



FOR IMMEDIATE RELEASE

3 June, 2009

SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2009

Moscow, Russia – 3 June, 2009 – Sistema (the “Group”) (LSE: SSA), the largest diversified public financial corporation in Russia and the CIS, which manages large companies operating in different industries, today announced its unaudited consolidated US GAAP financial results for the first quarter ended March 31, 2009.

FIRST QUARTER HIGHLIGHTS

- **Consolidated results impacted by 39.9% year on year appreciation of average US dollar exchange rate vs. Russian ruble in the first quarter**
- **Consolidated revenues of US\$ 2.8 billion**
- **OIBDA of US\$ 869.4 million with OIBDA margin of 31.4%**
- **Operating income of US\$ 434.7 million with operating margin of 15.7%**
- **Net loss¹ of US\$ 395.5 million**
- **Net income of US\$ 42.0 million, excluding losses from foreign exchange of US\$ 437.5 million²**

KEY CORPORATE HIGHLIGHTS AFTER THE END OF THE REPORTING PERIOD

- **SSTL reached one million subscribers under MTS brand**
- **Signed supplemental agreements for acquisition of a controlling stake in Bashkir Oil and Energy Group for RUB 66.8 billion with no further payments being made**
- **Signed agreement with VTB Bank to sell a controlling stake in Sistema-Hals and agreed the terms for the restructuring of Sistema-Hals’ debt to VTB**
- **Appointed Ron Sommer, member of the Board of Directors of Sistema, as the First Vice President of Sistema and Head of the Telecommunications business unit**
- **Appointed Alexander Korsik as Head of new Oil and Energy business unit**

¹ Here and further presented net (loss) / income means net (loss) / income attributable to Sistema after minority interest.

² Losses from foreign exchange are presented here after deduction of minority share in losses from foreign exchange of subsidiaries.

Leonid Melamed, President and Chief Executive Officer of Sistema, commented: “Sistema has delivered on a number of significant projects in the first quarter of 2009, which have made a substantial contribution to the development of our business. We have completed the acquisition of a controlling stake in Bashkir Oil and Energy Group; established a strategic partnership with VTB, which has allowed us to further develop Sistema-Hals; simplified the structure of the Telecommunications business unit by exiting from our shareholding in MTT and consolidating STREAM-TV within Comstar-UTS, thus significantly optimising our investment portfolio and creating conditions for stable growth of our business in the future. Furthermore, we have considerably restructured Sistema’s debt and optimised administrative and general expenses. Sistema’s management team has been strengthened by highly reputable professionals: Ron Sommer now heads the Telecommunications business unit and Alexander Korsik assumed the responsibility for the newly created Oil and Energy business unit. These actions were taken in line with our stated strategy aimed at increasing shareholder value.”

FINANCIAL SUMMARY

Net income (Noncontrolling interests)

Until December 31, 2008, Sistema reported net income attributable to noncontrolling interest as a deduction in arriving at consolidated net income. With effect from January 1, 2009, Sistema has adopted the new mandatory provisions of FASB Statement No. 160 (As Amended) “Noncontrolling Interests in Consolidated Financial Statements”, which requires that consolidated net income be reported to include the amounts attributable both to the parent and to the noncontrolling interest. Sistema has therefore reported net income before the amounts attributable to the noncontrolling shareholders of its subsidiaries, and the latter amounts (previously referred to as “minority interests”) are separately disclosed. All comparative financial information has been restated in accordance with this new policy.

<i>(US\$ millions, except per share amounts)</i>	1Q 2009	1Q 2008	Year on Year Change	4Q 2008	Quarter on Quarter Change
Revenues	2,771.1	3,652.7	(24.1%)	3,996.9	(30.7%)
OIBDA	869.4	1,417.8	(38.7%)	1,037.5	(16.2%)
Operating income	434.7	860.3	(49.5%)	491.5	(11.6%)
Net (loss) /income	(395.5)	398.7	-	(713.9)	-
Basic and diluted (loss)/income per share (US cents)	(4.26)	4.30	-	(7.69)	-

GROUP OPERATING REVIEW

Sistema’s consolidated revenues declined by 24.1% year on year and 30.7% quarter on quarter in the first quarter of 2009 as a result of Russian ruble devaluation and seasonality effects. Sistema’s performance in the first quarter demonstrated positive growth in ruble terms. The

businesses outside of the Telecommunications unit accounted for 21.7% of total Group consolidated revenues in the first quarter, compared to 22.7% and 28.4%, for the first quarter of 2008 and the fourth quarter of 2008, respectively.

Selling, general and administrative expenses decreased by 18.7% year on year in the first quarter and by 25.0% quarter on quarter to US\$ 638.3 million as a result of appreciation of the US dollar.

The Group OIBDA declined by 38.7% year on year due to the appreciation of the US dollar and by 16.2% quarter on quarter as a result of appreciation of the US dollar in the first quarter of 2009 and significant impairment losses recognized in the fourth quarter of 2008 with respect to the Group's non-current assets. The Group OIBDA margin decreased from 38.8% in the first quarter of 2008 to 31.4% in the reporting quarter. The Group OIBDA margin increased quarter on quarter, compared to 26.0% in the fourth quarter of 2008.

Depreciation and amortisation expense decreased by 22.0% year on year in the first quarter and by 20.4% quarter on quarter due to appreciation of the US dollar, partially compensated by increase in the depreciable assets.

The Group operating income decreased by 49.5% year on year in the first quarter and by 11.6% quarter on quarter. Operating margin declined to 15.7% in the reporting quarter from 23.6% a year ago, but was up quarter on quarter from 12.3%.

