



**FOR IMMEDIATE RELEASE**

**23 September 2008**

**RAMBLER MEDIA LIMITED  
CONDENSED CONSOLIDATED INTERIM RESULTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2008**

**Revenue up 152% year-on-year to US\$51.7 million (H1 2007, US\$20.5 million)  
with continued improvement in profitability**

Rambler Media Limited (RMG.LN), ("Rambler" or the "Group"), operator of one of Russia's most popular internet brands, today announces its condensed consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for the six months ended 30 June 2008. The following information has been reviewed and approved for release by the Group's auditors.

**FINANCIAL HIGHLIGHTS**

- Consolidated revenue (including Begun's partner network) grew 152% year-on-year to US\$51.7 million (H1 2007, US\$20.5 million) – outpacing growth of internet display advertising market of 45% (source: Russian Association of Communication Agencies – AKAR).
- Like-for-like sales grew 73% year-on-year to US\$35.4 million (H1 2007, US\$20.5 million).
- Consolidated contextual revenue was US\$23.2 million for the period (H1 2007, US\$4.3 million). Paid search revenues on Rambler grew by 60% to US\$6.9 million (H1 2007, US\$4.3 million). Begun's partner network contributed US\$16.3 million, after elimination of intercompany sales, to consolidated revenue.
- Display / banner advertising grew by 94% to US\$21.7 million (H1 2007, US\$11.2 million).
- Consolidated EBITDA continued to improve to US\$8.9 million (H1 2007, US\$0.6 million) including US\$0.8 million foreign currency translation loss (H1 2007, US\$0.7 million) with EBITDA margin of 17.3% (H1 2007, 3.0%).
- Consolidated net loss after interest and tax of US\$0.5 million (H1 2007, US\$6.7 million profit including net gain of US\$7.1 million from disposal of TV operation).
- Operating loss of US\$1.5 million after US\$5.1 million impairment charge (H1.2007 US\$0.8m).
- US\$11.2 million cash generated from operations (H1 2007, US\$0.6 million).
- CAPEX was US\$2.7 million (H1 2007, US\$1.7 million).

- Cash balance was US\$26.1 million at 30 June 2008, excluding \$10.9 million held within Begun which was classified as an asset held for sale (31 December 2007, US\$31.5 million). Rambler expects to receive part of the cash held within Begun before completion of the announced sale of Begun to Google.

**Mark Opzoomer, Chief Executive Officer** of Rambler Media, commented:

“As indicated in our July trading update, our revenues for the first six months of 2008 were up over 150% year-on-year, demonstrating the resilience of the Russian advertising market and the improvements we have made to our sales organisations. More importantly, our margins have continued to improve and cash generation has been good. I am proud of the progress our teams have made in beginning to launch new and improved products. By continuing to be innovative, we will enhance the user experience and attract more users to our websites, making rambler.ru Russia’s leading gateway to the Web. Our strategic agreements with leading partners including ICQ in instant messaging, IMHO VI in display advertising and more recently, blinkx and Google in search, are aimed at creating superior growth for Rambler, better monetisation and enhancing value for our shareholders.”

### **Key events**

- On Friday July 18<sup>th</sup> 2008, Rambler announced that it has signed an agreement with Google to use Google’s search and contextual advertising technology on [www.rambler.ru](http://www.rambler.ru). Under the agreement, search queries made on Rambler’s homepage and through the Rambler search function will be enhanced by Google. Rambler will display Google advertisements alongside natural search results. This development allows Rambler to enhance user experience. Rambler will continue to operate its own brands, web properties and other advertising services.
- Alongside the agreement above, Rambler also announced the sale of Begun and related subsidiaries to Google, subject to certain approvals and conditions precedent, for a total cash consideration of US\$140 million (of which US\$69.9 million is attributable to Bannatyne for their 49.9% stake in Begun). The transaction is expected to be completed in the next couple of weeks.
- In July 2008, Rambler acquired the remaining 49% of Price Express LLC for a cash consideration of US\$4.0 million to now own 100%.
- In July 2008, Rambler selected blinkx, one of the world’s largest and most advanced video search engines, to power Rambler’s new video search feature.
- In May 2008, Rambler signed a new partnership agreement with ICQ for instant messaging and in June 2008 launched free SMS text messaging from PC to mobile phones.
- In April 2008, Rambler was named title sponsor of the Rambler Russian Football Cup which includes unique content for Rambler.
- In April 2008, Rambler reinforced its relationship with Video International Group, the largest media advertising operator in Russia, through the sale of a controlling 51% stake in its online display advertising agency Index20 to IMHO VI, a

subsidiary of Video International for US\$145,000. Under this sale agreement, Index20 and IMHO VI will generate a minimum of US\$40 million of cash advertising sales to Rambler from display advertising in 2008.

- In 1H 2008, the Company ceased to classify Damochka.ru as an asset held for sale due to the lack of potential buyers for the entity. Assumptions behind the original investment decision never materialised and the Group was unable to properly integrate Damochka in its product portfolio. In addition Damochka's business model of an early-stage social / dating network has come under increasing pressure from a number of competitors. As the business is continuously loss making the management decided at the moment of de-classification to impair in full the intangible assets recognised at the time of the purchase of the business in 2006 and recognised an impairment loss of US\$5.1 million.

### **Rambler User Statistics**

- Unique number of visitors to Rambler.ru were up 30% year-on-year to 37.3 million per month on average in the period (H1 2007, 28.6 million). In June 2008, Rambler reached 34.5 million unique users vs. 25.8 million in June 2007, representing 34% growth.
- Peak traffic of 40.8 million unique users in May 2008, 35% higher than in May 2007 (30.2 million).
- 2.7 billion monthly page views on average in H1 2008, up 17% year-on-year (2.45 billion in June 2008 vs. 1.91 billion in June 2007 representing 28% increase).
- Total search queries amounted to 1.7 billion in H1 2008, up 21% year-on-year.

### **Russian Internet / Advertising Market**

- Russian internet penetration up 14% year-on-year in Spring 2008 to 32.7 million internet users in Russia compared to 28.7 million in the same period last year (source: The Public Opinion Foundation).
- Russian internet display advertising up 45% year-on-year in H1 2008 to US\$112 million including VAT (H1 2007, US\$77 million) (source: Russian Association of Communication Agencies – AKAR).
- Internet text and display advertising accounted for 2.8% of the total Russian advertising market in 2007 but the segment is growing faster than any other media and is forecast to attract 6-7% of total advertising by 2010 (source: Zenith Optimedia).

## FINANCIAL SUMMARY

(US\$ '000s)	Jan – Jun 2008	Jan – Jun 2007	Jan – Dec 2007
Group Revenue	<b>51,704</b>	<b>20,512</b>	69,083
<i>Rambler Media excl. Begun</i>	<i>35,409</i>	<i>20,512</i>	<i>54,162</i>
<i>Begun's partner network</i>	<i>16,295</i>	-	<i>14,921</i>
Investment income	-	1,202	902
Total revenue and investment income	<b>51,704</b>	<b>21,714</b>	69,985
EBITDA*	<b>8,931</b>	<b>618</b>	7,629
<i>EBITDA margin**</i>	<b>17.3%</b>	<b>3.0%</b>	<i>11.0%</i>
Operating (loss) / profit	(1,497)	(816)	940
Net profit attributable to equity holders of the Group	<b>756</b>	<b>6,439</b>	6,080
Net gain / (loss) from disposal of subsidiaries (included in net profit above)	<b>(241)</b>	<b>7,089</b>	7,089
Earnings / (loss) per share from continuing operations – basic (US\$ per share)	<b>0.049</b>	<b>(0.042)</b>	(0.066)
Earnings / (loss) per share from continuing operations – diluted (US\$ per share)	<b>0.049</b>	<b>(0.042)</b>	(0.066)
Earnings / (loss) per share from discontinued operations – basic (US\$ per share)	-	<b>0.461</b>	0.461
Earnings / (loss) per share from discontinued operations – diluted (US\$ per share)	-	<b>0.461</b>	0.461

\* Earnings before interest, tax, depreciation and amortisation

\*\* Total EBITDA divided by total revenue.

