



FOR IMMEDIATE RELEASE

14 May, 2008

**SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR
THE FOURTH QUARTER AND THE YEAR
ENDED DECEMBER 31, 2007**

Moscow, Russia – 14 May, 2008 – Sistema (the “Group”) (LSE: SSA), the largest diversified public corporation in Russia and the CIS, which manages fast growing companies operating in the consumer services sector, today announced its unaudited consolidated US GAAP financial results for the fourth quarter and the twelve months ended December 31, 2007.

FOURTH QUARTER HIGHLIGHTS

- **Consolidated revenues up by 27.0% year on year to US\$ 4.1 billion**
- **OIBDA up 48.5% year on year to US\$ 1.5 billion and OIBDA margin of 36.1%**
- **Operating income up 42.5% year on year to US\$ 903.6 million and operating margin of 22.1%**
- **Net income up to US\$ 466.7 million**

FULL YEAR HIGHLIGHTS

- **Consolidated revenues up 33.5% year on year to US\$ 13.7 billion**
- **OIBDA up 27.0% year on year to US\$ 5.1 billion and OIBDA margin of 36.9%**
- **Operating income up 21.7% year on year to US\$ 3.3 billion and operating margin of 23.9%**
- **Net income nearly doubled year on year to US\$ 1.6 billion**
- **Total assets up 40.6% year on year to US\$ 28.4 billion**

Alexander Goncharuk, President and Chief Executive Officer, commented: “The Group has demonstrated strong results and performance against almost all of our key indicators, including revenue and margin development. The results reflect the consistent implementation of our strategy, which was revised in 2007. While continuing to focus on strengthening the market leading positions of our telecommunication assets, we also accelerated the development of our unlisted businesses, which operate in the booming consumer services sectors of the Russian economy. As a result, our non-public assets increased their overall share of Group revenues.

We consolidated our position as the largest private sector consumer services company in Russia with significant growth potential and high profitability levels. At the same time, we continued to expand our footprint outside Russia. We have completed a number of strategic international acquisitions and have successfully entered the fast-growing Indian market, which offers immense growth opportunities in the telecommunications and other sectors. The outperformance in 2007 and the forward dynamics enable us to be optimistic about our prospects in 2008 and beyond”.

FINANCIAL SUMMARY¹

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	4,087.4	3,218.6	27.0%	13,701.0	10,266.6	33.5%
OIBDA ²	1,473.9	992.7	48.5%	5,050.4	3,977.1	27.0%
Operating income	903.6	634.1	42.5%	3,274.7	2,691.2	21.7%
Net income	466.7	2.9 ³	>1,000.0%	1,571.9	813.0 ³	93.3%
Basic and diluted earnings per share (US cent)	-	-	-	16.9	8.5	98.7%

Sistema’s consolidated revenues increased by 27.0% year on year in the fourth quarter, and by 33.5% year on year in 2007. Sistema’s full year results reflected high levels of revenue growth in the Group’s Banking, Retail, Real Estate and Tourism segments and strong performance of the Telecommunications segment. Non-telecommunications segments accounted for 32.2% of the Group consolidated revenues in the fourth quarter and 28.2% for the full year 2007, compared to 34.9% and 27.2% for the corresponding periods of 2006. The organic year on year growth for 2007 (excluding businesses acquired or divested since the end of the fourth quarter of 2006) was 29.9% and amounted to US\$ 3.1 billion.

Group OIBDA increased by 48.5% year on year in the fourth quarter, and by 27.0% year on year for the full year 2007. The Group’s OIBDA margin increased from 30.8% to 36.1% in the fourth quarter, as a result of the robust performance of MTS and the completion of certain projects in Sistema Hals. The Group’s OIBDA margin slightly decreased from 38.7% to 36.9% for the full year 2007 primarily as a result of a US\$ 155.7 million non-cash stock compensation expense to the employees of the Group in 2007. MTS demonstrated a sustained growth of 30.8% year on year in OIBDA in 2007 with an OIBDA margin of 51.2% as a result of the continued increase in usage and ARPU levels in its Russian operations. Comstar UTS’ OIBDA increased by 80.9% for the full year 2007 with an OIBDA margin of 42.4% as a result of high consumer demand for the MGTS unlimited tariff plan for regulated residential voice services introduced in February 2007, as well as the revenue boost from fixed-to-mobile calls. Group

¹ ROSNO and Perm Motors Group are accounted for as a discontinued operation for all periods presented. Thus, here and further, ROSNO’s and Perm Motors Group’s financial results are excluded from all the captions presenting the Group’s consolidated results from continuing operations.

