

RBC Group

**Interim Condensed Consolidated
Financial Information**
For the six months ended 30 June 2014

RBC GROUP

CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	1
UNAUDITED INTERIM CONDENSED CONSOLIDATED INFORMATION:	
Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income	2
Unaudited interim condensed consolidated statement of financial position	3
Unaudited interim condensed consolidated statement of cash flows	4
Unaudited interim condensed consolidated statement of changes in equity	5-6
Notes to the unaudited Interim condensed consolidated financial information	7-37

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To Shareholders and Board of Directors of OJSC RBC:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OJSC RBC and its subsidiaries (the "Group") as at 30 June 2014 and the related interim condensed consolidated statements of profit or loss and other comprehensive loss, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively, the "Interim condensed consolidated financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of Interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other Matters

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

We also draw attention to the fact that information included in Note 24 in the accompanying Interim condensed consolidated financial information is a non-GAAP measure and does not form part of the Interim condensed consolidated financial information and, accordingly, we do not express any assurance on it.



Moscow, Russia
26 September 2014

RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended		Six months ended	
		30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Revenue		2,226	2,445	66	73
Cost of sales	5	(1,373)	(1,424)	(41)	(42)
Gross profit		853	1,021	25	31
Selling expenses	7	(660)	(740)	(19)	(22)
Administrative expenses	6	(574)	(489)	(17)	(15)
Other income		47	13	1	-
Other expenses		(30)	(22)	(1)	-
Loss from operating activities		(364)	(217)	(11)	(6)
Financial income	8	4	47	-	1
Financial expenses	8	(288)	(228)	(9)	(7)
Loss on foreign exchange differences, net		(180)	(502)	(5)	(15)
Share of loss of associates and joint ventures, net of income tax	12	-	(6)	-	-
Loss before income tax		(828)	(906)	(25)	(27)
Income tax benefit		6	67	-	2
Loss for the period from continuing operations		(822)	(839)	(25)	(25)
Discontinued operations					
Loss for the period from discontinued operations	9	-	(21)	-	(1)
Loss for the period		(822)	(860)	(25)	(26)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		4	-	-	-
Other comprehensive income for the period, net of income tax		4	-	-	-
Total comprehensive loss for the period		(818)	(860)	(25)	(26)
Loss attributable to:					
Owners of the Company		(820)	(853)	(25)	(26)
Non-controlling interests		(2)	(7)	-	-
Loss for the period		(822)	(860)	(25)	(26)
Total comprehensive loss attributable to:					
Owners of the Company		(816)	(853)	(25)	(26)
Non-controlling interests		(2)	(7)	-	-
Total comprehensive loss for the period		(818)	(860)	(25)	(26)
Loss per share (in RUB per share) from continuing operations	19	(2.29)	(2.36)	(0.07)	(0.07)

The Notes on pages 7 to 37 form are an integral part of this Interim condensed consolidated financial information.

This Interim condensed consolidated financial information for six months ended 30 June 2014 was approved by management on 26 September 2014 and signed on its behalf by:

General Director



Nikolay Molibog

Deputy General Director of Finance



Maria Erlandts

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

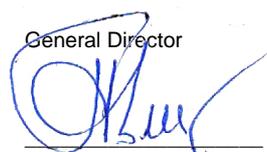
RBC GROUP

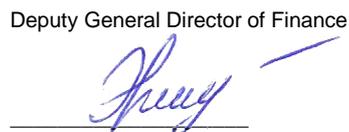
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	30 June 2014 Mln RUB	31 December 2013 Mln RUB	30 June 2014 Mln USD*	31 December 2013 Mln USD*
ASSETS					
Non-current assets					
Property, plant and equipment	10	400	423	12	13
Intangible assets	11	2,252	2,331	67	69
Investments in associates and joint ventures	12	98	98	3	3
Deferred tax assets		272	303	8	9
Other investments		148	155	4	5
Other non-current assets		15	106	1	3
Total non-current assets		3,185	3,416	95	102
Current assets					
Inventories		13	18	-	1
Other investments		22	11	1	-
Income tax receivable		13	10	-	-
Trade and other receivables	13	888	1,290	26	38
Cash and cash equivalents		224	428	7	13
Assets classified as held for sale	9	122	-	4	-
Total current assets		1,282	1,757	38	52
Total assets		4,467	5,173	133	154
EQUITY AND LIABILITIES					
Equity					
Share capital	18	-	-	-	-
Share premium	18	3,281	3,281	98	98
Treasury shares	18	(631)	(631)	(19)	(19)
Translation reserve		9	5	-	-
Accumulated losses		(7,981)	(7,161)	(238)	(213)
Total equity deficit attributable to owners of the Company		(5,322)	(4,506)	(159)	(134)
Non-controlling interests		(8)	1	-	-
Total equity deficit		(5,330)	(4,505)	(159)	(134)
Non-current liabilities					
Loans and borrowings	14	7,749	7,356	230	219
Deferred tax liabilities		152	206	5	6
Total non-current liabilities		7,901	7,562	235	225
Current liabilities					
Loans and borrowings	14	305	547	9	16
Trade and other payables	17	1,357	1,301	41	39
Income tax payable		4	1	-	-
Provisions	16	230	267	7	8
Total current liabilities		1,896	2,116	57	63
Total liabilities		9,797	9,678	292	288
Total equity and liabilities		4,467	5,173	133	154

The Notes on pages 7 to 37 form are an integral part of this Interim condensed consolidated financial information.

