RBC Group

Consolidated Financial Statements
for the year ended 31 December 2011

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors
of OJSC RBC
Profsoyuznaya street, 78
117393 Russian Federation, Moscow

We have audited the accompanying consolidated financial statements of OJSC RBC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2011, 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 information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 consolidated 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 at 31 December 2011, and its financial performance and 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
14 June 2012

	Note	Year ended 31 December 2011 Mln RUB	Year ended 31 December 2010 Mln RUB
Revenue	7	4,639	3,479
Cost of sales	8	(2,750)	(2,324)
Gross profit		**1,889**	**1,155**
Other income	9	97	22
Selling expenses	10	(1,150)	(761)
Administrative expenses	11	(548)	(541)
Other expenses	12	(59)	(79)
Results from operating activities		**229**	**(204)**
Financial income	13	1,209	73
Financial expenses	13	(814)	(1,670)
Share of profit of associates and joint ventures (net of income tax)	18	76	38
Profit / (loss) before income tax		**700**	**(1,763)**
Income tax expense	14	(51)	(41)
Profit / (loss) for the period		**649**	**(1,804)**
Other comprehensive income			
Foreign currency translation differences for foreign operations		3	(8)
Other comprehensive income / (loss) for the period, net of income tax		**3**	**(8)**
Total comprehensive income / (loss) for the period		**652**	**(1,812)**
Profit / (loss) attributable to:			
Shareholders of the Company		662	(1,823)
Non-controlling interest		(13)	19
Profit / (loss) for the period		**649**	**(1,804)**
Total comprehensive income / (loss) attributable to:			
Shareholders of the Company		665	(1,831)
Non-controlling interest		(13)	19
Total comprehensive income / (loss) for the period		**652**	**(1,812)**
Earnings / (loss) per share (in RUB per share)			
Basic and diluted, for profit for the year attributable to shareholders of the Company	26	2.06	(11.85)

These consolidated financial statements were approved by management on 14 June 2012 and were signed on its behalf by:

Chief Executive Officer

Sergey Lavrukhin

Deputy General Director of Finance

Evgeny Shishkov

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 consolidated financial statements – refer to note 2(d).*

	Note	Year ended 31 December 2011 Mln USD*	Year ended 31 December 2010 Mln USD*
Revenue	7	144	108
Cost of sales	8	(85)	(72)
Gross profit		**59**	**36**
Other income	9	3	1
Selling expenses	10	(36)	(24)
Administrative expenses	11	(17)	(17)
Other expenses	12	(2)	(2)
Results from operating activities		**7**	**(6)**
Financial income	13	38	2
Financial expenses	13	(25)	(52)
Share of profit of associates and joint ventures (net of income tax)	18	2	1
Profit / (loss) before income tax		**22**	**(55)**
Income tax expense	14	(1)	(1)
Profit / (loss) for the period		**21**	**(56)**
Other comprehensive income		-	-
Foreign currency translation differences for foreign operations		-	-
Other comprehensive income / (loss) for the period, net of income tax		-	-
Total comprehensive income / (loss) for the period		**21**	**(56)**
Profit / (loss) attributable to:			
Shareholders of the Company		21	(57)
Non-controlling interest		-	1
Profit / (loss) for the period		**21**	**(56)**
Total comprehensive income / (loss) attributable to:			
Shareholders of the Company		21	(57)
Non-controlling interest		-	1
Total comprehensive income / (loss) for the period		**21**	**(56)**
Earnings / (loss) per share (in USD per share)			
Basic and diluted, for profit for the year attributable to shareholders of the Company	26	0.06	(0.38)

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 consolidated financial statements – refer to note 2(d).*

	Note	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
ASSETS					
Non-current assets					
Property, plant and equipment	15	335	163	10	5
Intangible assets	16	1,280	1,072	40	34
Investments in associates and joint ventures	18	281	303	9	10
Deferred tax assets	21	255	227	8	7
Other non-current assets	20	179	127	6	4
Other investments	19	8	8	-	-
Total non-current assets		**2,338**	**1,900**	**73**	**60**
Current assets					
Inventories	22	24	24	1	1
Other investments	19	15	32	-	-
Income tax receivable		18	16	1	-
Trade and other receivables	23	990	819	31	25
Cash and cash equivalents	24	713	1,174	22	36
Total current assets		**1,760**	**2,065**	**55**	**62**
Total assets		**4,098**	**3,965**	**128**	**122**

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 consolidated financial statements – refer to note 2(d).*

	Note	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
EQUITY AND LIABILITIES					
Equity					
Share capital	25	-	-	-	-
Share premium	25	2,346	8,995	73	279
Treasury shares		(631)	(631)	(20)	(20)
Translation reserve		(6)	(9)	-	-
Accumulated losses		(6,165)	(13,417)	(191)	(417)
Total equity attributable to shareholders of the Company		**(4,456)**	**(5,062)**	**(138)**	**(158)**
Non-controlling interest		34	47	1	1
Total equity		**(4,422)**	**(5,015)**	**(137)**	**(157)**
Non-current liabilities					
Loans and borrowings	27	6,988	6,528	217	203
Derivative financial liability	27	21	1,083	1	34
Deferred tax liabilities	21	93	39	3	1
Total non-current liabilities		**7,102**	**7,650**	**221**	**238**
Current liabilities					
Loans and borrowings	27	33	126	1	4
Provisions	28	33	89	1	3
Trade and other payables	29	1,351	1,107	42	34
Income tax payable		1	8	-	-
Total current liabilities		**1,418**	**1,330**	**44**	**41**
Total liabilities		**8,520**	**8,980**	**265**	**279**
Total equity and liabilities		**4,098**	**3,965**	**128**	**122**

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 consolidated financial statements – refer to note 2(d).*

	Year ended 31 December 2011 Mln RUB	Year ended 31 December 2010 Mln RUB	Year ended 31 December 2011 Mln USD*	Year ended 31 December 2010 Mln USD*
OPERATING ACTIVITIES				
Profit / (loss) for the period	**649**	**(1,804)**	**21**	**(56)**
Adjustments for:				-
Depreciation and amortization	308	289	10	9
Unrealized foreign exchange loss / (gain)	349	(12)	11	-
Loss on disposal of property, plant and equipment and intangible assets	5	-	-	-
Loss / (gain) on disposal of investments	14	(13)	1	(1)
Share of profit of associates and joint ventures (net of income tax)	(76)	(38)	(2)	(1)
Impairment loss on trade and other receivables	13	10	-	-
Change in provisions, other than income tax	2	11	-	-
Loss from restructuring	14	659	1	21
Fines and penalties on overdue debts	13	405	-	13
Gain from revaluation of derivatives	(1,062)	-	(33)	-
Reversal of provision for tax claims	(58)	-	(2)	-
Interest expenses	323	444	10	14
Interest income	(38)	(57)	(1)	(2)
Other non-cash adjustments	(71)	(169)	(2)	(5)
Income tax expense	51	41	1	1
Operating income / (loss) before changes in working capital	**436**	**(234)**	**15**	**(7)**
Decrease in inventories	1	5	-	-
Increase in trade and other receivables	(407)	(261)	(13)	(8)
Increase in trade and other payables	232	87	7	3
Cash flows used in operations before income taxes and interest paid	**262**	**(403)**	**9**	**(12)**
Income taxes paid	(33)	(21)	(1)	(1)
Interest paid	(246)	(154)	(8)	(5)
Cash flows used in operating activities	**(17)**	**(578)**	**-**	**(18)**
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	4	-	-	-
Proceeds from disposal of other non-current assets	75	-	2	-
Loans granted	(7)	-	-	-
Repayment of loans granted	7		-	-
Interest received	37	42	1	1
Acquisition of property, plant and equipment	(287)	(24)	(9)	(1)
Acquisition of intangible assets	(223)	(25)	(7)	(1)
Acquisition of minority interest in subsidiaries	-	(6)		
Acquisition of subsidiaries, net of cash acquired	(11)	-	-	-
Cash flows used in investing activities	**(405)**	**(13)**	**(13)**	**(1)**

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 consolidated financial statements – refer to note 2(d).*

	Year ended 31 December 2011 Mln RUB	**Year ended 31 December 2010 Mln RUB**	**Year ended 31 December 2011 Mln USD***	**Year ended 31 December 2010 Mln USD***
FINANCING ACTIVITIES				
Proceeds from issue of additional capital	-	2,346	-	73
Dividends paid	(5)	-	-	-
Proceeds from borrowings	5	5	-	-
Repayment of borrowings	(39)	(837)	(1)	(26)
Proceeds from sale of treasury shares	-	8	-	-
Cash flows from financing activities	**(39)**	**1,522**	**(1)**	**47**
				-
Net (decrease) / increase in cash and cash equivalents	**(461)**	**931**	**(14)**	**28**
Cash and cash equivalents at beginning of the period	1,174	243	36	8
Cash and cash equivalents at end of the period	713	1,174	22	36

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 consolidated financial statements – refer to note 2(d).*

Mln RUB	**Attributable to shareholders of the Company**							
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2011	**-**	**8,995**	**(631)**	**(9)**	**(13,417)**	**(5,062)**	**47**	**(5,015)**
Profit / (loss) for the period	-	-	-	-	662	**662**	(13)	**649**
	-	**8,995**	**(631)**	**(9)**	**(12,755)**	**(4,400)**	**34**	**(4,366)**
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	3	-	**3**	-	**3**
Total other comprehensive income	**-**	**-**	**-**	**3**	**-**	**3**	**-**	**3**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**3**	**662**	**665**	**(13)**	**652**
Transactions with owners recorded directly in equity								
Acquisition of non-controlling interest	-	-	-	-	(54)	**(54)**	-	**(54)**
Change in the parent company of the Group (Note 1 and 25)	-	(6,649)	-	-	6,649	**-**	-	**-**
Dividends to equity holders of the Company	-	-	-	-	(5)	**(5)**	-	**(5)**
Total transactions with owners of the company, recognized directly in equity	**-**	**(6,649)**	**-**	**-**	**6,590**	**(59)**	**-**	**(59)**
Balance at 31 December 2011	**-**	**2,346**	**(631)**	**(6)**	**(6,165)**	**(4,456)**	**34**	**(4,422)**

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 consolidated financial statements – refer to note 2(d).*

Mln RUB	**Attributable to shareholders of the Company**							
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2010	**-**	**6,644**	**(774)**	**(1)**	**(11,331)**	**(5,462)**	**28**	**(5,434)**
Profit / (loss) for the year	-	-	-	-	(1,823)	**(1,823)**	19	**(1,804)**
	-	**6,644**	**(774)**	**(1)**	**(13,154)**	**(7,285)**	**47**	**(7,238)**
Other comprehensive loss								
Foreign currency translation differences	-	-	-	(8)	-	**(8)**	-	**(8)**
Total other comprehensive loss	**-**	**-**	**-**	**(8)**	**-**	**(8)**	**-**	**(8)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**(8)**	**(1,823)**	**(1,831)**	**19**	**(1,812)**
Transactions with owners recorded directly in equity:								
Acquisition of non-controlling interest	-	-	-	-	(128)	**(128)**	**-**	**(128)**
Additional contribution from shareholders	-	2,351	-	-	-	**2,351**	-	**2,351**
Own shares sold	-	-	169	-	(135)	**34**	-	**34**
Own shares acquired	-	-	(26)	-	-	**(26)**	-	**(26)**
Total transactions with owners of the company, recognized directly in equity	**-**	**2,351**	**143**	**-**	**(263)**	**2,231**	**-**	**2,231**
Balance at 31 December 2010	**-**	**8,995**	**(631)**	**(9)**	**(13,417)**	**(5,062)**	**47**	**(5,015)**

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 consolidated financial statements – refer to note 2(d).*

Mln USD*	**Attributable to shareholders of the Company**							
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2011	**-**	**279**	**(20)**	**-**	**(417)**	**(158)**	**1**	**(157)**
Profit / (loss) for the period	-	-	-	-	21	**21**	-	**21**
	-	**279**	**(20)**	**-**	**(396)**	**(137)**	**1**	**(136)**
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	-	-	**-**	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**21**	**21**	**-**	**21**
Transactions with owners recorded directly in equity:								
Acquisition of non-controlling interest	-	-	-	-	(1)	**(1)**	-	**(1)**
Change in the parent company of the Group (Note 1 and 25)	-	(206)	-	-	206	**-**	-	-
Dividends to equity holders of the Company	-	-	-	-	-	**-**	-	-
Total transactions with owners of the company, recognized directly in equity	**-**	**(206)**	**-**	**-**	**205**	**(1)**	**-**	**(1)**
Balance at 31 December 2011	**-**	**73**	**(20)**	**-**	**(191)**	**(138)**	**1**	**(137)**