² See Attachment A for definitions and reconciliation of OIBDA and OIBDA margin and a reconciliation of OIBDA to their most directly comparable US GAAP financial measures.

³ Includes US\$ 170 million Bitel write-off by MTS in the fourth quarter of 2006, net of minority interests of US\$ 150 million.

OIBDA in 2007 was, however, adversely impacted by operating losses in the Telecommunications Solutions and Consumer Services and Products divisions of SITRONICS.

Group operating income was up 42.5% year on year in the fourth quarter, and by 21.7% year on year in 2007. The Group's operating margin was 22.1% in the fourth quarter, compared to 19.7% a year ago. The Group's operating margin amounted to 23.9% in 2007, compared to 26.2% in 2006.

Depreciation and amortization expense was up 59.0% year on year to US\$ 570.3 million in the fourth quarter, and increased by 38.1% year on year to US\$ 1,775.7 million for the full year 2007, following the 40.0% growth in the depreciable and amortizable assets of the Group.

Selling, general and administrative expenses increased by 34.9% year on year to US\$ 775.0 million in the fourth quarter and rose by 34.5% year on year to US\$ 2,426.3 million for the full year 2007.

The effective tax rate was 29.4% for the year 2007, compared to 29.0% for the year 2006.

The net income nearly doubled year on year in 2007 as a result of the Group's strong operating performance and a US\$ 521.9 million gain on the sale of ROSNO. The Group reported a 98.7% year on year increase in basic and diluted earnings per share from US cent 8.5 to US cent 16.9 for the full year 2007.

OPERATING REVIEW⁴

TELECOMMUNICATIONS

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	2,773.6	2,096.3	32.3%	9,842.6	7,475.6	31.7%
OIBDA	1,297.1	958.6	35.3%	4,983.5	3,625.6	37.5%
Operating Income	767.4	573.8	33.7%	3,344.0	2,377.4	40.7%
Net Income ⁵	266.9	14.0 ⁶	>1,000.0%	1,190.9	667.0 ⁶	78.6%

The Telecommunications segment, which comprises MTS, the largest mobile phone operator in Russia and the CIS, and Comstar UTS, the leading fixed line telecommunications operator in Russia and the CIS, demonstrated 32.3% year on year revenue growth in the fourth quarter of 2007, and 31.7% for the full year of 2007. The segment accounted for 71.8% of the Group's

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 segment 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.

⁵ Here and further net income / (loss) for the segments are presented after minority interest.

⁶ Includes US\$ 170 million Bitel write-off by MTS in the fourth quarter of 2006, net of minority interests of US\$ 150 million.

consolidated revenues in 2007 compared to 72.8% in 2006. MTS continued to be the main contributor to the segment revenues and accounted for 83.5 % of the segment's revenue in 2007.

MTS added approximately 4 million subscribers during the fourth quarter of 2007 resulting in the total consolidated base of approximately 82.0 million customers as at December 31, 2007. MTS generated 28.8% year on year revenue growth for the fourth quarter from US\$ 1,805.9 million to US\$ 2,326.4 million. This growth reflected an increase in average monthly service revenue per subscriber ("ARPU") in Russia from US\$ 8.5 in the fourth quarter of 2006 to US\$ 10.0 in the fourth quarter of 2007. Russian subscribers' monthly Minutes of Use (MOU) increased to 187 in the fourth quarter of 2007 from 133 in the fourth quarter of 2006. MTS' revenues for the full year 2007 increased by 29.3% year on year to US\$ 8,252.4 million from US\$ 6,384.3 million. MTS' OIBDA, as a result of the robust ARPU development combined with the organic growth of its subscriber base, rose by 26.2% year on year in the fourth quarter to US\$ 1,126.9 million and by 30.8% year on year in 2007 to US\$ 4,223.4 million.