This Interim condensed consolidated financial information for six months ended 30 June 2014 was approved by management on 26 September 2014 and signed on its behalf by:

General Director

 Nikolay Molibog

Deputy General Director of Finance

 Maria Erlandts

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

RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2014

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
OPERATING ACTIVITIES				
Loss for the period	(822)	(860)	(25)	(26)
Adjustments for:				
Depreciation and amortization	265	256	8	7
Unrealized foreign exchange loss	180	502	5	16
Gain on disposal of subsidiaries	(49)	-	(2)	-
Share of loss of associates and joint ventures	-	6	-	-
Change in provisions, other than income tax	(37)	17	(1)	1
Effect of change of fair value of liability derivatives loss	-	(28)	-	(1)
Interest expense	266	227	8	7
Interest income	(6)	(11)	-	-
Other non-cash adjustments	4	-	-	-
Income tax benefit	(6)	(67)	-	(2)
Operating (loss) / profit before changes in working capital	(205)	42	(7)	2
Decrease in inventories	4	5	-	-
Decrease in trade and other receivables	112	14	3	-
Increase in trade and other payables	89	161	3	5
Decrease in assets held for sale	13	26	-	1
Cash flows provided by/(used in) operations before income taxes and interest paid	13	248	(1)	8
Income taxes paid	(22)	(20)	-	(1)
Interest paid	(35)	(144)	(1)	(4)
Cash flows provided by/(used in) operating activities	(44)	84	(2)	3
INVESTING ACTIVITIES				
Proceeds from disposal of subsidiaries	294	-	9	-
Other proceeds	4	11	-	-
Repayment of loans granted	6	-	-	-
Interest received	6	-	-	-
Acquisition of property, plant and equipment	(49)	(38)	(1)	(1)
Acquisition of intangible assets	(145)	(226)	(4)	(7)
Acquisition of subsidiaries, net of cash acquired	-	(19)	-	(1)
Cash placed on deposit	(12)	-	-	-
Cash flows provided by/(used in) investing activities	104	(272)	4	(9)
FINANCING ACTIVITIES				
Proceeds from borrowings	-	223	-	7
Repayment of borrowings	(264)	(62)	(8)	(2)
Cash flows provided by/(used in) financing activities	(264)	161	(8)	5
Net (decrease) / increase in cash and cash equivalents	(204)	(27)	(6)	(1)
Cash and cash equivalents at beginning of the period	428	508	13	16
Cash and cash equivalents at end of the period	224	481	7	15

The Notes on pages 7 to 37 form are an integral part of this Interim condensed consolidated financial information.

This Interim condensed consolidated financial information for six months ended 30 June 2014 was approved by management on 26 September 2014 and signed on its behalf by:

General Director



Nikolay Molibog

Deputy General Director of Finance



Maria Erlandts

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

RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2014

Mln RUB	Attributable to owners of the Company					Total	Non-controlling interests	Total equity deficit
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2014	-	3,281	(631)	5	(7,161)	(4,506)	1	(4,505)
Loss for the period	-	-	-	-	(820)	(820)	(2)	(822)
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	4	-	4	-	4
Total other comprehensive loss	-	-	-	4	-	4	-	4
Total comprehensive loss for the period	-	-	-	4	(820)	(816)	(2)	(818)
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	(7)	(7)
Balance at 30 June 2014	-	3,281	(631)	9	(7,981)	(5,322)	(8)	(5,330)
Balance at 1 January 2013	-	3,281	(631)	(7)	(5,941)	(3,298)	29	(3,269)
Loss for the period	-	-	-	-	(853)	(853)	(7)	(860)
Total comprehensive loss for the period	-	-	-	-	(853)	(853)	(7)	(860)
Transactions with owners recorded directly in equity:								
Acquisition of non-controlling interest	-	-	-	-	3	3	-	3
Non-controlling interest arising on business combination	-	-	-	-	-	-	2	2
Total transactions with owners of the company, recognized directly in equity	-	-	-	-	3	3	2	5
Balance at 30 June 2013	-	3,281	(631)	(7)	(6,791)	(4,148)	24	(4,124)

The Notes on pages 7 to 37 form are an integral part of this Interim condensed consolidated financial information.

This Interim condensed consolidated financial information for six months ended 30 June 2014 was approved by management on 26 September 2014 and signed on its behalf by:

General Director

 Nikolay Molibog

Deputy General Director of Finance

 Maria Erlandts

RBC GROUP

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR SIX MONTHS ENDED 30 JUNE 2014

MIn USD*	Attributable to shareholders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Translation reserve	Accumulated losses			
Balance at 1 January 2014	-	98	(19)	-	(213)	(134)	-	(134)
Loss for the period	-	-	-	-	(25)	(25)	-	(25)
Other comprehensive income	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(25)	(25)	-	(25)
Disposal of subsidiaries, net of tax	-	-	-	-	-	-	-	-
Balance at 30 June 2014	-	98	(19)	-	(238)	(159)	-	(159)
Balance at 1 January 2013	-	98	(19)	-	(177)	(98)	1	(97)
Loss for the period	-	-	-	-	(26)	(26)	-	(26)
Total comprehensive loss for the period	-	-	-	-	(26)	(26)	-	(26)
Transactions with owners recorded directly in equity:								
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-
Total transactions with owners of the company, recognized directly in equity	-	-	-	-	-	-	-	-
Balance at 30 June 2013	-	98	(19)	-	(203)	(124)	1	(123)

The Notes on pages 7 to 37 form an integral part of this Interim condensed consolidated financial information.

This Interim condensed consolidated financial information for six months ended 30 June 2014 was approved by management on 26 September 2014 and signed on its behalf by:

General Director



Nikolay Molibog

Deputy General Director of Finance



Maria Erlandts

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

1. BACKGROUND

Organization and operations

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

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

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

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

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

In January 2014, Derk Sauer, Group's General Director, resigned from office and Nikolay Molibog was appointed by the Board of Directors as new General Director of the Group.

Restructuring

As at 31 December 2009 and in prior periods, a parent company of the Group was OJSC RBC Information Systems. In 2010, the Group began restructuring process, and on 7 June 2010 Onexim Group acquired a 51% stake in the Company through an additional share issue for 80 mln USD. The remaining 49% stake in the Company was expected to be exchanged for 100% of the shares of OJSC RBC Information Systems.

