



FOR IMMEDIATE RELEASE

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SITRONICS ANNOUNCES FIRST QUARTER 2012 UNAUDITED FINANCIAL RESULTS

MOSCOW, Russia – May 29, 2012 – JSC SITRONICS ('SITRONICS' or 'the Group') (LSE: SITR), the leading provider of technology solutions in Russia and the CIS, today announced its unaudited consolidated US GAAP financial results for the three months ended March 31, 2012.

FIRST QUARTER HIGHLIGHTS

- Consolidated revenues up 20% year on year to US\$ 333.7 million
- Information Technologies revenues up 44% year on year to US\$ 155.3 million; Telecommunication Solutions revenues up 8% year on year to US\$ 106.3 million and Microelectronics revenues down 8% year on year to US\$ 62.5 million
- OIBDA* of US\$ 9.7 million and OIBDA margin of 2.9%, up from OIBDA of US\$ 5.8 million in Q1 2011
- Net loss attributable to SITRONICS of US\$ 8.4 million, down from net loss attributable to SITRONICS of US\$ 12.7 million in Q1 2011
- Total assets down 8% year on year to US\$ 1,819.2 million
- US\$ 1,976.6 million of contracts secured since the beginning of 2011, of which US\$ 158.8 million since the announcement of Q4 2011 on April 19, 2012

Sergey Aslanian, President of SITRONICS, commented: "The first quarter of 2012 saw a significant level of sales growth, with a particularly strong performance from our Information Technologies segment, due to the successful completion of the project to set up a video surveillance system to monitor the voting and counting processes during the Russian Presidential elections, as well as other IT projects in Russia and Ukraine.

"In spite of it being a seasonally weaker quarter for the ICT industry, we increased our OIBDA year on year in the first quarter and achieved a significant reduction in our net loss year on year in the period, indicating a healthy trend towards profitability.

"We have signed almost US\$ 2 billion of new contracts since the beginning of 2011 and about US\$ 160 million of new contracts since the disclosure of our 2011 results in April this year, and we approach the rest of 2012 with confidence that the positive trends in revenues will continue.

* Here and below, OIBDA is defined as operating income before depreciation and amortization. Please see Attachment A to this statement for further information.

“We remain at the forefront of R&D, and products that we have developed are much in demand. One of our most recent innovations, a Connection Manager solution that enables mobile operators to offload data traffic to other networks, has received approval from Skolkovo Innovation Centre, and our project company is in the process of receiving official resident status at Skolkovo.

“As regards ownership of our Group, clearly we are presently in a period of integration of the high-tech assets of our parent company AFK Sistema. On 13th March we received a Voluntary Tender Offer (“VTO”) from RTI to buy up to 36.926% of SITRONICS shares. In response to the VTO, our minority shareholders have offered for sale 36.548% of the Company’s ordinary shares, including shares underlying the Company’s Depository Receipts. We expect that the integration will streamline management processes, provide economies of scale, enable a centralised R&D facility to be established and increase our actual and potential client base.”

FINANCIAL SUMMARY

<i>(US\$ millions)</i>	Q1 2012	Q1 2011
Revenues	333.7	277.6
Total OIBDA	9.7	5.8
OIBDA margin (%)	2.9%	2.1%
Net loss attributable to SITRONICS	(8.4)	(12.7)
Total assets	1,819.2	1,983.2

OPERATING REVIEW

Group Overview

The Group reported 20% year on year consolidated revenue growth in the first quarter, which primarily reflected the strong sales performance of its Information Technologies and Telecommunication Solutions segments.

The Group has now secured US\$ 1,976.6 million of new contracts since the beginning of 2011 and US\$ 158.8 million of new contracts since the announcement of its fourth quarter 2011 financial results on April 19, 2012.

Various significant projects have been implemented, including the installation of a Daterium high-capability mobile data processing centre in the Russian Higher School of Economics, the development of a data processing centre at the Energy Sales Company of

Bashkortostan (again using SITRONICS' own Daterium technology) and the provision of a Unified Portal for Government Services in the Republic of Bashkortostan, enabling 58 regional state services to be provided electronically.

As was recently announced, SITRONICS sold a 3% shareholding in INTRACOM TELECOM to RYDRA TRADING COMPANY and now owns a 48% stake in INTRACOM TELECOM.

