)	27
Limandora Ltd.	4	-	(3)	1
CJSC Yuzhny Region-Telecommunikacii	4	-	(3)	1
LLC Yuzhny Region	1	-	(1)	-
LLC Fidel Solutions	-	-	-	-
	49		(20)	29

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

The following is summarised financial information, in aggregate, in respect of equity accounted investees:

	2009	2008	2009	2008
	Mln RUR	Mln RUR	Mln USD*	Mln USD*
Total assets	551	553	18	18
Total liabilities	(276)	(29)	(9)	(1)
Revenue	192	77	6	3
Profit/(loss) for the year	(50)	(5)	(2)	(0)

Loss from investments in equity accounted investees for the year ended 31 December 2009 in the amount of RUR 755 million/ USD* 25 million (2008: RUR 620 million/ USD* 20 million) includes impairment loss in the amount of RUR 728 million/USD* 24 million (2008: RUR 617 million/ USD* 20 million).

(a) Atwood Lake Ltd

In 2008 the Group completed acquisition 40% of the shares in Atwood Lake Ltd. for RUR 1,194 million/USD* 39 million in cash. A prepayment of RUR 491 million/USD* 16 million was made in 2007, the remaining part of purchase consideration of RUR 703 million/USD* 23 million was paid in 2008. Atwood Lake Ltd. provides file sharing, storage and back up services.

The Group has commissioned American Appraisals to assess fair value of identifiable intangible assets of the acquiree as at the acquisition date. The appraiser has identified the following intangible assets:

	Fair value Mln RUR	Fair value Mln USD*	Estimated remaining useful life
Brand	48	2	indefinite
Software	21	1	3 years
	69	3	

In 2009 the Group recognised loss of RUR 6 million/ USD* 0.1 million from investments in Atwood Lake Ltd. The impairment of the investment in Atwood Lake Ltd. of RUR 728 million/USD* 24 million was recognized at 31 December 2009 (Note 19).

(b) Limandora Ltd

In 2009 the Group recognised loss of RUR 19 million/ USD* 1 million from investments in Limandora Ltd.

In April 2008 the Group acquired 51% of the shares in Limandora Ltd. for RUR 133 million/USD* 4.4 million in cash. Limandora Ltd. owns internet resource - a new consumer web-site for kids.

Although the Group acquired 51% of Limandora Ltd., the Group has no control over Limandora Ltd., but has significant influence. According to the investment agreement, the Group and the second owner have equal voting rights in the annual general meeting of shareholders. Therefore, the investment in Limandora Ltd. is accounted by equity method.

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(c) CJSC Yuzhny Region – Telekommunikacii

In 2009 the Group recognised loss of RUR 2 million/ USD* 0.01 million (2008: loss of RUR 3 million/ USD* 0.01 million) from investments in CJSC Yuzhny Region – Telekommunikacii.

The Group acquired 50% of CJSC Yuzhny Region – Telekommunikacii in October 2007 for RUR 114 million/ USD* 4 million. Per agreement with the seller, the purchase consideration was increased in 2008 by RUR 13 million/ USD* 0.4 million.

(d) LLC Yuzhny Region

In 2008 the Group completed acquisition of 50% LLC Yuzhny Region for RUR 51 million/USD* 1.7 million. In 2008 the Group recognised loss of RUR 13 million/ USD* 0.4 million from investments in LLC Yuzhny Region.

LLC Yuzhny Region is a media company. At the time of its acquisition, the Group expected to integrate of LLC Yuzhny Region into activities of its printing segment. However in 2008 the carrying value of the investment of RUR 38 million/USD* 1 million was considered unrecoverable, and an impairment loss for the total carrying value of the investment was recognised at 31 December 2008.

(e) LLC Fidel Solutions

In August 2008 the Group lost control over LLC Fidel Solutions, decreasing its ownership from 51% to 40.8%. At the end of reporting period Group retained significant influence over LLC Fidel Solutions.

In 2008 the Group recognised profit of RUR 12 million/ USD* 0.4 million from investments in LLC Fidel Solutions.

The full impairment of the investment of LLC Fidel Solutions RUR 12 million/USD* 0.4 million was recognized at 31 December 2008.

In 2009 Group disposed of all of its interest in LLC Fidel Solutions.