An exchange of the shares of OJSC RBC Information Systems for shares of the Company started in January 2011 and upon its completion OJSC RBC became the new parent company of the Group. In June 2011 the shares of OJSC RBC Information Systems were delisted from the Moscow Stock Exchange. As at 31 December 2012, 99.9% of the shares of OJSC RBC Information Systems were exchanged for shares of the Company and OJSC RBC Information Systems and its subsidiaries were controlled by the Company under a shareholders’ agreement. In October 2013, upon completion of the restructuring process, the Group disposed of OJSC RBC Information Systems and its subsidiaries.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

This Interim condensed consolidated financial information for six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

These financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2013 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for 2013 prepared in accordance with IFRS. Management believes that the disclosures in these interim consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group’s annual consolidated financial statements for 2013 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

(b) Convenience translation

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

All amounts in the Interim condensed consolidated financial information, including comparative information for the interim condensed consolidated statement of financial position, are translated from RUB to USD at the closing exchange rate at 30 June 2014 of RUB 33.6306 to USD 1.

(c) Going concern

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

As at 30 June 2014 and 31 December 2013, the Group had negative net assets of 5,330 mln RUB / 159 mln USD* and 4,505 mln RUB / 134 mln USD* respectively. Cash flows (used in) / provided by operating activities for the 6 months ended 30 June 2014 and 30 June 2013 amounted to (44) mln RUB / (2) mln USD* and 84 mln RUB / 3 mln USD* respectively.

At the date of the approval of Interim condensed consolidated financial information several measures have been undertaken in order to improve the working capital deficit and the negative net assets, namely, the sale of the Salon segment, extension of loan maturities under an agreement with E.M.I.S. Finance B.V. from 2015 and 2018 to 2020 and 2022, respectively, and additionally a one year postponement of the payment of accumulated interest.

(d) Reclassification of payroll expenses

Since 2014, the Group changed presentation of payroll expenses in the interim condensed consolidated statement of profit or loss and other comprehensive loss, which was previously reported in cost of sales and administrative expenses. The Group reassessed classification and allocated payroll expenses to cost of sales, selling and administrative expenses to better align with the substance of economical contribution of employees. The Group believes that this change in reporting allows for greater transparency with respect to reporting the Group’s financial and operating performance. In accordance with the authoritative guidance, comparative information was restated as if the new approach was applied from 1 January 2013.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June 2013					
	As previously reported Mln RUB	Reclassifi- cation Mln RUB	As restated Mln RUB	As previously reported Mln USD*	Reclassifi- cation Mln USD*	As restated Mln USD*
Cost of sales	(1,813)	389	(1,424)	(55)	13	(42)
Gross profit	632	389	1,021	20	11	31
Selling expenses	(560)	(180)	(740)	(17)	(5)	(22)
Administrative expenses	(280)	(209)	(489)	(9)	(6)	(15)

3. SIGNIFICANT ACCOUNTING POLICIES

The Interim condensed consolidated financial information for the six months ended 30 June 2014 has been prepared in accordance with the accounting policies adopted in the Group's last annual consolidated financial statements for the year ended 31 December 2013, except for the impact of changes to accounting policies as described in Notes 2 and 4 and the following new or revised standards and interpretations issued by IASB and IFRIC effective for financial years beginning on or after 1 January 2014:

- Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities*;
- Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*;
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*;
- Amendments to IAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting*;
- IFRIC 21 *Levies*.

Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities*

The amendments to IFRS 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. Instead, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

These amendments do not have any effect on the Group's Interim condensed consolidated financial information as the Company is not an investment entity.

Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

These amendments have no effect on the Group's Interim condensed consolidated financial information.

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

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit to periods in which an impairment loss has been recognized or reversed. In addition, they expand and clarify the disclosure requirements applicable when recoverable amount has been determined on the basis of fair value less costs of disposal. These amendments affect disclosures only and do not have any impact on this Interim condensed consolidated financial information.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

These amendments allow the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met. There is no effect of these amendments on the Interim condensed consolidated financial information as the Group does not apply hedge accounting.

IFRIC 21 Levies

The interpretation is applicable to all payments imposed by governments under legislation, other than income taxes that are within the scope of IAS 12 and fines and penalties for breaches of legislation. The interpretation clarifies that a liability to pay a levy should only be recognized when an obligating event has occurred and provides guidance on how to determine whether a liability should be recognized progressively over specific period or in full at a specific date. The same principles should be applied in interim condensed consolidated financial information. This interpretation has no effect on the Group's Interim condensed consolidated financial information.

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

The accounting policies and methods of computation have been applied consistently throughout the Group for the purposes of preparation of this Interim condensed consolidated financial information.

The preparation of Interim condensed consolidated financial information requires the use of certain critical accounting assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgment or areas where assumptions and estimates are significant to the condensed consolidated interim financial information have been set out in the Group's annual consolidated financial statements for the year ended 31 December 2013.

4. SEGMENT REPORTING

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

Historically, the Group included corporate headquarters expenses to each reportable segment as the chief operating decision maker assessed the performance of the segments on such basis. Since 2014, the chief operating decision maker changed its approach and started to review corporate headquarters expenses separately, and such changes have been reflected in the report submitted to the CODM for review. The described change resulted in corporate headquarters expenses becoming a separate reporting segment.

In addition, in 2014 the chief operating decision maker has started to review results of operating units "Conferences", "Public events" and "CNews" separately. Information about those operating segments is not reportable separately due to immateriality of business activity and, accordingly, is combined and disclosed in the "Other" category separately from other reconciling items in the segment note.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

The accompanying Interim condensed consolidated financial statements reflect these changes for all periods presented.

The Group's reporting segments are as follows:

Business Internet segment: provision of Internet advertising services and information services to the business audience.

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

Hosting and domain names registration segment: provision of hosting and domain registration services. In second half of 2013 the Group acquired ReggyBusiness LLC and its subsidiary, Domain Context Inc, whose financial results are included in the segment reporting starting from the acquisition date.