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 consolidated financial statements – refer to note 2(d).*

Mln USD*	**Attributable to shareholders of the Company**							
	Share capital	**Share premium**	**Treasury shares**	**Translation reserve**	**Accumulated loss**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2010	**-**	**206**	**(24)**	**-**	**(352)**	**(170)**	**1**	**(169)**
Profit / (loss) for the year	-	-	-	-	(57)	**(57)**	-	**(57)**
	-	**206**	**(24)**	**-**	**(409)**	**(227)**	**1**	**(226)**
Other comprehensive loss								
Foreign currency translation differences	-	-	-	-	-	**-**	-	**-**
Total other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**(57)**	**(57)**	**-**	**(57)**
Transactions with owners recorded directly in equity:								
Acquisition of non-controlling interest	-	-	-	-	(4)	**(4)**	-	**(4)**
Additional contribution from shareholders	-	73	-	-	-	**73**	-	**73**
Own shares sold	-	-	5	-	(4)	**1**	-	**1**
Own shares acquired	-	-	(1)	-	-	**(1)**	-	**(1)**
Total transactions with owners of the company, recognized directly in equity	**-**	**73**	**4**	**-**	**(8)**	**69**	**-**	**69**
Balance at 31 December 2010	**-**	**279**	**(20)**	**-**	**(417)**	**(158)**	**1**	**(157)**

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 consolidated financial statements – refer to note 2(d).*

1 Background

(a) Organization and operations

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

OJSC RBC was established in May 2005 as a closed joint stock company. It was reorganized as an open joint stock company in 2010. The shares of the Company are traded in the Russian Federation on the OJSC MICEX - RTS.

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

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

As at 31 December 2011 and 31 December 2010 Mr. Mikhail D. Prokhorov was the ultimate beneficiary of the Company.

(b) Restructuring

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

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

In January 2011 an exchange of the shares of OJSC RBC Information Systems to the shares of the Company was started. In June 2011 the shares of OJSC RBC Information Systems were delisted from Moscow Stock Exchange. As at 31 December 2011, 97.5% of the shares were exchanged. At the date of approval of these consolidated financial statements, 99.9% of the shares of OJSC RBC Information Systems were exchanged for the shares of the Company.

(c) Business environment

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

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2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Convenience translation

In addition to presenting these consolidated financial statements in RUB, supplementary information in the US Dollars ("USD") has been presented for the convenience of the users of these consolidated financial statements.

All amounts in these consolidated financial statements, including comparative information, are translated from RUB to USD at the closing exchange rate at 31 December 2011 of RUB 32.1961 to USD 1.

(e) Use of judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements is included in the following notes:

Note 6 – Acquisition and disposals of subsidiaries and non-controlling interest;

Note 7 – Revenue;

Note 17 – Impairment;

Note 21 – Deferred tax assets and liabilities;

Note 23 – Trade and other receivables;

Note 27 – Loans and borrowings;

Note 28 – Provisions;

Note 32 – Contingencies.

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

Note 18 – Investments in associates and joint ventures;

Note 28 – Provisions;

Note 32 – Contingencies.

3 Significant accounting policies

The accounting policies set out below in Notes 3(a) to 3(s) have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by the entities comprising the Group.

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Associates and jointly controlled entities

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 strategic 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 profit or loss and other comprehensive income of the associates and joint ventures, 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 associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except for the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealized profits and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with the associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the 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 recognized 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 RUB at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to RUB at exchange rates at the dates of the transactions.

Foreign currency differences resulting from translation of foreign operations are recognized directly in other comprehensive income. Since the Group transition to IFRS such differences have been recognized 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 recognized 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 recognized 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 financial income and expenses is discussed in Note 3(m).

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 amortized 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 (Note 3(h)(i)), and foreign exchange gains and losses on available-for-sale monetary items (Note 3(b)(i)), are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive statement is transferred to profit or loss.

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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 recognized in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Derivative instruments

Derivative financial instruments: options and warrants are measured at fair value. Changes are recognized immediately in profit and loss.

Other

Other non-derivative financial instruments are measured at amortized 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 recognized as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized 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 recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends are recognized 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 labor, 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 functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are recognized 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 recognized net in "other income" or "other expense" in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will

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flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized 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, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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:

- TV equipment from 1 to 10 years
- Computer equipment from 1 to 10 years
- Office equipment from 1 to 10 years
- Other assets from 1 to 10 years
- Vehicles from 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Estimated useful lives in respect of certain items of property, plant and equipment were revised in 2010 and applied prospectively (Note 15).

(iv) Construction in progress

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Construction in progress is reviewed regularly to determine whether its carrying value is recoverable and whether appropriate provision for impairment is made,

(f) Intangible assets

(i) Goodwill

Goodwill (bargain purchase) arises on the acquisition of subsidiaries, associates and joint ventures.

For acquisitions on or after 1 January 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, which the Group incurs in connection with a business combination, are expensed as incurred.

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Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Acquisitions before 1 January 2009

For acquisitions before 1 January 2009, 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 acquisition. When the excess is negative (bargain purchase), it is recognized 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 recognized as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of the associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Web-sites

Costs related 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 amortization and any accumulated impairment losses. Costs related 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) Capitalized development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized 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 capitalized 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 capitalized expenditure includes the cost of materials, direct labor 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 recognized as a part of cost of qualifying assets.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(v) Trademarks

Trademarks acquired by the Group and representing registered rights are stated at cost less accumulated amortization and impairment losses.

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(vi) Brands

Brands acquired by the Group in connection with the acquisition of internet resources, are stated at cost less accumulated amortization and impairment losses. Expenditure on internally generated goodwill and brands is recognized 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 amortization and accumulated impairment losses.

(viii) Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

(ix) Amortization

Amortization is recognized 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:

- Trademarks from 2 to 20 years
- Software from 1 to 3 years
- Web-sites from 1 to 3 years
- Brands from 12 to 15 years
- Customer lists from 1 to 10 years
- Cable network connection from 3 to 15 years
- Other (licenses, content) from 1 to 5 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate. Estimated useful lives in respect of certain items of intangible assets were revised in 2010 and applied prospectively (Note 16).

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable 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 a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the

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disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized 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 assets that have indefinite useful 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 ("CGU") 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 or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized 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 amortization, if no impairment loss had been recognized.

(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 recognized 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 recognized as personnel costs, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized 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 recognized 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 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 the sale of goods and rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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 customers.

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

(l) Other expenses

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(m) Financial income and expenses

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

Financial expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either financial income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

(n) Income tax expense

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

Current tax is the expected tax payable or receivable on the taxable income or loss 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized 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 recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- 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 tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

In accordance with the tax legislation of the Russian Federation, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

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A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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 realized.

(o) Earnings / (losses) 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Board of Directors and Management Committee of the Company (chief operating decision maker) regularly makes an assessment of operating results and makes decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, 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.

Inter-segment pricing is determined on an arm's length basis.

(r) New Standards and Interpretations effective in the current period

The Group has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the IFRIC) which became effective for the Group's annual consolidated financial statements for the year ended 31 December 2011:

IFRS 3 (2008) "Business Combinations" / IAS 27 "Consolidated and Separate Financial Statements" - amendments resulting from May 2010 Annual Improvements to IFRSs:

- transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS;
- clarification on measurement of non-controlling interests.

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IFRS 7 "Financial Instruments: Disclosures" - amendments resulting from May 2010 Annual Improvements to IFRSs: clarification of disclosures and release of requirement for disclosure regarding restructured loans.

IAS 24 "Related Party Disclosures" (as revised in 2010) modifies the definition of a related party and simplifies disclosures for government-related entities.

The adoption of the new or revised standards did not have any effect on the financial position or performance of the Group.

Amendments to IAS 24 - The disclosure exemptions introduced in IAS 24 (as revised in 2010) do not affect the Group because the Group is not a government-related entity.

(s) New and revised IFRSs in issue but not yet effective

At the date of authorization of these consolidated financial statements, the following new standards and interpretations were in issue, but not yet effective, and which the Group has not early adopted:

- IFRS 7 "Financial Instruments: Disclosures" - amendments enhancing disclosures about transfers of financial assets;
- IFRS 9 "Financial Instruments";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interest in Other Entities";
- IFRS 13 "Fair Value Measurement";
- IAS 1 "Presentation of Financial Statements" - amendments to revise the way other comprehensive income is presented;
- IAS 12 "Income Taxes" - limited scope amendment (recovery of underlying assets);
- IAS 19 "Employee Benefits" - targeted amendments related to defined benefit plan;
- IAS 27 - reissued as IAS 27 "Separate Financial Statements" (as amended in May 2011);
- IAS 28 - reissued as IAS 28 "Investments in Associates and Joint Ventures" (as amended in May 2011).

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" – The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

The amendment is effective for annual periods beginning on or after 1 July 2011, with earlier application permitted. Retrospective application is required in accordance with IAS 8 with the exception that in the first year of application, an entity need not provide comparative information for the disclosures required by the

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amendments for periods beginning before 1 July 2011. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IFRS 9 "Financial Instruments" – issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities.

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at their fair values.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

The Group management anticipates that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IFRS 10 "Consolidated Financial Statements" – replaces all of the guidance on control and consolidation in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, the single definition of control, accompanied by extensive application guidance, is based on whether an investor has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the returns.

The Group has not yet determined the potential effect of the amendment.

IFRS 11 "Joint Arrangements" – replaces IAS 31 with new accounting requirements for joint arrangements by classifying them as either joint operations or joint ventures (the 'jointly controlled assets' classification exists no more).

- In recognizing their rights and obligations arising from the arrangement, the parties should no longer focus on the legal structure of the joint arrangement, but rather on how rights and obligations are shared by them.

- A joint operation gives parties to the arrangement direct rights to the assets and obligations for the liabilities. Thus, a joint operator recognizes its interest based on its involvement in the joint operation (i.e. based on its direct rights and obligations) rather than on the participation interest it has in the

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joint arrangement. A party to a ‘joint operation’ recognizes assets, liabilities, revenues and expenses arising from the arrangement.

- A joint venture gives the parties rights to the net assets or outcome (profit or loss) of the arrangement. Joint ventures are accounted for using the equity method in accordance with IAS 28 “Investments in Associates”. Entities can no longer account for an interest in a joint venture using the proportionate consolidation method. A party to a ‘joint venture’ recognizes an investment.

The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IFRS 12 “Disclosure of Interests in Other Entities” – requires enhanced disclosures about both consolidated and unconsolidated entities in which an entity has involvement, so that financial statement users are able to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Thus, IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IAS 27 (2011) “Separate Financial Statements” – includes the provisions on separate financial statements that are left almost unchanged after the control provisions of IAS 27 have been replaced with the new IFRS 10. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IAS 28 (2011) “Investments in Associates and Joint Ventures” – now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Group expects no effect of this amendment.

IFRS 13 “Fair Value Measurement” – provides a definition of fair value and a single source of fair value measurement and disclosure requirements to use across IFRSs. The Standard:

- defines fair value;
- sets out in a single IFRS a framework for measuring fair value;
- requires disclosures about fair value measurements.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements, except for share-based payment transactions within the scope of IFRS 2 “Share-based Payment”, leasing transactions within the scope of IAS 17 “Leases”, and measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”. The amendment is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

Amendments to IAS 1 “Presentation of Financial Statements” – revise the way other comprehensive income is presented. The amendments to IAS 1:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single ‘statement of profit or loss and comprehensive income’, or a separate 'statement of profit or loss' and a ‘statement of comprehensive income’;

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- Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified;
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items.

The amendment is effective for annual periods beginning on or after 1 July 2012, with early adoption permitted. The Group does not expect this amendment to have a material effect on its financial position or results of operations, only on presentation.

Amendment to IAS 12 "Income Taxes" – provides (for income tax calculation purposes) a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will, normally, be through sale.