The Group interest expense was US\$ 192.2 million in the first quarter, compared to US\$ 110.7 million and US\$ 151.0 million in the first quarter and the fourth quarter of 2008, respectively.

The Group reported a net loss attributable to Sistema of US\$ 395.5 million in the first quarter, compared to net income of US\$ 398.7 million in the first quarter of 2008 and a net loss of US\$ 713.9 million in the fourth quarter of 2008. Net income attributable to Sistema in the first quarter, excluding losses from foreign exchange of US\$ 437.5 million³, was US\$ 42.0 million.

SEGMENTAL OPERATING REVIEW⁴

TELECOMMUNICATIONS BUSINESS UNIT

<i>(US\$ millions)</i>	1Q 2009	1Q 2008	Year on Year Change	4Q 2008	Quarter on Quarter Change
Revenues	2,170.0	2,828.6	(23.3%)	2,867.0	(24.3%)
OIBDA	901.7	1,367.8	(34.1%)	1,211.0	(25.5%)
Operating income	493.1	843.3	(41.5%)	691.4	(28.7%)
Net (loss) / income	(119.5)	297.0	-	(121.4)	-

³ Losses from foreign exchange are presented here after deduction ofr minority share in losses from foreign exchange of subsidiaries.

⁴ Here and further, in the comparison of period to period results of operations, in order to analyze changes, developments and trends in revenues by reference to individual subsidiary's revenues, revenues are presented on an aggregated basis, which is revenues after the elimination of intra-segment (between entities in the same segment) transactions, but before inter-segment (between entities in different segments) eliminations, unless accompanied by the word "consolidated". Amounts attributable to individual companies, where appropriate, are shown prior to both intra-segment and inter-segment eliminations and may differ from respective standalone values due to certain reclassifications and adjustments.

MTS					
Revenues	1,809.0	2,379.2	(24.0%)	2,418.3	(25.2%)
OIBDA	831.5	1,175.5	(29.3%)	1,162.2	(28.5%)
Operating income	464.2	704.6	(34.1%)	706.2	(34.3%)
Net (loss) / income	(32.2)	328.0	-	113.9	-
Comstar UTS					
Revenues	334.4	417.0	(19.8%)	391.9	(14.7%)
OIBDA	130.7	170.2	(23.3%)	162.1	(19.4%)
Operating income	86.5	121.3	(28.7%)	120.2	(28.0%)
Net income	7.5	28.5	(73.7%)	31.2	(76.0%)
SSTL					
Revenues	5.4	6.7	(20.3%)	4.2	28.1%
OIBDA	(30.4)	0.5	-	(28.1)	-
Operating loss	(36.4)	(8.7)	-	(40.3)	-
Net loss	(49.1)	(10.4)	-	(18.2)	-
Mass Media					
Revenues	29.6	45.1	(34.5%)	65.4	(54.8%)
OIBDA	0.9	10.2	(91.6%)	20.5	(95.8%)
Operating (loss) / income	(6.8)	(2.3)	-	2.8	-
Net (loss) / income	(4.0)	(1.3)	-	6.0	-

The Telecommunications business unit comprises MTS; Comstar UTS; Sistema Shyam TeleServices Ltd. (SSTL) and Sistema Mass Media. The unit's revenues declined by 23.3% year on year and 24.3% quarter on quarter due to the significant weakening of the Russian ruble against the US dollar since September 2008, which adversely affected the unit's US dollar reported results, as well as seasonality factors. The Telecommunications business unit accounted for 78.3% of the Group's consolidated revenues in the first quarter of 2009.

The Telecommunications business unit's OIBDA declined by 34.1% year on year and 25.5% quarter on quarter. OIBDA margin decreased to 41.6% in the first quarter of 2009, compared to 48.4% and 42.2% in the first quarter and the fourth quarter of 2008, respectively.

The Telecommunications business unit reported a net loss in the first quarter, largely as a result of a currency translation loss following the depreciation of the ruble against the US dollar and primarily relating to US dollar denominated debt at MTS and Comstar UTS.

MTS added approximately 1.0 million subscribers during the first quarter of 2009 resulting in the total consolidated base of approximately 96.6 million customers as at March 31, 2009. MTS revenues declined by 24.0% year on year and 25.2% quarter on quarter due to local currency depreciation and seasonality effects. The average monthly service revenue per subscriber (“ARPU”) in Russia declined from RUB 244.6 in the first quarter of 2008 to RUB 233.5 in the first quarter of 2009. Russian subscribers’ monthly Minutes of Use (MOU) increased to 205 in the first quarter of 2009 from 187 in the previous period of 2008.

MTS’ OIBDA declined by 29.3% year on year and 28.5% quarter on quarter due to currency depreciation and expenses related to its mono-brand retail network. The OIBDA margin declined in the first quarter to 46.0%, compared to 49.4% and 48.1% in the first quarter and the fourth quarter of 2008, respectively.

Comstar UTS’ revenues declined by 19.8% year on year and 14.7% quarter on quarter. Comstar UTS generated positive growth in ruble revenues in the first quarter. This growth reflected the consolidation of Stream-TV; growth in ‘Calling Party Pays’ volumes; the average 8% regulatory ruble price increase for MGTS residential and corporate voice services from March 1, 2009; the average 12% ruble price increase for Comstar UTS residential and corporate services from March 1, 2009 and the launch of direct sales of long distance voice services from October 2008. Comstar UTS’ broadband subscriber base increased by 37.8% year on year to 1.16 million customers in the first quarter through organic growth and the acquisition of Stream-TV.

