



FOR IMMEDIATE RELEASE

**RAMBLER MEDIA ANNOUNCES FINANCIAL RESULTS
FOR FIRST HALF 2005**

***91% year on year sales growth
Internet business reports first half year EBITDA profit***

Moscow, 30 September 2005 - Rambler Media Limited (RMG.LN), the integrated Russian language media, entertainment, services and content delivery company, today announced its financial results for the six months ended 30 June 2005.

HIGHLIGHTS

- **Net sales up 91% year on year to US\$ 8.0 million (US\$ 4.2 million)**
- **Internet business EBITDA* profitable for first time in the first half of the year following**
- **26% year on year reduction in EBITDA loss to US\$ -1.5 million (US\$ -2.0 million)**
- **Strengthened balance sheet with US\$ 30 million of cash balances following net proceeds of US\$ 26 million from flotation**

- **50% year on year increase in number of unique monthly users of Rambler.ru to more than 13.6 million – further increase to 15.3 million by the end of August**
- **Acquisition of strategic stake in key St Petersburg TV station in July 2005**
- **Launch of co-branded Rambler-ICQ instant messenger in September 2005**
- **New Rambler.ru home page design launched in September 2005**
- **Favourable market trends and new product launches provide support for anticipated strong growth in the second half of the year**

* Earnings before interest, tax, depreciation and amortization

Irina Gofman, Chief Executive Officer of Rambler Media, commented: "Rambler Media has shown strong growth during the first half of the year, with an almost doubling of sales and increased market shares in growing markets. The Internet division, which represents almost two thirds of our sales, was EBITDA profitable in the seasonally weaker first half of the year for the first time.



“The Russian advertising market continues to grow at a rapid rate, which highlights the potential of our well positioned businesses, products and services. We have continued to invest in the further development of our technology platform and brands, in order to enhance our uniquely integrated offering and build penetration and market shares.

“The successful completion of the share placing and admission to AIM in June was a major milestone in the Company’s development. The placing substantially increased the Company’s available resources, as well as significantly enhancing Rambler’s profile. The proceeds are being used to accelerate the implementation of Rambler Media’s strategy to become the leading Russian language media, entertainment, services and content delivery company.”

FINANCIAL SUMMARY

(US\$ million)	Jan – Jun 2005 (reviewed)	Jan – Jun 2004 (audited)	Jan – Dec 2004 (audited)
Net Sales	8,028	4,210	12,505
EBITDA* Loss	(1,501)	(2,017)	(2,690)
Net loss	(2,334)	(3,209)	(4,412)
Basic earnings per share (US\$)	(0.16)	(0.28)	(0.39)
Fully diluted earnings per share (US\$)	(0.15)	(0.26)	(0.36)

* Earnings before interest, tax, depreciation and amortization

Overview

Rambler Media reported a 91% year on year increase in sales to US\$ 8.0 million for the first half of 2005, compared to US\$ 4.2 million for the same period of 2004.

The Group reported a 26% year on year reduction in EBITDA losses from US\$ -2.0 million to US\$ -1.5 million, despite a 52% year on year increase in the Group’s operating expenses in the first six months of the year. The Internet segment was EBITDA profitable for the first time on a semi-annual basis and the ongoing investments in the operating businesses reflect Rambler Media’s focus on increasing the penetration and market shares of its brands, technologies, products and services.



Internet

Rambler Media Internet reported its first half year EBITDA profit following strong year on year growth in the number of users and advertising sales. Sales in the Internet services division grew by 82% year on year from US\$ 2.9 million to US\$ 5.2 million and represented 65% of group sales for the period. The business generated an EBITDA profit of US\$ 554,000 in the first six months of the year, compared to a loss of US\$ 337,000 for the same period of 2004.

In March 2005, Rambler Media acquired a 25% plus one share equity stake in Begun.ru, which is a fast growing Russian sponsored search company. Rambler accounts for the interest as an equity participation. Rambler Media has an option to increase its stake in Begun.ru in the future.

Rambler Internet's primary business is Rambler.ru (www.rambler.ru), a leading Russian language Internet provider of search, communication and media services. It is complemented by a number of other web properties, including on-line Russian language newspaper 'Lenta.ru' and several specialized web resources. Rambler Internet generates its revenues primarily from brand advertising, sponsored key word searches and e-commerce.