### Forward-looking statements

Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group will not undertake any obligations to update any forward-looking statements whether as a result of new information, future events or otherwise occurring after the date of this announcement except as required by applicable law or by any applicable regulatory authority.

## **OTHER INFORMATION**

The Group will host a conference call to present the results at 1 pm London Time (4 pm Moscow Time) today (23 September 2008). The results statement and presentation are available on Rambler Media's website at [www.ramblermedia.com](http://www.ramblermedia.com).

To participate in the conference call, please register online at:

[www.sharedvalue.net/ramblermedia/hy2008](http://www.sharedvalue.net/ramblermedia/hy2008).

The number for the conference call will be made available upon registration.

**For further information, please visit [www.ramblermedia.com](http://www.ramblermedia.com) or contact:**

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## **ABOUT RAMBLER MEDIA**

**Rambler Media is an internet media and services group which operates or has interests in leading Russian language internet brands including the Russian internet homepage and search engine 'Rambler.ru', on-line newspaper 'Lenta.ru', product comparison website 'Price.ru', internet catalogue and navigation system 'Top 100', instant messaging service 'Rambler-ICQ', digital advertising agency 'Index20' and contextual advertising company 'Begun'. Rambler Media's shares are traded on AIM, the junior market of the London Stock Exchange under the symbol 'RMG'. For more information on Rambler Media, visit our corporate website at [www.ramblermedia.com](http://www.ramblermedia.com).**

Certain statements within this announcement constitute forward-looking statements. Such forward-looking statements involve risks and other factors which may cause the actual results, achievements or performance of the Group to be materially different from any future results, achievements or performance expressed or implied by such forward-looking statements. Such risks and other factors include, but are not limited to, general economic and business conditions, changes in government regulations, and court interpretations of such regulations, currency fluctuations (including the US\$/Rbs rate), competition, and changes in development plans. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this announcement will, in fact, occur. Any forward-looking statements made in this announcement represent management's best judgment as to what may occur in the future and are correct only as at the date of this announcement. The Group will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this announcement except as required by applicable law or by any applicable regulatory authority.



**Rambler Media Limited,  
Condensed consolidated half-yearly financial information,  
30 June 2008**

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## Interim management report

Rambler Media Limited (the "Group"), is a media and services group which operates or has interests in leading Russian language internet brands including its original Russian internet homepage and search engine 'Rambler.ru', on-line newspaper 'Lenta.ru', product comparison website 'Price.ru', internet catalogue and navigation system 'Rambler Top 100', instant messaging service 'Rambler-ICQ', digital advertising agency 'Index20' and contextual advertising company 'Begun'. Rambler Media's shares are traded on AIM, the junior market of the London Stock Exchange under the symbol 'RMG'.

### 1. Highlights

- Consolidated revenue (including Begun's partner network) grew 152% year-on-year to US\$51.7 million (H1 2007, US\$20.5 million) – outpacing growth of internet display advertising market of 45% (source: Russian Association of Communication Agencies – AKAR).
- Like-for-like sales grew 73% year-on-year growth to US\$35.4 million (H1 2007, US\$20.5 million)
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- CAPEX was US\$2.7 million (H1 2007, US\$1.7 million).
- Cash balance was US\$26.1 million of cash at 30 June 2008, additional US\$10.9 million of cash held by Begun at 30 June 2008 which was classified as an asset held for sale (31 December 2007, US\$31.5 million). Rambler expects to receive part of the cash held within Begun before completion of the announced sale of Begun to Google.

### 2. Key Events and Statistics

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### 3. Performance

#### 3.1. Financial Summary

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\* Earnings before interest, tax, depreciation and amortisation

\*\* Total EBITDA divided by total revenue.

#### 3.2. The Group's financial review

##### 3.2.1 Revenue

Group revenue for the first six months of 2008 increased by 152% year-on-year to reach approximately US\$51.7 million (H1 2007, US\$20.5 million), including US\$16.3 million from Begun's partner network. Begun partner network revenue is part of consolidated contextual sales (US\$ 23.3 million in H1.2008). Excluding Begun's revenue contribution, Rambler's revenue grew by 73% year-on-year from US\$20.5 million to US\$35.4 million, once again ahead of the Russian display advertising market which was estimated to have grown by 45% in the first half of 2008 (source: Russian Association of Communication Agencies – AKAR). Consolidated contextual revenue, generated through the sale of search-related or text-based advertising on Rambler's sites, was US\$23.2 million for the period (H1 2007, US\$4.3 million), representing 45% of the Group's total revenue. Paid search revenues on Rambler went up by 60% year-on-year to US\$6.9 million (H1 2007, US\$4.3 million). Display / banner advertising revenue grew by 94% to

US\$21.7 million (H1 2007, US\$11.2 million), representing 42% of the Group's total revenue. Rambler had a share of approximately 20% of the Russian display advertising market in the first six months of 2008. Display advertising on Rambler's pages is sold through Index20 and Video International Group's IMHO VI. Other revenues attributable mainly to listing fees (Price comparison) and mobile revenues (SMS) amounted to US\$6.8 million (H1 2007, US\$5.0 million), representing 13% of the Group's total revenue.

### 3.2.2. EBITDA

The Group reported consolidated EBITDA of US\$8.9 million in H1 2008 (H1 2007, US\$0.6 million). Actions taken since last year to further rationalise costs and accelerate top-line revenue growth is improving the Group's profitability. Rambler's EBITDA margin in the first six months of 2008 was 17.3% (H1 2007, 3%).

### 3.2.3. Operating Expenses

The Group's consolidated operating expenses (including depreciation, amortisation and tax related provision) reached US\$47.8 million in H1 2008 (including Begun's operating expenses), up 112% from US\$22.5 million for the first half of last year (excluding Begun's operating expenses). Of this increase, Begun contributed US\$16.0 million during the first half of 2008.

Direct costs, including commissions, content, traffic acquisition costs, data centre costs and mobile costs rose by 163% from US\$6.8 million in H1 2007 to US\$17.9 million in H1 2008, mainly as a result of increased revenues and commissions paid to partners of Begun's advertising network. Without the impact of Begun's commissions to its advertising network, the growth in direct costs would have been limited to 51% year-on-year. Commissions and partner fees alone rose by 191% from US\$5.5 million in H1 2007 to US\$16.0 million in H1 2008 as a result of increased revenues.

As indicated in the 2007 annual report, actions were taken to manage the Group's human resources more efficiently. These efforts continued in the first half of 2008 and produced a reduction in labour costs as a proportion of total costs and as a proportion of total revenue. The Group's labour costs accounted for 32% of total operating expenses and 30% of total revenues in H1 2008, compared to 39% and 43% respectively in H1 2007. Labour costs rose by 74% to US\$15.3 million (H1 2007, US\$8.8 million). This increase was primarily driven by wage inflation in the Russian internet and media market of approximately 30% and the impact of consolidating Begun. Closing headcount was 509 at 30 June 2008, excluding 191 employees at Begun (31 December 2007: 529 and 147 respectively). Headcount excludes Index20 employees as a result of deconsolidation in Q2 2008. Last year's closing headcount at 30 June 2007 was 517 including 45 employees at Index20.

The Group's results include provisions for potential tax related charges. These provisions relate to potential liabilities for taxes other than income tax, which arise from the legal structure of the Group and the jurisdictions in which various income and expense items are recognised and assessed. For the first half of 2008, the provision for potential tax-related charges amounted to approximately US\$1.6 million (H1 2007, US\$0.5 million). If appropriate, the provisions may be released at some point in the future.

Legal and professional fees went down from US\$1.6 million in H1 2007 to US\$1.3 million in H1 2008.

The Group's amortisation expense went up by 244% from US\$0.9 million in H1 2008 to US\$3.1 million due to amortisation of intangibles resulting from the Q3 2007 acquisition of Begun. The Group's depreciation expense went up by 183% from US\$0.6 million to US\$1.7 million in line with the increase in the underlying depreciable fixed assets.

The Group's consolidated net loss from continuing operations after interest and tax was US\$0.5 million in H1 2008 (H1 2007, US\$0.4 million loss). In addition to the net loss in H1 2007, the disposal of the TV operation (classified as discontinued operations in H1 2007) generated a net gain on disposal of US\$7.1 million.