Comstar UTS generated 65.1% year on year revenue growth in the fourth quarter and 39.5% year on year growth in 2007, from US\$ 292.1 million to US\$ 482.1 million and from US\$ 1,120.2 million to US\$ 1,562.4 million, respectively. This growth reflected continued high consumer demand for the MGTS's unlimited tariff plan for regulated residential voice services introduced in February 2007, the revenue boost from fixed-to-mobile calls, the appreciation of the Russian Rouble against the US dollar, and consolidation of the US\$ 80.6 million revenues of Digital Telephone Networks South (DTN) and Regional Technical Centre (RTC), following the completion of the two acquisitions during the fourth quarter of 2007.

Comstar UTS' Moscow broadband subscriber base grew by 81% year on year in 2007 to 695,000 customers, including 651,000 residential subscribers. This growth was driven primarily by the launch of MGTS's "Broadband in every Home" campaign in November and the active engagement of retail chains at the point of sale. The new broadband strategy provides a significant competitive advantage and a platform for delivering a range of value-added services. The number of pay-television subscribers in Moscow increased by 47% year on year to 122,300 households.

Comstar UTS' OIBDA increased by 80.9% year on year to US\$ 662.8 million in 2007, following the significant increase in operating results. Comstar UTS' OIBDA demonstrated almost a fivefold growth to US\$ 194.2 million in the fourth quarter of 2007, including the effect of US\$ 62.1 million of non-comparable stock bonus awards in the fourth quarter of 2006, or more than doubled year on year excluding this non-recurring item.

Segment OIBDA was up 35.3% year on year in the fourth quarter and up 37.5% for the full year 2007, with an increased combined OIBDA margin of 50.6% in 2007, up from 48.5% in 2006. This increase in margin primarily reflected the improved profitability of the business.

Segment's net income increased by 78.6% year on year in 2007 and rose by more than 1,000% for the fourth quarter of 2007, including the non-recurring US\$ 170 million, net of minority interests of US\$ 150 million, Bitel write-off by MTS in the fourth quarter of 2006. Prior to Bitel write-off net income increased by 158.6% and 57.6% for the fourth quarter and full year 2007, respectively.

In December 2007, Access Telecommunications Cooperatief U.A. acquired 46,232,000 Comstar UTS shares purchased from MGTS Finance S.A. at US\$ 6.97 per share and for a total

cash consideration of US\$ 322.2 million. The purchased shares represent 11.06% of the total number of issued and outstanding Comstar UTS shares.

In December 2007, MTS acquired 100% of Bashcell, a mobile phone operator in the Volga region of Russia for US\$ 38 million, including the assumption of US\$ 32 million in debt.

In November 2007, Comstar UTS acquired Digital Telephone Networks South ('DTN'), the largest alternative telecommunications operator in the Southern Federal District of Russia, for a total cash consideration of approximately US\$ 167.4 million. Comstar UTS also purchased a 87.5% stake in Regional Technical Centre, an alternative fixed-line telecommunications operator in the Khanty-Mansi Autonomous Area, for US\$ 21.0 million.

TECHNOLOGY

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	603.9	565.2	6.8%	1,619.6	1,610.7	0.6%
OIBDA	5.3	63.0	(91.7%)	(102.5)	172.5	(159.4%)
Operating (Loss) / Income	(10.7)	54.8	N/A	(158.9)	129.8	N/A
Net (Loss) / Income	(35.5)	29.0	N/A	(176.8)	61.5	N/A

The Technology segment comprises SITRONICS, a leading provider of telecommunications, IT and microelectronic solutions in Russia and the CIS, with a growing presence in other EEMEA emerging markets. SITRONICS' revenues were up 6.8% year on year in the fourth quarter and were stable year on year in 2007. The Information Technology Solutions and Microelectronic Solutions divisions continued to demonstrate a strong growth during the fourth quarter, partially due to the robust demand in the Russian microelectronics market, which grew approximately twice as fast as the global markets, as well as an increase in the volume of government orders for research and development projects.

In addition to the contracts that were announced on December 6, 2007, SITRONICS won over US\$ 300 million of new business between the beginning of the fourth quarter of 2007 and April 2008, which will be implemented in 2008 and future years. These deals include the delivery of IT infrastructure to Warid Telecom in Uganda, the deployment of a back-up emergency and disaster wireless telecommunications network for Syrian public sector organizations, and the provisioning of GMSC (Gateway Mobile Switching Centre) technology-based equipment for MTS Ukraine.