22 Other investments

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Non-current				
Loans granted to employees	6	5	-	-
Loans granted to third parties	5	-	-	-
Loans granted to related parties	1	-	-	-
Other investments	1	-	-	-
	13	5	-	-
Current				
Investments designated at fair value through profit and loss	10	-	-	-
Bank promissory notes held to maturity	8	54	-	2
Loans granted to third parties		58	-	2
Other investments	2	-	-	-
Loans granted to related parties	2	2	-	-
Loans granted to employees	-	1	-	-
Investments held for trading	-	20	-	1
Investments available for sale	-	13	-	-
	22	148	-	5

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23 Other assets

Other assets represent contracts for the acquisition of property in the amount of RUR 104 million/ USD 3.4 million (2008: RUR 122 million/USD 4 million) for the construction of apartments in residential buildings in Moscow and Moscow region and are stated at cost. The decrease in the carrying value of the contracts for the acquisition of property is the result of disposal of OJSC RBC Bank (see note 6), which included such contracts in the amount of RUR 50 million/USD 1.7* million, offset with the acquisition of additional contracts for cash (RUR 3 million, USD 0.1* million) and in exchange for trade receivables and loans given (RUR 29 million/USD 1* million).

24 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net		Movement
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Mln RUR							
Property, plant and equipment	13	3	(22)	(33)	(9)	(30)	21
Intangible assets	24	3	(144)	(112)	(120)	(109)	(11)
Investments	1	1	-	(3)	1	(2)	3
Inventories	12	3	(3)	-	9	3	6
Trade and other receivables	40	2	(3)	(2)	37	-	37
Prepaid expenses	6	1	(3)	(5)	3	(4)	7
Cash and cash equivalents	-	-	-	(1)	-	(1)	1
Trade and other payables	6	2	(5)	(5)	1	(3)	4
Tax loss carry forwards	275	-		-	275	-	275
Tax assets/(liabilities)	377	15	(180)	(161)	197	(146)	343

	Assets		Liabilities		Net		Movement
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Mln USD*							
Property, plant and equipment	-	-	(1)	(1)		(1)	1
Intangible assets	1	-	(5)	(4)	(4)	(4)	-
Investments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Trade and other receivables	1	-	-	-	1	-	1
Prepaid expenses	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-
Tax loss carry forwards	9	-	-	-	9	-	9
Tax assets/(liabilities)	11	-	(6)	(5)	6	(5)	11

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Trade and other receivables	30	65	1	2
Tax loss carry-forwards	665	271	31	9

The tax losses in amount of RUR 613 million/ USD* 20 million expire in 2019, in amount of RUR 21 million / USD* 0.7 million expire in 2018, in amount of RUR 28 million/ USD* 0.9 million expire in 2017, and in the amount of RUR 3 million/ USD* 0.1 million expire in 2016 or earlier. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which benefit from such assets can be utilized and that the temporary difference will reverse in the foreseeable future.

(c) Movement in temporary differences during the year

	1 January 2008	Recognised in income in 2008	31 December 2008	Acquired through business combinations	Disposed as part of discontinued operation	Recognised in income in 2009	31 December 2009
Mln RUR							
Property, plant and equipment	(44)	14	(30)	-	-	21	(9)
Intangible assets	(114)	5	(109)	(2)	-	(9)	(120)
Investments	1	(3)	(2)	-	-	3	1
Inventories	1	2	3	-	-	6	9
Trade and other receivables	(3)	3	-	-	7	30	37
Prepaid expenses	16	(20)	(4)	-	-	7	3
Cash and cash equivalents	-	(1)	(1)	-	-	1	-
Trade and other payables	-	(3)	(3)	-	-	4	1
Tax loss carry forwards	69	(69)	-	6	-	269	275
	(74)	(72)	(146)	4	7	332	197

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

Mln USD*	1 January 2008	Recognised in income in 2008	31 December 2008	Acquired through business combinations	Disposed as part of discontinued operation	Recognised in income in 2009	31 December 2009
Property, plant and equipment	(1)	-	(1)	-	-	1	-
Intangible assets	(4)	-	(4)	-	-	-	(4)
Investments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	1	1
Prepaid expenses	1	(1)	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-
Tax loss carry forwards	2	(2)	-	-	-	9	9
	(2)	(3)	(5)	-	-	11	6

(d) Unrecognised deferred tax assets

A deferred tax asset for temporary difference of RUR 668 million / USD* 22 million (2008: deferred tax liability RUR 790 million/ USD* 26 million) relating to investments in subsidiaries has not been recognised as the Group is able to control the timing of reversal of the difference, and reversal is not expected in the foreseeable future.