OJSC RTI, SITRONICS' controlling shareholder, made a Voluntary Tender Offer ("VTO") to acquire up to 36.926% of SITRONICS' ordinary shares that it did not own from minority shareholders. The VTO was received by the Company on March 13, 2012. By the time the VTO acceptance period for SITRONICS shareholders expired on May 22, 2012, 36.548% of Company's ordinary shares, including shares underlying the Company's Depositary Receipts, had been offered for sale by SITRONICS' minority shareholders. The final results of the VTO will be announced when the shares offered for sale are transferred to OJSC RTI's account at SITRONICS' share registrar OJSC Reestr.

FINANCIAL REVIEW

In the first quarter of 2012, the Group's selling, general and administrative expenses decreased by 5% year on year, impairment losses and reserves decreased by 41% from US\$ 2.6 million to US\$ 1.5 million year on year, and research and development expenses were up 45% year on year. Therefore, total Group operating expenses, when excluding depreciation and amortization charges, remained stable year on year in the first quarter of 2012.

The Group reported OIBDA profits of US\$ 9.7 million in the first quarter, with an OIBDA margin of 2.9%.

The Group's depreciation and amortization charges increased by 17% year on year to US\$ 22.0 million in the first quarter, which primarily reflected changes in inventory and production levels.

The Group's net interest expenses decreased year on year to US\$ 14.2 million, down from US\$ 15.6 million in the first quarter of 2011. The Group reported a foreign exchange gain of US\$ 11.5 million in the first quarter of 2012, compared to a gain of US\$ 10.0 million in the corresponding period of 2011.

The Group therefore reported a net loss attributable to SITRONICS of US\$ 8.4 million in the first quarter of 2012, compared to a net loss of US\$ 12.7 million in the corresponding period of 2011.

The Group's total borrowings amounted to US\$ 789.2 million at the end of the first quarter, when excluding the US\$ 60.4 million dollars of debt associated with the SITRONICS-NANO joint venture. This compares to total borrowings of US\$ 740.9 million at the end of

the first quarter of 2011 and US\$ 724.8 million at the end of 2011. The weighted average cost of borrowing was 8.8% as at March 31, 2012.

SEGMENTAL REVIEW

SITRONICS Telecommunication Solutions

<i>(US\$ millions)</i>	Q1 2012	Q1 2011
Revenues	106.3	98.1
OIBDA	7.7	2.4
OIBDA margin (%)	7.2%	2.4%
Net loss	(1.3)	(9.6)
Total assets	637.2	778.5

Revenues for the Telecommunication Solutions Segment revenues were up 8% year on year in the first quarter of 2012. The segment's OIBDA profitability more than tripled year on year to US\$ 7.7 million, with an OIBDA margin of 7.2%. The increase in profitability was mostly due to higher margin contracts and a lower seasonality effect in Q1 2012.

Sales of wireless network systems accounted for 23% of segment revenues, whilst sales of telecommunications software including OSS/BSS solutions accounted for 20% of revenues. Outsourcing and other solutions accounted for 57% of revenues for the first quarter.

The segment businesses have secured US\$ 70.9 million of new contracts since the announcement of the Group's fourth quarter 2011 financial results on April 19, 2012 and US\$ 567.6 million of new contracts since the beginning of 2011.

During the quarter and after the reporting period, SITRONICS continued with the successful implementation of its FORIS billing solutions, which are much in demand. The Group:

- Continued its cooperation with MTS Uzbekistan and signed a new contract to supply two new versions of the FORIS OSS billing solution and two new versions of MEDIO SCP solution to the company. This is part of a project which saw similar services provided to MTS Belarus, MTS Ukraine and MTS Uzbekistan in 2011.
- Continued the migration of Shyam TeleServices Limited (MTS India) subscribers to the FORIS OSS billing solution. After the migration of subscribers from West Bengal and Bihar regions, the number of subscribers utilising FORIS will reach 12 million.

INTRACOM TELECOM also signed a number of contracts and implemented projects in Eastern Europe and the CIS in the first quarter of 2012 and after the reporting period, including:

- A contract in February with MoldTelecom, the national provider of Fixed and Mobile telecommunication services in Moldova, to supply the IBAS solution platform. Completion of this project is anticipated in the third quarter of 2012.
- A contract in March with K-Telecom to provide Network Optimization Maintenance & Support Services and to supply and install the Rayvoss System. This project will be completed in the fourth quarter of 2012.
- A contract with Telekom Srbija in March to provide Technical Support Services in 2012. Completion is anticipated also in the fourth quarter of 2012.
- A contract with Telekom SRPSKE in April to provide Integrated Access Devices for high quality voice, data and video services over a broadband connection. Deliveries will be completed in the third quarter of 2012.