The segment produced positive OIBDA of US\$ 5.3 million in the fourth quarter of 2007, compared to positive OIBDA of US\$ 63.0 million in the fourth quarter of 2006. The results were impacted by lower revenues in the Telecommunications Solutions and Consumer Services and Products divisions, while the level of fixed costs was maintained at the 2006 level, in line with the requirement to service ongoing and new projects and with the expansion of the business in the Middle East and Africa. SITRONICS' full year OIBDA was also impacted by a stock compensation expense of US\$ 30.3 million, as well as by a US\$ 47.3 million provision for receivables and supplier advances in the Consumer Services and Products division that was flagged at the time of the third quarter results.

REAL ESTATE

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	244.7	121.8	100.9%	452.2	282.9	59.9%
OIBDA	120.9	33.2	264.5%	56.7	93.1	(39.1%)
Operating Income	114.8	30.3	279.3%	41.9	86.0	(51.3%)
Net Income	86.1	18.7	360.0%	26.6	52.7	(49.6%)

Revenues in Sistema Hals, a leading Moscow-based real estate development, management and investment company, doubled year on year in the fourth quarter and increased by 59.9% for the full year 2007, primarily as a result of the strong growth in the real estate development division. The real estate development division's revenues grew from US\$ 206.2 million in 2006 to US\$ 356.0 million in 2007. The division completed and sold during the year the "Sadovnicheskaya, 75", "Kamenniy Ostrov", "Yartsevskaya, 27v" and partially sold the "Dnepropetrovskaya", "Nahimovskiy", "Michurinskiy" and "Rublevskoe highway" residential developments.

The Asset Management division revenues increased by 67.2% year on year to US\$ 44.8 million in 2007, primarily due to continued growth in house sales and rental revenues from single family houses. The "Serebryany Bor" development remained the most significant source of rental revenues for the full year 2007.

The Facility Management division revenues more than doubled year on year to US\$ 22.8 million for the full year 2007 primarily as a result of an increase in revenues from Sistema Group companies.

The Project and Construction Management division revenues declined by 28.5% year on year to US\$ 28.6 million in 2007.

Segment OIBDA nearly quadrupled year on year in the fourth quarter, while OIBDA declined by 39.1% for the full year 2007, largely as a result of the US\$ 99.8 million in stock bonus and stock option awards given to the management and members of the Board of Directors in June 2007 under the existing share option program.

In December 2007, Sistema Hals signed two strategic partnership agreements regarding joint ventures: with Saraya to develop a world class resort Kamelia on the Black Sea in Sochi, and with Apsys to develop Leto City, a St. Petersburg-based project. In accordance with signed agreements, a 50.0% stake in Kamelia project was transferred to Saraya and a 50.0% stake in Leto project was transferred to Apsys.

In December 2007, Sistema Hals signed a strategic partnership agreement with Hebei Construction Group, a Chinese state-owned company, to jointly develop real estate projects in Russia and sold a 50% stake in "Kostyansky, 13" to Mirax Group.

In October 2007, Sistema Hals acquired a land plot in the Khamovniki district in the center of Moscow. The plot is expected to be redeveloped as an office and residential complex with a total area of approximately 70,000 square meters.

Sistema Hals obtained a new independent valuation from C&WS&R which values its share in projects and properties at US\$ 3,746 million as at January 1, 2008, a 30% increase compared to the previous valuation on July 1, 2007.

BANKING

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	218.3	84.4	158.6%	488.8	228.2	114.2%
OIBDA	29.4	20.4	43.8%	63.4	37.2	70.4%
Operating Income	25.8	19.0	36.2%	54.7	34.0	61.1%
Net Income	7.8	19.0	(58.8%)	28.9	25.8	11.7%

The Banking segment comprises the Moscow Bank for Reconstruction and Development (MBRD), the East-West United Bank (EWUB) and Dalcombank which was consolidated in the segment's operating results for the full year 2007, following the acquisition of control in November 2007. The segment provides corporate and retail banking services in Russia and Luxembourg. The segment revenues nearly tripled year on year in the fourth quarter and more than doubled in 2007, as a result of the strong growth of the segment's retail and corporate lending portfolios and the above acquisition. The loan portfolio grew by 115.9% to US\$ 3.2 billion as at December 31, 2007, with Dalcombank contributing 23.9% of the overall growth, compared to US\$ 1.5 billion as at December 31, 2006, whilst interest income received from retail and corporate lending increased by 114.9% year on year, with Dalcombank accounting for 30.0% of this growth to US\$ 416.3 million in 2007. Revenues from leasing activities more than doubled year on year, and contributed US\$ 27 million to the segment's revenues in 2007.