25 Inventories

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Finished goods	5	3	-	-
Raw materials and consumables	17	9	1	-
Goods for resale	4	21	-	1
Work in progress	3	4	-	-
	29	37	1	1
Write-down of inventories in the current year	30	11	1	1

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

26 Trade and other receivables

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Trade accounts receivable	919	1,208	30	40
Other receivables	114	135	4	4
VAT receivable	55	56	2	2
Other prepayments	38	27	1	1
Deferred expenses	21	19	1	1
	1,147	1,445	38	48
Provision for doubtful debts	(399)	(584)	(13)	(19)
Total accounts receivable	748	861	25	29

Provision for doubtful debts includes RUR 390 million/USD* 13 million (2008: RUR 571 million / USD* 19 million) of provision for doubtful trade accounts receivable.

The Group's explosure to credit and currency risks and impairement losses related to trade and other receivables are disclosed in note 34.

27 Cash and cash equivalents

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Cash balance of other Group companies				
Bank balances and petty cash of other companies of the Group	242	313	8	11
Bank deposits of other companies of the Group	1	40	-	1
	243	353	8	12
Cash in accounts of OJSC RBC Bank	-	644	-	22
Cash and cash equivalents in the balance sheet	**243**	**997**	**8**	**34**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 34.

28 Equity

(a) Share capital and share premium

Number of shares unless otherwise stated	Ordinary shares 2009	Ordinary shares 2008
Authorised shares	140,000,000	140,000,000
Par value	RUR 0,001	RUR 0,001
On issue at beginning of year	140,000,000	140,000,000
Issued for cash	-	-
On issue at end of year, fully paid	140,000,000	140,000,000

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

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

(b) Treasury shares

At the reporting date the Group held 3,943,435 (2008: 4,943,558) of its own shares.

(c) Dividends

In accordance with 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 31 December 2009, the Company had cumulative retained loss and, therefore, no dividends could be distributed.

(d) ADR

The Company established a Level-1 ADR program (ticker symbol: RINFY, CISIP number: 75523Q102) for its common stock on 24 March 2005 through Bank of New York, One ADR represents four ordinary shares of the Company. ADR are tradable on the over-the-counter market. The main goal of the issue was to enable international retail and institutional investors to participate in the share capital of the Company. As of 31 December 2009, 2,934,776 (2008: 6,395,432) of the Company’s shares were reserved for ADR in depository by Bank of New York.

29 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share as at 31 December 2009 was based on the loss/profit for the year and the weighted average number of ordinary shares outstanding during the year of 134,973 thousand (2008: 137,108 thousand), calculated as follows:

In thousands of shares	**2009**	**2008**
Issued shares at 1 January	140,000	140,000
Own shares held at 1 January	(4,944)	(1,278)
Effect of options exercised in January	-	229
Effect of own shares acquired in March	-	(862)
Effect of own shares acquired in April	-	(12)
Effect of own shares acquired in June	-	(155)
Effect of own shares acquired in July	-	(384)
Effect of own shares acquired in August	-	(206)
Effect of options exercised in August	-	-
Effect of own shares acquired in September	-	(224)
Effect of options exercised in September	-	-
Effect of shares purchased in November	-	-
Effect of options exercised in November	-	-
Effect of shares issued in December	(83)	-
Weighted average number of shares for the year ended 31 December	134,973	137,108

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

There were no potentially dilutive ordinary shares at 31 December 2009 and 2008.

	2009	2008
(Loss)/profit for year, Mln RUR	(1,926)	(9,129)
Weighted average number of shares at 31 December, shares	134,973	137,108
Basic (loss)/earnings per share, RUR	(14.27)	(66.58)
Diluted (loss)/earnings per share, RUR	(14.27)	(66.58)

30 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 34.

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Non-current liabilities				
Other loans	-	4	-	-
Current liabilities				
Unsecured bond issues	3,281	3,146	108	107
Credit linked notes at 9,5%	1,470	1,284	49	44
Credit linked notes at 11,25%	1,154	1,002	38	34
Unsecured bank loans	156	151	5	5
Other loans	5	10	-	-
	6,066	5,593	200	190

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

Mln RUR	Currency	Nominal Interest rate	Year of maturity	2009 Carrying amount	2008 Carrying amount
Unsecured bond issues					
Bonds (issue BO-5)	RUR	10.96%	2009	1,664	1,578
Bonds (issue BO-4)	RUR	12.22%	2009	1,617	1,568
Credit linked notes					
Loans at 9.5%	USD	9.5%	2009	1,470	1,284
Loans at 11.25%	USD	11.25%	2009	1,154	1,002
Unsecured bank loans					
Bank loan	USD	5%+LIBOR	2009	156	151

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

MlnUSD*	Currency	Nominal Interest rate	Year of maturity	2009 Carrying amount	2008 Carrying amount
Unsecured bond issues				-	-
Bonds (issue BO-5)	RUR	10.96%	2009	55	52
Bonds (issue BO-4)	RUR	12.22%	2009	53	52
Credit linked notes				-	-
Loans at 9.5%	USD	9.50%	2009	49	42
Loans at 11.25%	USD	11.25%	2009	37	33
Unsecured bank loans					
Bank loan	USD	5%+LIBOR	2009	5	5

As at 31 December 2009 the Group was in default on all of its loans and borrowings and was in negotiations with its creditors regarding restructuring such debt. Subsequent to 31 December 2009 an agreement with majority of the creditors was reached (see note 41).