Comstar UTS’ OIBDA decreased by 23.3% year on year and 19.4% quarter on quarter. OIBDA was up slightly in ruble terms following the consolidation of lower margin Stream-TV business, which was partially offset by the tariff increases and the ongoing cost optimization programme. The OIBDA margin declined to 39.1% in the first quarter, compared to 40.8% and 41.4% in the first quarter and the fourth quarter of 2008, respectively.

SSTL’s revenues decreased by 20.3% year on year due to the continued decline in fixed line traffic volumes. Revenues were up 28.1% quarter on quarter following the growth in total mobile subscriber base. Total fixed line subscriber base was 261,000 users. SSTL connected 505,718 mobile customers to its CDMA 800 MHz mobile network in the state of Rajasthan since its launch in September 30, 2008. In the end of May 2009, SSTL’s subscriber base exceeded 1 million customers in the state of Rajasthan, as well as Tamil Nadu (including Chennai), Kerala and Kolkata. Mobile ARPU declined to US\$ 2.9 in the first quarter of 2009, compared to US\$ 3.9 in the fourth quarter of 2008 as a result of the devaluation of the Indian rupee and the growth in prepaid customers and due to ongoing promotion campaign for new subscribers. Subscribers’ MOU were 338 minutes in the first quarter, compared to 189 in the fourth quarter of 2008. SSTL networks in West Bengal and Bihar are presently under construction and are expected to be completed in the second quarter. The operator expects to launch commercial services under the MTS brand in several additional circles, including Delhi, Haryana and Mumbai in 2009 with a license network launch planned for the remaining Indian circles.

Sistema Mass Media’s revenues declined by 34.5% year on year and 54.8% quarter on quarter, primarily as a result of the sale of Stream-TV business to Comstar UTS.

In February 2009, MTS acquired the remaining 25.01% stake in Dagtelecom LLC, for US\$ 41.6 million as Glaxen Corp. (BVI) exercised its put option. The purchase price shall be reduced by US\$ 12.5 million to offset the loan extended by MTS to Glaxen Corp. in spring of 2008. In addition, following the review and assessment of the subsidiary’s performance during the period of the joint shareholding of MTS and Glaxen Corp. in Dagtelecom, MTS may potentially pay a premium in the amount not exceeding US\$ 10.0 million.

In February 2009, MTS acquired a 100% stake in Narico Holdings Limited (Cyprus), a sole owner of Telefon.Ru, one of the largest mobile phone and electronics retail chains in Russia, for US\$ 60.0 million, including approximately US\$ 22.4 million of inventory reserves. Telefon.Ru operates 512 stores in 180 Russian cities.

In January 2009, Comstar UTS completed the consolidation of a 100% stake in ZAO Comstar-Direct with effect from December 30, 2008.

CONSUMER BUSINESS UNIT

The results of Sistema-Hals are excluded from the Consumer business unit's results in the first quarter of 2009 due to the classification of the activity of Sistema-Hals as discontinued operations in accordance with an agreement signed with VTB Bank to sell a controlling stake in Sistema-Hals.

<i>(US\$ millions)</i>	1Q 2009	1Q 2008	Year on Year Change	4Q 2008	Quarter on Quarter Change
Revenues	348.3	397.6	(12.4%)	575.2	(39.4%)
OIBDA	(20.9)	22.4	-	(47.8)	-
Operating (loss)/ income	(29.9)	9.2	-	(52.1)	-
Net (loss) /income	(108.7)	19.3	-	(327.4)	-
Banking					
Revenues	163.0	151.1	7.9%	192.5	(15.3%)
OIBDA	11.5	36.2	(68.4%)	(8.2)	-
Operating income / (loss)	8.7	30.1	(71.1%)	(3.0)	-
Net income / (loss)	6.7	20.3	(67.0%)	(1.9)	-
Retail					
Revenues	116.7	147.6	(21.0%)	240.7	(51.5%)
OIBDA	(28.2)	(16.1)	-	36.3	-
Operating (loss) / income	(31.3)	(20.4)	-	37.7	-
Net (loss) / income	(50.0)	(18.4)	-	4.5	-
Tourism					
Revenues	42.5	72.7	(41.6%)	107.2	(60.4%)
OIBDA	(7.4)	1.8	-	9.1	-
Operating (loss) / income	(9.4)	(0.1)	-	7.4	-
Net (loss) / income	(13.0)	(0.7)	-	(6.7)	-
Healthcare					
Revenues	26.6	26.8	(1.1%)	35.0	(24.2%)
OIBDA	2.4	2.7	(10.4%)	(1.9)	-
Operating income / (loss)	1.4	1.8	(26.6%)	(3.0)	-
Net (loss) / income	(2.5)	0.5	-	(4.8)	-

The Consumer business unit comprises the Banking; the Retail; the Tourism and the Healthcare businesses. The Consumer business unit's revenues declined by 12.4% year on year and 39.4% quarter on quarter, largely due to seasonality effects and foreign currency exchange fluctuations. The unit accounted for 12.4% of consolidated results in the first quarter.

The Consumer business unit reported an OIBDA loss in the first quarter as a result of foreign currency exchange fluctuations and seasonality effects.

The Consumer business unit reported a net loss in the first quarter largely due to higher interest expenses and revaluation of foreign currency denominated debt.

The Banking segment's revenues increased by 7.9% year on year as a result of growth in interest income and net profit from foreign currency transactions; however, revenues declined by 15.3% quarter on quarter, following the decrease in interest and commission income, compared to the fourth quarter of 2008. MBRD consolidated Dalcombank's operations in its results from March 2009.

