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Channel One Needed State Support to Stay Afloat

By The Moscow Times

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State-controlled Channel One has published financial statements for the first time, showing that the station would not have been able to survive in 2009 and 2010 without state support, Kommersant reported Monday.

The report shows that in 2009 the channel generated 21.96 billion rubles ($730 million) in advertising — almost 22 percent of total TV advertising income — but spent 22.84 billion on production and received 2.42 billion rubles in government subsidies to make the company profitable.

In 2010, it received more state funding than the previous year. The state contributed 3.4 billion rubles, while the company earned 24.48 billion rubles and spent 25.82 billion rubles.

The report was published after long-standing complaints from both citizens and some government figures that Channel One was systematically hiding financial information,

although it is obliged to publish it under Russian law.

The government owns a controlling 51 percent of the channel — 38.9 percent through the State Property Committee, 9.1 percent through Itar-Tass news agency and 3 percent through the Ostankino television center. The remaining 49 percent was owned by Roman Abramovich until 2010, when he sold 25 percent of the company for $150 million to the National Media Group, owned by Rossiya Bank — which is headed by Yury Kovalchuk, who is reported to be close to president-elect Vladimir Putin.

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