The segment's assets more than doubled to US\$ 5.6 billion at the end of the year. EWUB assets have quadrupled year on year as a result of the growth in lending services.

The segment's retail business included 166 points of sales, including 74 points of sales in Moscow and 92 points in 34 Russian regions in 2007. MBRD is pursuing a dynamic regional expansion strategy to offer retail lending services through opening of small format offices with minimal capital expenditure.

In December 2007, MBRD acquired the remaining 49% stake in East-West United Bank, Luxemburg (EWUB) for a total cash consideration of Euro 31.0 million (approximately US\$ 44.6 million).

RETAIL

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	263.5	135.1	95.0%	597.2	335.3	78.1%
OIBDA	45.1	23.6	90.9%	36.1	20.9	73.2%
Operating Income	40.7	19.9	104.7%	25.7	15.2	69.2%
Net Income	29.6	13.1	126.4%	6.4	4.9	29.8%

The Retail segment comprises Detsky Mir, the largest children's goods chain of retail stores in Russia. Total revenues nearly doubled year on year in the fourth quarter and increased by 78.1% year on year in 2007, whilst retail revenues, which accounted for 85% of total revenues in 2007, have also nearly doubled year on year to US\$ 513.5 million.

The segment OIBDA increased by 90.9% year on year in the fourth quarter and by 73.2% year on year in 2007, despite the growing competition in the Russian children's goods sector during the period.

In 2007, Detsky Mir was present in almost all Russian cities with a population of over 1 million. The segment is focused on establishing its presence in smaller Russian cities, as well as in Ukraine, Kazakhstan and Belarus.

The network of retail outlets grew by 30 stores to 95 in total as at December 31, 2007, while the aggregate retail space increased by 60% year on year to 174 thousand square meters. As at May 14, 2008, Detsky Mir's retail network numbered 99 retail outlets located in 48 Russian cities, with a total retail space of 181 thousand square meters.

MASS MEDIA

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues	48.6	41.2	17.8%	137.0	106.7	28.4%
OIBDA	13.0	13.6	(4.3%)	23.2	26.6	(12.8%)
Operating Income	2.4	11.8	(79.8%)	2.0	15.4	(86.9%)
Net Income	1.1	9.6	(88.5%)	2.1	13.5	(84.4%)

The Mass Media segment, which comprises the Group's Pay-TV business, operating under the brand name Stream-TV, as well as advertising, print and other media operations, generated 17.8% and 28.4% year on year revenue growth in the fourth quarter and for the full year 2007, respectively, primarily as a result of the increase in Stream-TV and Internet ARPU and subscriber growth. Stream-TV's revenues increased by 48.7% year on year to US\$ 89.9 million in 2007. The Stream-TV subscriber base increased by 16% year on year to 1.7 million subscribers, while its Internet subscriber base has nearly doubled to 130,000 and IP-telephony users increased to 10,100 during this period. Combined Stream-TV ARPU increased from US\$

2.9 in 2006 to US\$ 3.1 in 2007, while Pay-TV ARPU increased from US\$ 3.9 to US\$ 4.2 during this period. Internet ARPU increased from US\$ 13.4 in 2006 to US\$ 15.0 in 2007. During the year Stream-TV expanded its presence to 40 (37 in 2006) Russian cities in 22 (19 in 2006) regions with a total coverage of 3.5 million households. The Maxima Group, an advertising agency, which operates in Russia, Ukraine, Kazakhstan and Belarus, contributed US\$ 40.6 million to segment revenues in 2007.

Segment OIBDA declined 12.8% year on year in 2007 primarily as a result of an ongoing restructuring program within the segment.