The loan portfolio, including leases, decreased by 6.0% quarter on quarter to US\$ 4,632.0 billion as at March 31, 2009. Interest income received from retail and corporate lending operations increased by 23.2% year on year to US\$ 135.2 million in the first quarter.

The Banking segment OIBDA declined by 68.4% year on year as a result of the increase in loan provisions, the decrease in net profit from transactions with financial instruments and commission income. The segment OIBDA increased quarter on quarter, following the decrease in loan provisions, the reduction in interest and commission expenses, the increase in net profit from transactions with foreign currency and decrease in operating expenses.

Revenues in the Retail segment decreased by 21.0% year on year and 51.5% quarter on quarter, however, ruble denominated results increased year on year. By the end of the first quarter the network of retail outlets grew by 30 stores year on year to 127 in total with stores located in 66 Russian cities and 1 city in Ukraine, whilst the aggregate retail space increased by 23.2% year on year to 217,900 square metres.

The Retail segment reported an OIBDA loss in the first quarter as a result of seasonality effects and foreign currency exchange fluctuations.

The Tourism segment's revenues declined by 41.6% year on year as a result of the decrease in travel activity, which was adversely impacted by the global financial crisis. Segment's revenues decreased by 60.4% quarter on quarter, largely due to the seasonality effects. The segment serviced 73,000 customers in the first quarter of 2009, compared to 154,000 in the corresponding period of 2008. The hotel group increased by 37.2% year on year the total number of rooms owned and under management to 3,368 at the end of the first quarter. During the period Intourist completed the acquisition of a 74.0% stake in RossTour, a leading network of travel agencies located in the Urals.

The Tourism segment reported an OIBDA loss in the first quarter, due to the contraction in travel activity, while its operating costs were reduced at a lower rate.

The Healthcare Services segment's revenues decreased by 1.1% year on year, however, ruble denominated results were up year on year; revenues declined by 24.2% quarter on quarter due to seasonality effects. The total number of visits to medical clinics increased by 38.4% year on year to 713,000 in the first quarter of 2009. The segment provided approximately 2 million medical services during the quarter, a 47.4% increase year on year. As at March 31, 2009, the network increased by 5 clinics year on year and comprised 28 medical clinics in total. During the reporting period, Medsi opened a new medical clinic in Perm.

The Healthcare Services segment OIBDA declined by 10.4% year on year, however, segment reported positive OIBDA, compared to a negative result in the fourth quarter of 2008, due to improved management of operating costs.

TECHNOLOGY & INDUSTRY BUSINESS UNIT

<i>(US\$ millions)</i>	1Q 2009	1Q 2008	Year on Year Change	4Q 2008	Quarter on Quarter Change
Revenues	285.4	554.4	(48.5%)	768.6	(62.9%)
OIBDA	6.8	33.4	(79.6%)	71.8	(90.5%)
Operating (loss)/ income	(8.5)	16.1	-	44.1	-
Net loss	(31.5)	(0.6)	-	(16.0)	-
High Technology					
Revenues	214.9	445.8	(51.8%)	612.3	(64.9%)
OIBDA	(3.7)	20.6	-	63.8	-
Operating (loss)/ income	(16.4)	5.3	-	39.7	-
Net loss	(29.4)	(5.8)	-	(5.3)	-
Radars and Aerospace					
Revenues	63.9	90.2	(29.1%)	140.6	(54.5%)
OIBDA	10.0	14.2	(29.7%)	8.8	13.1%
Operating income	7.8	12.9	(40.1%)	5.7	35.3%
Net (loss)/ income	(1.1)	6.9	-	(8.3)	-
Pharmaceuticals					
Revenues	5.0	14.1	(64.9%)	7.4	(33.4%)
OIBDA	(0.8)	(1.8)	-	(1.7)	-
Operating loss	(1.2)	(2.4)	-	(2.2)	-
Net loss	(1.7)	(2.6)	-	(2.6)	-

The Technology and Industry business unit comprises the High Technology segment, the Radars and Aerospace segment and the Pharmaceuticals segment. The unit's revenues declined by 48.5% year on year and 62.9% quarter on quarter due to the currency translation effect and seasonality factors. The unit contributed 9.1% of the Group's consolidated revenues in the first quarter of 2009.

The Technology and Industry business unit's OIBDA declined by 79.6% year on year and 90.5% quarter on quarter.

The Technology and Industry business unit reported a net loss in the first quarter as a result of a currency translation loss following the depreciation of the ruble against the US dollar and primarily relating to US dollar denominated debt.

The High Technology segment revenues declined by 51.8% year on year and 64.9% quarter on quarter due to deferred or reduced client spending, which resulted in the delay or scaling down of a number of projects.

The High Technology segment reported an OIBDA loss in the first quarter. The segment continued to implement the previously announced cost reduction programme which led to further reduction of operating expenses in the first quarter.

The Radars and Aerospace segment revenues decreased by 29.1% year on year in US dollar terms, however, its ruble denominated results remained stable. Revenues declined by 54.5% quarter on quarter due to seasonality effects with the majority of business orders falling into the fourth quarter. During the reporting period, the business launched the first stage of the Siberian Regional Crisis Management Center in Krasnoyarsk; completed a series of complex tests of “Lehtusi” radar system, and commenced the operation of “Armavir” radar for the Russian Space Agency. Additionally, the segment won several tenders totalling RUB 67 million (approximately US\$ 2.1 million) held by the Federal Agency for Cartography and Geodesy to create digital maps for GLONASS project.