31 Share-based payments

Share option program set up in 2006

In July 2006 the Compensation Committee of the Group set up another option program for the members of the Board of Directors and a top manager.

Under this program within a 3-year period the members of the Board of Directors, provided that they continue working in the Company's Board of Directors during the service period, have an option to purchase in total up to 2,500,000 shares for USD 10.5 per share, which is 150% of the market price as at the grant date.

Due to the disposal of the IT business in 2007, the Compensation Committee of the Group reduced the exercise price to 9.2 USD per share. Other conditions of the share program remained unchanged.

In 2007 one of the top managers ceased to be on the Board of Directors and 166,667 of the options were forfeit.

In 2009 the Group recognised employee compensation expense of RUR 13 million/ USD*0.4 million (recognised expense in 2008: RUR 26 million/ USD*1 million) in accordance with IFRS 2. But the management of the Group considers that share option program is not relevant due to the fall of the share prices and the expense should not be recognised.

32 Provisions

As at 31 December 2009 the following provisions were made:

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Legal case provision	2	1,226	-	41
Income tax	39	46	1	2
Unused vacation provision	14	28	-	1
VAT	13	13	-	-
Late-payment interests and penalties related to VAT	10	8	-	-
	78	1,321	1	44

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

33 Trade and other payables

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Other payables and accrued expenses	1,445	152	48	5
Trade accounts payable	456	417	15	14
Advances received	222	283	7	10
Other taxes payable	80	97	3	3
Deferred income	4	8	-	-
Current accounts and deposits from customers	-	535	-	19
Payables for acquired shares in subsidiaries (note 7 (c))	-	76	-	3
	2,207	1,568	73	54

In 2008 a provision made in the amount of RUR 1,226 million/USD*41 million for liabilities to OJSC Alfa-Bank and recorded reflected in the balance of provisions. As at 31 December 2009 such amount is recorded within other payables.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 34.

34 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. There are no customers from which the Group derives more than 10% of its revenue.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes a review of customers' financial statements and background of customers' managements. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. This allowance relates to individually significant exposures. Group does not have a collective loss component of impairment established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The Group does not require collateral in respect of trade receivables.

(ii) Investments

The Group does not actively invest in securities.

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount		Carrying amount	
	Mln RUR 2009	Mln USD* 2009	Mln RUR 2008	Mln USD* 2008
Current financial assets				
Financial assets at fair value through profit or loss	10	-	20	1
Held-to-maturity investments	-	-	54	2
Loans granted	-	-	61	2
Trade receiveables	529	17	637	21
Cash and cash equivalents	243	8	997	33
Non-current financial assets				
Loans granted	13	-	5	-
Total financial assets	795	25	1,774	59

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount		Carrying amount	
	Mln RUR 2009	Mln USD* 2009	Mln RUR 2008	Mln USD* 2008
Russia	452	15	606	20
Europe	77	3	31	1
	529	18	637	21

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Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross Mln RUR 2009	Impairment Mln RUR 2009	Gross Mln RUR 2008	Impairment Mln RUR 2008
Not past due	347	(10)	203	(8)
Past due 1-180	165	(59)	541	(206)
Past due 180-365	106	(75)	249	(196)
More than 1 year	301	(246)	215	(161)
	919	(390)	1,208	(571)

	Gross Mln USD* 2009	Impairment Mln USD* 2009	Gross Mln USD* 2008	Impairment Mln USD* 2008
Not past due	11	-	7	-
Past due 1-180	5	(2)	18	(7)
Past due 180-365	4	(2)	8	(7)
More than 1 year	10	(9)	7	(5)
	30	(13)	40	(19)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009 Mln RUR	2009 Mln USD*	2008 Mln RUR	2008 Mln USD*
Balance at 1 January	(571)	(19)	(52)	(2)
Allowance for impairment loss utilised	231	6	-	-
Impairment loss recognized	(50)	-	(519)	(17)
Balance at 31 December	(390)	(13)	(571)	(19)

The allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. As at 31 December 2009 the Group had substantial borrowings payable within twelve months as (note 30); additionally, the Group was in breach of covenants or had defaulted in making loan repayments to all of its loan creditors.