The Group's basic earnings per share from continuing operations in H1 2008 were US\$0.049 (H1 2007, loss US\$0.042), and respective diluted – profit US\$0.049 (H1 2007, loss US\$0.042).

In 1H 2008, the Company ceased to classify Damochka.ru as an asset held for sale due to the lack of potential buyers for the entity. Assumptions behind the original investment decision never materialised

and the Group was unable to properly integrate Damochka in its product portfolio. In addition Damochka's business model of an early-stage social / dating network has come under increasing pressure from a number of competitors. As the business is continuously loss making the management decided at the moment of de-classification to impair in full the intangible assets recognised at the time of the purchase of the business in 2006 and recognised an impairment loss of US\$5.1 million which was partially offset by a reduction of deferred income tax liability by US\$ 1.2 million and reduction of minority interest in net assets of Damochka's subsidiary by US\$1.9 million. Therefore impact of this impairment charge on net income is approximately US\$ 3.2 million.

#### 3.2.4. Operating loss

The Group reported operating loss of US\$1.5 million after US\$5.1 million impairment charge in H1 2008 related to Damochka.ru (H1 2007 US\$0.8m).

### 3.3. Operating review

Rambler's vision is to become Russia's favourite homepage and an open, multi-branded gateway to the internet for millions of Russians every day. The Group's mission is to build the largest internet audience in Russia by providing the best suite of search, communications, media and entertainment content in one place.

#### 3.3.1 Products

A very clear strategy is being implemented to launch new products and also to strengthen Rambler's reputation for offering leading multibranded online services and media content to the Russian speaking community.

#### Search & Navigation

In H1 2008, Rambler Search processed a total of approximately 1.7 billion queries, 21% more than in H1 2007 – an average of 280 million search queries per month. In H1 2008, an average of 38% of Rambler's audience used Rambler Search each month.

Broad horizontal web search requires significant ongoing investment to stay at the leading edge and generates high economics of scale. In line with the Group's vision to offer superior products to users and advertisers whilst generating higher profitability, Rambler announced in July 2008 an agreement with Google, the world's most popular search engine, to use Google's search and contextual advertising technology on [www.rambler.ru](http://www.rambler.ru). Under the agreement, search queries made on Rambler's home page Rambler.ru and through the Rambler Search function will be enhanced by Google. Rambler will display Google ads alongside natural search results. This agreement will allow Rambler to enhance user experience and to develop more relevant local and vertical content in the future.

In July 2008, Rambler introduced a new 'Auto' search vertical category in Rambler's hybrid search engine (<http://beta.rambler.ru>). The new vertical enables users to search for cars and filter results according to their relevancy. Users are able to refine their vehicle searches by model, price, year of production, mileage and the date of advertisements placed on a wide range of market places. Search results can also be prioritised by location and are further enhanced by the appearance of relevant car images. Since its launch in April 2008, Rambler's beta hybrid search has attracted over 1.6 million monthly unique visitors.

#### Homepage

Following several months of consultation with consumer focus groups throughout Russia, Rambler is implementing significant changes to its homepage, [www.rambler.ru](http://www.rambler.ru), and is preparing to launch a new version. The new homepage will have a much more simple and streamlined structure which will increase the site's stickiness and provide users with a much more customised experience to make Rambler.ru Russian internet users' favourite homepage. The new site will become an open gateway to the Internet, with a clear separation between Search, Communication features, Media & Entertainment channels, user generated content and 'recommended best of the web'. 'Top100' will remain an integral part of the navigation services, with a modernised look and feel. The Group intends to consolidate its offering by investing in areas where there is high user interest through partnerships or other development programmes.

### Communications

Improvements are also being made to Rambler.ru's communications tools so that users can more easily interact with each other. Rambler recently launched 'Rambler Friends' (<http://friends.rambler.ru/>), which enables users to personalise their page, watch popular videos and photos and congregate all their accounts from different sources in one place including leading email providers and social networks. This new product has been introduced to enable users to embrace all personal services and communications tools such as email, instant messaging, blogs, video, audio and mobile communications, creating an open communications platform.

### Media and Entertainment

In May 2008, Rambler launched 'Autorambler' ([www.auto.rambler.ru](http://www.auto.rambler.ru)), an exclusive service offering users comprehensive information on automobiles, a growing segment of the Russian Internet market. 'Autorambler' allows users to make detailed searches on all major auto sites, including key international sites such as Mobile.de, AutoScout24, Cars.com and Kurumaerabi.com. In addition to the regular information on cars being delivered to Russia, the service provides information on car performance, dealer locations and resale values. The 'Autorambler' Internet magazine provides users with articles, test-drive reviews from leading auto editions and the most recent auto news. Since its launch, the site's audience has quickly reached close to 3 million unique monthly users.

In June 2008, Rambler launched a free Short Message Service (SMS) text messaging feature available for all users of Rambler-ICQ. In addition to its regular Instant Messaging service, users are now able to send free SMS text messages to any subscriber of the three leading mobile operators MTS, Beeline or MegaFon through Rambler-ICQ. SMS recipients can reply to the sender's ICQ by simply using the "reply" option at the mobile operator's rate.

To commemorate the 30<sup>th</sup> anniversary of the Moscow International Film Festival, Rambler launched in June a unique website dedicated to the world of cinema and the festival's history and key events. Rambler also launched a website for all football fans covering all key matches of the Euro2008 championship.

In July 2008, Rambler launched 'Rambler Navigation' a travel service to inform drivers of traffic conditions and the most efficient routes in Moscow and its surroundings. The new service, accessible from Rambler's homepage or directly at <http://nakarte.rambler.ru>, allows users to search specific addresses in Moscow or find the quickest routes from start to finish whilst taking traffic conditions into account.

### 3.3.2. Sales & partnerships

#### Display Advertising

In April 2008, Rambler's display (banner) advertising capabilities were reinforced through the sale of 51% of the Group's advertising agency Index20 to Video International's display agency IMHO VI. As a result, IMHO VI and Index20 now jointly sell advertisements on Rambler's web pages to further optimise Rambler's advertising revenues.

In contrast with the slowdown seen in global advertising markets since the beginning of the year, the Russian advertising market continues to grow at a fast rate. Rambler's partnership with IMHO VI has proven successful in the first half of the year with leading brands allocating more of their budgets to advertise on Rambler's pages. In the first six months of 2008, Rambler's top 20 advertising clients comprised some of Russia's top internet advertisers including Ford Motors, Beeline, Nokia, Wrigley, Unilever and Nissan among others.

In the first half of 2008, the Rambler homepage, mass media, Lenta.ru, Rambler Mail and Rambler ICQ were the Group's most sought after pages for display advertising. The advertising rights on these pages are also sold in bundled packages with more targeted pages and products. The vast majority of display advertising sold on Rambler is now priced on a dynamic basis, rather than on a static basis as was previously the case in 2007.

#### Contextual Advertising

Contextual advertising consists of search-related or text-based adverts. In July 2008, as part of its agreement to use Google's search and contextual advertising technology on rambler.ru, Rambler

announced that it would sell its stake in Begun to Google, the world's most popular search engine. Begun is one of Russia's leading search and contextual text based advertising services with local expertise, efficient sales systems and over 40,000 advertisers. By working with Google and Begun, Rambler aims to improve its monetisation whilst enabling its users to see more relevant search results and adverts, helping them go where they want to go. In parallel, advertisers will have new ways to reach their target customers online more efficiently.

#### Other Partnerships

In May 2008, Rambler and ICQ signed a new partnership agreement to extend their offer of joint Instant Messaging (IM) services in Russia. Rambler and ICQ first entered into a partnership in 2005 by launching the co-branded Rambler-ICQ IM service, which has since proven very successful with a growing number of Russian internet users and increasing advertising revenues. Under the terms of the new agreement, Rambler and ICQ will continue offering a co-branded service and work together on a non-exclusive basis, which will give both brands greater market flexibility and opportunity for further growth.

In July 2008, Rambler also announced that it has entered into a partnership with blinkx, one of the world's largest and most advanced video search engines ([www.blinkx.com](http://www.blinkx.com)) to power Rambler's new video search feature. The free service will provide Rambler users with easy and efficient access to a unique index of Russian video content.