The amendment is effective for annual periods beginning on or after 1 January 2012, with earlier application permitted. Retrospective application of the amendment is required in accordance with IAS 8. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

Amendments to IAS 19 "Employee Benefits" – include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

- eliminate the 'corridor method', requiring entities to recognize all gains and losses arising in the reporting period;
- streamline the presentation of changes in plan assets and liabilities;
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of IAS 19 is effective for financial years beginning on or after 1 January 2013. The Group's management has yet to assess the impact of this revised standard on the Group's consolidated financial statements.

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) Trademarks and brands

The fair value of trademarks and brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark 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.

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(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 licenses were determined using the cost approach, except for the fair value of the license of CJSC TRK MKS acquired in a business combination in 2008 that was valued using the market approach.

(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.

(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) Derivatives

The fair value of options and warrants is based on their quoted market price, if available. If a quoted market price is not available, then fair value is estimated by application of option valuation models.

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5 Segment reporting

Business segments

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

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

Consumer Internet segment. Provision of entertainment internet services and resources, internet advertising, hosting services and services of electronic cash online payments.

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.

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Year ended 31 December 2011, Mln RUB	Revenue	Expenses	Payroll expenses	Cost of sales	Administrative expenses	Other operating expenses	Other operating income	Selling expenses	Profit / (loss)
Business internet	2,034	(1,464)	(661)	(158)	(70)	(9)	-	(566)	570
Consumer internet	1,069	(1,075)	(349)	(331)	(76)	(8)	-	(311)	(6)
TV	606	(738)	(466)	(157)	(56)	(5)	-	(54)	(132)
Printing	426	(438)	(214)	(84)	(25)	(2)	-	(113)	(12)
Salon	547	(473)	(174)	(116)	(36)	(19)	-	(128)	74
SUBTOTAL	**4,682**	**(4,188)**	**(1,864)**	**(846)**	**(263)**	**(43)**	**-**	**(1,172)**	**494**
EBITDA (management accounts)									**494**
Adjustments									
Provision for unused vacations	-	(10)	(10)	-	-	-	-	-	(10)
Disposals of subsidiaries	-	(13)	-	-	-	(13)	-	-	(13)
Adjustments to magazines cost of sales	-	10	-	10	-	-	-	-	10
PPE and IA disposals	4	9	-	-	-	9	-	-	13
Reversal of tax fines provision	-	58	-	-	-	58	-	-	58
Net-off of other non-current assets sales	56	(74)	-	-	-	(74)	-	-	(18)
Agency revenue	(6)	6	-	6	-	-	-	-	-
Accrual for audit services	-	4	-	-	4	-	-	-	4
Reclassification of other income / expenses	(104)	104	7	(7)	-	-	104	-	-
Other differences	7	(8)	1	11	(39)	4	(7)	22	(1)
Total adjustments	**(43)**	**86**	**(2)**	**20**	**(35)**	**(16)**	**97**	**22**	**43**
SUBTOTAL	**4,639**	**(4,102)**	**(1,866)**	**(826)**	**(298)**	**(59)**	**97**	**(1,150)**	**537**
EBITDA (IFRS accounts)									**537**
Depreciation and amortization	-	(308)	-	(245)	(63)	-	-	-	(308)
SUBTOTAL	**4,639**	**(4,410)**	**(1,866)**	**(1,071)**	**(361)**	**(59)**	**97**	**(1,150)**	**229**
Financial income									1,209
Financial expenses									(814)
Share of profit of associates and joint ventures									76
Taxation									(51)
Non-controlling interest									13
Net profit attributable to shareholders of the Company									**662**

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Year ended 31 December 2010, Mln RUB	**Revenue**	**Expenses**	**Payroll expenses**	**Cost of sales**	**Administrative expenses**	**Other operating expenses**	**Other operating income**	**Selling expenses**	**Profit / (loss)**
Business internet	1,408	(1,039)	(463)	(146)	(58)	(1)	-	(371)	369
Consumer internet	689	(732)	(302)	(263)	(60)	(19)	-	(88)	(43)
TV	489	(674)	(369)	(163)	(65)	(5)	-	(72)	(185)
Printing	324	(381)	(196)	(77)	(23)	(2)	-	(83)	(57)
Salon	569	(476)	(147)	(113)	(44)	(4)	-	(168)	93
Restructuring expenses	-	(91)	-	-	(90)	(1)	-	-	(91)
SUBTOTAL	**3,479**	**(3,393)**	**(1,477)**	**(762)**	**(340)**	**(32)**	**-**	**(782)**	**86**
EBITDA (management accounts)									**86**
Adjustments									
Restructuring expenses	-	91	-	-	90	1	-	-	91
Provision for unused vacations	-	(9)	-	(9)	-	-	-	-	(9)
Adjustments to magazines cost of sales	-	(66)	-	(66)	-	-	-	-	(66)
Accrual for audit services	-	12	-	-	12	-	-	-	12
Gain from disposal of investments	-	13	-	-	-	-	13	-	13
Prior periods income amount	-	(15)	-	-	-	-	(15)	-	(15)
Reclassification of other income	-	(27)	(3)	53	(74)	(48)	24	21	(27)
Reclassification to research expenses	-	-	(49)	49	-	-	-	-	-
Total adjustments	**-**	**(1)**	**(52)**	**27**	**28**	**(47)**	**22**	**21**	**(1)**
SUBTOTAL	**3,479**	**(3,394)**	**(1,529)**	**(735)**	**(312)**	**(79)**	**22**	**(761)**	**85**
EBITDA (IFRS accounts)									**85**
Depreciation & amortization	-	(289)	-	(232)	(57)	-	-	-	(289)
SUBTOTAL	**3,479**	**(3,683)**	**(1,529)**	**(967)**	**(369)**	**(79)**	**22**	**(761)**	**(204)**
Financial income									73
Financial expenses									(1,670)
Share of profit of associates and joint ventures									38
Taxation									(41)
Non-controlling interest									(19)
Net loss attributable to shareholders of the Company									**(1,823)**

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Year ended 31 December 2011, Mln USD*	**Revenue**	**Expenses**	**Payroll expenses**	**Cost of sales**	**Administrative expenses**	**Other operating expenses**	**Other operating income**	**Selling expenses**	**Profit / (loss)**
Business internet	63	(44)	(21)	(4)	(2)	-	-	(17)	19
Consumer internet	33	(32)	(11)	(10)	(2)	-	-	(9)	1
TV	19	(23)	(14)	(5)	(2)	-	-	(2)	(4)
Printing	13	(15)	(7)	(3)	(1)	-	-	(4)	(2)
Salon	17	(15)	(5)	(4)	(1)	(1)	-	(4)	2
SUBTOTAL	**145**	**(129)**	**(58)**	**(26)**	**(8)**	**(1)**	**-**	**(36)**	**16**
EBITDA (management accounts)									**16**
Adjustments									
Provision for unused vacations	-	-	-	-	-	-	-	-	-
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-
Adjustments to magazines cost of sales	-	-	-	-	-	-	-	-	-
PPE and IA disposals	-	-	-	-	-	-	-	-	-
Reversal of tax fines provision	-	2	-	-	-	2	-	-	2
Net-off of other non-current assets sales	2	(2)	-	-	-	(2)	-	-	-
Agency revenue	-	-	-	-	-	-	-	-	-
Accrual for audit services	-	-	-	-	-	-	-	-	-
Reclassification of other income / expenses	(3)	2	-	1	-	(1)	3	(1)	(1)
Other differences	-	-	-	-	(1)	-	-	1	-
Total adjustments	**(1)**	**2**	**-**	**1**	**(1)**	**(1)**	**3**	**-**	**1**
SUBTOTAL	**144**	**(127)**	**(58)**	**(25)**	**(9)**	**(2)**	**3**	**(36)**	**17**
EBITDA (IFRS accounts)									**17**
Depreciation and amortization	-	(10)	-	(8)	(2)	-	-	-	(10)
SUBTOTAL	**144**	**(137)**	**(58)**	**(33)**	**(11)**	**(2)**	**3**	**(36)**	**7**
Financial income									38
Financial expenses									(25)
Share of profit of associates and joint ventures									2
Taxation									(1)
Non-controlling interest									-
Net profit attributable to shareholders of the Company									**21**

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Year ended 31 December 2010, Mln USD*	**Revenue**	**Expenses**	**Payroll expenses**	**Cost of sales**	**Administrative expenses**	**Other operating expenses**	**Other operating income**	**Selling expenses**	**Profit / (loss)**
Business internet	43	(33)	(15)	(4)	(2)	-	-	(12)	10
Consumer internet	21	(23)	(9)	(8)	(2)	(1)	-	(3)	(2)
TV	15	(20)	(11)	(5)	(2)	-	-	(2)	(5)
Printing	10	(12)	(6)	(2)	(1)	-	-	(3)	(2)
Salon	18	(15)	(5)	(4)	(1)	-	-	(5)	3
Restructuring expenses	-	(3)	-	-	(3)	-	-	-	(3)
EBITDA (management accounts)	**107**	**(106)**	**(46)**	**(23)**	**(11)**	**(1)**	**-**	**(25)**	**1**
Adjustments									
Restructuring expenses	-	3	-	-	3	-	-	-	3
Provision for unused vacations	-	-	-	-	-	-	-	-	-
Adjustments to magazines cost of sales	-	(2)	-	(2)	-	-	-	-	(2)
Accrual for audit services	-	-	-	-	-	-	-	-	-
Gain from disposal of investments	-	-	-	-	-	-	-	-	-
Prior periods income amount	-	-	-	-	-	-	-	-	-
Reclassification of expenses	-	1	-	2	(2)	(1)	1	1	1
Reclassification to research expenses	-	-	(2)	2	-	-	-	-	-
Total adjustments	**-**	**2**	**(2)**	**2**	**1**	**(1)**	**1**	**1**	**2**
SUBTOTAL	**107**	**(104)**	**(48)**	**(21)**	**(10)**	**(2)**	**1**	**(24)**	**3**
EBITDA (IFRS accounts)									**3**
Depreciation & amortization	-	(9)	-	(7)	(2)	-	-	-	(9)
SUBTOTAL	**107**	**(113)**	**(48)**	**(28)**	**(12)**	**(2)**	**1**	**(24)**	**(6)**
Financial income									2
Financial expenses									(52)
Share of profit of associates and joint ventures									1
Taxation									(1)
Non-controlling interest									(1)
Net loss attributable to shareholders of the Company									**(57)**

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6 Acquisition and disposals of subsidiaries and non-controlling interest

(a) Acquisition

OGOROD Ltd

In September 2011 the Group purchased 51% of shares in OGOROD Ltd – geotargeting and micro-blogging service which is expected to be integrated into online messenger QIP and entertainment portal qip.ru. The value of the deal, including investments in the project, amounts to RUB 27 million / USD 1 million. The Group has the option to raise its ownership to 70% after a two-year period.

Acquisition of OGOROD Ltd was performed in two stages:

- 26% in the share capital of the OGOROD Ltd (520 shares) was acquired from EBURO Ltd. Cost of investment amounted to RUB 8 million / USD* 0.25 million;
- 25% in the share capital of the OGOROD Ltd (500 shares) was obtained by the way of additional share issuance and selling of the shares by the OGOROD Ltd to the Group amounted to RUB 19 million / USD* 0.6 million.

At the acquisition date net assets of OGOROD Ltd was in amount of RUB 0.06 million / USD* 0.001 million. Goodwill was recognized in amount of RUB 8 million / USD* 0.25 million.

Remaining 8% in Valento Commerce Limited

Share in investments to Valento Commerce Limited (8%) in amount of RUB 0.4 million / USD* 0.01 million was acquired in 2010 from the holders of non-controlling interest. In 2010 cash was paid in amount of RUB 6 million / USD* 0.2 million and advertizing services were provided in amount of RUB 128 million / USD* 4 million. In 2011 advertizing services were provided in amount of RUB 54 million / USD* 1 million.

(b) Disposal

LLC Amida and other subsidiaries

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

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

Other entities in 2010

During 2010 the following entities were disposed with corresponding financial result:

- Salon entities (CJSC Salon Office, CJSC Salon Press, CJSC Eidos Communications, Ad Point Ltd., ASMC Ltd.) – gain of RUB 5 million / USD* 0.2 million;
- CJSC Nashi Dengi Volga – gain of RUB 7 million / USD* 0.2 million.