SITRONICS Information Technologies

<i>(US\$ millions)</i>	Q1 2012	Q1 2011
Revenues	155.3	108.0
OIBDA	5.4	1.9
OIBDA margin (%)	3.5%	1.7%
Net loss	(1.1)	(2.2)
Total assets	357.2	347.1

Revenues for the Information Technologies segment were up 44% year on year in the first quarter. OIBDA profitability for the segment therefore almost tripled year on year for the quarter, with an OIBDA margin of 3.5%. The successful completion of the project to set up a video surveillance system to monitor the voting and counting processes during the Russian Presidential elections had a positive impact on the results for the quarter.

SITRONICS Information Technologies is one of the leading IT companies in Russia and the CIS. IT Infrastructure and System Integration sales accounted for 63 % of the segment revenues for the first quarter, while sales of Telecommunications Integration solutions contributed 18% of revenues for the reporting period. Sales of Business Consulting Services and IT Outsourcing represented 19% of revenues for the first quarter.

The segment businesses have secured US\$ 67.2 million of new contracts since the announcement of the Group's fourth quarter 2011 financial results on April 19, 2012 and US\$ 630.8 million of new contracts since the beginning of 2011.

During the quarter and after the reporting period, SITRONICS successfully completed the implementation of a number of projects, which included:

- A project to install Daterium-2, a high-capability mobile data processing centre, in the Higher School of Economics to enable the relocation of the existing IT infrastructure and improve performance. The small dimensions of Daterium-2 enabled it to be installed in the Higher School of Economics premises in the historic centre of Moscow, without any adverse effect on the building's architecture.
- A project to install a Board of Directors' Portal at AFK Sistema. The portal is based on a Microsoft SharePoint 2010 high-tech platform and is unique to SITRONICS. The portal offers top management an effective medium for their work with others on the Board of Directors, management committees and sub-committees.
- SITRONICS completed the construction of its cloud system, based on Microsoft Hyper-V and System Centre 2012 platforms. The transition from a virtual to cloud computing environment improved the Company's development efficiency and decreased the technical risks that could arise during the commissioning of software solutions into commercial operations.
- A project to enable 58 regional state services in the Republic of Bashkortostan to be provided electronically. SITRONICS integrated a Unified Portal for Government Services (www.gosuslugi.ru) with an automated information system for inter-departmental enquiries and the provision of state and municipal services the Republic of Bashkortostan in a short timeframe.
- SITRONICS completed the second stage of the project to introduce an integrated enterprise resource planning platform on the basis of SAP for companies in the Bashneft group, and was chosen to be the contractor for the third stage of the project.
- SITRONICS has successfully implemented an automated system of production management at Ufaneftekhim and has won a tender process also to set up the system at Novoil plants and Ufa Refinery. The system uses OSISoft's PI System solution, which is utilised in many different applications in 107 countries around the world.

During the quarter and after the reporting period, SITRONICS has launched and has continued working on a number of projects, including:

- The next stage of a large-scale project to rebuild the cable TV network for Comstar-Regions, a subsidiary of MTS. This project will enable Comstar-Regions to become the first large operator with a national reach, from St Petersburg to Petropavlovsk-

Kamchatsky, and on its completion separate cable networks in 80 cities will be linked into one network, using MTS's existing backbone link.

- A contract with the Energy Sales Company of Bashkortostan to design and bring into operation a data processing centre, using the SITRONICS-designed Daterium mobile data processing centre. The installation of the data processing centre will enable the client company to modernise and consolidate its existing IT infrastructure and establish a basis for other IT projects.
- A project to set up a cloud computing system for MGTS based on the Company's main and reserve data processing centres. This is a three-stage project, two of which were completed in May. SITRONICS is now working on migrating MGTS's mission critical information systems.
- A contract to supply and install GPON OLT equipment as part of a project to modernise MGTS's telephone and data transmission systems. As a result MGTS will be able to transfer all its subscribers to the new technology, which will enable them to access the internet quicker and further television and telephony services to be provided.
- The project to build a CDMA network for MTS-Ukraine has continued. As a result of the network modernisation, the operator is able to provide the wide spectrum service of video streaming to its subscribers. The completion of the project to widen the CDMA network has enabled an increase in the area of coverage and capacity, while at the same time reducing operating expenses.
- SITRONICS has signed a contract with five enterprises in the Bashneft group to provide second level technical support services for their SAP-based systems in 2012, following on from having provided such services to two enterprises in the group in 2011.