#### 3.3.3. Rambler User statistics

Rambler.ru ([www.rambler.ru](http://www.rambler.ru)) reached 37.3 million unique users on average in H1 2008, up 39% from 26.8 million in the same period in 2007. In May 2008, Rambler reached a peak of 40.8 million unique users, 35% higher than in May 2007 when it reached 30.2 million users. Rambler users viewed an average of 2.7 billion pages per month on Rambler's sites during the first half of 2008, up 17% from the same period last year.

During H1 2008, Rambler News' audience grew by approximately 18% to reach 4.9 million users on average per month, representing 16% of Rambler's average monthly audience. Rambler News ([www.rambler.ru/news](http://www.rambler.ru/news)) was enriched with video and audio content, as well as new links enabling easier access to sports, finance, regional news, real estate and other sections. Rambler News also launched successful weekly online supplements for auto, style, home and personal finance. Lenta ([www.lenta.ru](http://www.lenta.ru)), one of the Group's most frequented news sites and the leading online newspaper in Russia, continued to grow its readership with 3.9 million unique visitors per month on average between January and June 2008.

Rambler Sports (<http://sport.rambler.ru/>) continues to be one of Russia's leading sports news sites. In the first half of 2008, Rambler launched a number of successful projects. Its site dedicated to the UEFA's Euro 2008 Football championship, which was held in June, attracted 2.9 million users, more than any of the other Euro 2008 websites in Russia and was supported by strong advertising campaigns. In addition, Rambler was named official title sponsor of the Rambler Russian Football Cup in April 2008 and launched its official website at <http://rambler-football.ru> at the end of August 2008. Another successful project was Rambler's site dedicated to the 2008 Beijing Olympics, which attracted 2.4 million users, more than any of the other Russian websites covering the event.

Rambler Games (<http://games.rambler.ru/>) attracted an average of 2.1 million players per month in the first half of 2008, compared to 1.5 million monthly users on average in the first half of last year.

Rambler Audio (<http://audio.rambler.ru/>), which also sells MP3 songs, attracted 1.9 million users per month on average between January and June 2008, 110% more than in the same period last year.

## **4. Position**

The Group ended the period with cash balances of US\$26.1 million excluding US\$10.9 million held in Begun which was classified as an asset held for sale (31 December 2007, US\$31.5 million). Rambler expects to receive part of the cash held within Begun before completion of the sale of Begun to Google. The Group's operations generated US\$11.2 million cash in the first half of 2008 (H1 2007, US\$0.6 million).

Russia has rapidly become one of Europe's largest online communities, third after Germany and the UK, with 32.7 million Russians online in the spring of 2008, representing about 29% of the Russian adult population (source: The Public Opinion Foundation). This percentage is forecast to more than double by 2010, according to the Russian Ministry of Communications, which could make Russia the largest online market in Europe by number of users. The overall Russian advertising market is growing very strongly, and internet advertising is the fastest growing segment. Online display advertising was estimated to have increased by 60% year-on-year for the full year 2007 to US\$160 million including VAT (2006, US\$100 million) and for the half-year by 45% year-on-year to US\$112 million in H1 2008 (H1 2007, US\$77 million) (source: Russian Association of Communication Agencies – AKAR). In addition, text-based advertising on Russian-language internet sites soared to US\$225 million for the full year 2007 from US\$110 million in 2006. In 2007, revenue from Internet advertising accounted for 2.8% of the total advertising market but the segment is growing faster than any other media and is forecast to attract 6-7% of total advertising by 2010 (source: Zenith Optimedia).

The Group is well-positioned to continue its rapid growth, in line with or faster than that of the online advertising market, due to its established brand, large market share, and wide range of internet media and services.

## **5. Principal risks**

### ***Russian taxation and currency control regulations***

A substantial part of the operations of the Group is conducted in Russia or involves transactions with Russian entities. As a result the Group has significant exposure to the Russian taxation and currency control regimes.

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. The Supreme Arbitration Court issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities scrutiny.

As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation introduced on 1 January 1999 provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%.

Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. In the past, the arbitration court practice with this respect has been contradictory.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged in the future. Given the brief nature of the current Russian transfer pricing rules, the impact of

any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

The Group includes companies incorporated outside of Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and the changes in the approach of the Russian tax authorities, the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged. Where the Group believes that it is probable that its position could not be sustained, the related tax and associated balances have been accrued. However, it is possible that additional challenges may occur and the impact of such challenges, if any, cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Russian tax legislation does not provide definitive guidance in certain areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices; the impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

### ***Business risks***

The Group's business risk is difficult to evaluate because the Group has a limited operating history in an emerging and rapidly evolving market. The Group derives nearly all of its net revenue from online advertising, which is a relatively new advertising medium. The Group's ability to succeed in this market may be restrained by limited resources, expenses, risks, and complications frequently encountered by similar companies in emerging and changing markets. To address these risks, the Group must, amongst other things:

- maintain and increase the size of its audience;
- maintain and increase its advertisers' base;
- implement and successfully execute its business and marketing strategy;
- continue to develop and upgrade its technology;
- continually update and improve its service offerings and features;
- find and integrate strategic transactions;
- respond to industry and competitive developments; and
- attract, retain, and motivate qualified personnel.

The Group may not be successful in addressing these risks, particularly as some of them are largely beyond its control. If the Group is unable to do so, its business, financial condition, and results of operations would be materially and adversely affected.

## **6. Forward-looking statements**

Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group will not undertake any obligations to update any forward-looking statements whether as a result of new information, future events or otherwise occurring after the date of this announcement except as required by applicable law or by any applicable regulatory authority.

**Rambler Media Limited**  
**Condensed Consolidated Interim Balance Sheet as at 30 June 2008**  
(expressed in US\$'000s)

	<u>Notes</u>	<u>30 June 2008</u>	<u>31 December 2007</u>
<b>Assets</b>			
Non Current Assets			
Property, plant and equipment	5	7,346	7,865
Intangible assets	6	7,164	42,189
Investments in associates	7	517	-
Deferred income tax asset		699	1,503
		<u>15,726</u>	<u>51,557</u>
Current Assets			
Trade debtors		9,371	11,628
Prepayments		1,921	2,143
VAT, net		399	559
Other receivables		947	842
Bank and cash balances		26,075	31,462
		<u>38,713</u>	<u>46,634</u>
Non-current assets held for sale	18	48,176	5,231
<b>Total assets</b>		<b><u>102,615</u></b>	<b><u>103,422</u></b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other creditors		8,706	11,613
Current income tax payable		2,836	8,193
VAT payable		1,622	1,813
Other provisions for liabilities and charges	10	6,892	10,887
Deferred income		1,810	5,242
		<u>21,866</u>	<u>37,748</u>
Long Term Liabilities			
Deferred taxation		1,439	6,149
		<u>1,439</u>	<u>6,149</u>
Liabilities directly associated with assets held for sale	18	23,170	1,331
<b>Total liabilities</b>		<b><u>46,475</u></b>	<b><u>45,228</u></b>
<b>Shareholders' equity</b>			
Issued capital	8	173	165
Share premium		67,026	64,053
Options reserve		194	148
Assets valuation reserve		1,011	966
Accumulated losses		(13,336)	(13,315)
Currency translation reserve		(1,688)	(446)
<b>Total shareholders' equity</b>		<b><u>53,380</u></b>	<b><u>51,571</u></b>
<b>Minority interest directly associated with assets held for sale</b>		<b>1,386</b>	<b>1,876</b>
<b>Minority interest</b>	13	<b>1,374</b>	<b>4,747</b>
<b>Liabilities and Shareholders' Equity:</b>		<b><u>102,615</u></b>	<b><u>103,422</u></b>

The accompanying notes are an integral part of this condensed interim financial information.