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7 Revenue

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Revenue from sales of internet advertising services and hosting services	3,102	2,134	96	66
Revenue from sales of advertising services in printing segment and from sales of printing products	940	862	29	27
Revenue from sales an advertising services on TV	597	483	19	15
	4,639	**3,479**	**144**	**108**

8 Cost of sales

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Payroll costs, including social charges	1,679	1,357	52	42
Depreciation and amortization	245	232	8	7
Printing expenses	166	193	5	6
Telecom expenses	154	151	5	6
Rent expenses	127	108	4	3
Conference expenses	106	78	3	2
Content expenses	101	71	3	2
Domain names expenses	89	74	3	2
Other expenses	83	60	2	2
	2,750	**2,324**	**85**	**72**

In 2010 part of printing expenses amounted to RUB 170 million / USD* 5 million was included in “Other expenses”. In 2011 the respective expenses were included in “Printing expenses”. For the comparative purposes in 2010 the related expenses were reclassified from “Other expenses” to “Printing expenses”.

9 Other income

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Reversal of provision for tax claims	58	-	2	-
Gain from sale of other non-current assets	34	-	1	-
Gain on disposal of property, plant and equipment	3	-	-	-
Gain on disposal of subsidiaries	-	13	-	1
Non-repayable aid	-	1	-	-
Other operating income	2	8	-	-
	97	**22**	**3**	**1**

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10 Selling expenses

Selling expenses are mainly represented by advertising expenses.

11 Administrative expenses

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Payroll costs, including social charges	187	172	6	5
Rent expenses	115	96	4	3
Depreciation and amortization	63	57	2	2
Material expenses	48	46	1	1
Utilities	33	25	1	1
Consulting and legal expenses	19	29	1	1
Communication	19	32	1	1
Insurance	13	9	-	-
Business trips and transportation costs	11	11	-	1
Bank commission	10	10	-	1
Taxes other than Income tax	7	11	-	-
IT expenses	-	2	-	-
Information services	-	2	-	-
Other administrative expenses	23	39	1	1
	548	**541**	**17**	**17**

In 2010 bank commission amounted to RUB 10 million / USD* 0.31 million was included in “Other administrative expenses”. In 2011 the respective expenses were disclosed separately. For the comparative purposes in 2010 the related expenses were reclassified from “Other administrative expenses” to “Bank commission”.

12 Other expenses

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Loss on disposal of subsidiaries	14	-	1	-
Loss on disposal of intangible assets	8	-	-	-
Penalties	1	3	-	-
Loss on disposal of inventories	-	1	-	-
Other operating expenses	36	75	1	2
	59	**79**	**2**	**2**

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13 Financial income and expenses

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Financial income				
Gain from revaluation of derivatives (Note 27)	1,062	-	33	-
Gain from trade and other payables write-off	49	-	2	-
Interest income	38	57	1	2
Net gain from investments designated at fair value through profit and loss (bonds)	30	-	1	-
Gain from write-off of other payables to BidLive (Note 18)	28	-	1	-
Other financial income	2	16	-	-
	1,209	**73**	**38**	**2**
Financial expenses				
Foreign exchange loss, net	(349)	(142)	(11)	(4)
Interest expenses	(323)	(444)	(10)	(14)
Impairment of investments in associates and joint ventures (Note 18)	(98)	-	(3)	-
Loss from restructuring	(14)	(659)	(1)	(21)
Fines and penalties on overdue debts	(13)	(405)	-	(13)
Impairment loss on trade and other receivables	(13)	(10)	-	-
Write-off of irredeemable loans and investments	-	(6)	-	-
Other financial expenses	(4)	(4)	-	-
	(814)	**(1,670)**	**(25)**	**(52)**

In 2010 “Loss from restructuring” in amount of RUB 659 million / USD* 21 million comprised loss from initial recognition of derivatives in amount of RUB 1,083 million / USD* 34 million, loss from account receivables write off due to restructuring in amount of RUB 145 million / USD* 5 million and gain from account payables write off due to restructuring in amount of RUB 569 million / USD* 18 million.

14 Income tax expense

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Current tax expenses	25	32	1	1
Deferred tax expenses	26	9	-	-
	51	**41**	**1**	**1**

The applicable income tax rate for the Company and Russian subsidiaries is 20% (2010: 20%). 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% (2010: 25%). For the entities located in Cyprus, the applicable tax rate is the corporate income tax rate of 10% (2010: 10%). The entity located in Netherland Antilles had tax loss in 2011 and 2010 (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:

	2011 Mln RUB	2011 %	2010 Mln RUB	2010 %
Profit / (loss) before income tax	**700**	**100%**	**(1,763)**	**100%**
Income tax at applicable tax rate	(140)	-20%	353	-20%
Effect of income taxed at (lower) / higher rates	(31)	-4%	24	-1%
Non-deductible expenses	(966)	-138%	(1,602)	91%
Non-taxable income	1,152	165%	1,212	-69%
Recognition of deferred tax for temporary differences from prior years	(41)	-6%	(7)	0%
Current year losses for which no deferred tax asset was recognized	(18)	-3%	(19)	1%
Under / over provided in prior years	(1)	0%	(2)	0%
Reversal of tax provision	(6)	-1%	-	0%
	(51)	**-7%**	**(41)**	**2%**

	2011 Mln USD*	2011 %	2010 Mln USD*	2010 %
Profit / (loss) before income tax	**22**	**100%**	**(55)**	**100%**
Income tax at applicable tax rate	(4)	-20%	11	-20%
Effect of income taxed at (lower) / higher rates	(1)	-4%	1	-1%
Non-deductible expenses	(31)	-138%	(50)	91%
Non-taxable income	37	165%	38	-69%
Recognition of deferred tax for temporary differences from prior years	(1)	-6%	-	0%
Current year losses for which no deferred tax asset was recognized	(1)	-3%	(1)	1%
Under / over provided in prior years	-	0%	-	0%
Reversal of tax provision	-	-1%	-	0%
	(1)	**-7%**	**(1)**	**2%**

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

15 Property, plant and equipment

Mln RUB	TV equipment	Computer equipment	Office equipment	Other assets	Vehicles	Construction-in-progress	Prepayments	Total
Cost								
At 1 January 2011	**198**	**204**	**179**	**219**	**-**	**6**	**1**	**807**
Reclassification between groups	169	113	(38)	(71)	81	(253)	(1)	**-**
Additions	-	-	-	-	-	265	-	**265**
Disposals	(1)	(9)	(15)	(1)	(8)	(1)	-	**(35)**
At 31 December 2011	**366**	**308**	**126**	**147**	**73**	**17**	**-**	**1,037**
Accumulated depreciation								
At 1 January 2011	**(184)**	**(149)**	**(151)**	**(158)**	**-**	**(2)**	**-**	**(644)**
Reclassification between groups	(40)	(5)	48	22	(27)	2	-	**-**
Depreciation charge	(11)	(50)	(15)	(3)	(12)	-	-	**(91)**
Disposals	1	9	16	1	6	-	-	**33**
At 31 December 2011	**(234)**	**(195)**	**(102)**	**(138)**	**(33)**	**-**	**-**	**(702)**
Net book value								
At 1 January 2011	**14**	**55**	**28**	**61**	**-**	**4**	**1**	**163**
At 31 December 2011	**132**	**113**	**24**	**9**	**40**	**17**	**-**	**335**

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

Mln RUB	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Vehicles**	**Construction-in-progress**	**Prepayments**	**Total**
Cost								
At 1 January 2010	**463**	**175**	**144**	**48**	**-**	**9**	**5**	**844**
Reclassification between groups	(261)	31	54	181	-	(1)	(4)	**-**
Additions	-	32		-	-	-	-	**32**
Disposals	(4)	(34)	(19)	(10)	-	(2)	-	**(69)**
At 31 December 2010	**198**	**204**	**179**	**219**	**-**	**6**	**1**	**807**
Accumulated depreciation								
At 1 January 2010	**(407)**	**(87)**	**(88)**	**(21)**	**-**	**-**	**-**	**(603)**
Reclassification between groups	225	(47)	(42)	(134)	-	(2)	-	**-**
Depreciation charge	(6)	(49)	(38)	(17)	-	-	-	**(110)**
Disposals	4	34	17	14	-	-	-	**69**
At 31 December 2010	**(184)**	**(149)**	**(151)**	**(158)**	**-**	**(2)**	**-**	**(644)**
Net book value								
At 1 January 2010	**56**	**88**	**56**	**27**	**-**	**9**	**5**	**241**
At 31 December 2010	**14**	**55**	**28**	**61**	**-**	**4**	**1**	**163**

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

Mln USD*	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Vehicles**	**Construction-in-progress**	**Prepayments**	**Total**
Cost								
At 1 January 2011	**6**	**6**	**5**	**7**	**-**	**-**	**-**	**24**
Reclassification between groups	4	4	(1)	(2)	3	(8)	-	**-**
Additions	-	-	-	-	-	8	-	**8**
Disposals	-	-	-	-	-	-	-	**-**
At 31 December 2011	**10**	**10**	**4**	**5**	**3**	**-**	**-**	**32**
Accumulated depreciation								
At 1 January 2011	**(6)**	**(4)**	**(4)**	**(5)**	**-**	**-**	**-**	**(19)**
Reclassification between groups	(1)	-	1	1	(1)	-	-	**-**
Depreciation charge	-	(3)	-	-	-	-	-	**(3)**
Disposals	-	-	-	-	-	-	-	**-**
At 31 December 2011	**(7)**	**(7)**	**(3)**	**(4)**	**(1)**	**-**	**-**	**(22)**
Net book value								
At 1 January 2011	**-**	**2**	**1**	**2**	**-**	**-**	**-**	**5**
At 31 December 2011	**3**	**3**	**1**	**1**	**2**	**-**	**-**	**10**

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

Mln USD*	**TV equipment**	**Computer equipment**	**Office equipment**	**Other assets**	**Vehicles**	**Construction-in-progress**	**Prepayments**	**Total**
Cost								
At 1 January 2010	**14**	**5**	**4**	**1**	**-**	**-**	**-**	**24**
Reclassification between groups	(8)	-	2	6	-	-	-	**-**
Additions	-	1	-	-	-	-	-	**1**
Disposals	-	-	(1)	-	-	-	-	**(1)**
At 31 December 2010	**6**	**6**	**5**	**7**	**-**	**-**	**-**	**24**
Accumulated depreciation								
At 1 January 2010	**(13)**	**(3)**	**(3)**	**(1)**	**-**	**-**	**-**	**(20)**
Reclassification between groups	7	(1)	(2)	(4)	-	-	-	**-**
Depreciation charge	-	-	-	-	-	-	-	**-**
Disposals	-	-	1	-	-	-	-	**1**
At 31 December 2010	**(6)**	**(4)**	**(4)**	**(5)**	**-**	**-**	**-**	**(19)**
Net book value								
At 1 January 2010	**1**	**2**	**1**	**-**	**-**	**-**	**-**	**4**
At 31 December 2010	**-**	**2**	**1**	**2**	**-**	**-**	**-**	**5**

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

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

(b) Depreciation charge

The depreciation charge for years ended 31 December 2011 and 31 December 2010 is included in “Cost of sales” and “Administrative expenses”.

