

O2TV boosts H1 2011 consolidated balance sheet indicators

Moscow, August 3, 2011 (O2TV or “the Company”) hereby announces its main consolidated financial results under RAS for the first half of 2011, including the results of three companies: parent company OAO O2TV, its main subsidiary OOO O2TV Media (O2TV television channel), and its new subsidiary OOO O2TV, which was established in May 2011.

The consolidated revenue of OAO O2TV increased 4.4 times compared to H1 2010 and amounted to Rub 96.17 m. The sharp rise in OAO O2TV’s consolidated revenue is attributable to an increase in advertising and other revenue generated by the Company. Among the other revenue items, O2TV’s advertising revenue amounted to 65% of aggregate revenue during the first six months of 2011. Other major revenue items include income from the production of video materials, advertising on the Company’s website, revenue from the parent company and revenue from non-core activity.

OAO O2TV’s RAS operating profit reached Rub 16.74 m in the first six months of 2011, whereas this metric was negative (Rub -478,000) in the year-earlier period. A sharp rise in the Company’s operating profit in the first six months of this year is due to an increase in the Company’s revenue and slower growth of managerial expenses (2.5-fold vs. the same period of 2010) compared to revenue growth (4.4-fold). The Company’s operating margin stood at 17% in H1 2011.

OAO O2TV’s consolidated OIBDA climbed 4.6-fold during the reporting period compared to the first six months of 2010 to Rub 25.16 m, which is attributable both to growth in operating profit and depreciation charges. The Company’s RAS consolidated RAS OIBDA amounted to only Rub 5.49 m in H1 2010. OAO O2TV’s OIBDA margin rose to 26% in H1 2011 (up from 25% in the same period last year).

In addition, OAO O2TV reported consolidated RAS net profit equal to Rub 203,000 in H1 2011, which is 3.5-fold higher than in the year-earlier period. Higher net profit is due, first and foremost, to a higher rate of revenue compared to the same period of 2010.

OAO O2TV dramatically improved its consolidated balance sheet indicators in H1 2011. The Company boosted short-term financial investments during the second quarter, which contributed to a 95% increase in net asset value to Rub 755.65 m as of the end of H1 2011. The Company’s shareholder equity shot up 4.8-fold compared with the beginning of the year and amounted to Rub 434.91 m. The Company’s net debt dropped astronomically and stood at Rub -62.3 m at the end of the first six months of the year. The D/E ratio also decreased considerably. This metric dropped to 58% (a normal value should not exceed 100%) at the end of H1 2011.

The Company intends to announce its full consolidated H1 2011 IFRS financials in September.

Overview of O2TV Channel

O2TV is Russia’s first young people’s television channel which targets an age group ranging from 16 to 35 years. The company commenced broadcasting in 2004. Nowadays, O2TV has the ability to reach 14.3 million viewers in 73 constituent entities and 250 cities and towns across Russia. Total coverage in Moscow stands at 1.84 million



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people. In Moscow, the TV channel is broadcast on the networks of AKADO, QWERTY, VimpelCom, Infokos Plus, Iskratelecom etc. Online broadcasts of the channel are also made on Russia's largest portals, video hostings and from the TV channel's official website. The company possesses its own powerful production base and generates more than 1,000 hours of original content per year. O2TV channel is owned by O2TV open-joint stock company (OJSC), which has had its shares listed on Russian stock exchanges MICEX and RTS since 2008. The charter capital of O2TV OJSC amounts to Rub 140,000 and is divided into 140 m shares. For more details on the television channel and O2TV OJSC, see the website www.o2tv.biz/en .

Some statements made in our News and Press Releases are not historical facts, and are to be considered merely forward-looking statements (forecasts). These statements include, but are not limited, to: plans, forecasts or guidance concerning our revenues, profits (losses), including profits/losses per share, dividends, equity structures, including shareholder capital, other financial indicators and ratios, and the investment program; statements made concerning our plans, purposes or tasks in operating activities; statements concerning future economic indicators; statements concerning the assumptions on which some statements are made. In addition, words such as "assume", "expect", "presuppose", "plan", "intend", "consider", "anticipate", and other such phrases used in the future tense shall be regarded solely as forward-looking statements, and not as an assurance that any such future events referred to therein will actually come true. In essence, the above-mentioned forward-looking statements (forecasts) shall be construed as integral risks, given that any such plans, expectations and other statements projected into the future may not materialize. The reader should be cognizant that the actual results of O2TV could differ materially from its plans, purposes, expectations, estimates and intentions as stated in such forward-looking statements by virtue of a number of risk factors. Should you rely on forward-looking statements, you should carefully analyze the above-mentioned facts and also other issues and events which are devoid of clarity, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements shall be deemed valid only on the date of their publication, and the Company shall not assume any obligation to update or review them, whether at the time when such information becomes available, when new events occur or for any other reason. The Company shall make no claims or provide no assurances that the results assumed in such forward-looking statements will be achieved, nor shall it publish any estimates regarding the probability that the results set forth in forward-looking statements will be reached. Forward-looking statements shall be regarded as merely one way in which a certain situation may unfold, and not necessarily the most likely or standard course of events.

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