



O2TV Channel
 24 str.2, Ulitsa Pravdy, 127137 Moscow, Russia
 tel./fax +7 (495) 645 92 95
 email: info@o2tv.ru
 web: www.o2tvbiz.ru/en

O2TV's RAS consolidated net profit skyrocketed 8.7-fold in 1Q11

Moscow, May 16, 2011. O2TV (O2TV or "the Company") hereby publishes its consolidated financial statement under Russian Accounting Standards (RAS) for the first three months of 2011. In addition, the Company for the first time released its consolidated results for the first quarter of 2010.

RAS consolidated financial results of O2TV for 1Q11*

Rub `000 (unless otherwise specified)	Q1 2011	Q1 2010	Ch, %
Revenue	42,863	13,685	213%
Cost of sales	-29,422	-10,989	168%
Gross profit	13,441	2,696	399%
Administrative expenses	-8,917	-3,434	160%
Operating income (loss)	5,244	-738	
Pre-tax profit (loss)	759	102	644%
Net income (loss) for the period	711	82	767%
OIBDA**	8,489	2,168	291%
Gross margin***	31%	20%	11%
Operating margin****	12%	-5%	17%
OIBDA margin*****	20%	15.8%	4.2%
Net margin*****	1.66%	0.60%	1%

* O2TV's consolidated results include the results of O2TV (parent company) and O2TV Media, a subsidiary of the Company.

** OIBDA is calculated as the sum of operating profit (loss) and depreciation charges, including the depreciation of fixed assets and intangible assets.

*** Gross profit margin is calculated as the proportion of gross profit in revenue (as a percentage).

***** OIBDA margin is calculated as the proportion of OIBDA in revenue (as a percentage).

***** Net margin is calculated as the proportion of net profit in revenue (as a percentage).

The consolidated revenue of O2TV for January-March 2011 rose 3.1 times YoY and amounted to Rub 42.86 mn. Growth was attributable to a major increase in income from the core activity of television channel O2TV, which accounted for 55% of aggregate revenue for the first quarter. The rest of consolidated revenue fell to revenue from the sale of the Company's equipment which became redundant as a result of a technological upgrade at the television channel, and revenue of the parent company of O2TV.



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The Company's cost of production in the first quarter increased 168% to Rub 29.42 mn, but the pace of growth of revenue outstripped the pace of growth of the cost of production. As a result of this, the Company's gross profit for the first quarter of 2011 increased nearly 5-fold compared to the same period in 2010 to Rub 13.44 mn, while gross profit margin rose from 20% to 31%.

Administrative expenses in the reporting period increased 140% YoY, but the pace of their increase turned out to be lower than the pace of the growth of revenue. Accordingly, the Company's consolidated operating income for the first quarter of 2011 rose sharply and amounted to Rub 5.24 mn. O2TV's operating margin for the first quarter of 2010 amounted to 12%. The Company's operating profit and operating margin were negative in Q1 2010.

The increase in operating profit and depreciation charges in the reporting period contributed to considerable growth in OIBDA, which increased 3.9 times compared to the first quarter of 2010 and totaled Rub 8.49 mn. OIBDA margin amounted to 20% in the first three months of 2011, up from 15.8% in the same period of 2010).

In addition, O2TV's consolidated pre-tax profit skyrocketed 7.4-fold compared to the results of the first quarter of 2011 and reached Rub 759,000.

The Company's consolidated net income for 1Q 2011 shot up 8.7-fold compared to the year-earlier period and amounted to Rub 711,000. O2TV's net margin in the first quarter of this year came in at 1.7%, up from less than 1% during the same period last year.

Total book value of O2TV's assets, according to the consolidated financial statement, rose to Rub 403.71 mn in the first quarter of 2011.

The full version of O2TV's consolidated financial statement for the first quarter can be viewed on the Company's corporate website at www.o2tvbiz.ru in the section entitled "Financials".

General Director of O2TV television channel Vladimir Pantserny made the following comments: "Generally speaking, the first quarter, especially January, is a difficult time for non-FTA television channels, since some TV viewers are away on New Year's holidays, while others are distracted by New Year's programs broadcast by FTA channels. For this reason, the activity of advertisers of non-terrestrial television channels is traditionally lower. Despite these difficult conditions we managed to raise profit from core activity, while the first quarter was also profitable for us, with the TV channel generating net income equal to Rub 700,000 during that period, making a major contribution to the Company's consolidated net income. That said, many challenges still remain and much work must still be done, especially when it comes to debt repayment. We expect our shareholders and investors to see the first results of these efforts as early as the second quarter".

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 nearly 14 million viewers in 73 constituent entities and 247 cities and towns across Russia. Total coverage in Moscow stands at 1.8 million people. In Moscow, the TV channel is broadcast on the networks of Akado, Stream TV, Corbina TV, Infokos Plus, 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



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amounts to Rub 100,000 and is divided into 100 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.

For further details, please contact
IR Director
Natalia Milchakova
Telephone: + 7 (495) 645-9295 ext. 176
Email: ir@o2tv.ru