These condensed interim financial statements were approved by the Directors on 22 September 2008



**Mark Opzoomer, CEO**



**Arthur Akopyan, CFO**

**Rambler Media Limited**  
**Condensed Consolidated Interim Income Statement**  
**for the 6 month period ended 30 June 2008**  
(expressed in US\$'000s)

	Notes	1 January 2008 to 30 June 2008	1 January 2007 to 30 June 2007
<b>Continuing Operations</b>			
Revenue	11	51,704	20,512
Other income	11	-	1,202
Operating expenses	12	(47,815)	(22,530)
Loss on disposal of a subsidiary	16	(241)	-
Impairment expenses	18	(5,145)	-
<b>Operating loss</b>		<b>(1,497)</b>	<b>(816)</b>
Share of profit of an associate	7	287	-
Interest income		494	892
<b>(Loss) / profit before taxation</b>		<b>(716)</b>	<b>76</b>
Taxation	14	259	(473)
<b>Loss for the period from continuing operations</b>		<b>(457)</b>	<b>(397)</b>
<b>Discontinued operations</b>			
Gain on disposal of subsidiary	18	-	7,089
<b>Net (loss) / profit</b>		<b>(457)</b>	<b>6,692</b>
<b>Attributable to:</b>			
- equity holders of the company		756	6,439
- minority interest	13	(1,213)	253
		<b>(457)</b>	<b>6,692</b>
<b>Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the company, expressed in cents per share</b>			
<b>Earnings/(loss) per share from continuing operations</b>			
- basic (in US\$ per share)	15	0.049	(0.042)
- diluted (in US\$ per share)		0.049	(0.042)
<b>Earnings per share from discontinued operations</b>			
- basic (in US\$ per share)		-	0.461
- diluted (in US\$ per share)		-	0.461

The accompanying notes are an integral part of this condensed interim financial information.

**Rambler Media Limited**  
**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**  
**for the 6 month period ended 30 June 2008**  
**(expressed in US\$'000s)**

	Issued capital	Assets valuation reserve	Share premium	Options reserve	Accumula ted Losses	Transla tion reserve	Total	Minority interest directly ass. with AHS	Minority interest	Total equity
<b>31 December 2006</b>	153	-	57,208	601	(17,846)	-	40,116	-	3,613	43,729
Share capital issued	1	-	2,503	-	-	-	2,504	-	-	2,504
Share option reserve transferred to share premium	-	-	-	(601)	-	-	(601)	-	-	(601)
Cost of share option	-	-	-	103	-	-	103	-	-	103
Profit for the period	-	-	-	-	6,439	-	6,439	-	253	6,692
Valuation of available-for- sale financial assets	-	17,214	-	-	-	-	17,214	-	-	17,214
Deferred tax thereon	-	(4,131)	-	-	-	-	(4,131)	-	-	(4,131)
Translation reserve	3	-	1,167	6	(290)	9	895	-	76	971
<b>30 June 2007</b>	157	13,083	60,878	109	(11,697)	9	62,539	-	3,942	66,481
Cost of share option	-	-	-	32	-	-	32	-	-	32
Valuation of available-for- sale financial assets	-	(16,277)	-	-	-	-	(16,277)	-	-	(16,277)
Deferred tax thereon	-	4,131	-	-	-	-	4,131	-	-	4,131
Classified as assets held for sale	-	-	-	-	-	-	-	1,876	(1,876)	-
Loss for the period	-	-	-	-	(360)	-	(360)	-	(668)	(1,028)
Minority arising on acquisitions	-	-	-	-	-	-	-	-	3,395	3,395
Dividends paid	-	-	-	-	-	-	-	-	(334)	(334)
Translation reserve	8	29	3,175	7	(1,258)	(455)	1,506	-	288	1,794
<b>31 December 2007</b>	165	966	64,053	148	(13,315)	(446)	51,571	1,876	4,747	58,194
Cost of share option Classified as assets held for sale	-	-	-	39	-	-	39	-	-	39
Profit/(loss) for the period	-	-	-	-	756	-	756	-	(1,213)	(457)
Dividends paid	-	-	-	-	-	-	-	-	(3,063)	(3,063)
Translation reserve	8	45	2,973	7	(777)	(1,242)	1,014	-	413	1,427
<b>30 June 2008</b>	173	1,011	67,026	194	(13,336)	(1,688)	53,380	1,386	1,374	56,140

**Rambler Media Limited**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**for the 6 month period ended 30 June 2008**  
(expressed in US\$'000s)

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
<b>Cash flows from operating activities</b>		
Net (loss) / profit	(457)	6,692
Adjusted for:		
Profit attributable to discontinued operations	-	(7,089)
Interest receivable	(494)	(892)
Share of profit of associates	(287)	-
Dividends receivable	-	(1,202)
Taxation charge	(259)	473
Impairment loss	5,145	-
Cost of share options vested	39	103
Foreign currency translation loss	753	678
Depreciation and amortisation	4,755	1,437
Increase in other provisions for liabilities and charges	1,646	533
Overhead costs attributable to discontinued operations paid by continuing operations	-	57
<b>Operating cash flows before working capital changes</b>	<b>10,841</b>	<b>790</b>
Decrease / (increase) in debtors and receivables	1,685	(4,856)
(Increase) / decrease in prepayments	(56)	419
Increase in creditors and other payables	592	3,265
(Decrease) / increase in deferred income	(1,884)	949
<b>Cash generated from operations</b>	<b>11,178</b>	<b>567</b>
Income taxes paid	(3,544)	(234)
<b>Net cash from operating activities</b>	<b>7,634</b>	<b>333</b>
<b>Cash flows from investing activities</b>		
Sale of subsidiary undertakings	110	-
Purchase of property, plant and equipment	(2,123)	(1,324)
Purchase of intangibles assets	(585)	(334)
Dividends received	-	903
<b>Net cash used in investing activities – continuing operations</b>	<b>(2,598)</b>	<b>(755)</b>
<b>Net cash from investing activities – discontinued operations</b>	<b>-</b>	<b>20,524</b>
<b>Net cash (used in) / from investing activities</b>	<b>(2,598)</b>	<b>19,769</b>
<b>Cash flows from financing activities</b>		
Proceeds of equity financing	-	1,904
Interest received	427	892
<b>Net cash from investing activities</b>	<b>427</b>	<b>2,796</b>
<b>Net increase in cash</b>	<b>5,463</b>	<b>22,898</b>
Cash at the beginning of the period – continuing operations	31,462	18,461
Cash at the beginning of the year – assets held for sale	1	476
Cash at the end of the period – continuing operations	26,075	41,836
Cash at the end of the year – asset held for sale	10,851	-
<b>Cash at the end of the period</b>	<b>36,926</b>	<b>41,836</b>

## **Notes to the condensed consolidated half-yearly interim financial information**

### **1. General Information**

Rambler Media Limited (“the company”) was incorporated in Jersey on 10 June 2004 as a private limited company (now a public company – see below). The company has its registered office at First Island House, Peter Street, St. Helier, Jersey JE2 4SP. The condensed consolidated financial information presented herein includes the condensed interim financial information of the company, its wholly owned subsidiaries and investees in which the parent company has control (together referred to as “the Group”).

The Group’s principal place of business is the Russian Federation and CIS.

Rambler Media is a diversified Russian language media, entertainment, services and content delivery company which operates various internet properties including the leading Russian language internet portal and search engine “Rambler.ru”, Top 100 rating system, free email service, on-line newspaper “Lenta.ru”, price comparison website “Price.ru”, data center operator “Rambler Telecom”, contextual advertising company “Begun”, and mobile content service provider “Rambler Mobile”.

Rambler Media’s shares are traded on the AIM market of the London Stock Exchange under the symbol “RMG” since the Initial Public Offering (IPO) which took place on 15 June 2005.

At 30 June 2008, the Rambler Group had 700 employees in continuing operations (31 December 2007: 687; 30 June 2007: 517).

On 31 October 2006, Prof-Media, a Russian media holding, acquired 48.8% of the shares of Rambler Media Limited from funds managed by FM Asset Management Limited. In December 2006, following the anti-monopoly approval, Prof-Media obtained control of Rambler Media Limited. Subsequently, Prof-Media (the “PM Group”) increased its stake to 54.84%. The immediate controlling party of the PM Group is KM Technologies (Overseas) Limited. The ultimate controlling parties of the PM Group in 2007 were Mr V. Potanin and Mr M. Prokhorov, in 2008 Mr V.Potanin completed the acquisition of Mr M.Prokhorov’s stake in the company controlling KM Technilgies (Overseas) Limited, and consequently became the sole ultimate controlling party of the PM Group.