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

16 Intangible assets

Mln RUB	Trade marks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2011	**491**	**434**	**553**	**534**	**198**	**713**	**1,699**	**-**	**224**	**4,846**
Additions	-	21	128	1	-	261	8	12	2	**433**
Disposals	-	(200)	(29)	(22)	-	-	-	-	(33)	**(284)**
At 31 December 2011	**491**	**255**	**652**	**513**	**198**	**974**	**1,707**	**12**	**193**	**4,995**
Accumulated amortization and impairment										
At 1 January 2011	**(328)**	**(386)**	**(505)**	**(505)**	**(152)**	**(207)**	**(1,486)**	**-**	**(205)**	**(3,774)**
Amortization charge	(48)	(29)	(45)	(17)	(28)	(49)	-	-	(1)	**(217)**
Disposals	-	198	29	16	-	-	-	-	33	**276**
At 31 December 2011	**(376)**	**(217)**	**(521)**	**(506)**	**(180)**	**(256)**	**(1,486)**	**-**	**(173)**	**(3,715)**
Net book value										
At 1 January 2011	**163**	**48**	**48**	**29**	**46**	**506**	**213**	**-**	**19**	**1,072**
At 31 December 2011	**115**	**38**	**131**	**7**	**18**	**718**	**221**	**12**	**20**	**1,280**

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

Mln RUB	Trade marks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2010	**482**	**447**	**544**	**515**	**198**	**657**	**1,690**	**-**	**230**	**4,763**
Reclassification between groups	6	(67)	(17)	19	-	56	9	-	(6)	**-**
Additions	3	54	26	-	-	-	-	-	-	**83**
Disposals	-	-	-	-	-	-	-	-	-	**-**
At 31 December 2010	**491**	**434**	**553**	**534**	**198**	**713**	**1,699**	**-**	**224**	**4,846**
Accumulated amortization and impairment										
At 1 January 2010	**(286)**	**(401)**	**(474)**	**(502)**	**(141)**	**(104)**	**(1,486)**	**-**	**(201)**	**(3,595)**
Reclassification between groups	(8)	65	3	-	-	(58)	-	-	(2)	**-**
Amortization charge	(34)	(50)	(34)	(3)	(11)	(45)	-	-	(2)	**(179)**
Disposals	-	-	-	-	-	-	-	-	-	**-**
At 31 December 2010	**(328)**	**(386)**	**(505)**	**(505)**	**(152)**	**(207)**	**(1,486)**	**-**	**(205)**	**(3,774)**
Net book value										
At 1 January 2010	**196**	**46**	**70**	**13**	**57**	**553**	**204**	**-**	**29**	**1,168**
At 31 December 2010	**163**	**48**	**48**	**29**	**46**	**506**	**213**	**-**	**19**	**1,072**

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

Mln USD*	**Trade marks**	**Software**	**Web-sites**	**Brands**	**Customer list**	**Cable network connection**	**Goodwill**	**Prepayments**	**Other**	**Total**
Cost										
At 1 January 2011	**15**	**12**	**17**	**17**	**6**	**21**	**52**	**-**	**7**	**147**
Additions	-	-	3	-	-	7	-	-	-	**10**
Disposals	-	-	(1)	(1)	-	-	-	-	(1)	**(3)**
At 31 December 2011	**15**	**12**	**19**	**16**	**6**	**28**	**52**	**-**	**6**	**154**
Accumulated amortization and impairment										
At 1 January 2011	**(10)**	**(10)**	**(14)**	**(16)**	**(4)**	**(7)**	**(46)**	**-**	**(6)**	**(113)**
Amortization charge	-	-	-	-	-	(3)	-	-	-	**(3)**
Disposals	-	-	1	-	-	-	-	-	1	**2**
At 31 December 2011	**(10)**	**(10)**	**(13)**	**(16)**	**(4)**	**(10)**	**(46)**	**-**	**(5)**	**(114)**
Net book value										
At 1 January 2011	**5**	**2**	**3**	**1**	**2**	**14**	**6**	**-**	**1**	**34**
At 31 December 2011	**5**	**2**	**6**	**(0)**	**2**	**18**	**6**	**-**	**1**	**40**

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

Mln USD*	**Trade marks**	**Software**	**Web-sites**	**Brands**	**Customer list**	**Cable network connection**	**Goodwill**	**Prepayments**	**Other**	**Total**
Cost										
At 1 January 2010	**15**	**13**	**17**	**16**	**6**	**19**	**52**	**-**	**7**	**145**
Reclassification between groups	-	(2)	(1)	1	-	2	-	-	-	**-**
Additions	-	1	1	-	-	-	-	-	-	**2**
Disposals	-	-	-	-	-	-	-	-	-	**-**
At 31 December 2010	**15**	**12**	**17**	**17**	**6**	**21**	**52**	**-**	**7**	**147**
Accumulated amortization and impairment										
At 1 January 2010	**(10)**	**(12)**	**(14)**	**(16)**	**(4)**	**(3)**	**(46)**	**-**	**(6)**	**(111)**
Reclassification between groups	-	2	-	-	-	(2)	-	-	-	**-**
Amortization charge	-	-	-	-	-	(2)	-	-	-	**(2)**
Disposals	-	-	-	-	-	-	-	-	-	**-**
At 31 December 2010	**(10)**	**(10)**	**(14)**	**(16)**	**(4)**	**(7)**	**(46)**	**-**	**(6)**	**(113)**
Net book value										
At 1 January 2010	**5**	**1**	**3**	**-**	**2**	**16**	**6**	**-**	**1**	**34**
At 31 December 2010	**5**	**2**	**3**	**1**	**2**	**14**	**6**	**-**	**1**	**34**

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(a) Amortization charge

The amortization charge for the years ended 31 December 2011 and 31 December 2010 is included in "Cost of sales" and "Administrative expenses".

(b) Impairment testing and write off

All intangible assets were tested for impairment as at 31 December 2011 and 31 December 2010 within those cash generating units where they belonged and no assets were individually impaired.

(c) Reclassifications of intangible assets between the groups

In the year ended 31 December 2010 management of the Group decided to change the format of the presentation of intangible assets types included in these consolidated financial statements compared to the year ended 31 December 2009. The reason of this change is to provide the users of these consolidated financial statements with a more detailed understanding of the intangible assets of the Group. No reclassifications were made in the year ended 31 December 2011.

17 Impairment

For the purposes of impairment testing the following cash generating units ("CGUs") were identified: Consumer Internet business (including RBC Money and Ogorod Ltd.), Media business (including Business Print, Business Internet and TV), Salon business, Hosting business, Atwood Lake Ltd., Limandora Ltd., CJSC Yuzhny Region – Telekommunikacii, iGlobe and BidLive. For impairment of investments in associates and joint ventures please refer to Note 18.

For the purposes of impairment testing, the goodwill has been allocated to two CGUs, namely Consumer Internet and Hosting business. These CGUs 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 CGUs 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 CGU comprises consumer Internet, which attracts advertising revenue from third parties. Consumer Internet business CGU includes RBC Money starting from 2009 as its activities are tightly interrelated with the CGU's operations, and Ogorod Ltd., a geotargeting and micro-blogging service, which was purchased by the Group in September 2011 (Note 6).

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

- Cash flows were projected based on actual operating results for 2011 and the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual revenue from Internet advertising was projected to increase by 114% in 2012, by 70% in 2013, by 29% in 2014, by 27% in 2015 and by 25% in 2016;
- Annual expenses were projected to increase by 85% in 2012, by 66% in 2013, by 25% in 2014, by 27% in 2015 and by 24% in 2016.

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A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the CGU. 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 CGU exceeded its carrying amount.

The above estimates are particularly sensitive in the following areas:

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

- A 27% increase in annual expenses; or
- A 22% decrease in annual sales.

(ii) Media business

This cash generating unit comprises Business Internet, Business Print and TV. Business Internet includes subsidiaries involved in business Internet activities. Business Print includes subsidiaries involved in publication and distribution of the newspaper "RBC daily" and magazine "RBC" in Russia. Business TV 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 CGU for Media projects:

- Cash flows were projected based on actual operating results for 2011 and the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual revenue from Internet advertising was projected to increase by 36% in 2012, by 34% in 2013, by 31% in 2014, by 29% in 2015 and by 26% in 2016;
- Annual expenses were projected to increase by 25% in 2012 a, by 23% in 2013, by 21% in 2014, by 19% in 2015 and by 19% in 2016.

A nominal after-tax discount rate of 19% was applied in determining the recoverable amount of the CGU. 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 CGU exceeded its carrying amount.

The above estimates are particularly sensitive in the following areas:

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

- A 31% increase in annual expenses; or
- A 27% decrease in annual sales.

(iii) Salon business

This CGU 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 CGU:

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- Cash flows were projected to be based on actual operating results for 2011 and the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual sales of prints have been projected to increase by 3% in 2012, by 5% in 2013 and by 6% in 2014-2016;
- Annual expenses were projected to decrease by 3% in 2012, to increase by 4% in 2013 and by 5% in 2014-2016.

A nominal after-tax discount rate of 18% was applied in determining the recoverable amount of the CGU. 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 CGU exceeded its carrying amount.

The above estimates are particularly sensitive in the following areas:

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

- A 29% increase in annual expense; or
- A 22% decrease in annual sales.

(iv) Hosting business

This CGU includes subsidiaries involved in provision of web hosting services in Russia.

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

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Revenue was projected to increase by 19% in 2012, by 23% in 2013, by 21% in 2014 and by 20% in 2015 – 2016;
- Annual expenses were projected to decrease by 2% in 2012, to increase by 23% in 2013, by 24% in 2014 and by 16% in 2015 – 2016.

A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the CGU. 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 CGU exceeded its carrying amount.

The above estimates are particularly 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:

- A 18% increase in annual expenses; or
- A 15% decrease in annual sales.

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18 Investments in associates and joint ventures

Atwood Lake Ltd.

In 2008 the Group acquired 40% of the shares in Atwood Lake Ltd. Atwood Lake Ltd. owns brand and software for internet resources 4shared.com and Mango Telecom.

In 2011 the Group recognized profit of RUB 94 million / USD* 3 million (2010: income of RUB 38 million / USD* 2 million) from investments in Atwood Lake Ltd.

The impairment of the investment in Atwood Lake Ltd. of RUB 70 million / USD* 2 million was recognized at 31 December 2011. The reasons for impairment recognition are that the Group does not have power to affect the operating activities of the entity, there is no active market for such kind of investments and state of market is adverse.

Limandora Ltd.

In 2008 the Group acquired 51% of the shares in Limandora Ltd. According to the investment agreement, the Group and the second owner have equal voting rights in the annual general meeting of shareholders so the Group does not have control over Limandora Ltd. but has significant influence. Therefore, the investment in Limandora Ltd. is accounted by equity method.

Limandora Ltd. owns internet resource - a new consumer web-site for children.

In 2011 the Group recognized loss of RUB 19 million / USD* 1 million (2010: loss of RUB 2 million / USD* 0.06 million) from investments in Limandora Ltd.

CJSC Yuzhny Region – Telekommunikacii

The Group acquired 50% of CJSC Yuzhny Region – Telekommunikacii in 2007.

In 2011 the Group recognized loss of RUB 0.08 million (2010: income of RUB 2 million / USD* 0.06 million) from investments in CJSC Yuzhny Region – Telekommunikacii.

Braddy S.A.

In 2010 the Group launched acquisition of 25% Braddy S.A. for RUB 76 million / USD* 2 million. Braddy S.A. owns internet resource iglobe.ru - a web-site for travelers who booked tickets and hotels on-line.

In 2010 the Group paid for shares RUB 1 million in cash and RUB 48 million rendered advertising services. In the 1th quarter 2011 the Group additionally rendered advertising services in amount RUB 27 million.

In 2011 the Group recognized profit of RUB 1 million / USD* 0.03 million from investments in Braddy S.A.

LLC Bid Live Russia

In 2010 the Group launched acquisition of 45% LLC Bid Live Russia for RUB 60 million / USD* 2 million. LLC Bid Live Russia owns internet resource intermediate to sale the property.

In 2010 the Group recognized zero profit from investments in LLC Bid Live Russia because its annual result was immaterial.

The impairment of the investment in LLC Bid Live Russia of RUB 28 million / USD* 1 million was recognized at 31 December 2011.

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As at 31 December 2011 the Group had the following investments in the associates and joint ventures:

	Carrying value at 31 December 2010 Mln RUB	Recognized profit / (loss) in 2011 Mln RUB	Impairment at 31 December 2011 Mln RUB	Carrying value at 31 December 2011 Mln RUB
Atwood Lake Ltd.	113	94	(70)	137
Limandora Ltd.	27	(19)	-	8
CJSC Yuzhny Region-Telecommunikacii	27	-	-	27
IGlobe	76	1	-	77
BidLive	60	-	(28)	32
	303	**76**	**(98)**	**281**

	Carrying value at 31 December 2010 Mln USD*	Recognized profit / (loss) in 2011 Mln USD*	Impairment at 31 December 2011 Mln USD*	Carrying value at 31 December 2011 Mln USD*
Atwood Lake Ltd.	4	3	(2)	5
Limandora Ltd.	1	(1)	-	-
CJSC Yuzhny Region-Telecommunikacii	1	-	-	1
IGlobe	2	-	-	2
BidLive	2	-	(1)	1
	10	**2**	**(3)**	**9**

As at 31 December 2010 the Group had the following investments in the associates and joint ventures:

	Carrying value at 31 December 2009 Mln RUB	Acquisition 2010 Mln RUB	Recognized profit / (loss) in 2010 Mln RUB	Carrying value at 31 December 2010 Mln RUB
Atwood Lake Ltd.	75	-	38	113
Limandora Ltd.	29	-	(2)	27
CJSC Yuzhny Region-Telecommunikacii	25	-	2	27
IGlobe	-	76	-	76
BidLive	-	60	-	60
	129	**136**	**38**	**303**

	Carrying value at 31 December 2009 Mln USD*	Acquisition 2010 Mln USD*	Recognized profit / (loss) in 2010 Mln USD*	Carrying value at 31 December 2010 Mln USD*
Atwood Lake Ltd.	2	-	2	4
Limandora Ltd.	1	-	-	1
CJSC Yuzhny Region-Telecommunikacii	1	-	-	1
IGlobe	-	2	-	2
BidLive	-	2	-	2
	4	**4**	**2**	**10**

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Impairment

For the purposes of impairment testing of investments in associates and joint ventures the following cash generating units ("CGUs") were identified: Atwood Lake Ltd., Limandora Ltd., CJSC Yuzhny Region – Telekommunikacii, iGlobe and BidLive.