Rambler.ru had 13.6 million unique monthly users by the end of June 2005, up 50% from the 9.1 million users at the end of June 2004. This number increased further to 15.3 million unique monthly users in the month of August. Users of the Russian language service are located all over the world and the Russian domestic audience alone increased by 44% year on year to 8 million users by the end of the reporting period. This growth rate is well above the up to 30% increase in Russian Internet penetration during the same period, demonstrating the increased take-up and usage of the site and growing market share. Internet advertising is the fastest growing segment of the Russian advertising market and was estimated to have increased by 67% year on year in the first half of 2005 to US\$ 20 million. (*Source: Russian Association of Communication Agencies (RACA)*)

Rambler Media has launched a number of new products and services in the year to date including text links and paid search services through Begun.ru. Rambler derives pay-per-click-through revenues from its partnership with Begun, which were partially introduced in the first half of the year and will be fully implemented during the second half. After the end of the period, Rambler launched the first Russian co-branded version of ICQ, which is the most popular instant messenger in Russia, and already has 2 million registered users, of who 1.3 million are daily users. A new Rambler.ru home page design has now also been launched with enhanced usability, paid search services, as well as new community and communication services.



Market trends remain favourable with the number of Internet users in Russia forecast to increase by approximately 30% year on year in 2005, and the internet advertising market expected to grow by 60%. The value of the Internet access and data transmission services markets are forecast to grow by 46% year on year to US\$ 1.5 billion in 2005 and the total value of B2C product and service transactions is expected to increase by 16% to US\$ 770 million. Rambler Internet is well positioned to benefit from this growth due to its established brand, significant market share, and range of new and enhanced services. *(Source: Russian Association of Communication Agencies (RACA), J'son & Partners, Ministry of Communications)*

Mobile Value Added Services

Mobile VAS's sales in the first half of 2005 increased year on year from US\$ 0.7 million to US\$ 1.9 million. The division represented 23% of Group revenues in the period. SMXCOM continued to invest in the development and marketing of its mobile content brands and relationships with major media outlets during the period. SMXCOM further strengthened its '8181' brand in the first half of the year through strategic advertising campaigns, and also completed the implementation of a new media content platform, in order to integrate its SMS services with Rambler's Internet portal and TV network and offer multiple new own-branded and 'white label' services.

Rambler Media's Mobile Value Added Services primarily comprise SMXCOM, which is a mobile content services provider offering a diversified portfolio of SMS-based B2C and B2B services, as well as 'white label' services for third party operators. The business has agreements with Mobile TeleSystems, VimpelCom and Megafon in Russia, which together account for approximately 90% of mobile subscribers. SMXCOM also has agreements with UMC and Kievstar in Ukraine, which together account for approximately 95% of the country's mobile subscribers. 90% of SMXCOM sales are generated from in-house developed SMS-based products and the Company also has licensing agreements with third party providers of content such as ring tones, icons, screen savers and games. Revenues are generated from a share of the fixed fees paid by subscribers to their network provider for the download of SMXCOM products.

The value of the Russian market for Value Added Services (VAS) such as voice content, SMS, MMS and premium SMS content, is forecasted to increase this year by 60% to US\$ 1.5 billion. The premium content and services segment of this market alone is forecasted to grow in 2005 by 100% to US\$ 311 million. *(Source: J'son & Partners Russian Wireless Content Report 2005-2007)*



Television

Rambler TV's sales grew by 40% year on year to US\$ 1.0 million from US\$ 0.7 million in the first half of the year, and represented 12% of Group revenues in the period. Revenues are primarily generated from the sale of advertising airtime, as well as 'below the line' advertising. The division reported a year on year reduction in EBITDA losses from US\$ -1.7 million to US\$ -1.3 million for the period, despite significant investments in the programming schedule and increased penetration levels.

Rambler TV is a free-to-air documentary and entertainment channel, which holds a national broadcasting license in Russia and reaches 40 million people through a network of over 470 local affiliate stations. The channel's core target audience is 25-45 year-old adults, which is the most economically active segment of the population.

The gross TV Advertising market grew by 33% year on year in the first half of 2005 to US\$ 970 million, and accounted for 45% of total Russian gross advertising spend during the period (*Source: Russian Association of Communication Agencies (RACA)*). Rambler TV's national share of viewing amongst the total universe of viewers over the age of 18 simultaneously grew from 0.1% in June 2004 to 0.4% in June 2005. Rambler TV has also continued to invest in increasing its national penetration, which rose from less than 10% in June 2004 to 23% in June 2005.

Rambler TV signed an exclusive contract with a leading independent media sales house in April 2005, in order to augment Rambler's own in-house sales capacity, and also increased its penetration through inclusion in the Teleinform Moscow cable network. Teleinform enables the channel to reach an additional 1.2 million viewers in the key Moscow city and regional market. In addition, Rambler completed the acquisition of Loclear Limited after the end of the reporting period in July 2005. Loclear owns NBN, a local television station covering approximately 75% of the key St Petersburg region and reaching approximately 3.5 million potential viewers.

FINANCIAL POSITION

Rambler raised US\$ 26 million in net proceeds from the placing of 3,000,000 new shares to international institutional investors at a price of \$10.25 per share in June 2005. The Company's balance sheet was therefore significantly strengthened and the Company ended the half year with cash balances of US\$ 30 million and an equity to assets ratio of 88%.