For the long-term perspective the Group analyzes five-year forecasts covering financial, operating and investing activities.

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The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2009	**Average Interest rate**									
Mln RUR	**Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Payables	-	-	(1,981)	-	-	-	-	-	-	(1,981)
Loans and borrowings	9-13%	9-13%	(6,066)	-	-	-	-	-	-	(6,066)
Total non-derivative financial liabilities			(8,047)	-	-	-	-	-	-	(8,047)

2009	**Average Interest rate**									
Mln USD*	**Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Payables	-	-	(65)	-	-	-	-	-	-	(65)
Loans and borrowings	9-13%	9-13%	(200)	-	-	-	-	-	-	(200)
Total non-derivative financial liabilities			(265)	-	-	-	-	-	-	(265)

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

2008	Average Interest rate									
Mln RUR	**Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Payables	-	-	(1,073)	(203)	-	-	-	-	-	(1,276)
Loans and borrowings	9-13%	9-13%	(2,726)	(2,866)	(5)	-	-	-	-	(5,597)
Total non-derivative financial liabilities			(3,799)	(3,069)	(5)	-	-	-	-	(6,873)

2008	Average Interest rate									
Mln USD*	**Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Payables	-	-	(35)	(7)	-	-	-	-	-	(42)
Loans and borrowings	9-13%	9-13%	(90)	(98)	-	-	-	-	-	(188)
Total non-derivative financial liabilities			(125)	(105)	-	-	-	-	-	(230)

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group does not buy or sell derivatives.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUR).

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD and RUR. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

Mln RUR	USD-denominated 2009	Euro-denominated 2009
Financial assets		
Trade and other receivables	97	50
Cash and cash equivalents	26	13
Total financial assets	123	63
Trade and other payables	(50)	(8)
Loans and borrowings	(2,780)	-
Total financial liabilities	(2,830)	(8)
	(2,707)	55

Mln USD*	USD-denominated 2009	Euro-denominated 2009
Financial assets		
Trade and other receivables	3	2
Cash and cash equivalents	1	-
Total financial assets	4	2
Financial liabilities		
Trade and other payables	(2)	-
Loans and borrowings	(92)	-
Total financial liabilities	(94)	-
	(90)	2

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

The following significant exchange rates applied during the year:

Mln RUR	**Average rate**		**Reporting date spot rate**	
	2009	**2008**	**2009**	**2008**
USD	31.7214	24.8553	30.2442	29.3804

(ii) Interest rate risk

Generally, the Group adopts a policy of fixed rates borrowings. However, the Group has a loan of RUR 151 million/ USD* 5 million with a floating interest rate of LIBOR+5%, which constitutes 3% of the total outstanding loans and borrowings of the Group as at 31 December 2009.

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

At the reporting date the interest rate profile of the Group`s interest-bearing financial instruments was:

	Carrying amount Mln RUR 2009	**Carrying amount Mln USD* 2009**	**Carrying amount Mln RUR 2008**	**Carrying amount Mln USD* 2008**
Fixed rate instruments				
Financial liabilities	(5,910)	(196)	(5,442)	(180)
	(5,910)	(196)	(5,442)	(180)
Variable rate instruments				
Financial liabilities	(156)	(5)	(151)	(5)
	(156)	(5)	(151)	(5)

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(e) Sensitivity analysis

2009 Mln RUR		**Interest rate risk sensitivity**		**Currency risk sensitivity**		**Other price risk sensitivity**	
		+ 200 basis points	- 200 basis points	+10%	-10%	+10%	-10%
	Carrying amount	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**
Current financial assets							
Financial assets at fair value through profit or loss	10	-	-	-	-	1	(1)
Trade and other receivables	748	-	-	15	(15)	-	-
Cash and cash equivalents	243	-	-	4	(4)	-	-
Impact on financial assets before tax		-	-	19	(19)	1	(1)
Income tax (20%)				(4)	4	-	-
Impact on financial assets after tax		-	-	15	(15)	1	(1)
Current financial liabilities							
Payables	(1,981)	-	-	(6)	6	-	-
Loans and borrowings	(6,066)	121	(121)	(278)	278	-	-
Impact on financial liabilitis before tax		121	(121)	(284)	284	-	-
Income tax (20%)		(24)	24	57	(57)	-	-
Impact on financial liabilities after tax		97	(97)	(227)	227	-	-
Total increase/ (decrease)		97	(97)	(212)	212	1	(1)