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

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

Corporate: corporate headquarters expenses.

The other category includes other operating segments including Conferences, Public events and CNews.

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

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

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

In 6 months ended 30 June 2014 and 2013, sales to any individual customer did not represent more than 10% of the Group's revenue.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

For the period ended 30 June 2014 Mln RUB	Hosting and domain names registration segment	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	774	688	383	146	121	-	114	2,226
Cost of sales	(439)	(161)	(303)	(44)	(95)	(1)	(86)	(1,129)
Gross profit	335	527	80	102	26	(1)	28	1,097
Selling expenses	(60)	(333)	(101)	(79)	(53)	-	(34)	(660)
Administrative expenses	(180)	(26)	(48)	(13)	(7)	(268)	(11)	(553)
Other income related to operating activities	2	-	-	-	-	-	(1)	1
Other expenses related to operating activities	(4)	(2)	(1)	1	(1)	(29)	4	(32)
TOTAL	93	166	(70)	11	(35)	(298)	(14)	(147)
Adjusted EBITDA for management accounts								(147)
<i>Adjustments</i>								
Other income not related to operating activities								1
Other expenses not related to operating activities								(2)
Income on disposal of subsidiaries								49
EBITDA (Note 24)								(99)
Amortization and depreciation								(265)
Loss from operating activities (continuing operations)								(364)
Financial income								4
Financial expenses								(288)
Loss on foreign exchange differences, net								(180)
Share of profit of associates and joint ventures (net of income tax)								-
Loss before income tax (continuing operations)								(828)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

For the period ended 30 June 2014 MIn USD*	Hosting and domain names registration segment	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	23	21	11	4	4	-	3	66
Cost of sales	(13)	(6)	(8)	(1)	(3)	-	(3)	(34)
Gross profit	10	15	3	3	1	-	-	32
Selling expenses	(2)	(10)	(3)	(2)	(2)	-	(1)	(20)
Administrative expenses	(5)	(1)	(1)	-	-	(8)	-	(15)
Other income related to operating activities	-	-	-	-	-	-	-	-
Other expenses related to operating activities	-	-	-	-	-	(1)	-	(1)
SUBTOTAL	3	4	(1)	1	(1)	(9)	(1)	(4)
Adjusted EBITDA for management accounts								(4)
<i>Adjustments</i>								
Other income not related to operating activities								-
Other expenses not related to operating activities								-
Income on disposal of subsidiaries								1
EBITDA (Note 24)								(3)
Amortization and depreciation								(8)
Loss from operating activities (continuing operations)								(11)
Financial income								-
Financial expenses								(9)
Loss on foreign exchange differences, net								(5)
Share of profit of associates and joint ventures (net of income tax)								-
Loss before income tax (continuing operations)								(25)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

For the period ended 30 June 2013 Mln RUB	Hosting and domain names registration segment	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	730	822	427	170	163	-	133	2,445
Cost of sales	(395)	(189)	(285)	(92)	(87)	(8)	(136)	(1,192)
Gross profit	335	633	142	78	76	(8)	(3)	1,253
Selling expenses	(70)	(450)	(92)	(55)	(39)	(9)	(25)	(740)
Administrative expenses	(161)	(20)	(41)	(38)	(18)	(184)	(3)	(465)
Other income related to operating activities	8	1	-	-	-	-	4	13
Other expenses related to operating activities	(7)	(13)	(6)	-	1	3	-	(22)
TOTAL	105	151	3	(15)	20	(198)	(27)	39
Adjusted EBITDA for management accounts								39
<i>Adjustments</i>								
Other expenses not related to operating activities								-
Loss on disposal of discontinued operation								(21)
EBITDA (Note 24)								18
Loss on disposal of discontinued operation								21
Amortization and depreciation								(256)
Loss from operating activities (continuing operations)								(217)
Financial income								47
Financial expenses								(228)
Loss on foreign exchange differences, net								(502)
Share of profit of associates and joint ventures (net of income tax)								(6)
Loss before income tax (continuing operations)								(906)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

For the period ended 30 June 2013 Mln USD*	Hosting and domain names registration segment	Business internet	TV	Consumer internet	Printing	Corporate	Other	Total
Revenue	22	24	13	5	5	-	4	73
Cost of sales	(12)	(6)	(8)	(3)	(3)	-	(4)	(36)
Gross profit	10	18	5	2	2	-	-	37
Selling expenses	(2)	(13)	(3)	(2)	(1)	-	(1)	(22)
Administrative expenses	(5)	(1)	(1)	(1)	(1)	(5)	-	(14)
Other income related to operating activities	-	-	-	-	-	-	-	-
Other expenses related to operating activities	-	-	-	-	-	-	-	-
SUBTOTAL	3	4	1	(1)	-	(5)	(1)	1
Adjusted EBITDA for management accounts								1
<i>Adjustments</i>								
Other expenses not related to operating activities								-
Loss on disposal of discontinued operation								(1)
EBITDA (Note 24)								-
Loss on disposal of discontinued operation								1
Amortization and depreciation								(7)
Loss from operating activities (continuing operations)								(6)
Financial income								1
Financial expenses								(7)
Loss on foreign exchange differences, net								(15)
Share of profit of associates and joint ventures (net of income tax)								-
Loss before income tax (continuing operations)								(27)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

5. COST OF SALES

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Payroll costs, including social charges	652	710	20	21
Depreciation and amortization	244	232	7	6
Expenses for domain names registration	178	143	5	4
Content expenses	77	53	2	2
Telecom expenses	62	85	2	3
Rent expenses	51	55	2	2
Conference expenses	38	90	1	2
Printing expenses	29	31	1	1
Other expenses	42	25	1	1
	1,373	1,424	41	42

6. ADMINISTRATIVE EXPENSES

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Payroll costs, including social charges	357	324	11	11
Rent expenses & utilities	100	82	3	2
Depreciation and amortization	21	24	1	1
Consulting and legal expenses	18	18	1	1
Material expenses	14	14	-	-
Telecom expenses	14	7	-	-
Business trips and transportation costs	5	10	-	-
Other expenses	45	10	1	-
	574	489	17	15