Rambler's total issued outstanding share capital following the issue of new shares amounts to 14,975,731 ordinary shares.



OTHER INFORMATION

The Company's consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS) and this interim report has been reviewed by the Company's auditors.

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For further information, please visit www.ramblermedia.com or contact:

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ABOUT RAMBLER MEDIA

Rambler Media is an integrated and diversified Russian language media, entertainment, services and content delivery company with three main segments: internet services; mobile value added services; and television broadcasting. Rambler Media operates businesses including the Russian language internet portal and search engine 'rambler.ru'; on-line news site 'Lenta.ru'; broadband ISP 'Rambler Telecom'; interactive advertising company 'Index20'; mobile content service provider 'SMXCOM'; and entertainment TV network 'RamblerTV'. Rambler Media's shares are traded on the AIM market of the London Stock Exchange under the symbol 'RMG'. For more information on Rambler Media, visit our corporate website at 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 Company 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, 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 Company will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstance or unanticipated events occurring after the date of this announcement except as required by applicable law or by any applicable regulatory authority.



SUMMARISED CONSOLIDATED PROFIT & LOSS ACCOUNT
(US \$'000s)

	Jan - June 2005 (reviewed)	Jan - June 2004 (audited)	Jan - Dec 2004 (audited)	Notes
Revenue	8,028	4,210	12,505	
Operating expenses	<u>(9,529)</u>	<u>(6,227)</u>	<u>(15,195)</u>	
Earnings before Interest, Tax, Depreciation and Amortisation	(1,501)	(2,017)	(2,690)	
Depreciation	<u>(649)</u>	<u>(393)</u>	<u>(958)</u>	
Net loss before interest, taxation and minority interest	(2,150)	(2,410)	(3,648)	
Interest expense	<u>(62)</u>	<u>(50)</u>	<u>(117)</u>	
Net loss before taxation and minority interest	(2,212)	(2,460)	(3,765)	
Taxation	<u>(50)</u>	<u>(748)</u>	<u>(647)</u>	
Net loss before minority interest	(2,262)	(3,209)	(4,412)	
Associate loss	(14)	-	-	
Minority interest	<u>(58)</u>	<u>-</u>	<u>-</u>	
Net loss	<u><u>(2,334)</u></u>	<u><u>(3,209)</u></u>	<u><u>(4,412)</u></u>	
Loss per share	USD 0.16	USD 0.28	USD 0.39	6
Fully diluted loss per share	USD 0.15	USD 0.26	USD 0.36	6



RESULTS BY BUSINESS SEGMENT
(US \$'000s)

6 MONTHS TO 30 JUNE 2005 (REVIEWED)

	Internet Services	TV	Mobile VAS	Total
Revenue	5,198	962	1,868	8,028
Operating expenses (excluding depreciation)	(4,644)	(2,268)	(2,617)	(9,491)
EBITDA	554	(1,306)	(749)	(1,501)

6 MONTHS TO 30 JUNE 2004 (AUDITED)

	Internet Services	TV	Mobile VAS	Total
Revenue	2,850	685	675	4,210
Operating expenses (excluding depreciation)	(3,187)	(2,380)	(755)	(6,227)
EBITDA	(337)	(1,695)	(80)	(2,017)

12 MONTHS TO 31 DECEMBER 2004 (AUDITED)

	Internet Services	TV	Mobile VAS	Total
Revenue	7,015	1,404	4,086	12,505
Operating expenses and overheads (excluding depreciation)	(6,139)	(4,317)	(4,739)	(15,195)
EBITDA	876	(2,913)	(653)	(2,690)



SUMMARISED CONSOLIDATED BALANCE SHEET
(US \$'000s)

	Jan - June 2005 (reviewed)	Jan - June 2004 (audited)	Jan - Dec 2004 (audited)
Assets			
Non Current Assets			
Fixed assets			
Leasehold improvements and equipment	3,769	3,024	3,626
Intangible assets	11,112	10,439	10,818
	<u>14,881</u>	<u>13,463</u>	<u>14,444</u>
Current Assets			
Trade debtors	2,247	984	1,551
Investments	778	-	-
Prepayments	636	193	1,217
VAT, net	307	165	143
Other receivables	867	153	1,571
Bank and cash balances	30,069	8,505	5,408
	<u>34,904</u>	<u>10,000</u>	<u>9,890</u>
Total assets	<u>49,784</u>	<u>23,463</u>	<u>24,334</u>
Liabilities			
Current Liabilities			
Trade creditors	3,386	1,244	1,264
Deferred income	962	416	516
Loans		710	1,320
	<u>4,348</u>	<u>2,371</u>	<u>3,100</u>
Long Term Liabilities			
Loans	96	301	12
Deferred taxation	1,417	1,470	1,367
	<u>1,513</u>	<u>1,771</u>	<u>1,379</u>
Total liabilities	<u>5,861</u>	<u>4,142</u>	<u>4,479</u>
Shareholders' equity			
Issued capital	150	52	120
Share premium	55,888	27,375	29,573
Additional capital	-		-
Options reserve	120	787	178
Merger reserve	51	1	51
Accumulated losses	(12,343)	(8,894)	(10,067)
Total shareholders' equity	<u>43,866</u>	<u>(19,321)</u>	<u>19,855</u>
Minority interest	<u>58</u>	<u>-</u>	<u>-</u>
Liabilities and Shareholders' Equity	<u>49,784</u>	<u>(23,463)</u>	<u>24,334</u>



SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
(US \$'000s)

	Jan - June 2005 (reviewed)	Jan - June 2004 (audited)	Jan – Dec 2004 (audited)
Cash flows from operating activities			
Operating result	(2,334)	(3,209)	(4,412)
Adjusted for:			
Minority interest	58	-	-
Interest charged	62	46	117
Taxation charge	50	748	647
Cost of share options exercised	58	692	773
Depreciation and amortisation	649	395	958
Loss on disposal of fixed assets	-	-	26
Increase in debtors and receivables	(2,652)	(942)	(2,075)
Increase/(decrease) in creditors & payables	2,569	392	351
Taxation paid	-	-	(4)
Net cash used in operating activities	(1,540)	(1,878)	(3,619)
Cash flows from investing activities			
Purchase of property, plant and equipment	(678)	(360)	(1,325)
Acquisition of intangibles	(449)	(537)	(1,143)
Investments	(792)	-	-
Net cash used in investing activities	(1,919)	(897)	(2,468)
Cash flows from financing activities			
Proceeds of long-term borrowings	-	322	3,185
Repayment of long-term borrowings	(1,035)	-	(2,648)
Proceeds of equity financing	27,780	10,528	10,528
Net cash from financing activities	26,745	10,850	11,065
Net Increase in cash	23,286	8,075	4,978
Cash at the beginning of the period	6,783	430	430
Cash at the end of the period	30,069	8,505	5,408



NOTES

1. Principal Accounting Policies

a) Basis of preparation

The interim financial statements have been prepared in accordance with the accounting policies set out in the Group's financial statements for the year ended 31 December 2004. The interim financial statements are unaudited but have been reviewed by the auditors.

The Group's financial report including financial statements and notes thereto is prepared in compliance with IAS 34 (Interim Financial Reporting).

b) Basis of consolidation

The financial statements consist of Rambler Media Limited (the Company) and its respective subsidiary undertakings (the Group). On the acquisition of a business, including an interest in a subsidiary undertaking, fair values are attributed to the Group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

2. Turnover

All proceeds are receivable in the ordinary course of business and are recorded exclusive of Value Added Tax.

3. Bad debt provision

As of 31 December 2004 the Group estimated provision for bad debts to be USD 20,000. At 30 June 2004 the estimate for the Trade Accounts Receivable outstanding from the beginning of the year was changed to USD 170,000 with the additional charge of USD 150,000 to Other cost of sales.

4. Seasonality of the business

Interim operations are subject to regular seasonal reduction of all lines of business in January of each year due to the Russian Federation national holidays. The significant reduction in January turnover indices in comparison with December figures occur annually.



NOTES

5. Losses per Share

Losses per share have been calculated as follows:

	<u>Jan - June 2005</u>	<u>Jan - June 2004</u>	<u>Jan - Dec 2004</u>
Net Loss	2,334	3,209	4,412
Issued shares (000s)	<u>14,976</u>	<u>11,284</u>	<u>11,284</u>
Loss per share	<u>USD 0.16</u>	<u>USD 0.28</u>	<u>USD 0.39</u>

Fully diluted earnings per share have been calculated as follows:

Net Loss	2,334	3,209	4,412
Issued shares (000s)	14,976	11,284	11,976
Shares over which options have been issued (000s)	<u>315</u>	<u>1,102</u>	<u>410</u>
	<u>15,291</u>	<u>12,386</u>	<u>12,386</u>
Fully diluted loss per share	<u>USD 0.15</u>	<u>USD 0.26</u>	<u>USD 0.36</u>

6. Post Balance Sheet Events

Purchase of Loclear Limited

On 1 July 2005 the Group executed a share sale and purchase agreement with the shareholders of Loclear Limited for the purchase of Loclear Limited. Loclear Limited beneficially owns 100% of NBN St. Petersburg, a TV broadcasting company. This is a related party transaction through the interest of one of the directors of Rambler Media Limited in Loclear Limited.