Segment OIBDA declined by 29.7% year on year, however, it increased by 13.1% quarter on quarter, following the completion of several contracts during the reporting period.

Segment reported a net loss in the first quarter of 2009 and the fourth quarter of 2008 as a result of a significant loss from the US dollar denominated debt conversion and the increase in interest expenses. Net loss narrowed quarter on quarter due to improved overall performance and the decrease in foreign exchange losses from US dollar denominated debt, as well as foreign currency translation effect.

The Pharmaceuticals segment’s revenues declined by 64.9% year on year and 33.4% quarter on quarter following the exit from the low margin business of drugs distribution.

Segment loss contracted quarter on quarter, however results continued to be impacted by the ongoing reconstruction of production facilities. A new production and logistics facility, based in Zelenograd, is expected to be launched in the second quarter.

CORPORATE & OTHER

<i>(US\$ millions)</i>	1Q 2009	1Q 2008	Year on Year Change	4Q 2008	Quarter on Quarter Change
OIBDA ⁵	(9.5)	24.2	-	(75.0)	-
Net (loss) / income	(123.9)	57.9	-	(107.1)	-

The Corporate & Other segment comprises the companies that control and manage the Group’s interests in its subsidiaries. The segment reported an OIBDA loss of US\$ 9.5 million in the first quarter of 2009. The segment also incorporates Sistema’s equity participations in other companies, including the Bashkir Oil and Energy Group’s assets. The results of these equity participations are included in the net income but below the OIBDA line in the statement of

⁵ Adjusted for non-recurring items

operations. Segment net loss of US\$ 123.9 million in the first quarter therefore included the US\$ 4.4 million proportional share of the Bashkir assets' net income.

Following the acquisition of a controlling stake in Bashkir Oil and Energy Group in April 2009, Sistema expects to consolidate the results of the oil and energy group in the second quarter of 2009 in a separate business unit, Oil and Energy, established in April 2009.

FINANCIAL REVIEW

Net cash provided by operations increased by 0.7% year on year and 11.7% quarter on quarter to US\$ 869.3 million mainly due to the positive changes in working capital.

Net cash used in investing activities totalled US\$ 1,424.9 million in the first quarter of 2009, with US\$ 872.7 million spent on capital expenditure compared to US\$ 980.4 million in the first quarter of 2008 and US\$ 1,189.4 million for the fourth quarter of 2008. The Group spent US\$ 79.8 million on the acquisition of businesses in the first quarter, including purchase of 100% stake in Telefon.ru and Eldorado. The Group also spent US\$ 288.6 million on the increase of its share in subsidiaries, including US\$ 263.6 million spent on the purchase of an option on Comstar UTS's shares and US\$ 25.0 million paid for an additional 25.01% stake of MTS in Dagtelecom.

Net cash provided by financing activities amounted to US\$ 110.5 million in the first quarter, compared to US\$ 732.4 million and US\$ 1,123.4 million in the first quarter and the fourth quarter of 2008, respectively. Major changes in financing in the first quarter included redemption of 75% of Sistema's RUB-denominated bonds, issued in March 2008 for the total amount of RUB 4.5 billion; a EUR 300 million credit facility signed by MTS with Gazprombank for 2.5 years; repayment of EUR 40 million syndicated loan and the buyback of US\$ 50 million of CLN by MBRD.

The Group's cash balances stood at US\$ 1,419.8 million as at March 31, 2009, compared to US\$ 1,947.8 million as at December 31, 2008. The Group's net debt (short-term and long-term debt less cash and cash equivalents) amounted to US\$ 7,951.3 million as at March 31, 2009, compared to US\$ 7,547.3 million as at December 31, 2008.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Telecommunications Business Unit

In June 2009, SSTL reached one million subscribers under MTS brand. The company expanded its presence to three more circles including Tamil Nadu, Kerala and Kolkata covering 13% of the Indian population in addition to Rajasthan.

In May 2009, MTS' Board of Directors recommended the AGM to approve an annual dividend payment of RUB 20.15 per ordinary share (approximately US\$ 2.96 per ADR) for 2008, amounting to a total of RUB 39.4 billion (US\$ 1,158.3 million) or approximately 60% of US GAAP net income. As previously announced, May 8, 2009 was established as the record date for the Company's shareholders and holders of its ADRs. The AGM will be held on June 25, 2009.

In May 2009, MTS filed an application to the Federal Anti-Monopoly Service (FAS) to receive approval for the acquisition of up to 100% of Comstar UTS. The Board of Directors of MTS has also established a Special Committee of its three independent directors to oversee the transaction process and decide whether to recommend the acquisition of Comstar UTS to the full Board of Directors. Independent financial and legal advisors, hired through a tender process and reporting

to the Committee, will provide fairness opinions, legal analyses and additional advisory services to the Committee members.

In May 2009, MTS signed a new syndicated loan facility in the amount of US\$ 630 million with an interest rate of LIBOR+6.5% maturing in 2012.

In May 2009, MTS successfully placed a RUB 15 billion with maturity in 2014. The bond has a two-year put option and annual coupon payments of 16.75%.

In May 2009, the Board of Directors of Comstar UTS set the date for the AGM for June 30, 2009. The Board recommended an annual dividend of approximately RUB 90.3 million (approximately US\$ 2.9 million) for the twelve months ended December 31, 2008. The dividend represents approximately 2% of Comstar's consolidated net income for 2008 under US GAAP.

In May 2009, SSTL announced that Ron Sommer was appointed Chairman of the Board of Directors, Sergey Cheremin - Deputy Chairman, Mikhail Shamolin - a Director and Madhukar Saxena - an Independent Director.