7. SELLING EXPENSES

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Advertising expenses	322	479	9	14
Payroll costs, including social charges	224	179	7	5
Agent and commission fees	94	63	3	3
Selling costs and distribution of printed materials	8	11	-	-
Other selling expenses	12	8	-	-
	660	740	19	22

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

8. FINANCIAL INCOME AND EXPENSES

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Financial income				
Gain from revaluation of derivatives	-	28	-	1
Interest income	6	11	-	-
Other financial income/ (loss)	(2)	8	-	-
	4	47	-	1

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Financial expenses				
Interest expenses	(266)	(227)	(8)	(7)
Other financial expenses	(22)	(1)	(1)	-
	(288)	(228)	(9)	(7)

9. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

(a) Discontinuation of Salon segment operations

In October 2012, the Board of Directors announced its intention to sell the Salon segment. Consequently, as at 30 June 2013 the net assets of Salon segment ("Salon") are stated in the accompanying consolidated statement of financial position as assets held for sale.

In September 2013, the Group entered into an agreement with BurdaVerlag Osteuropa GMBH ("Burda") to sell key assets of Salon segment and its subsidiaries for a consideration of 366 mln RUB / 11 mln USD* (net of non-controlling interest share which was paid to the Group directly by the buyer). As part of Salon's disposal, in February and October 2013 the Group abandoned the operations of Media Service LLC and Formax Publications LLC.

As at 31 December 2013 the transfer of Salon group key assets to Burda was completed. All the unrealized assets and liabilities of former Salon group were included in the Group's accounts receivable and payable, respectively.

The results of Salon operations for 6 months ended 30 June 2013 are included in the "Loss for the period from discontinued operations" line in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive income.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

(b) Statement of profit of loss and other comprehensive income from discontinued operations

	Six months ended 30 June 2013		
	Min RUB		
	Group including discontinued operations	Salon segment	Group excluding discontinued operations
Revenue	2,691	246	2,445
Cost of sales	(1,508)	(84)	(1,424)
Gross profit	1,183	162	1,021
Selling expenses	(810)	(70)	(740)
Administrative expenses	(575)	(86)	(489)
Other income	8	(5)	13
Other expenses	(44)	(22)	(22)
Loss from operating activities	(238)	(21)	(217)
Financial income	47	-	47
Financial expenses	(228)	-	(228)
Loss on foreign exchange differences, net	(497)	5	(502)
Share of loss of associates and joint ventures, net of income tax	(6)	-	(6)
Loss before income tax	(922)	(16)	(906)
Income tax benefit/(expenses)	62	(5)	67
Loss for the period	(860)	(21)	(839)
Other comprehensive loss			
Foreign currency translation differences for foreign operations	-	-	-
Other comprehensive loss for the period, net of income tax	-	-	-
Total comprehensive loss for the period	(860)	(21)	(839)
Loss attributable to:			
Owners of the Company	(853)	(21)	(832)
Non-controlling interest	(7)	-	(7)
Loss for the period	(860)	(21)	(839)
Total comprehensive loss attributable to:			
Owners of the Company	(853)	(21)	(832)
Non-controlling interest	(7)	-	(7)
Total comprehensive loss for the period	(860)	(21)	(839)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June 2013		
	Mln USD*		
	Group including discontinued operations	Salon segment	Group excluding discontinued operations
Revenue	80	7	73
Cost of sales	(44)	(2)	(42)
Gross profit	36	5	31
Selling expenses	(24)	(2)	(22)
Administrative expenses	(17)	(3)	(15)
Other income	-	-	-
Other expenses	(1)	(1)	-
Loss from operating activities	(7)	(1)	(6)
Financial income	1	-	1
Financial expenses	(7)	-	(7)
Loss on foreign exchange differences, net	(15)	-	(15)
Share of loss of associates and joint ventures, net of income tax	-	-	-
Loss before income tax	(28)	(1)	(27)
Income tax benefit/(expenses)	2	-	2
Loss for the period	(26)	(1)	(25)
Other comprehensive loss			
Foreign currency translation differences for foreign operations	-	-	-
Other comprehensive loss for the period, net of income tax	-	-	-
Total comprehensive loss for the period	(26)	(1)	(25)
Loss attributable to:			
Owners of the Company	(26)	(1)	(25)
Non-controlling interest	-	-	-
Loss for the period	(26)	(1)	(25)
Total comprehensive loss attributable to:			
Owners of the Company	(26)	(1)	(25)
Non-controlling interest	-	-	-
Total comprehensive loss for the period	(26)	(1)	(25)

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

(c) Statement of cash flows from discontinued operations

	Six months ended	
	30 June 2014 Mln RUB	30 June 13 Mln USD*
Net cash flows from operating activities	19	1
Net cash flows used in investing activities	(2)	-
Net cash flows used in financing activities	-	-
Net increase in cash and cash equivalents	17	1
Cash and cash equivalents at beginning of period	72	2
Cash and cash equivalents at end of period	89	3

(d) Assets held for sale

As at 30 June 2014 the Group has property rights to flats in residential buildings in Moscow and Moscow region amounting to 122 mln RUB / 4 mln USD*. These rights were received by the Group in compensation for the advertising services fulfilled.