### **2. Basis of preparation**

This condensed consolidated interim financial information for the half-year ended 30 June 2008 has been prepared in accordance with IAS 34, “Interim financial reporting”. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

The accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2007, as described in the annual consolidated financial statements for the year ended 31 December 2007 except for change in estimated useful lives for computers from 5 to 3 years.

### **3. Accounting policies**

#### **a) Basis of consolidation**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention. The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 3 (e), New Accounting Pronouncements).

b) Functional currency

Management exercised its judgement to determine that for the purposes of the 2008 IFRS financial statements the Russian Rouble most fairly represents the economic effects of the underlying transactions, events and conditions.

c) Presentation currency

All amounts in these financial statements are presented in thousands of US dollars ("US\$ thousands"), unless otherwise stated. It is a common practice for Russian companies operating in the media industry to use US\$ as a presentation currency.

The Russian Rouble is not a fully convertible currency outside the Russian Federation and, accordingly, any translation of RUR denominated assets and liabilities into US\$ for the purpose of these condensed consolidated interim financial statements does not imply that Group could or will in the future realise or settle in US\$ the translated values of these assets and liabilities.

The results and financial position of each Group entity (functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

At 30 June 2008, the principal rate of exchange used for translating foreign currency balances was US\$ 1 = RR 23.46 (31 December 2007: US\$ 1 = RR 24.55).

d) Foreign currency translation

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Russian Federation at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the Central Bank of the Russian Federation are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items, including equity investments. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

e) New accounting pronouncements

Certain new IFRSs became effective for the Group from 1 January 2008. Listed below are those new or amended standards or interpretations which are or in the future could be relevant to the Group's operations and the nature of their impact on the Group's accounting policies. All changes in accounting policies were applied unless otherwise described below.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the group:

IFRIC 11, 'IFRS 2 – Group and treasury share transactions';

IFRIC 12, 'Service concession arrangements';

IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

***IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009).***

The standard applies to entities whose debt or equity instruments are traded in a public market or that file,

or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information. The Group does not expect IFRS 8 to affect the consolidated financial statements.

***Puttable financial instruments and obligations arising on liquidation—IAS 32 and IAS 1 Amendment (effective from 1 January 2009).*** The amendment requires classification as equity of some financial instruments that meet the definition of a financial liability. The Group does not expect the amendment to affect its consolidated financial statements.

***IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009).*** The revised IAS 23 was issued in March 2007. The main change to IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The Group does not expect the revision to affect its consolidated financial statements.

***IAS 1, Presentation of Financial Statements (revised September 2007; effective for annual periods beginning on or after 1 January 2009).*** The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Group expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances.

***IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009).*** The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

***IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).*** The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or on the same basis as US GAAP (at fair value). The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

**IFRS 2 (amendment) 'Share-based payment' (effective for annual periods beginning on or after 1 January 2009).** Management is assessing the impact of changes to vesting conditions and cancellations on the Group's consolidated financial statements.

**IFRIC 13, Customer Loyalty Programmes (issued in June 2007; effective for annual periods beginning on or after 1 July 2008).** IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group is currently assessing the impact of the Interpretation on its consolidated financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's consolidated financial statements.

#### 4. Segmental Information

Starting from 2H 2007 management determined that the Mobile segment no longer represents a distinguishable component of the group because this segment is closely integrated with the internet operations. Management believes that risks and returns associated with internet and mobile operations are closely related given the similar nature of products and services, as well as the similar method used to provide them, and the similar customer base. Additionally, both types of operations are managed together by the same management team. The internal reporting provided to chief operating decision-maker was set up in a way to reflect a single segment – namely, internet services.

The segmental results for the six months ended 30 June 2007 were as follows:

	<u>Internet Services</u>	<u>Mobile VAS</u>	<u>Total</u>
Total Revenue	18,408	2,104	20,512
Operating expenses and overheads	<u>(20,383)</u>	<u>(2,147)</u>	<u>(22,530)</u>
Net loss before interest, tax and minority interest	<u><b>(1,975)</b></u>	<u><b>(43)</b></u>	<u><b>(2,018)</b></u>

#### 5. Capital expenditure

	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Total</u>
<b>Cost</b>			
31 December 2006	<b>429</b>	<b>6,330</b>	<b>6,759</b>
Additions	48	834	882
Disposals	-	(11)	(11)
Currency translation	9	135	144
30 June 2007	<u><b>486</b></u>	<u><b>7,288</b></u>	<u><b>7,774</b></u>
Additions	144	3,537	3,681
On acquisition of subsidiary	-	683	683
Disposals	-	(1)	(1)
Classified as non-current assets held for sale	-	(86)	(86)
Currency translation	24	279	303
31 December 2007	<u><b>654</b></u>	<u><b>11,700</b></u>	<u><b>12,354</b></u>
Additions	231	1,892	2,123

Disposals	-	(12)	(12)
Deconsolidation as a result of a disposal of subsidiary	(27)	(227)	(254)
Classified as non-current assets held for sale	(209)	(1,233)	(1,442)
Currency translation	35	580	615
30 June 2008	<b>684</b>	<b>12,700</b>	<b>13,384</b>
<b>Accumulated Depreciation</b>			
31 December 2006	<b>338</b>	<b>2,690</b>	<b>3,028</b>
Charge	25	539	564
Disposals	-	(2)	(2)
Currency translation	7	60	67
30 June 2007	<b>370</b>	<b>3,287</b>	<b>3,657</b>
Charge	130	723	853
Classified as non-current assets held for sale	-	(20)	(20)
Currency translation		(1)	(1)
31 December 2007	<b>500</b>	<b>3,989</b>	<b>4,489</b>
Charge	59	1,608	1,667
Disposals	-	(6)	(6)
Deconsolidation	(14)	(123)	(137)
Classified as non-current assets held for sale	(3)	(203)	(206)
Currency translation	24	207	231
30 June 2008	<b>566</b>	<b>5,472</b>	<b>6,038</b>
<b>Net book value</b>			
<b>30 June 2008</b>	<b>118</b>	<b>7,228</b>	<b>7,346</b>
<b>31 December 2007</b>	<b>154</b>	<b>7,711</b>	<b>7,865</b>

## 6. Intangible Assets

	Domain and trade names	Software and other intangibles	Goodwill	Total
<b>Cost</b>				
<b>31 December 2006</b>	<b>10,402</b>	<b>1,943</b>	<b>2,170</b>	<b>14,515</b>
Additions	-	354	-	354
Currency translation	194	102	43	339
<b>30 June 2007</b>	<b>10,596</b>	<b>2,399</b>	<b>2,213</b>	<b>15,208</b>
Additions	-	62	-	62
On acquisition of subsidiary	10,835	8,300	16,920	36,055
Classified as non-current assets held for sale	(5,757)	-	-	(5,757)
Impairment	-	-	(1,521)	(1,521)

Currency translation	999	386	804	2,189
<b>31 December 2007</b>	<b>16,673</b>	<b>11,147</b>	<b>18,416</b>	<b>46,236</b>
Additions	-	585	-	585
Deconsolidation	-	(133)	-	(133)
Declassified from non-current assets held for sale	5,145	-	-	5,145
Classified as non-current assets held for sale	(11,798)	(9,039)	(18,508)	(39,345)
Impairment	(5,145)	-	-	(5,145)
Currency translation	774	529	855	2,157
<b>30 June 2008</b>	<b>5,649</b>	<b>3,089</b>	<b>763</b>	<b>9,501</b>
<b>Accumulated Amortisation</b>				
<b>31 December 2006</b>	<b>273</b>	<b>501</b>	<b>-</b>	<b>774</b>
Amortisation expense	753	120	-	873
Currency translation	12	27	-	39
<b>30 June 2007</b>	<b>1,038</b>	<b>648</b>	<b>-</b>	<b>1,686</b>
Amortisation expense	1,321	1,560	-	2,881
Accumulated amortization classified as non-current assets held for sale	(620)	-	-	(620)
Currency translation	53	47	-	100
<b>31 December 2007</b>	<b>1,792</b>	<b>2,255</b>	<b>-</b>	<b>4,047</b>
Amortisation expense	1,370	1,718	-	3,088
Accumulated amortisation classified as non-current assets held for sale	(2,163)	(2,872)	-	(5,035)
Currency translation	97	139	-	236
<b>30 June 2008</b>	<b>1,096</b>	<b>1,240</b>	<b>-</b>	<b>2,336</b>
<b>Net book value</b>				
<b>30 June 2008</b>	<b>4,553</b>	<b>1,849</b>	<b>762</b>	<b>7,164</b>
<b>31 December 2007</b>	<b>14,881</b>	<b>8,892</b>	<b>18,416</b>	<b>42,189</b>