In May 2009, SSTL commenced its services in Kolkata under the MTS brand. The launch in Kolkata with a population of more than 15 million follows three successful launches of operations in Rajasthan, Tamil Nadu and Kerala.

In April 2009, MTS acquired a 100% stake in Eldorado, a leading Russian retail chain of mobile phones, for US\$ 22.9 million, of which US\$ 5.0 million will be paid after 12 months based on certain performance criteria.

Consumer Business Unit

In April 2009, MBRD redeemed two ruble denominated bonds in the amount of RUB 3 billion (100% of the issue) and RUB 1.5 billion (50% of the issue).

In April 2009, the Board of Directors of Sistema-Hals set the date for the AGM for June 29, 2009.

In April 2009, Sistema-Hals placed two ruble-denominated bonds for RUB 3 billion and RUB 2 billion, maturing in 2014 with a 15% and 12% coupon rates, respectively.

Technology & Industry Business Unit

In May 2009, SITRONICS' Board of Directors set the date for the AGM for June 30, 2009.

In April 2009, SITRONICS sold part of its IT distribution division, in line with its stated strategy to focus on higher margin and less capital intensive businesses.

In April 2009, SITRONICS opened a subsidiary in New Delhi, India. The company started its operations in the Indian market in May 2008.

In April 2009, Yuval Almog, Non-Executive Director of SITRONICS' Board of Directors and Chairman of Coral Group, was elected Chairman of SITRONICS' Board of Directors. Denis Muratov, who served as Chairman of SITRONICS' Board of Directors since June 2007, was elected Deputy Chairman.

Corporate & Other

In May 2009, Sistema transferred its ownership in Lubyanka Development OJSC to Sistema-Hals in exchange for a controlling stake in Mosdachtrest OJSC.

In May 2009, Sistema appointed Ron Sommer, member of the Board of Directors of Sistema, as the First Vice President of Sistema and Head of its Telecommunications business unit.

In May 2009, Sistema appointed Alexander Korsik as Head of the Oil and Energy business unit, established in April 2009. Mr. Korsik previously held the position of Chairman of the Board of Directors at RussNeft.

In May 2009, Sistema signed supplemental agreements with Agidel-Invest LLC, Ural-Invest LLC, Inzer-Invest LLC and Yuryuzan-Invest LLC to fix in roubles the total acquisition price of a controlling stake in Bashkir Oil and Energy Group, including ANK Bashneft JSC, Ufaneftechim JSC, Novoil JSC, Ufaorgsintez JSC, Ufimskiy NPZ JSC and Bashkirnefteproduct JSC. According to the terms of supplemental agreements, the total price already paid for this transaction is RUB 66.8 billion with no further payments being made.

In April 2009, Sistema signed an agreement with VTB Bank to sell a controlling stake in Sistema-Hals. VTB Bank acquired a 19.5% stake in Sistema-Hals for RUB 30 and also received a call option to acquire a further 31.5% stake in the company for RUB 30. Furthermore, both parties have agreed the terms for the restructuring of Sistema-Hals' debt to VTB.

In April 2009, Sistema Board of Directors set the date for the AGM for June 27, 2009.

Conference call information

Sistema management will host a conference call today at 9 am (New York time) / 2 pm (London time) / 3 pm (CET) / 5 pm (Moscow Time) to present and discuss the first quarter results.

The dial-in numbers for the conference call are:

UK/International: + 44 20 8515 2302
US: +1 480 629 9772

A replay will then be available for 7 days after the conference call. To access the replay, please dial:

UK/International: + 44 20 7154 2833
US: + 1 303 590 3030

PIN number: 4085690#

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

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Sistema is the largest public diversified financial corporation in Russia and the CIS, which manages companies serving over 100 million customers in the sectors of telecommunications, high-tech, oil and energy, radio and aerospace, banking, real estate, retail, mass-media, tourism and healthcare services. Founded in 1993, the company

reported revenues of US\$ 2.8 billion for the first quarter of 2009, and total assets of US\$ 27.1 billion as at March 31, 2009. Sistema's shares are listed under the symbol "SSA" on the London Stock Exchange, under the symbol "AFKS" on the Russian Trading System (RTS), under the symbol "AFKC" on the Moscow Interbank Currency Exchange (MICEX), and under the symbol "SIST" on the Moscow Stock Exchange (MSE).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. In addition, there is no assurance that the new contracts entered into by our subsidiaries referenced above will be completed on the terms contained therein or at all. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars)

	<u>2009</u>	<u>2008</u>
Sales	\$ 2,612,072	\$ 3,503,939
Revenues from financial services	159,047	148,728
TOTAL REVENUES	<u>2,771,119</u>	<u>3,652,667</u>
Cost of sales, exclusive of depreciation and amortization shown separately below	(1,036,630)	(1,399,701)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(105,124)	(55,474)
Selling, general and administrative expenses	(638,257)	(784,928)
Depreciation and amortization	(434,770)	(557,513)
Provision for doubtful accounts	(44,971)	(16,482)
Other operating expenses, net	(43,440)	(30,294)
Equity in net (loss)/income of investees	(13,647)	21,098
(Loss)/gain on disposal of interests in subsidiaries and affiliates	(19,602)	30,957
OPERATING INCOME	<u>434,678</u>	<u>860,330</u>
Interest income	22,769	19,328
Change in fair value of derivative instruments	(6,026)	14,369
Interest expense, net of amounts capitalized	(192,204)	(110,674)
Currency exchange and translation (loss)/gain	(672,495)	169,736
(Loss)/income from continuing operations before income tax, equity in net income of energy companies in the Republic of Bashkortostan and minority interests	<u>(413,278)</u>	<u>953,089</u>
Income tax benefit/(expense)	10,224	(252,873)
Equity in net income of energy companies in the Republic of Bashkortostan	4,400	50,731
(Loss)/income from continuing operations	<u>\$ (398,654)</u>	<u>750,947</u>
(Loss)/profit from discontinued operations, net of income tax benefit/(expense) of \$nil and \$(8,171), respectively	(63,431)	16,840
Gain from disposal of discontinued operations, net of income tax effect of \$280, respectively	-	2,053
NET (LOSS) / INCOME	<u>\$ (462,085)</u>	<u>769,840</u>
Net loss/(income) attributable to the non-controlling interest	66,614	(371,165)
NET (LOSS) / PROFIT ATTRIBUTABLE TO SISTEMA	<u><u>(395,471)</u></u>	<u><u>398,675</u></u>