Previously, the Group recognized such rights as other non-current assets (as at 31 December 2013: 92 mln RUB / 3 mln USD*) but in 2014 the Group made a decision to sell the flats and initiated a program to find buyers. The Group believes that those assets are likely to be sold in the next twelve months and accordingly these rights were reclassified to assets held for sale.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

10. PROPERTY, PLANT AND EQUIPMENT

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

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn RUB	TV equipment	Computer equipment	Office equipment	Other assets	Vehicles	Construction-in-progress	Total
Cost							
At 1 January 2013	354	429	124	40	81	43	1,071
Reclassification between groups	-	3	-	(1)	1	(3)	-
Additions	3	42	3	4	3	-	55
Disposal of fully amortized assets	-	(4)	(1)	-	-	-	(5)
Disposals	-	(1)	-	-	(2)	-	(3)
At 30 June 2013	357	469	126	43	83	40	1,118
Accumulated Depreciation							
At 1 January 2013	(194)	(258)	(100)	(27)	(44)	-	(623)
Reclassification between groups	-	3	(3)	-	-	-	-
Depreciation charge	(16)	(44)	(4)	(2)	(6)	-	(72)
Disposal of fully amortized assets	-	4	1	-	-	-	5
Disposals	-	-	-	-	1	-	1
At 30 June 2013	(210)	(295)	(106)	(29)	(49)	-	(689)
Net book value							
At 1 January 2013	160	171	24	13	37	43	448
At 30 June 2013	147	174	20	14	34	40	429

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn USD	TV equipment	Computer equipment	Office equipment	Other assets	Vehicles	Construction-in-progress	Total
Cost							
At 1 January 2014	10	14	5	1	2	-	32
Reclassification between groups	-	2	(2)	-	-	-	-
Additions through business combinations	-	-	-	-	-	-	-
Additions	-	1	-	-	-	-	1
Disposals	-	-	-	-	-	-	-
At 30 June 2014	10	17	3	1	2	-	33
Accumulated Depreciation							
At 1 January 2014	(6)	(8)	(3)	(1)	(1)	-	(19)
Reclassification between groups	-	(2)	2	-	-	-	-
Depreciation charge	(1)	(1)	-	-	-	-	(2)
Disposals	-	-	-	-	-	-	-
At 30 June 2014	(7)	(11)	(1)	(1)	(1)	-	(21)
Net book value							
At 1 January 2014	4	6	2	-	1	-	13
At 30 June 2014	3	6	2	-	1	-	12

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn USD	TV equipment	Computer equipment	Office equipment	Other assets	Vehicles	Construction-in-progress	Total
Cost							
At 1 January 2013	11	13	4	1	2	1	32
Reclassification between groups	-	-	-	-	-	-	-
Additions through business combinations	-	-	-	-	-	-	-
Additions	-	1	-	-	-	-	1
Disposals	-	-	-	-	-	-	-
At 30 June 2013	11	14	4	1	2	1	33
Accumulated Depreciation							
At 1 January 2013	(6)	(8)	(3)	(1)	(1)	-	(19)
Reclassification between groups	-	-	-	-	-	-	-
Depreciation charge	(1)	(1)	-	-	-	-	(2)
Disposals	-	-	-	-	-	-	-
At 30 June 2013	(7)	(9)	(3)	(1)	(1)	-	(21)
Net book value							
At 1 January 2013	5	5	1	-	1	1	13
At 30 June 2013	4	5	1	-	1	1	12

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

11. INTANGIBLE ASSETS AND GOODWILL

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

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn RUB	Trade marks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2013	138	339	825	539	463	1,021	1,706	21	213	5,265
Additions through business combinations	-	-	-	-	-	-	17	-	-	17
Additions	1	33	95	-	-	-	-	13	19	161
Disposals	(1)	(14)	(7)	-	-	-	-	-	-	(22)
At 30 June 2013	138	358	913	539	463	1,021	1,723	34	232	5,421
Accumulated amortization and impairment										
At 1 January 2013	(132)	(137)	(581)	(406)	(86)	(277)	(1,032)	-	(178)	(2,829)
Amortization charge	(3)	(32)	(67)	(11)	(26)	(33)	-	-	(12)	(184)
Disposals	-	14	7	-	-	-	-	-	-	21
At 30 June 2013	(135)	(155)	(641)	(417)	(112)	(310)	(1,032)	-	(190)	(2,992)
Net book value										
At 1 January 2013	6	202	244	133	377	744	674	21	35	2,436
At 30 June 2013	3	203	272	122	351	711	691	34	42	2,429

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn USD*	Trade marks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2014	5	7	28	12	15	30	51	1	6	155
Additions	-	-	4	-	-	-	-	-	-	4
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	5	7	32	12	15	30	51	1	6	159
Accumulated amortization and impairment										
At 1 January 2014	(4)	(3)	(20)	(9)	(4)	(10)	(30)	-	(6)	(86)
Amortization charge	-	(1)	(3)	-	(1)	(1)	-	-	-	(6)
Disposals	-	-	-	-	-	-	-	-	-	-
Disposed through disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	(4)	(4)	(23)	(9)	(5)	(11)	(30)	-	(6)	(92)
Net book value										
At 1 January 2014	1	4	8	3	11	20	21	1	-	69
At 30 June 2014	1	3	9	3	10	19	21	1	-	67

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

MIn USD*	Trade marks	Software	Web-sites	Brands	Customer list	Cable network connection	Goodwill	Prepayments	Other	Total
Cost										
At 1 January 2013	4	10	25	16	14	30	51	1	6	157
Additions through business combinations	-	-	-	-	-	-	1	-	-	1
Additions	-	1	3	-	-	-	-	-	1	5
Disposals	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	4	11	28	16	14	30	52	1	7	163
Accumulated amortization and impairment										
At 1 January 2013	(4)	(4)	(17)	(12)	(3)	(8)	(31)	-	(5)	(84)
Amortization charge	-	(1)	(2)	-	(1)	(1)	-	-	-	(5)
Disposals	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	(4)	(5)	(19)	(12)	(4)	(9)	(31)	-	(5)	(89)
Net book value										
At 1 January 2013	-	6	8	4	11	22	20	1	1	73
At 30 June 2013	-	6	9	4	10	21	21	1	2	74

Amortization charge

The amortization charge for the six months ended 30 June 2014 and 2013 is included in “Cost of sales” and “Administrative expenses” line in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive income.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