CORPORATE AND OTHER

<i>(US\$ millions)</i>	4Q 2007	4Q 2006	Year on Year Change	FY 2007	FY 2006	Year on Year Change
Revenues						
Radars and Aerospace	168.3	123.6	36.2%	375.0	249.5	50.3%
Tourism	99.1	135.1	(26.7%)	374.0	271.3	37.8%
Pharmaceuticals	10.6	39.4	(73.2%)	63.0	53.7	17.3%
Healthcare Services	33.2	9.1	265.4%	79.1	21.0	277.2%
Other	74.4	3.9	>1,000.0%	113.8	60.0	89.7%
Total	385.6	311.1	23.9%	1,004.9	655.5	53.3
OIBDA						
Radars and Aerospace	17.1	7.1	140.8%	45.9	23.7	93.5%
Tourism	5.2	4.6	14.2%	28.0	21.1	33.1%
Pharmaceuticals	(2.0)	(2.3)	-	(1.3)	(1.5)	-
Healthcare Services	3.9	0.8	414.7%	10.7	3.1	247.2%
Other	(66.8)	(8.2)	-	(155.2)	234.4	-
Total	(42.6)	2.0	-	(71.9)	280.8	-

The Radars and Aerospace segment's revenues increased by 36.2% year on year in the fourth quarter and by 50.3% year on year in 2007, as a result of an increase in the volume of services performed under a number of government contracts. RTI Systems' OIBDA more than doubled year on year in the fourth quarter and nearly doubled for the full year 2007 with OIBDA margin expanding to 10.1% and 12.2%, respectively, mainly due to the ongoing optimization of RTI Systems's relationships with its subcontractors.

The Tourism segment's revenues decreased by 26.7% year on year in the fourth quarter while revenue growth was 37.8% year on year in 2007, primarily as a result of the strong performance of its tour operating division. The segment delivered 53% sales turnover⁷ growth year on year in 2007 to US\$ 517 million, as the tour operating division developed faster than the rest of the market, particularly on routes to Turkey and Egypt. The tour operating division accounted for 76.5% of the total segment revenues in 2007 compared to 65.8% in 2006. Segment OIBDA increased by 14.2% year on year in the fourth quarter and by 33.1% for the full year 2007, while OIBDA margin slightly decreased year on year as a result of the robust growth of the tour operating division which has inherently lower margins than other divisions of the segment. The segment serviced 888,683 customers in 2007 compared to 602,500 in

⁷ Turnover comprised the fair value of the consideration received or to be received for the sale of products and services in the framework of ordinary business activities. Turnover was carried excluding value-added tax, returns, discounts and price rebates and after elimination of intra-group sales.

2006. The hotel group, which comprises 9 hotels, increased the total number of rooms by 7.7% to nearly 2,460 rooms as of December 31, 2007.

The Pharmaceuticals segment's revenues declined in the fourth quarter as a result of factory's reconstruction, however, revenues increased by 17.3% year on year in 2007. Segment OIBDA was impacted by the acquisition of Mapichem AG and the increase in R&D expenses in the fourth quarter and for the full year 2007.

The Healthcare Services segment's revenues nearly quadrupled year on year in the fourth quarter and more than tripled year on year in 2007. The segment, which comprises the Medsi and Medsi-II clinics, American Hospital Group and Medexpress, is developing into a leading private healthcare provider in Russia, with comprehensive medical care and a chain of private clinics. In 2007, Medsi acquired the American Hospital Group, a leading medical centre for expatriates, located in Moscow, as well as MedExpress, a chain of private healthcare facilities in Russia. As a result of these acquisitions, the network of healthcare facilities has increased to 26 clinics in Moscow and the regions. Segment OIBDA more than tripled year on year in 2007 as a result of the growth in its operations.

Perm Motors Group was reclassified as a discontinued operation during the fourth quarter of 2007 and was sold following the end of the reporting period.

FINANCIAL REVIEW

Net cash provided by operating activities decreased by 28.2% year on year million in the fourth quarter to US\$ 538.3 mainly due to an increase in working capital. For the full year 2007 net cash provided by operating activities increased by 35.1% year on year to US\$ 2,857.7 million as a result of the growth in the Group's operating profits.

Net cash used in investing activities totalled US\$ 2,698.6 million in the fourth quarter and US\$ 5,753.9 million for the full year 2007, and included US\$ 1,578.0 million and US\$ 3,110.9 million of capital expenditure, respectively, compared to US\$ 673.6 million and US\$ 2,386.4 million, for the corresponding periods of 2006. The Group spent US\$ 1,459.1 million on the acquisition of businesses during 2007, compared to US\$ 631.4 million in 2006.