JSFC SISTEMA AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008
(Amounts in thousands of U.S. dollars, except share amounts)

	March 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,419,775	\$ 1,947,763
Short-term investments	874,600	716,017
Loans to customers and banks, net	3,130,649	3,330,974
Accounts receivable, net	999,145	1,123,945
Prepaid expenses, other receivables and other current assets, net	1,069,215	1,241,340
VAT receivable	146,535	174,715
Inventories and spare parts	674,505	706,970
Deferred tax assets, current portion	315,016	262,722
Assets of discontinued operations	1,660,099	1,919,671
	<u>10,289,539</u>	<u>11,424,117</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	8,391,334	9,185,364
Advance payments for non-current assets	190,474	197,032
Goodwill	1,414,123	1,351,202
Licenses, net	1,051,775	1,174,503
Other intangible assets, net	1,582,960	1,694,174
Investments in affiliates	1,277,715	1,350,110
Investments in shares of Svyazinvest	1,071,942	1,240,977
Loans to customers and banks, net of current portion	1,267,863	1,402,298
Debt issuance costs, net	52,703	39,388
Deferred tax assets, net of current portion	170,252	166,963
Other non-current assets	362,315	401,930
	<u>16,833,456</u>	<u>18,203,941</u>
TOTAL ASSETS	<u>\$ 27,122,995</u>	<u>\$ 29,628,058</u>

JSFC SISTEMA AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008
(Amounts in thousands of U.S. dollars, except share amounts)

	March 31, 2009	December 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,134,645	\$ 1,624,780
Bank deposits and notes issued, current portion	2,504,825	3,584,772
Taxes payable	267,851	190,965
Deferred tax liabilities, current portion	68,285	70,903
Subscriber prepayments, current portion	413,217	496,775
Accrued expenses and other current liabilities	1,513,669	1,380,464
Short-term loans payable	1,386,629	1,269,882
Current portion of long-term debt	2,044,422	2,221,460
Liabilities of discontinued operations	1,586,778	1,729,363
	<u>10,920,321</u>	<u>12,569,364</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	5,939,992	6,003,685
Subscriber prepayments, net of current portion	102,096	119,722
Bank deposits and notes issued, net of current portion	1,392,891	803,112
Deferred tax liabilities, net of current portion	416,580	461,413
Postretirement benefits obligation	30,512	35,464
Deferred revenue	99,905	115,732
	<u>7,981,976</u>	<u>7,539,128</u>
TOTAL LIABILITIES	<u>18,902,297</u>	<u>20,108,492</u>
Commitments and contingencies	-	-
Puttable shares of SITRONICS	93,725	92,200
SHAREHOLDERS' EQUITY:		
Share capital (9,650,000,000 shares issued; 9,278,981,940 shares outstanding as of March 31, 2009 and December 31, 2008, respectively, with par value of 0.09 Russian Rubles)	30,057	30,057
Treasury stock (371,018,060 shares as of March 31, 2009 and December 31, 2008, respectively, with par value of 0.09 Russian Rubles)	(466,345)	(466,345)
Additional paid-in capital	2,422,809	2,456,140
Retained earnings	3,558,881	3,998,247
Accumulated other comprehensive loss	(794,513)	(460,232)
TOTAL SHAREHOLDERS' EQUITY	<u>4,750,889</u>	<u>5,557,867</u>
Non controlling interest in equity of subsidiaries	3,376,084	3,869,499
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 27,122,995</u>	<u>\$ 29,628,058</u>

JSFC SISTEMA AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/ income	\$ (462,085)	\$ 769,840
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	434,770	562,732
Gain from disposal of discontinued operations	-	(2,141)
Loss from discontinued operations	63,431	4,194
Gain on disposal of long-term investments	-	(30,091)
Equity in net income of investees	9,247	(72,404)
Deferred income tax benefit	(106,380)	(76,867)
Change in fair value of derivative financial instruments	6,026	(14,369)
Foreign currency transactions gain on non-operating activities	672,495	(196,785)
Debt issuance cost amortization	4,551	6,119
Non-cash compensation to employees of subsidiaries	2,398	10,839
Loss / (gain) on disposal of interests in subsidiaries and affiliates	19,602	(30,957)
Loss / (gain) on disposal of property, plant and equipment	987	(12,401)
Amortization of connection fees	(15,517)	(15,415)
Provision for doubtful accounts receivable	44,971	30,294
Allowance / (recovery of allowance) for loan losses	11,337	(18,774)
FIN 48 effect	2,166	-
Asset retirement obligations expenses	1,383	-
Inventory obsolescence expense	13,689	989
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	(89,209)	(13,169)
Loans to banks issued by the Banking segment	51,784	227,986
Accounts receivable	89,802	(181,124)
VAT receivable	28,480	52,124
Other receivables and prepaid expenses	107,196	(44,512)
Inventories	44,567	(106,012)
Accounts payable	(214,891)	(176,658)
Subscriber prepayments	(93,104)	(18,631)
Taxes payable	75,255	156,423
Dividends received	82,380	-
Accrued expenses, subscriber prepayments and other liabilities	88,913	49,402
Postretirement benefit obligation	(4,952)	2,619
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>869,292</u>	<u>863,251</u>