Goodwill is tested for impairment annually at year end (31 December) or whenever there is any indication of impairment. At 30 June 2008, there was no indication of impairment of goodwill.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

In 1H 2008, the Company ceased to classify Damochka.ru as an asset held for sale due to the lack of potential buyers for the entity. Assumptions behind the original investment decision never materialised and the Group was unable to properly integrate Damochka in its product portfolio. In addition Damochka's business model of an early-stage social / dating network has come under increasing pressure from a number of competitors. As the business is continuously loss making the management decided at the moment of de-classification to impair in full the intangible assets recognised at the time of the purchase of the business in 2006 and recognised an impairment loss of US\$5.1 million which was partially offset by a reduction of deferred income tax liability by US\$1.2 million and reduction of minority interest in net assets of Damochka's subsidiary by US\$1.9 million. Therefore impact of this impairment charge on net income is approximately US\$ 3.2 million.

There was no indication of impairment of other intangible assets at 30 June 2008.

## 7. Investments in associates

On 1 April 2008, the Company sold a 51% stake in RGL Holding Limited which owns 100% of ZAO Index20 to a subsidiary of Video International Group and recognised an investment in an associate at cost (US\$ 229 thousand). The carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the investee after the date of the transaction. Distributions received from the investee reduce the carrying amount of the investment.

	<u>2008</u>
Carrying amount at 1 January	-
Fair value of net assets of an associate at the date of sale of a controlling stake in Index20	229
Share of profit of an associate	287
Currency translation	1
<b>Carrying amount at 30 June</b>	<b><u>517</u></b>

## 8. Share Capital

The share capital of the Company at the balance sheet date expressed in US\$ (not thousands) is comprised as follows:

	<u>2008</u>	<u>2007</u>
Authorised ordinary shares of US\$ 0.01 each (20 million shares)	200,000	200,000
Issued and fully paid share capital 15,397,649 ordinary shares of US\$ 0.01 each	153,976	153,976

There were no employee share options exercised during the first half of 2008 (30 June 2007: 125,545 shares with exercise proceeds of US\$15.16 per share, US\$1,904 thousand in total).

## 9. Share based payments

On 18 October 2004, at an Extraordinary General Meeting, the Shareholders of the Company approved the grant of options pursuant to the Rambler Media Limited Share Option Plan and the Rambler Media Limited Executive Share Option Plan (the "Share Option Plans"). Under the terms approved, directors of the Company may not allot more than 1,300,000 shares to the Share Option Plans without further approval by ordinary resolution of the Company in general meeting.

	Number	Weighted average exercise prices, USD	Total proceeds received and receivable, USD'000
Balance at 31 December 2007	50,000	34.10	1,705
New awards	-	-	-
Exercised	-	-	-
Balance at 30 June 2008	50,000	34.10	1,705

The estimated fair value of each share option granted was calculated by applying a Black-Scholes option pricing model. The model inputs were the share price at grant date and exercise price (disclosed in a table above), expected volatility of 21% for options granted in 2007, no expected dividends and an average risk-free interest rate of 4%. To allow for the effects of early exercise, it was assumed that the employees would immediately exercise the options after vesting date. Share options agreements have an early exercise condition whereby the employees have a right of early exercise in the event of management change.

## 10. Other provisions for liabilities and changes

Movements in Other Provisions for Liabilities and Charges are as follows:

<b>Carrying amount at 31 December 2007</b>	<b>10,887</b>
Additions charged to profit or loss	1,646
Classified as liabilities directly associated with assets held for sale	(6,684)
Currency translation	1,043
<b>Carrying amount at 30 June 2008</b>	<b>6,892</b>

All of the above provisions relate to potential liabilities for taxes other than income taxes, and associated balances arising from the legal structure of the Group and the jurisdictions in which various income and expense items are recorded and where they may be deemed to be assessed for tax purposes. These issues are also impacted by the absence of group relief between various entities in the Group structure.

## 11. Revenue and Other Income

Revenue comprises:

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
Paid Search / Contextual advertising	23,195	4,274
Display / Banner advertising	21,702	11,197
Mobile and Value Added Services	3,080	2,104
Listing fees, other advertising	2,982	2,056
Other Revenue	745	881
	<u>51,704</u>	<u>20,512</u>

Other income comprises:

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
Dividends from Begun	-	1,202
	<u>-</u>	<u>1,202</u>

-	1,202
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## 12. Operating expenses

Operating expenses comprise:

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
Labour	15,279	8,778
Traffic acquisition cost – contextual	7,571	756
Commissions – banner sales	3,633	1,101
Amortisation	3,088	873
Marketing and advertising	2,908	1,157
Traffic Acquisition Cost – banner and revenue	2,564	1,744
Mobile costs	2,261	1,864
General expenses	1,842	887
Depreciation	1,667	562
Provision for taxes other than income tax	1,646	533
Data center costs	1,288	534
Legal and professional	1,285	1,561
Rent – min lease payments	1,167	543
Foreign currency translation loss	753	678
Content costs	587	754
Other	237	102
Share options	39	103
<b>Total Operating expenses</b>	<b>47,815</b>	<b>22,530</b>

The Company incurs expenses throughout the year on maintaining existing products and developing new products; staff members are involved in both activities. It is therefore not practical to estimate with any accuracy the amount of expenditure incurred on development expenditure in any given period.

## 13. Minority interest

	Begun	Holmruk	Paintium	Business- Studio	Price	Total equity
<b>As at 1 January 2008</b>	3,250	8	-	51	1,438	4,747
Profit / (loss) for period	427	-	(1,914)	4	270	(1,213)
Dividends paid / declared	(2,596)	-	-	-	(467)	(3,063)
Currency translation	305	-	38	-	70	413
Minority directly associated with assets held for sale	(1,386)	-	1,876	-	-	490
<b>As at 30 June 2008</b>	-	8	-	55	1,311	1,374

#### 14. Income taxes

The Rambler Group has operations in a number of jurisdictions and is consequently exposed to the fiscal regimes of more than one country. Its main exposure is to the fiscal regime of the Russian Federation.

Income taxes have been provided for in the consolidated financial statements in accordance with Russian legislation enacted or substantively enacted by the balance sheet date. The income tax charge/benefit comprises current tax and deferred tax and is recognised in the consolidated income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

Income tax comprised the following:

	1 January 2008 to 30 June 2008	1 January 2007 to 30 June 2007
Current tax expense	2,217	563
Deferred tax benefit	(2,476)	(90)
<b>Income tax (benefit) / expense for the period</b>	<b>(259)</b>	<b>473</b>

A reconciliation between the expected and the actual taxation charge is provided below:

	1 January 2008 to 30 June 2008	1 January 2007 to 30 June 2007
Accounting (loss) / profit before taxation	(716)	76
Theoretical tax (benefit) / charge at statutory rate of 24% (2007: 24%)	(172)	18
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-deductible expenses	108	-
Non-deductible provisions for taxes other than on income	395	128
Revenue generated in tax free jurisdictions	(1,530)	(1,251)
Loss accumulated in tax free jurisdictions	1,353	1,303
Use of estimated annual effective tax rate	(1,117)	-
Additional charges for income tax in connection with the group's structure	704	274
	<b>(87)</b>	<b>455</b>
<b>Income tax (benefit) / expense for the period</b>	<b>(259)</b>	<b>473</b>

For the purpose of calculating income tax charge for 1H 2008 the management used the effective tax rate of 36.4% based on actual and budget data for the full year of 2008.