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) Atwood Lake Ltd.

The Group performed an impairment testing of the investment in equity accounted investee, Atwood Lake Ltd. as at 31 December 2011. This CGU includes two business units: Mango, which provided telecommunication services, and 4shared, which provided file hosting service.

The cash flow testing conducted at the below assumptions resulted in an impairment of the equity investment in Atwood Lake Ltd. RUB 70 million / USD* 2 million.

4shared

The following key assumptions for impairment testing were used for 4shared operations:

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 1.8% growth per year;
- Annual advertising sales were projected to increase by 82% in 2012, by 34% in 2013, by 27% in 2014, by 21% in 2015, and to grow by 18% in 2016;
- Annaul expenses were projected to increase by 50% in 2012, 59% in 2013, by 52% in 2014, by 30% in 2015, by 28% in 2016.

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

Mango

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

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual advertising sales were projected to increase by 27% in 2012, by 24% in 2013, by 20% in 2014, by 16% in 2015, and by 13% in 2016;
- Annual expenses were projected to increase by 31% in 2012, by 29% in 2013, by 28% in 2014, by 26% in 2015 and by 24% in 2016.

A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the CGU. The discount rate used was based on an industry average weighted average cost of capital.

(ii) Limandora Ltd.

The Group performed an impairment testing of the investment in its equity accounted investee, Limandora Ltd. as at 31 December 2011.

The following key assumptions for impairment testing were used:

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

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual advertising sales were projected to increase by 107% in 2012, by 45% in 2013, by 65% in 2014, by 6% in 2015 – 2016;
- Annual costs were projected to increase by 23% in 2012, by 32% in 2013, by 29% in 2014, by 26% in 2015 and by 22% in 2016.

A nominal after-tax discount rate of 20% was applied in determining the recoverable amount of the CGU. 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 CGU 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:

- A 15% increase in annual expenses; or
- A 14% decrease in annual sales.

(iii) CJSC Yuzhny Region – Telekommunikacii

The Group performed an impairment testing of the investment in its equity accounted investee, CJSC Yuzhny Region-Telekommunikacii as at 31 December 2011.

The following key assumptions for impairment testing were used:

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 3.1% growth per year;
- Annual revenue was projected to increase by 36% in 2012, by 34% in 2013, by 31% in 2014, by 29% in 2015 and by 26% in 2016;
- Annual costs were projected to increase by 24% in 2012, by 22% in 2013, by 20% in 2014, and by 18% in 2015-2016.

A nominal after-tax discount rate of 17% was applied in determining the recoverable amount of the CGU. 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 CGU exceeded its carrying amount.

The above estimates are sensitive in the following areas:

- A 10% increase in annual expenses; or
- A reduction in the annual sales by 10% would result in impairment.

(iv) IGlobe

The Group performed an impairment testing of the investment in its equity accounted investee, iGlobe as at 31 December 2011.

The following key assumptions for impairment testing were used:

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

- Cash flows were projected to be based on actual operating results for 2011 and on the five-year business plan for 2012-2016. Net cash flows in the post-forecast period were determined assuming a 1.8% growth per year;
- Annual revenue was projected to increase by 201% in 2012, by 210% in 2012, by 105% in 2014, by 99% in 2015, and by 93% in 2016;
- Annual costs were projected to increase by 183% in 2012, by 196% in 2013, by 106% in 2014, by 99% in 2015 and by 95% in 2016.

A nominal after-tax discount rate of 17% was applied in determining the recoverable amount of the CGU. 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 CGU 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:

- A 20% increase in annual expenses; or
- A 57% decrease in annual sales.

(v) Bid Live Russia, LLC

The cash flow testing conducted at the below assumptions resulted in an impairment of the equity investment in Bid Live Russia, LLC RUB 28 million / USD* 1 million.

Recognized impairment loss

The impairment loss was recorgized by the Group as at 31 December 2011 in total amount of RUB 98 million / USD* 3 million in financial expenses. No impairment loss was recognized as at 31 December 2010.

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

19 Other investments

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Non-current				
Loans granted to employees	4	4	-	-
Loans granted to third parties	-	-	-	-
Other investments	4	4	-	-
	8	**8**	**-**	**-**
Current				
Investments designated at fair value through profit and loss	11	10	-	-
Promissory notes held to maturity	4	9	-	-
Other investments	-	8	-	-
Loans granted to third parties	-	5	-	-
	15	**32**	**-**	**-**

20 Other non-current assets

Other non-current assets represent the contracts for the acquisition of property in the amount of RUB 179 million / USD* 6 million (2010: RUB 127 million / USD* 4 million) for the construction of apartments in residential buildings in Moscow and Moscow region and are stated at cost less impairment (zero impairment loss was recognized during 2011 and 2010 respectively). An increase in the carrying value of the contracts for the acquisition of property in the amount of RUB 52 million / USD* 2 million is the result of exchange for trade and other receivables. These assets were obtained as payment for the rendered advertising services.

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21 Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Mln RUB	Assets		Liabilities		Net		Movement 2011
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010	
Property, plant and equipment	5	6	(3)	(11)	2	(5)	7
Intangible assets	19	7	(124)	(124)	(105)	(117)	12
Investments	152	44	(210)	(28)	(58)	16	(74)
Inventory	14	22	-	-	14	22	(8)
Trade and other receivables	175	78	(81)	(4)	94	74	20
Prepaid expenses	-	18	(11)	(7)	(11)	11	(22)
Loans and borrowings	-	-	(6)	(7)	(6)	(7)	1
Trade and other payables	82	8	(90)	(31)	(8)	(23)	15
Tax losses carried forward	243	218	(3)	(1)	240	217	23
Deferred tax assets / (liabilities)	**690**	**401**	**(528)**	**(213)**	**162**	**188**	**(26)**
Offsetting of deferred tax (assets) / liabilities	(435)	(174)	435	174	-	-	-
Net deferred tax assets / (liabilities)	**255**	**227**	**(93)**	**(39)**	**162**	**188**	**(26)**

Mln USD*	Assets		Liabilities		Net		Movement 2011
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010	
Property, plant and equipment	-	-	-	-	-	-	-
Intangible assets	1	-	(4)	(4)	(3)	(4)	1
Investments	5	1	(7)	(1)	(2)	-	(2)
Inventory	-	1	-	-	-	1	(1)
Trade and other receivables	5	2	(3)	-	2	2	-
Prepaid expenses	-	1	-	-	-	1	(1)
Loans and borrowings	-	-	-	-	-	-	-
Trade and other payables	3	-	(3)	(1)	-	(1)	1
Tax losses carried forward	8	7	-	-	8	7	1
Deferred tax assets / (liabilities)	**22**	**12**	**(17)**	**(6)**	**5**	**6**	**(1)**
Offsetting of deferred tax (assets) / liabilities	(14)	(5)	14	5	-	-	-
Net deferred tax assets / (liabilities)	**8**	**7**	**(3)**	**(1)**	**5**	**6**	**(1)**

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(b) Unrecognized deferred tax assets

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

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Impairment loss recognized during the period (Note 23)	56	91	2	3
Derivative financial liability	21	1,083	1	34
Tax losses carried forward	2,654	3,465	82	108

As at 31 December 2011 the deferred tax assets from the tax losses in amount of RUB 2,654 million / USD* 82 million (in 2010: RUB 3,465 million / USD* 108 million) have not been recognized as they relate to tax losses carried forward of the entities which are expected to be disposed of in 2012. 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.

As at 31 December 2011 the deferred tax assets from the impairment of trade and other receivables in amount of RUB 56 million / USD* 2 million (in 2010: RUB 91 million / USD* 3 million) have not been recognized as they relate to impairment of trade and other receivables of the entities which are expected to be disposed of in 2012. 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.

As at 31 December 2011 the deferred tax asset from derivative financial liability in amount of RUB 21 million / USD* 1 million (in 2010: RUB 1,083 million / USD* 34 million) has not been recognized due to it is not probable that derivatives would be exercised and PV of RBC shares for the year 2015 and 2018 is difficult for estimation.

(c) Movement in temporary differences during the year

Mln RUB	31 December 2010	Recognized in income in 2011	31 December 2011
Property, plant and equipment	(5)	7	2
Intangible assets	(117)	12	(105)
Investments	16	(74)	(58)
Inventory	22	(8)	14
Trade and other receivables	74	20	94
Prepaid expenses	11	(22)	(11)
Loans and borrowings	(7)	1	(6)
Trade and other payables	(23)	15	(8)
Tax losses carried forward	217	23	240
	188	**(26)**	**162**

Mln USD*	31 December 2010	Recognized in income in 2011	31 December 2011
Property, plant and equipment	-	-	-
Intangible assets	(4)	1	(3)
Investments	-	(2)	(2)
Inventory	1	(1)	-
Trade and other receivables	2	-	2
Prepaid expenses	1	(1)	-
Loans and borrowings	-	-	-
Trade and other payables	(1)	1	-
Tax losses carried forward	7	1	8
	6	**(1)**	**5**

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22 Inventories

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Raw materials and consumables	15	12	1	1
Finished goods	2	2	-	-
Goods for resale	3	7	-	-
Work in progress	4	3	-	-
	24	**24**	**1**	**1**

The cost of inventories recognized as expense and included in "Cost of sales" amounted to RUB 166 million / USD* 5 million (2010: RUB 193 million / USD* 6 million).

23 Trade and other receivables

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Trade accounts receivable	871	881	27	27
Other taxes receivable	76	49	2	-
Other prepayments	56	85	2	3
Other receivable	55	2	2	1
VAT receivable	54	50	2	2
Deferred expenses	19	13	-	-
	1,131	**1,080**	**35**	**33**
Impairment provision for accounts receivable	(141)	(261)	(4)	(8)
Total accounts receivable	**990**	**819**	**31**	**25**

As at 31 December 2010 other taxes receivable in the amount of RUB 49 million / USD* 2 million were included in "Other receivables". As at 31 December 2011 the Group decided to present the amount of other taxes receivable separately. Therefore, for comparative purposes the respective amount of other taxes receivables as at 31 December 2010 was reclassified from "Other receivables".

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The following are movements in the impairment provision for trade and other receivables:

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Balance as at 1 January	**261**	**399**	**8**	**12**
Reversal of impairment loss on trade and other receivables during the period	(176)	(229)	(6)	(7)
Impairment loss recognized during the period	56	91	2	3
Balance as at 31 December	**141**	**261**	**4**	**8**

Movement in the impairment provision for accounts receivable for the year ended 31 December 2011 was due to impairment provision reversal recognized through financial income in total amount RUB 120 million / USD* 4 million. Accounts receivable written off was recognized through financial expenses in total amount RUB 133 million / USD* 4 million. Net impairment loss on trade and other receivables recognized in financial expenses in 2011 is RUB 13 million / USD* 0.4 million.

Total movement in the impairment provision for accounts receivable for the year ended 31 December 2010 consisted of: decrease in impairment provision recognized in financial expenses in total amount RUB 50 million / USD* 1.6 million and accounts receivable written off against impairment provision in total amount RUB 88 million / USD* 2.7 million. Accounts receivable write off was recognized directly through financial expenses in total amount RUB 60 million / USD* 1.8 million.