JSFC SISTEMA AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(745,783)	(631,416)
Payments for purchases of intangible assets	(126,918)	(349,020)
Payments for purchases of businesses, net of cash acquired	(79,772)	(154,799)
Payments for acquisition of additional interest in subsidiaries	(288,552)	(548,537)
Proceeds from sale of subsidiaries, net of cash disposed	5,090	260,412
Payments for purchases of long-term investments	(20,529)	(6,829)
Payments for purchases of short-term investments	(123,369)	(139,536)
Payments for purchases of other non-current assets	(17,165)	(74,931)
Proceeds from sale of other non-current assets	31,270	119,697
Proceeds from sale of short-term investments	53,995	78,923
Increase in restricted cash	(12,377)	-
Proceeds from sale of property, plant and equipment	1,558	53,893
Proceeds from sale of long-term investments	-	30,091
Net increase in loans to customers of the Banking segment	(102,304)	(283,468)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,424,856)</u>	<u>(1,645,520)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	353,562	310,789
Net decrease in deposits from customers of the Banking segment	(86,912)	(121,731)
Debt issuance costs	(17,866)	(3,020)
Proceeds from sale of treasury shares	-	3,020
Net (decrease) / increase in promissory notes issued by the Banking segment	(183,735)	267,439
Proceeds from long-term borrowings, net of debt issuance costs	577,233	999,036
Principal payments on long-term borrowings	(529,555)	(722,263)
Principal payments on capital lease obligations	(2,189)	(852)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>\$ 110,538</u>	<u>\$ 732,418</u>
Effects of foreign currency translation on cash and cash equivalents	\$ (82,963)	\$ 50,055
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	\$ (527,988)	\$ 204
CASH AND CASH EQUIVALENTS, beginning of the period	<u>1,947,763</u>	<u>1,061,733</u>
CASH AND CASH EQUIVALENTS, end of the period	<u><u>\$ 1,419,775</u></u>	<u><u>\$ 1,061,937</u></u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN
FOR THE FIRST QUARTER ENDED MARCH 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars)

For the three months ended March 31, 2009	Telecommu- nications	Technology & Industry	Consumer Assets	Corporate and Other	Total
Net sales to external customers ^(a)	2,168,761	250,682	343,655	5,018	2,768,116
Intersegment sales	1,263	34,730	4,673	2,436	43,102
Equity in net (loss) / income of investees	(13,700)	-	71	4,400	(9,229)
Interest income	20,388	3,160	512	18,999	43,059
Interest expense	113,450	15,729	9,759	64,384	203,322
Net interest revenue ^(b)	-	-	9,215	-	9,215
Depreciation and amortization	408,679	15,300	9,031	1,760	434,770
Operating income / (loss)	493,070	(8,492)	(29,918)	(11,211)	443,449
Income tax (expense) / benefit	(14,305)	8,595	8,376	7,559	10,225
Investments in affiliates	302,103	7,968	2,307	984,225	1,296,603
Segment assets	15,687,401	2,287,419	8,388,371	3,518,747	29,881,938
Indebtedness ^(c)	5,206,549	691,456	1,001,216	2,471,822	9,371,043
Capital expenditures	778,701	69,154	15,347	9,499	872,701

^(a) – Interest income and expenses of the Banking segment are presented as revenues from financial services in the Group's consolidated financial statements.

^(b) – The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

^(c) – Represents the sum of short-term and long-term debt

For the three months ended March 31, 2008	Telecommu- nications	Technology & Industry	Consumer Assets	Corporate and Other	Total
Net sales to external customers ^(a)	2,824,757	479,361	341,528	7,021	3,652,667
Intersegment sales	3,892	75,051	50,041	1,365	130,349
Equity in net income of investees	28,495	-	575	50,731	79,801
Interest income	14,716	2,597	2,596	16,027	35,936
Interest expense	45,585	9,319	17,672	39,417	111,993
Net interest revenue ^(b)	-	-	41,878	-	41,878
Depreciation and amortization	524,506	17,229	13,261	2,517	557,513
Operating income	843,304	16,131	5,896	36,015	901,346
Income tax expense	(211,444)	(10,085)	(5,340)	(26,004)	(252,873)
Investments in affiliates	458,462	11,252	54,115	917,488	1,441,317
Segment assets	18,148,800	2,686,356	6,774,106	3,485,237	31,094,499
Indebtedness ^(c)	4,753,793	835,918	775,839	1,887,931	8,253,481
Capital expenditures	804,244	86,511	28,968	6,993	926,716

^(a) – Interest income and expenses of the Banking segment are presented as revenues from financial services in the Group's consolidated financial statements.

^(b) – The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

^(c) – Represents the sum of short-term and long-term debt

Attachment A

Non-GAAP financial measures. This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

	Jan – March 2009	Jan – March 2008
Operating Income	434.7	860.3
Depreciation and Amortisation	434.8	557.5
OIBDA	869.5	1,417.8