SITRONICS Microelectronics

<i>(US\$ millions)</i>	Q1 2012	Q1 2011
Revenues	62.5	67.9
OIBDA	2.0	8.8
OIBDA margin (%)	3.3%	13.0%
Net loss	(9.9)	(5.2)
Total assets	796.9	819.5

The Microelectronics segment's revenues were down 8% year on year in the first quarter of 2012. OIBDA for the segment declined to US\$ 2.0 million in the quarter, with an OIBDA margin of 3.3%, due to the completion of lower margin projects when compared to the same period last year.

SITRONICS Microelectronics is the market leader in microelectronics in Russia. 19% of the segment's first quarter revenues were generated from the sale of integrated circuits, while 53% of revenues were generated from the sale of RFID products. Smart card sales contributed 20% of the segment's revenues, and commissioned R&D projects accounted for 8% of revenues for the period.

The segment's businesses have secured US\$ 20.7 million of new contracts since the announcement of the Group's fourth quarter 2011 financial results on April 19, 2012 and US\$ 588.96 million of new contracts since the beginning of 2011.

During the quarter and after the reporting period, SITRONICS successfully completed the implementation of a number of projects, which included:

- Mikron supplied RFID tags to the State Public Scientific Library in May for marking books, at RUB 6.4 per tag including VAT. The pilot delivery comprised 250,000 tags.
- Mikron began the development of 65 nanometer base technology processes in May. Experimental 65 nanometer structures are being developed on the basis of 90 nanometer technology.

OTHER INFORMATION

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SITRONICS is a leading provider of telecommunication solutions, including software, equipment and systems integration, IT solutions and microelectronic solutions in Russia and the Commonwealth of Independent States with a strong presence in Central and Eastern Europe and a growing presence in the Middle East and Africa.

SITRONICS serves over 3,500 clients, maintains offices in 30 countries and exports its products and services to more than 60 countries.

SITRONICS' key Telecommunication Solutions operations are based in Moscow (Russia), Prague (Czech Republic) and Athens (Greece), while the company's IT Solutions and Microelectronics divisions are based in Kiev (Ukraine) and Zelenograd (Russia), respectively.

SITRONICS generated revenues of US\$ 333.7 million for the first quarter ended March 31, 2012 and had total assets of US\$ 1,819.2 million at the end of the period. SITRONICS is majority owned by OJSC RTI, which is a subsidiary of Sistema, the largest public diversified corporation in Russia and the CIS.

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 SITRONICS. 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 expressions. These statements are only predictions and actual events or results may differ materially. We do not intend to or undertake any obligation 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, and other factors specifically related to SITRONICS and its operations.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) THE FIRST QUARTER 2012 AND FIRST QUARTER 2011

(Amounts in thousands of U.S. dollars unless otherwise stated)

	1Q 2012	1Q 2011
Revenues	\$ 333 685	\$ 277 639
Cost of sales exclusive of depreciation and amortization shown separately below	(276 789)	(224 554)
Research and development expenses	(7 262)	(5 017)
Selling, general and administrative expenses	(38 364)	(40 258)
Depreciation and amortization	(21 995)	(18 807)
Impairment losses and reserves	(1 548)	(2 611)
Other operating (loss)/income, net	(25)	557
OPERATING LOSS	<u>(12 298)</u>	<u>(13 051)</u>
Interest income	2 820	2 244
Interest expense	(16 973)	(17 795)
Foreign currency transactions gains	11 504	9 970
Equity in net income/(loss) of investees	183	(1 077)
Other non-operating gains	-	7
Loss before income tax	<u>(14 764)</u>	<u>(19 702)</u>
Income tax benefit	3 681	762
NET LOSS	<u>\$ (11 083)</u>	<u>\$ (18 940)</u>
Less: net loss attributable to the noncontrolling interests	<u>2 696</u>	<u>6 244</u>
NET LOSS ATTRIBUTABLE TO SITRONICS	<u>\$ (8 387)</u>	<u>\$ (12 696)</u>

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. 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. OIBDA can be reconciled to our consolidated statements of operations as follows:

<i>(US\$ 000's)</i>	Q1 2012	Q1 2011
Operating loss	(12,298)	(13,051)
Depreciation and Amortization	(21,995)	(18,807)
OIBDA	9,697	5,756