24 Cash and cash equivalents

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Bank balances and petty cash	251	306	8	10
Bank deposits	462	868	14	26
Total cash and cash equivalents	**713**	**1,174**	**22**	**36**

As at 31 December 2011 the Group had RUB-denominated term deposit in UniCredit Bank in amount of RUB 25 million / USD* 1 million with nominal interest rate 8% which had a maturity date 31 January 2012.

As at 31 December 2011 the Group had RUB-denominated term deposit on demand in the Bank “International finance club” in amount of RUB 319 million / USD* 10 million with nominal interest rate 6.4% which had a maturity date 23 April 2012, RUB-denominated deposit on demand in OJCS "National Trust Bank" in amount of RUB 6 million / USD* 0.2 million with nominal interest rate 9.5% which had a maturity date 10 September 2013, and RUB-denominated deposit in amount of RUB 112 million / USD* 3 million with nominal interest rate 8.75% which had a maturity date 01 February 2012.

As at 31 December 2010 the Group had USD-denominated term deposit in Hellenic Bank in amount of RUB 1 million / USD* 0.04 million and RUB-denominated term deposit in the bank “International finance club” in amount of RUB 865 million / USD* 26 million, which has a maturity date 20 January 2011 and consists of two parts: RUB 365 million / USD* 11 million nominal interest rate 7.25% and RUB 500 million / USD* 16 million nominal interest rate 8.25%.

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 30(e).

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25 Equity

(a) Share capital and share premium

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

According to restructuring plan it was expected that 140,000,000 of OJSC RBC Information Systems ordinary shares would be exchanged to 156,250,000 (49%) of OJSC RBC ordinary shares in proportion of 1 to 1.116. At 7 June 2010 ONEXIM Group acquired a 51% of shares in the Company through an additional share issue in total number 162,640,625. As at 31 December 2011 OJSC RBC share capital contains of 318,890,625 ordinary shares.

At 31 December 2011 97.49% of the shares of OJSC RBC Information Systems were exchanged to the shares of the Company.

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

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

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Share capital	-	-	-	-
Share premium	2,346	8,995	73	279

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

(b) Dividends

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

As at 31 December 2011 one of the entities of the Group distributed dividends in amount of RUB 5 million / USD* 0.16 million.

As at 31 December 2011 and 31 December 2010 the Group had cumulative retained loss and, therefore, no dividends could be distributed.

(c) Treasury shares

At the reporting date the Group held 4,228,393 of its own shares as the exchange of the shares of OJSC RBC Information Systems to the shares of OJSC RBC in proportion of 1 to 1.116. As at 31 December 2010 the Group held 4,228,393 of its own shares (the same proportion was applied).

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(d) ADR

OJSC RBC Information Systems had a Level-1 ADR program for its common stock through Bank of New York. One ADR represented four ordinary shares of OJSC RBC Information Systems. As at 31 December 2011 1,752 (31 December 2010: 2,931,644) of the shares were reserved for ADR in depositary by Bank of New York.

26 Earnings per share

The calculation of basic earnings per share as at 31 December 2011 was based on the profit for the year and the weighted average number of ordinary shares outstanding during 2011 of 314,663 thousand (2010: 151,520 thousand). For comparability purposes quantity of the ordinary shares related to year ended 31 December 2010 was recalculated in proportion of 1 to 1.116. Earnings / (loss) per share was calculated as follows:

In thousands of shares	**2011**	**2010**
Issued shares at 1 January	318,891	156,250
Own shares held at 1 January	(4,228)	(4,400)
Effect of shares issued in April	-	190
Effect of shares issued in September	-	116
Effect of shares acquired in November	-	(636)
Weighted average number of shares for the period ended 31 December	**314,663**	**151,520**

	2011	**2010**
Profit / (loss) for the period, Mln RUB	649	(1,804)
Weighted average number of shares, in thousands	314,663	151,520
Basic earnings / (loss) per share, RUB	2.1	(11.9)

	2011	**2010**
Profit / (loss) for the period, Mln USD*	21	(57)
Weighted average number of shares, in thousands	314,663	151,520
Basic earnings / (loss) per share, USD*	0.1	(0.4)

There were no potentially dilutive ordinary shares in the years ended 31 December 2011 and 31 December 2010, respectively.

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

27 Loans and borrowings

As at 31 December 2009 the Group was in default of its loans and borrowings. As at 31 December 2010 the Group's management reached the agreements with all of the creditors and the outstanding debt was exchanged into RUB 6,337 million / USD* 211 million of the loan participation notes, RUB 191 million / USD* 6 million of the bonds and RUB 1,083 million / USD* 34 million of the derivative financial liabilities. Part of the initial debt RUB 721 million was paid off by the Group and RUB 191 million was forgiven by the creditors. As a result of the debt restructuring, the Group recognized a loss in the amount of RUB 659 million / USD* 20 million and fines and penalties on overdue debts in the amount of RUB 405 million / USD* 13 million.

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

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Non-current liabilities				
Loan participation notes	6,791	6,337	211	197
Unsecured bonds issued	197	191	6	6
	6,988	**6,528**	**217**	**203**
Current liabilities				
Unsecured bonds issued	24	113	1	4
Other loans	9	13	-	-
	33	**126**	**1**	**4**

Movement in the carrying amount of loans for the year ended 31 December 2011 occurred mostly due to foreign currency exchange effect (loans are denominated in USD).

During 2011 repayment of borrowings was made in amount of RUB 39 million / USD* 1 million.

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Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest rate	Year of maturity	Carrying amount 31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Non-current liabilities							
Loans							
Loans at 7%	USD	7%	2015	4,520	3,956	140	123
Loans at 6%	USD	6%	2018	2,271	2,381	71	74
Unsecured bonds issued							
Bonds (issue B-1)	RUB	7%	2015	120	117	4	4
Bonds (issue B-4)	RUB	6%	2018	77	74	2	2
Current liabilities							
Unsecured bonds issued							
Bonds (issue BO-4)	RUB	12%	2009	13	53	1	2
Bonds (issue BO-5)	RUB	11%	2009	11	60	-	2
Other loans	RUB			9	13	-	-

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Derivative financial liabilities

As part of the debt restructuring process the Group agreed to grant to its creditors the options vesting in 2015 and in 2018. As at 31 December 2011 21,220,220 (31 December 2010: 21,099,564) options vesting in 2015 and 18,579,709 (31 December 2010: 18,464,487) options vesting in 2018 were granted to the creditors. The Group is obliged to pay to creditors the difference between average price of a share of OJSC RBC for the last 120 days preceding the execution date and the fixed price of 1.96 USD. The fair value of the options at 31 December 2011 amounted to RUB 21 million / USD* 1 million (31 December 2010: RUB 1,083 million / USD* 34 million). The fair value of the options was determined by an independent appraiser Renaissance Capital, using the Black-Scholes valuation model. Significant decrease is driven mainly by drop in the price of underlying shares during 2011.

28 Provisions

As at 31 December 2011 and 31 December 2010 the following provisions were made:

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Unused vacation provision	31	22	1	1
Late-payment interests and penalties related to VAT	2	11	-	-
Income tax	-	41	-	1
VAT	-	13	-	1
Legal case provision	-	2	-	-
	33	**89**	**1**	**3**

Provision for tax claimes in total amount RUB 58 million / USD* 2 million was released to other operating income in 2011 due to expiry of period of limitations (Note 9).

29 Trade and other payables

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Other payables and accrued expenses	633	228	20	7
Advances received	275	335	9	10
Trade accounts payables	208	396	6	12
VAT payable	143	142	4	5
Other taxes payable	92	6	3	-
	1,351	**1,107**	**42**	**34**

As at 31 December 2010 VAT payable in amount of RUB 142 million / USD* 4.4 million was included in “Other taxes payable”. As at 31 December 2011 the Group decided to present the amount of VAT payable separately. Therefore, for the comparative purposes the respective amount of VAT payable as at 31 December 2010 was reclassified from “Other taxes payable” to “VAT payable”.

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 30.

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30 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 analyze 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.

(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 analyzed 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.

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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	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
Current financial assets				
Investments designated at fair value through profit and loss	11	10	-	-
Promissory notes held to maturity	4	9	-	-
Trade receivables	754	650	23	21
Cash and cash equivalents	713	1,174	22	39
Non-current financial assets				
Loans granted to employees and third parties	8	8	-	-
Total financial assets	**1,490**	**1,851**	**45**	**60**

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

	Carrying amount		Carrying amount	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	Mln RUB	Mln RUB	Mln USD*	Mln USD*
Russia	620	600	19	20
Europe	134	42	4	1
Other	-	8	-	-
	754	**650**	**23**	**21**

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

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 31 December 2011 Mln RUB	Impairment 31 December 2011 Mln RUB	Gross 31 December 2010 Mln RUB	Impairment 31 December 2010 Mln RUB
Not past due	585	-	453	(1)
Past due 1-180	89	(9)	139	(17)
Past due 180-365	31	(13)	71	(25)
More than 1 year	166	(96)	218	(188)
	871	**(118)**	**881**	**(231)**

	Gross 31 December 2011 Mln USD*	Impairment 31 December 2011 Mln USD*	Gross 31 December 2010 Mln USD*	Impairment 31 December 2010 Mln USD*
Not past due	19	-	14	-
Past due 1-180	3	-	4	(2)
Past due 180-365	1	-	2	(2)
More than 1 year	5	(3)	7	(9)
	28	**(3)**	**27**	**(13)**

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

	31 December 2011 Mln RUB	31 December 2010 Mln RUB	31 December 2011 Mln USD*	31 December 2010 Mln USD*
Balance at 1 January	(231)	(390)	(8)	(13)
Allowance for impairment loss utilised	113	159	4	5
Balance at 31 December	**(118)**	**(231)**	**(4)**	**(8)**

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.

Summary of quantitative data about the Group`s exposure to liquidity risk is disclosed in maturity analysis table for the liabilities that shows the remaining contractual maturities.

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

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

31 December 2011	**Average Interest rate**									
Mln RUB	**Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Trade and other payables less advances received	-	-	1,076	-	-	-	-	-	-	**1,076**
Loans and borrowings	9-13%	9-13%	33	-	-	-	-	4,640	2,348	**7,021**
Total non-derivative financial liabilities			**1,109**	**-**	**-**	**-**	**-**	**4,640**	**2,348**	**8,097**

31 December 2011	**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**
Trade and other payables less advances received	-	-	33	-	-	-	-	-	-	**33**
Loans and borrowings	9-13%	9-13%	1	-	-	-	-	144	73	**218**
Total non-derivative financial liabilities			**34**	**-**	**-**	**-**	**-**	**144**	**73**	**251**

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

31 December 2010 **Mln RUB**	**Average Interest rate** **Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Trade and other payables less advances received	-	-	772	-	-	-	-	-	-	**772**
Loans and borrowings	9-13%	9-13%	126	-	-	-	-	4,073	2,455	**6,654**
									-	
Total non-derivative financial liabilities			**898**	**-**	**-**	**-**	**-**	**4,073**	**2,455**	**7,426**

31 December 2010 **Mln USD***	**Average Interest rate** **Contractual**	**Effective**	**0-6 mths**	**6-12 mths**	**1-2 yrs**	**2-3 yrs**	**3-4 yrs**	**4-5 yrs**	**Over 5 yrs**	**Total**
Trade and other payables less advances received	-	-	25	-	-	-	-	-	-	**25**
Loans and borrowings	9-13%	9-13%	4	-	-	-	-	134	80	**218**
Total non-derivative financial liabilities			**29**	**-**	**-**	**-**	**-**	**134**	**80**	**243**

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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 optimizing 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 (RUB).