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2009		**Interest rate risk sensitivity**		**Currency risk sensitivity**		**Other price risk sensitivity**	
Mln USD*		+ 200 basis points	- 200 basis points	+10%	-10%	+10%	-10%
	Carrying amount	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**
Current financial assets							
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Trade and other receivables	25	-	-	-	-	-	-
Cash and cash equivalents	8	-	-	-	-	-	-
Impact on financial assets before tax		-	-	-	-	-	-
Income tax (20%)		-	-	-	-	-	-
Impact on financial assets after tax		-	-	-	-	-	-
Current financial liabilities							
Payables	(65)	-	-	-	-	-	-
Loans and borrowings	(201)	4	(4)	(9)	9	-	-
Impact on financial liabilitis before tax		4	(4)	(9)	9	-	-
Income tax (20%)		(1)	1	2	(2)	-	-
Impact on financial liabilities after tax		3	(3)	(7)	7	-	-
Total increase/ (decrease)		3	(3)	(7)	7	-	-

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*

2008 **Mln RUR**		**Interest rate risk sensitivity** + 200 basis points	- 200 basis points	**Currency risk sensitivity** +10%	-10%	**Other price risk sensitivity** +10%	-10%
	Carrying amount	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**
Current financial assets							
Investments held for trading	32	-	-	-	-	3	(3)
Trade and other receivables	664	-	-	3	(3)	-	-
Cash and cash equivalents	997	-	-	76	(76)	-	-
Non-current financial assets							
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Impact on financial assets before tax		-	-	79	(79)	3	(3)
Income tax (20%)		-	-	(16)	16	(1)	1
Impact on financial assets after tax		-	-	63	(63)	2	(2)
Current financial liabilities							
Payables	(1,276)	-	-	(161)	161	-	-
Loans and borrowings	(5,597)	(112)	112	(244)	244	-	-
Impact on financial liabilitis before tax		(112)	112	(405)	405	-	-
Income tax (20%)		22	(22)	81	(81)	-	-
Impact on financial liabilities after tax		(90)	90	(324)	324	-	-
Total increase/ (decrease)		(90)	90	(261)	261	2	(2)

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2008		**Interest rate risk sensitivity**		**Currency risk sensitivity**		**Other price risk sensitivity**	
Mln USD*		+ 200 basis points	- 200 basis points	+10%	-10%	+10%	-10%
	Carrying amount	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**	**Profit/(loss)**
Current financial assets							
Investments held for trading	1	-	-	-	-	-	-
Trade and other receiveables	28	-	-	-	-	-	-
Cash and cash equivalents	33	-	-	3	(3)	-	-
Non-current financial assets				-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Impact on financial assets before tax		-	-	3	(3)	-	-
Income tax (20%)		-	-	(1)	1	-	-
Impact on financial assets after tax		-	-	2	(2)	-	-
Current financial liabilities							
Payables	(42)	-	-	(5)	5	-	-
Loans and borrowings	(185)	(4)	4	(8)	8	-	-
Impact on financial liabilitis before tax		(4)	4	(13)	13	-	-
Income tax (20%)		1	(1)	3	(3)	-	-
Impact on financial liabilities after tax		(3)	3	(10)	10	-	-
Total increase/ (decrease)		(3)	3	(8)	8	-	-

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(f) Fair values

Management believes that the fair value of the Group's financial assets and liabilities as at 31 December 2009 and 31 December 2008 approximated their carrying amounts. The methods used to determine fair values are disclosed in note 4.

(g) Capital management

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Board of Directors; the Group does not have a defined share buy-back plan.

The Board of Directors monitors the return on equity, which the Group defines as profit after tax divided by shareholders equity.

	2009 Mln RUR	2008 Mln RUR	2009 Mln USD*	2008 Mln USD*
Loss after tax	**(1,919)**	**(9,277)**	**(63)**	**(306)**
Ordinary shareholders funds	**(5,462)**	**(3,600)**	**(181)**	**(119)**
Share capital	-	-	-	-
Share premium	6,644	6,644	220	220
Treasury shares	(774)	(1,019)	(26)	(34)
Foreign currency translation reserves	(1)	(6)	-	-
Available-for-sale investments revaluation reserve	-	(4)	-	-
Retained loss	(11,331)	(9,215)	(375)	(305)
ROE	**N/A**	**N/A**	**N/A**	**N/A**

The financial crisis 2008 has significant impact on the 2009 and 2008 results. ROE calculation is not applicable due to negative amounts in numerator and denominator.