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

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
As at 1 January	165	94	5	3
Increase/(decrease) in allowance for doubtful accounts	12	(3)	-	-
Accounts receivable written off against the provision	(43)	(9)	(1)	-
As at 30 June	134	82	4	3

14. LOANS AND BORROWINGS

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest rate	Year of maturity	30 June 2014 Mln RUB Carrying amount	31 December 2013 Mln RUB Carrying amount	30 June 2014 Mln USD* Carrying amount	31 December 2013 Mln USD* Carrying amount
Non-current liabilities							
Loans							
Loans at 7%	USD	7%	2020	4,299	4,058	127	121
Loans at 6%	USD	6%	2022	3,245	3,094	96	92
Unsecured bond issues							
Bonds (issue B-1)	RUB	7%	2015	120	120	4	4
Bonds (issue B-4)	RUB	6%	2018	85	84	3	2
Total long-term liabilities				7,749	7,356	230	219
Current liabilities							
Other loans	RUB			305	547	9	16
Total short-term liabilities				305	547	9	16

The USD-denominated loan participation notes and RUB-denominated bonds were issued by the Group as part of a debt restructuring process in 2010, in which the Group reached an agreement with its creditors to exchange all of its outstanding debt for 6,337 mln RUB / 193.6 mln USD* of loan participation notes, 191 mln RUB / 5.8 mln USD* of RUB-denominated bonds and options/warrants granted to the loan participation notes and bond holders as described below.

As part of the debt restructuring, CJSC RBC-TV, the Group subsidiary, pledged the rights to its trademarks and brand name in the appraised amount of 46 mln RUB / 1.4 mln USD*, as well as its interests in share capital of certain companies of the Group to E.M.I.S. Finance B.V.

The loan participation notes and bonds are subject to certain covenants which impose restrictions in respect of certain transactions and financial ratios, including, but not limited to, restrictions in respect of indebtedness and profitability. As at 30 June 2014 the Group was in compliance with all covenants.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

Derivative financial liabilities

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

The number of options granted and outstanding was as follows:

	<u>Exercise date</u>	<u>30 June 2014</u>	<u>31 December 2013</u>
Warrants W-1	6 May 2015	21,220,220	21,220,220
Warrants W-2	6 May 2018	18,579,709	18,579,709
Options W-1	2 June 2015	196,128	196,128
Options W-2	2 June 2018	246,403	246,403

Warrants/options are to be settled in cash and are classified as financial liability in the accompanying statement of financial position. The fair value of the warrants/options was determined using the Black-Scholes valuation model and amounted to 0.26 mln RUB / 0.01 mln USD* at 30 June 2014 and 31 December 2013.

15. DISPOSALS OF SUBSIDIARIES

(a) Disposals

Zayavka.ru

In 2014, the Group disposed of its interest in LLC Zayavka.ru ("Zayavka.ru"), which owns a registered domain name Zayavka.ru, to a third party for cash consideration of 35 mln RUB / 1 mln USD*. At the date of disposal the negative net assets of Zayavka.ru amounted to 6 mln RUB / 0.1 mln USD*. The income from disposal comprised RUB 41 mln RUB / 1.2 mln USD* and is recognized in the other income in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive income.

CJSC ID Salon Press, CJSC Eidos Logistics

In 2014, the Group liquidated CJSC ID Salon Press and CJSC Eidos Logistics. At the date of disposal negative net assets of CJSC ID "Salon Press" amounted to 8.5 mln RUB / 0.2 mln USD*. The liquidation resulted in income from disposal of 8 mln RUB / 0.2 mln USD* liquidation being in other income in the accompanying interim condensed consolidated statement of profit and loss and other comprehensive income.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

16. PROVISIONS

Provisions at 30 June 2014 and 31 December 2013 are stated as follows:

	30 June 2014 MIn RUB	31 December 2013 MIn RUB	30 June 2014 MIn USD*	31 December 2013 MIn USD*
Provision for employee bonuses	124	169	4	5
Unused vacation provision	76	76	2	2
Tax contingencies	22	20	1	1
Legal case provision	3	-	-	-
Other	5	2	-	-
	230	267	7	8

17. TRADE AND OTHER PAYABLES

	30 June 2014 MIn RUB	31 December 2013 MIn RUB	30 June 2014 MIn USD*	31 December 2013 MIn USD*
Financial liabilities				
Trade accounts payables	499	473	15	15
Other payables and accrued expenses	222	148	7	4
Total financial liabilities	721	621	22	19
Non-financial liabilities				
Advances received	463	457	14	14
VAT Payable	105	211	3	6
Other taxes payable	65	6	2	-
Deferred income	3	6	-	-
Total non-financial liabilities	636	680	19	20
Total trade and other payables	1,357	1,301	41	39

18. EQUITY

(a) Share capital and share premium

As at 30 June 2014 and 31 December 2013 OJSC RBC share capital was presented as follows:

Number of shares unless otherwise stated	Ordinary shares 30 June 2014	Ordinary shares 31 December 2013
Authorized shares	365,631,010	365,631,010
Par value	RUB 0.0006	RUB 0.0006
On issue at beginning of year	365,631,010	365,631,010
On issue at end of the period fully paid	365,631,010	365,631,010

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

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

(b) Dividends

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

As at 30 June 2014 and 31 December 2013 the Group had cumulative retained loss and, therefore, no dividends could be distributed.

(c) Treasury shares

At as 30 June 2014 and as at 31 December 2013 the Group held 14,976,590 treasury shares.