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily USD and RUB. 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 it's 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 RUB	**USD-denominated 31 December 2011**	**Euro-denominated 31 December 2011**	**UAH-denominated 31 December 2011**
Financial assets			
Trade and other receivables	84	75	1
Cash and cash equivalents	41	13	1
Total financial assets	**125**	**88**	**2**
Financial liabilities			
Trade and other payables	(26)	(48)	(8)
Loans and borrowings	(6,791)	-	-
Total financial liabilities	**(6,817)**	**(48)**	**(8)**

Mln USD*	**USD-denominated 31 December 2011**	**Euro-denominated 31 December 2011**	**UAH-denominated 31 December 2011**
Financial assets			
Trade and other receivables	3	2	-
Cash and cash equivalents	1	-	-
Total financial assets	**4**	**2**	**-**
Financial liabilities			
Trade and other payables	(1)	(2)	-
Loans and borrowings	(211)	-	-
Total financial liabilities	**(212)**	**(2)**	**-**

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

Mln RUB	**USD-denominated 31 December 2010**	**Euro-denominated 31 December 2010**	**UAH-denominated 31 December 2010**
Financial assets			
Trade and other receivables	41	23	1
Cash and cash equivalents	17	24	1
Total financial assets	**58**	**47**	**2**
Financial liabilities			
Trade and other payables	(164)	(7)	(5)
Loans and borrowings	(6,337)	-	-
Total financial liabilities	**(6,501)**	**(7)**	**(5)**

Mln USD*	**USD-denominated 31 December 2010**	**Euro-denominated 31 December 2010**	**UAH-denominated 31 December 2010**
Financial assets			
Trade and other receivables	1	1	-
Cash and cash equivalents	1	1	-
Total financial assets	**2**	**2**	**-**
Financial liabilities			
Trade and other payables	(5)	-	-
Loans and borrowings	(197)	-	-
Total financial liabilities	**(202)**	**-**	**-**

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2011	**2010**	**31 December 2011**	**31 December 2010**
USD to RUB	29.3987	30.3765	32.1961	30.4769

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

(ii) Interest rate risk

Generally, the Group adopts a policy of fixed rates borrowings. The Group had a loan of RUB 156 million / USD* 5 million with a floating interest rate of LIBOR+5%, which constituted 3% of the total outstanding loans and borrowings of the Group as at 31 December 2011.

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 favorable 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		**Carrying amount**	
	31 December 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
	Mln RUB	**Mln RUB**	**Mln USD***	**Mln USD***
Fixed rate instruments				
Financial liabilities	(7,021)	(6,654)	(218)	(207)
Variable rate instruments				
Financial liabilities	-	-	-	-

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(e) Sensitivity analysis

31 December 2011		**Interest rate risk sensitivity**		**Currency risk sensitivity**		**Other price risk sensitivity**	
Mln RUB		+ 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 designated at fair value through profit and loss	11	-	-	-	-	1	(1)
Trade and other receivables	990	-	-	16	(16)	-	-
Cash and cash equivalents	713	-	-	5	(5)	-	-
Impact on financial assets before tax		**-**	**-**	**21**	**(21)**	**1**	**(1)**
Income tax (20%)				(4)	4	-	-
Impact on financial assets after tax		**-**	**-**	**17**	**(17)**	**1**	**(1)**
Current financial liabilities							
Trade and other payables	1,351	-	-	(7)	7	-	-
Other loans	9	-	-	1	(1)	-	-
Impact on financial liabilities before tax		**-**	**-**	**(6)**	**6**	**-**	**-**
Income tax (20%)		-	-	1	1	-	-
Impact on financial liabilities after tax		**-**	**-**	**(5)**	**5**	**-**	**-**
Total increase / (decrease)		**-**	**-**	**12**	**(12)**	**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).*

31 December 2011		**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 designated at fair value through profit and loss	-	-	-	-	-	-	-
Trade and other receivables	31	-	-	-	-	-	-
Cash and cash equivalents	22	-	-	-	-	-	-
Impact on financial assets before tax		**-**	**-**	**1**	**(1)**	**-**	**-**
Income tax (20%)		-	-	-	-	-	-
Impact on financial assets after tax		**-**	**-**	**1**	**(1)**	**-**	**-**
Current financial liabilities							
Trade and other payables	42	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-
Impact on financial liabilities before tax		**-**	**-**	**-**	**-**	**-**	**-**
Income tax (20%)		-	-	-	-	-	-
Impact on financial liabilities after tax		**-**	**-**	**-**	**-**	**-**	**-**
Total increase / (decrease)		**-**	**-**	**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).*

(f) Fair values

Management believes that the fair value of the Group's financial assets and liabilities as at 31 December 2011 and 31 December 2010 approximated their carrying amounts. The methods used to determine fair values are disclosed in Note 4.

(g) Capital management

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

	2011 Mln RUB	**2010 Mln RUB**	**2011 Mln USD***	**2010 Mln USD***
Profit / (loss) for the period	**649**	**(1,804)**	**21**	**(56)**
Ordinary shareholders' funds	**(4,456)**	**(5,062)**	**(138)**	**(158)**
Share capital	-	-	-	-
Share premium	2,346	8,995	73	279
Treasury shares	(631)	(631)	(20)	(20)
Foreign currency translation reserves	(6)	(9)	-	-
Accumulated losses	(6,165)	(13,417)	(191)	(417)
ROE	**N/A**	**N/A**	**N/A**	**N/A**

The financial crisis of 2008 had significant impact on the 2011 and 2010 results. ROE calculation is not applicable due to negative amounts in denominator.

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31 Commitments

(a) Capital commitments

RBC Money

In July 2009 the Group committed to acquire the remaining 26% non-controlling interest in LLC "RBC Money" for RUB 15 million / USD* 0.5 million, subject to the condition of finalization of restructuring process. In 2011-2012 the commitment has being revised and after discussion with owners of 26% LLC "RBC Money" the loan was provided to them in amount of RUB 18 million / USD* 1 million with pledge of 1% out of 26% non-controlling interest. The Group submited to the shareholders of 26% of LLC "RBC Money" an offer with a proposal to buy out 74% of LLC "RBC Money" from the Group. The Group is in the process of negotiations with the holders of non-controlling interest of LLC "RBC Money".

(b) Operating leases

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

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Less than one year	91	99	3	3
Between one and five years	225	189	7	6
More than five years	333	348	10	11
	649	**636**	**20**	**20**

During the current year RUB 242 million / USD* 8 million (2010: RUB 204 million / USD* 6 million) were recognized in profit or loss in respect of operating leases.

(c) Equity-settled share-based program for management

In April 2011 the Group approved an equity-settled share-based program for the selected key management personnel of the Group. The terms of the program have not yet been sufficiently defined. The process is expected to be finalized by the second half of 2012.

32 Contingencies

(a) Insurance

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

(b) Litigation

The Group is involved in various claims and legal proceedings arising in the normal course of business. Management does not believe that the ultimate resolution of such matters will give a material adverse impact on the Group's operating results or financial position.

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(c) Taxation contingencies

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

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

Management has not provided any amounts in these consolidated financial statements, except for the provisions as disclosed in Note 28.

33 Related party disclosures

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Key management personnel and close family members are also related parties.

(a) Control relationships

The Group has a controlling relationship with all its subsidiaries. The list of the significant subsidiaries is presented in Note 34.

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

Compensation to key management personnel

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

Total key management compensation represented by short-term employee benefits and included in administrative expenses in these consolidated statement of comprehensive income was RUB 103 million / USD* 3 million) and RUB 97 million / USD* 3 million for the years ended 31 December 2011 and 31 December 2010, respectively.

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(c) Transactions with the associates and joint ventures

The Group's transactions with the associates and joint ventures are disclosed below:

Mln RUB	Outstanding balance 31 December 2011	Transaction value 2011	Outstanding balance 31 December 2010	Transaction value 2010
Other services received	(2)	(75)	-	-
Advertising services provided	(14)	111	-	5
Other services provided	(77)	4	(1)	23

Mln USD*	Outstanding balance 31 December 2011	Transaction value 2011	Outstanding balance 31 December 2010	Transaction value 2010
Other services received	-	(2)	-	-
Advertising services provided	-	3	-	-
Other services provided	(2)	-	-	1

(d) Transactions with other related parties

The Group's transactions with other related parties are disclosed below:

Mln RUB	Outstanding balance 31 December 2011	Transaction value 2011	Outstanding balance 31 December 2010	Transaction value 2010
Other services received	(1)	(87)	-	(86)
Loans received	-	-	(2)	-
Advertising services provided	-	93	-	136
Cash in bank and on-hand	-	-	-	102
Loans issued	-	-	4	-
Other services provided	-	4	-	1
Bank deposits	319	-	865	102

Mln USD*	Outstanding balance 31 December 2011	Transaction value 2011	Outstanding balance 31 December 2010	Transaction value 2010
Other services received	-	(3)	-	(3)
Loans received	-	-	-	-
Advertising services provided	-	3	-	4
Cash in bank and on-hand	-	-	-	3
Loans issued	-	-	-	-
Other services provided	-	-	-	-
Bank deposits	10	-	27	3

As at 31 December 2011 the Group had RUB-denominated term deposit in the Bank "International finance club" in amount of RUB 319 million / USD* 10 million with nominal interest rate 6.4%, which has a maturity date 23 April 2012 (as at 31 December 2010 RUB 865 million / USD* 26 million). Amount of deposits is included in Cash and cash equivalents at consolidated statement of financial position.

** 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).*

34 Significant subsidiaries

	Country of incorporation	Ownership / voting 31 December 2011	Ownership / voting 31 December 2010
RBC Media, LLC	Russia	100%	100%
RBC Money, LLC	Russia	74%	74%
RBC TV, CJSC	Russia	100%	100%
RosBusinessConsulting, CJSC	Russia	100%	100%
Ad Line, LLC	Russia	100%	100%
Loveplanet, LLC	Russia	76%	75%
EDI S Press Holding Ltd.	Cyprus	80%	80%
Eidos Marketing	British Virgin Islands	80%	80%
ID Salon Press, CJSC	Russia	80%	80%
MassMediaGroup Ltd.	Ukraine	100%	100%
Global Media Solutions	Russia	100%	100%
RBC-TV Novosibirsk, CJSC	Russia	100%	100%
BusinessPress, LLC	Russia	100%	100%
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	British Virgin Islands	100%	100%
Ogorod, Ltd.	Cyprus	51%	0%
Ikomalex Holdings Limited	Cyprus	100%	100%
Halverston Holdings Limited	British Virgin Islands	100%	100%
HostingCommunity Inc.	British Virgin Islands	100%	100%
Pintoleza Holdings Limited	Cyprus	100%	100%
C-news.ru, LLC	Russia	100%	100%
Amida, CJSC	Russia	0%	100%

35 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.

	2011 Mln RUB	2010 Mln RUB	2011 Mln USD*	2010 Mln USD*
Results from operating activities	229	(204)	7	(6)
Adjustments for:				
Amortization	217	179	7	6
Depreciation	91	110	3	3
EBITDA	**537**	**85**	**17**	**3**

** 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).*

36 Events subsequent to the reporting date

(a) Acquisition of RU-CENTER

In April 2012 the Group acquired 100% of shares of JSC “RSIC” (RU-CENTER), the domain name registrar and hosting provider. RU-CENTER becomes part of Consumer Internet segment. Purchase consideration is RUB 920 million/ USD* 29 million payable in cash till the end of June 2012.

The Group does not disclose the information about total amount of goodwill, net assets and etc. because the initial accounting for the business combination is incomplete at the time these consolidated financial statements are authorized for issue.

(b) Announced plan on disposal of Salon

In April 2012 the Group took a decision to sell the entities comprising Salon segment and now is actively looking for customers.

(c) Additional share issuance

In May 2012 the Board of Directors approved additional share issuance by offering 51,109,375 shares via public subscription with price set at RUB 20 per share. 46,740,385 out of share issuance were sold in amount of RUB 935 million / USD* 29 million. ONEXIM Group acquired 32,444,607 shares out of total amount of shares sold. As a result ONEXIM Group will increase its share in the Group to near 53%.

(d) Acquisition of KuponGid

In the first half of 2012 the Group acquired 43% of shares of LLC “KuponGid” for advertising services providing in amount of RUB 16.5 million / USD * 0.5 million with an option to increase a share to 63% over the next two years. According to the conditions of the agreement the Group is entitled to buy 10% of shares half-yearly which can be redeemed by cash or by internet services providing to LLC “KuponGid”.

The Group does not disclose the information about total amount of goodwill, net assets and etc. because the initial accounting for the business combination is incomplete at the time these consolidated financial statements are authorized for issue.

LLC “KuponGid” becomes part of Consumer Internet segment. It renders services and provides goods to the final customers by promotional actions.

(e) Change of top management

In April 2012 CEO of the Group German Kaplun left his position and Sergey Lavrukhin was appointed by the Board of Directors as new CEO of the Group.

(f) Start-up of ZAYAVKA.RU

As at 26 March 2012 new Internet service and domain name Zayavka.ru was registered, the Group owns 59% of shares. The service provides on-line connection between customer who has demand and seller who has supply. The Group has the option to raise its ownership to 65% after a two-year period.

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