35 Operating leases

The Group leases a number of offices and facilities under operating leases. Non-cancellable operating lease rentals are due as follows:

	2009 Mln RUR	2009 Mln USD*	2008 Mln RUR	2008 Mln USD*
Less than one year	80	3	103	3
Between one and five years	120	4	210	7
More than five years	364	12	399	13
	564	19	712	23

During the current year RUR 241 million / USD* 8 million (2008: RUR 199 million / USD* 7 million) was recognised in profit or loss in respect of operating leases.

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36 Commitments

In July 2009 the Group committed to acquire the remaining 26% non-controlling interest in LLC "RBC Money" for RUR 15 million/ USD* 0.5 million, subject to the condition of finalization of restructuring process (see note 41).

In September 2008 the Group committed to acquire the remaining 8% non-controlling interest in Valento Commerce for RUR 176 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. At the date when these consolidated financial statements are approved for issuance, the Group is in process of acquiring the 8% interest. Management expects to complete the acquisition at the second half of 2010.

37 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

At 31 December 2009 the Group faced a number of claims from creditors regarding non-redemption of bond issues BO-4 and BO-5 for the total amount of RUR 1,542 million/ USD*51 million (see note 41).

During 2009 the Bank of Moscow filed a claim against the Group in amount of RUR 459 million/USD* 15.2 million for non-repayment of the loan. In the course of the dispute, assets of EDI S Press Holdings and its subsidiaries (Salon group) in the total amount of RUR 459 million/USD* 15.2 million have been arrested (see note 41).

The Group is also 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 operating results or financial position.

(c) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised 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 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

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on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The Group has a number of foreign subsidiaries. By means of revenue and expense allocation arrangements among Group companies in different jurisdictions, the Group's income tax liabilities are reduced. Such arrangements may be challenged by the tax authorities in Russia. Should such challenge be successful, it would result in the income of some or all of the Group's foreign subsidiaries being taxed in Russia. Management believes that it is not practicable to estimate the financial effect of such potential tax liabilities, in respect of current and previous years, which ultimately could be imposed on the Group. However, if such liabilities were imposed, the amounts involved could be material.

If the matters described above were successfully challenged by the Russian tax authorities, additional tax payments could become due together with penalties and late-payment interest. Management has not provided any amounts in respect of such obligations in these consolidated financial statements, except for the provisions in note 32, as it believes that it is possible, but not probable, that an outflow of economic benefits will be required to settle such obligations.

38 Related party transactions

(a) Control relationships

The Group has a controlling relationship with all of its subsidiaries (see note 39 for the list of significant subsidiaries).

(b) Transactions with management and close family members

Management remuneration

During the year key management received the remuneration in the form of salaries and bonuses in amount of RUR 129 million/ USD* 4 million (2008: RUR 78 million/USD* 3 million) which is included in the personnel costs. In addition, certain directors participated in share option programs as described in the note 31.

(c) Transactions with an associated companies

The Group's associated party transactions are disclosed below.

Mln RUR	**Outstanding balance**	**Outstanding balance**	**Transaction value**	**Transaction value**
	2009	**2008**	**2009**	**2008**
Loans received	-	-	(2)	-
Other services received	-	-	(34)	(15)
Advertising services provided	(3)	-	59	10
Other services provided	-	-	1	2
Share of profit in equity accounted investees (net of income tax)	-	-	(691)	(617)

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Mln USD*	Outstanding balance 2009	Outstanding balance 2008	Transaction value 2009	Transaction value 2008
Loans received	-	-	-	-
Other services received	-	-	(1)	(1)
Advertising services provided	-	-	2	-
Other services provided	-	-	-	-
Share of profit in equity accounted investees (net of income tax)	-	-	(25)	(20)

(d) Transactions with other related parties

The Group's other related party transactions are disclosed below.

Mln RUR	Outstanding balance 2009	Outstanding balance 2008	Transaction value 2009	Transaction value 2008
Other services received	(1)	(1)	(27)	(54)
Other expenses	(1)	-	(10)	(93)
Advertising services provided	1	-	115	13
Other services provided	3	4	14	33
Sales of goods and equipment	-	-	-	6
Sales of treasury shares	-	-	-	4
Interests on loans granted	-	-	-	6
Other financial investments	-	-	-	4
Loans issued	2	-	5	2,356
Related parties accounts with OJSC RBC bank	-	430	-	4,012