#### 15. Earnings/(loss) per share

Earnings/(loss) per share has been calculated as follows:

	1 January 2008 to 30 June 2008	1 January 2007 to 30 June 2007
Profit/(loss) for the period from continuing operations attributable to equity holders	756	(650)
Weighted average number of shares in issue (thousands)		
– basic	15,398	15,376
Weighted average number of shares in issue (thousands)		
– diluted	15,398	15,376

Basic earnings/(loss) per share from continuing operations (expressed in US\$ per share)	<b>0.049</b>	<b>(0.042)</b>
Diluted earnings/(loss) per share from continuing operations (expressed in US\$ per share)	<b>0.049</b>	<b>(0.042)</b>

Earnings/(loss) per share from discontinued operations is calculated as follows:

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
Profit for the period from discontinued operations	-	7,089
Weighted average number of shares in issue (thousands) – basic	15,398	15,376
Weighted average number of shares in issue (thousands) – diluted	15,398	15,376
Basic earnings per share from discontinued operations (expressed in US\$ per share)	-	<b>0.461</b>
Diluted earnings per share from discontinued operations (expressed in US\$ per share)	-	<b>0.461</b>

#### 16. Disposal of a subsidiary

On 1 April 2008, the Group sold a 51% stake in RGL Holding Limited which owns 100% of ZAO Index20 to a subsidiary of Video International Group for US\$145 thousand. The remaining 49% share in RGL Holding Limited is accounted for as an investment in associate from the date of sale.

Details of the sale are as follows:

Cash and cash equivalents	1,630
Other net assets	(1,161)
<b>Net assets of business (51%)</b>	<b>239</b>
<b>Total purchase consideration</b>	<b>145</b>
less: cash of business	(1,630)
<b>Outflow of cash on sale</b>	<b>(1,485)</b>
less: direct costs associated with the sale	(147)
<b>Loss on sale</b>	<b>(241)</b>

#### 17. Directors' Remuneration

The directors' remuneration for 2008 and 2007 paid by Group companies are as follows (not in thousands):

	<b>1 January 2008 to 30 June 2008</b>	<b>1 January 2007 to 30 June 2007</b>
Robert Mott Brown III	58,987	52,765
Mark Opzoomer	291,462	156,574
Arthur Akopyan	177,116	86,667
Irina Gofman	-	177,565
James Mullins	-	96,875

Total Short term employee benefits

527,565

570,446

## 18. Non-current assets held for sale (or disposals groups)

On 30 June 2008, the Company met the criteria of IFRS 5 to classify the Begun business as an asset held for sale. A plan to sell the business was approved in 2008 due to the necessity to establish a prosperous partnership with Google. The sale is expected to be completed within the third quarter of 2008.

Major classes of non-current assets classified as held for sale (or disposal groups) are:

	30 June 2008	31 December 2007
Property, plant and equipment	1,302	66
Intangible assets	15,831	5,137
Goodwill	18,508	-
Deferred tax asset	1,005	3
Trade and other receivables	679	24
Cash and cash equivalents	10,851	1
	<b>48,176</b>	<b>5,231</b>

Major classes of liabilities directly associated with non-current assets (or disposal groups) classified as held for sale are:

	30 June 2008	31 December 2007
Deferred income tax liability	3,840	1,234
Other taxes payable	12,172	4
Trade and other payable	7,158	93
	<b>23,170</b>	<b>1,331</b>

In 1H 2008, the Company ceased to classify Damochka.ru as an asset held for sale due to continued absence of potential buyers for the entity. As the business is continuously loss making the management decided at the moment of de-classification to impair in full the intangible assets recognised at business combination in 2006 and recognised an impairment loss in the amount of US\$ 5,145 thousand.

## 19. Contingent liabilities

### (a) Russian taxation and currency control regulations

In addition to the possible attribution of additional tax to the Group's companies described in Note 10, management estimates that the Group has other possible obligations from exposure to other than remote tax risks of US\$1,944 thousand (31 December 2007: US\$1,328 thousand). These exposures primarily relate to income tax.

### (b) Litigation

In the course of its normal business the Rambler Group receives legal claims from time to time. In the opinion of the directors none of the litigation currently in progress is likely to result in the crystallisation of a material liability.

**(c) Commitment to pay for exclusive internet partnership**

An agreement was signed on 8 December 2004 by the Rambler Group that commits it to paying a minimum of US\$ 200 thousand per annum for a minimum of 12 months in respect of an exclusive internet partnership to promote a customised co-branded instant messaging product for Russian and other CIS countries. The Rambler Group paid a similar amount in December 2007, December 2006, December 2005.

Starting from year 2008 a minimum of US\$ 750 thousand per quarter is committed to be paid by Rambler Group (US\$ 1,500 thousand paid during the 6 months period ended 30 June 2008).

**(d) Lease commitments**

The Group is committed to the following lease payments under the non-cancellable operating leases:

	2008	2007
Expiring within one year	2,669	2,025

**20. Related-Party Transactions**

Transactions between Rambler Companies and its related parties, as well as related party balances are not material for the period ended 30 June 2008 except for the following parties:

	2008
<b>FINAM Bank</b> (related to Begun's minority shareholder)	
Cash at the beginning of the period – short term deposits	4,552
Cash at the beginning of the period – bank account	496
Interest income received	267
Cash at the period end – short term deposits	8,867
Cash at the period end – bank account	944
<b>IMHO</b> (majority shareholder of Index20 from 1 April 2008)	
Balance receivable at 1 April 2008	7,630
Agent sales	7,184
Agent commission charge	(1,114)
Cash inflows (net) during the period	13,145
Balance receivable at the period end	555

**21. Post Balance Sheet Events**

Rambler Group has agreed to sell its contextual advertising company ZAO Begun and related subsidiaries to Google. Rambler currently holds 50.1% of Begun. The transaction will consist of Rambler buying the remaining 49.9% from a minority shareholder, affiliated with the Finam Group of companies, immediately after which Rambler will sell 100% of Begun to Google subject to certain approvals and condition precedent for a total cash consideration of US\$ 140 million, of which US\$ 69.9 million is attributable to the minority shareholder, with customary closing adjustments. The transaction is expected to be completed in September 2008.

On 3 July 2008, Rambler acquired the remaining 49% stake in Price Express LLC for a total cash consideration of US\$4 million from a minority stakeholder, an employee of the Rambler group. Rambler already held a 51% stake in this subsidiary which it acquired in January 2006.

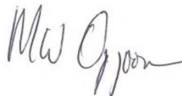
## 22. Seasonality

The internet advertising volume of sales is subject to certain seasonal fluctuations, the second half of the year is typically higher than the first half due to holiday seasons. For the six months ended 30 June 2008 sales volume was affected by both seasonality and growth of the market and it represented 75% (six months ended 30 June 2007: 41%) of the annual sales in the year ended 31 December 2007. The increase was also impacted significantly by the consolidation of Begun commencing in August 2007.

## Statements of directors' responsibility

The directors' confirm that this condensed set of financial statements has been prepared in accordance with IAS 34.

The directors of Rambler Media Limited are listed in Rambler Media's Annual Report for 31 December 2007. A list of current directors is maintained on Rambler Media Limited's corporate website at [www.ramblermedia.com](http://www.ramblermedia.com).



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**Mark Opzoomer**  
CEO

22 September 2008



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**Arthur Akopyan**  
CFO

## Independent review report to Rambler Media Limited

### Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2008 which comprises the consolidated interim balance sheet as at 30 June 2008 and the related consolidated interim statements of income, cash flows and changes in shareholders' equity for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. The other information comprises the Interim Management Report.

### Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

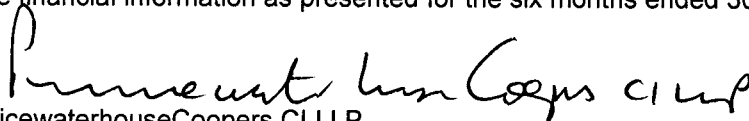
This interim report has been prepared in accordance with the International Accounting Standard 34, 'Interim financial reporting'.

### Review work performed

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' issued by the International Auditing and Assurance Standards Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come where expressly agreed by our prior consent in writing.

### Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2008.

  
PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Jersey

22 September 2008