19. LOSS PER SHARE

The calculation of basic loss per share for 6 months ended 30 June 2014 and 30 June 2013 was based on the loss for the period and the weighted average number of ordinary shares outstanding during the period of 358,716 thousand (361,403 thousand for 6 months ended 30 June 2013). Basic earnings per share were calculated as follows:

Number of shares	Six months ended 30 June 2014	Six months ended 30 June 2013
Issued shares at 1 January	365,631,010	365,631,010
Own shares held at 1 January	(14,976,590)	(4,228,393)
Weighted average number of shares for the period ended 30 June	358,715,568	361,402,617
	Six months ended 30 June 2014 Mln RUB	Six months ended 30 June 2013 Mln RUB
Loss for the year attributable to Owners of the Company	(820)	(853)
Loss for the period from discontinued operations attributable to Owners	-	(21)
Loss for the period from continuing operations attributable to Owners	(820)	(832)
Weighted average number of shares	358,715,568	361,402,617
Basic Loss per share from continuing operations, RUB	(2.29)	(2.30)
Basic Loss per share from discontinued operations, RUB	-	(0.06)
Total Basic Loss per share, RUB	(2.29)	(2.36)
	Six months ended 30 June 2014 Mln USD*	Six months ended 30 June 2013 Mln USD*
Loss for the year attributable to Owners of the Company	(25)	(26)
Loss for the period from discontinued operations attributable to Owners	-	(1)
Loss for the period from continuing operations attributable to Owners	(25)	(25)
Weighted average number of share	358,715,568	361,402,617
Basic Loss per share from continuing operations, USD*	(0.07)	(0.07)
Basic Loss per share from discontinued operations, USD*	-	(0.00)
Total Basic Loss per share, USD*	(0.07)	(0.07)

As at 30 June 2014 and 30 June 2013 the Company had no potentially dilutive ordinary shares.

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

20. CONTINGENCIES**(a) Operating environment**

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. In April 2014, an international credit agency Standard & Poor's downgraded Russia's long-term foreign currency sovereign rating from BBB to BBB- with a negative outlook. Fitch credit agency has also revised Russia's creditworthiness outlook from stable to negative. These developments, particularly if sanctions are further extended, may result in reduced access of the Russian businesses to international capital and export markets, capital flight, weakening of the Ruble and other negative economic consequences. The impact of these developments on future operations and financial position of the Company is at this stage difficult to determine.

(b) Taxation

Commercial and tax legislation of the Russian Federation and countries where the Group operates is subject to varying interpretations and frequent changes. In addition, there is a risk of tax authorities making arbitrary judgments of business activities and take a position different from that of the Group's management. Management believes that tax liabilities have been adequately provided and are in compliance with the currently legislation and no additional tax liabilities (other than those disclosed in Note 16) shall arise. The Group assesses that if a particular tax treatment based on management's judgment in respect of the Group's business activities was to be challenged by the tax authorities, the exposure to additional taxes, penalties and interest will not exceed 1.5% of the Group's revenue for the three last annual reporting periods.

Russian transfer pricing legislation was amended starting from 1 January 2012 to introduce additional reporting and documentation requirements. The tax authorities may assess additional tax charges in respect of certain transactions, including but not limited to transactions with related parties, if they consider transactions to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses may have more than one interpretation, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

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

(c) Litigation

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

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

21. RELATED PARTY DISCLOSURES

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

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

Compensation to key management personnel

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

Total key management compensation represented by short-term employee benefits and included in administrative expenses in the interim condensed consolidated statement of comprehensive income was 88 mln RUB / 3 mln USD* and 88 mln RUB / 3 mln USD* for six-month periods ended 30 June 2014 and 30 June 2013, respectively.

(b) Transactions with the associates and joint ventures

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

Mln RUB	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended
	30 June 2014	30 June 2014	31 December 2013	30 June 2013
Advertising services provided	-	-	3	16
Investments	(13)	-	-	-
Other services provided	(86)	1	5	7
Other services received	(38)	(1)	11	-

Mln USD*	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended
	30 June 2014	30 June 2014	31 December 2013	30 June 2013
Advertising services provided	-	-	-	-
Investments	-	-	-	-
Other services provided	(3)	-	-	-
Other services received	(1)	-	-	-

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

Transactions with other related parties

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

MIn RUB	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended 30 June 2014	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended 30 June 2013
	30 June 2014		31 December 2013	
Advertising services received	-	-	5	(1)
Advertising services provided	-	-	-	5
Loans received	(78)	(9)	(146)	(22)
Loans issued	-	-	1	-
Acquisition of assets	-	-	21	-
Other services provided	-	-	-	1
Other services received	-	(10)	-	(2)

MIn USD*	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended 30 June 2014	Accounts receivable / (payable), loans and borrowings	Income / (expenses) Six months ended 30 June 2013
	30 June 2014		31 December 2013	
Advertising services received	-	-	-	-
Advertising services provided	-	-	-	-
Loans received	(2)	-	(4)	(1)
Loans issued	-	-	-	-
Acquisition of assets	-	-	1	-
Other services provided	-	-	-	-
Other services received	-	-	-	-

22. SEASONALITY

The Group advertising revenue depends on seasonal demand. Advertising demand traditionally is the highest in the fourth quarter. In 2014 and 2013, revenue of the first half of the year was approximately 44% of annual revenue. Seasonality does not impact the Group's revenue or cost recognition policies.

23. EVENTS SUBSEQUENT TO THE REPORTING DATE

In September 2014 the Group sold the subsidiary LLC Marka №1 for cash consideration of 40 mln RUB / 1 mln USD*.

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

RBC GROUP

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR SIX MONTHS ENDED 30 JUNE 2014

24. EBITDA

The Board of Directors monitors the performance of the Group by EBITDA, which is determined as result from operating activities (continuing operations) adjusted to include loss for the period from discontinued operations and exclude depreciation and amortization expenses and any impairment losses, if any, for the period.

	Six months ended		Six months ended	
	30 June 2014 Mln RUB	30 June 2013 Mln RUB	30 June 2014 Mln USD*	30 June 2013 Mln USD*
Results from operating activities (continuing operations)	(364)	(217)	(11)	(6)
<i>Adjustments for</i>				
Profit / (loss) for the period from discontinued operations	-	(21)	-	(1)
Amortization	197	184	6	5
Depreciation	68	72	2	2
EBITDA	(99)	18	(3)	-

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