Mln USD*	Outstanding balance 2009	Outstanding balance 2008	Transaction value 2009	Transaction value 2008
Other services received	-	-	(1)	(2)
Other expenses	-	-	-	(3)
Advertising services provided	-	-	4	-
Other services provided	-	-	-	1
Sales of goods and equipment	-	-	-	-
Sales of treasury shares	-	-	-	-
Interests on loans granted	-	-	-	-
Other financial investments	-	-	-	-
Loans issued	-	-	-	78
Related parties accounts with OJSC RBC bank	-	14	-	133

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39 Significant subsidiaries

	Country of incorporation	Ownership/voting 2009	2008
RBC Media, LLC	Russia	100%	100%
RBC Money, LLC	Russia	74%	0%
RBC TV, CJSC	Russia	100%	100%
RBC Reklama, LLC	Russia	100%	100%
Amida, CJSC	Russia	95%	95%
RBC Holding, CJSC	Russia	100%	100%
RosBusinessConsulting, CJSC	Russia	100%	100%
RBC Bank, OJSC	Russia	0%	98%
RBC Investments Cyprus Ltd.	Cyprus	100%	100%
Mohiville Corporation N.V.	Netherland Antilles	100%	100%
AD Net Ltd.	Cyprus	100%	100%
Ad Line, LLC	Russia	100%	100%
Loveplanet, LLC	Russia	75%	60%
EDI S Press Holding Ltd.	Cyprus	80%	80%
MassMediaGroup Ltd.	Ukraine	100%	100%
Global Media Solutions	Russia	100%	99%
RBC-TV Moscow, CJSC	Russia	100%	99%
RBC-TV Novosibirsk, CJSC (TRK MKS)	Russia	100%	100%
IPK Media Production, LLC	Russia	100%	100%
SMTP Press, LLC	Russia	100%	99%
BusinessPress, LLC	Russia	100%	99%
Eidos Marketing Ltd	British Virgin Islands	80%	80%
ID Salon Press, CJSC	Russia	100%	80%
Salon Press, CJSC	Russia	100%	80%
Konkord, LLC	Russia	100%	100%
CentroHost, CJSC	Russia	100%	100%
Garant-Park-Telecom, LLC	Russia	86%	86%
Hosting -Centr, LLC	Russia	100%	100%
MediaMir, LLC	Russia	100%	100%
Valento Commerce Ltd	British Virgin Islands	92%	92%

40 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 impairment losses. For 2009, results from operating activities of the Group for the purposes of EBITDA calculation exclude the results of operating activities of discontinued operations in the amount of RUR 17 million / USD* 0.6 million and the loss on disposal of discontinued operations in the amount RUR 17 million / USD* 0.6 million.

	2009 Mln	2008 Mln	2009 Mln USD*	2008 Mln USD*
Results from operating activities	(969)	(2,964)	(32)	(98)
Adjustments for:				
Amortisation	173	262	6	9
Depreciation	110	162	4	5
Impairment of intangible and other assets	516	2,279	17	75
EBITDA	(170)	(261)	(5)	(9)

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41 Events subsequent to the reporting date

(a) Debt restructuring

As at 31 December 2009, the Group was in default on all of its loans and borrowings. The Group's management was in the process of negotiations with its creditors to restructure the Group's debt and has reached principal agreement with the majority of creditors in April 2010. As agreed under the restructuring terms (available at www.rbc.ru), the Group has completed a RUR 690 million bond placement on 29 April 2010 and a USD 280 million loan participation notes placement on 6 May 2010. As at 30 June 2010, over 97% of the Group's creditors have signed settlement agreements, thus formally agreeing to restructure the debt.

(b) Additional equity financing and changes in the Group's structure

As part of the debt restructuring, the Group has agreed to attract additional equity financing from ONEXIM Group, one of the Russia's largest investment funds. In order to attract such equity financing, the Group in 2010 began a process of changing the Group's structure, which includes transferring the OJSC RBC Information Systems' ownership in the majority of Group's companies to a new parent company, ZAO RBC TV Moscow. On 7 June 2010, ONEXIM Group has acquired a 51.1% stake in ZAO RBC TV Moscow through an additional share issue for USD 80 million. The remaining 48.9% in ZAO RBC TV Moscow will be swapped for 100% of shares in OAO RBC Information Systems. The changes in the Group's structure are expected to be finalized during 2010.

(c) Litigations

In 2009 the Bank of Moscow filed a claim against the Group in amount of RUR 459 million/USD* 15 million for non-repayment of the loan. In 2010 the Bank of Moscow withdrew the claim.

** The USD equivalent figures are provided for information purposes only and do not form part of the audited financial statements – refer to note 2(d).*