Cash flows from financing activities amounted to US\$ 2,039.1 million in the fourth quarter and US\$ 3,243.7 million in 2007, compared to US\$ 1,085.4 million and US\$ 3,289.4 million, respectively, for the corresponding periods of 2006. Major sources of financing in the fourth quarter included a US\$ 125.0 million loan signed by SITRONICS with Dresdner Bank, US\$ 345.0 million additional syndicated loan facilities obtained by MTS, US\$ 158.4 million drawn down by Comstar UTS from the existing credit facility with Sberbank, US\$ 155.5 million of commercial paper issued by Sistema Hals, and US\$ 200.0 million 5-year credit line obtained by Sistema Hals from VTB.

The Group's cash balances increased to US\$ 1,061.7 million as at December 31, 2007, compared to balance of US\$ 501.7 million as at December 31, 2006. The Group's net debt (short-term and long-term debt minus cash and cash equivalents) increased to US\$ 7,423.0 million as at December 31, 2007 compared to US\$ 6,370.6 million as at December 31, 2006.

In December 2007, Sistema launched a put option program on Sistema Hals global depository receipts. According to the program, the options may be exercised in six months from the options purchase date. The total amount of the program is up to US\$ 50 million.

In December 2007, Sistema announced the launch of the long-term incentive program for its employees. The program will encompass up to 110 top and middle managers of Sistema. Participants will be entitled to exercise the rights granted under all plans during the year following the expiration of a three-year period from the execution date of the agreement.

In October 2007, Moody's Investor Services upgraded the corporate ratings of Sistema from 'B1' to 'Ba3' with a positive outlook.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Telecommunications

In February 2008, MTS acquired the remaining 9% stake in its subsidiary in Omsk located in Central Siberia for US\$ 16 million. As a result of this transaction, MTS' ownership in the subsidiary increases to 100%. The subsidiary provides GSM 900/1800 services under the MTS brand and is one of the leading wireless service providers in the Omsk region with a population of 2.1 million.

In March 2008, the Board of Directors of Comstar UTS approved the introduction of a long-term incentive program for the Company's management team. The program is set to run from April 1, 2008 with a two year vesting period. The eligible program participants are determined by the Board of Directors every two years starting from the launch of the program. A total of 151 managers will participate in the scheme during 2008-2010.

In May 2008, MTS' Board of Directors approved amendments to the employee motivation and retention program that was adopted in June 2007 with reward periods extending through 2011. As amended, the program will involve a total of 10,207,751 phantom and actual American Depositary Receipts (ADRs). The amended program increases the share of individual employee's compensation dependent upon the level of investment appeal of the Company as judged by growth in share price combined with dividend payout, or total shareholder return (TSR), as well as the realization of key strategic goals. Program participants become eligible for their awards upon reaching an annual TSR level of not less than 15%. Prior to its amendment, the program included 3.6 million phantom ADRs as well as performance-based monetary awards that were independent of the stock price.

Technology

In March 2008, SITRONICS acquired a 36% stake in Kvazar-Micro from Melrose Holding Company for US\$ 116.9 million. As a result of the transaction, SITRONICS owns 87% of Kvazar-Micro and Melrose Holding Company owns a 3.07% stake in SITRONICS.

Real Estate

In April 2008, Sistema-Hals sold "Rochdelskaya, 22" development project in Moscow. The project encompasses a 0.29 hectares land plot with gross building area of approximately 13,000 square metres.

Banking

In February 2008, MBRD securitised part of its car loan portfolio. This deal will provide the Bank with funding in the amount of RUB 1.5 billion. The Issuer may increase the borrowing up to US\$ 200 million in the next 12 months. Bayerische Hypo- und Vereinsbank AG, a member of the UniCredit Group, was the sole Arranger and Lead Manager for the Bank in this deal.

Corporate and Others

In January 2008, Sistema increased its stake in Shyam Telelink Ltd. from 10% to 51%. The additional shares were acquired for a total cash consideration of US\$ 46.7 million. At the same time, Shyam Telelink Ltd was awarded unified telecommunication licenses for the provision of fixed-line and cellular services in 21 Indian circles. Sistema guaranteed US\$ 520 million of the total US\$ 630 million to be paid for obtaining the licenses. In April 2008, Shyam Telelink Ltd. received radio frequencies for building mobile networks in eleven Indian circles, Andhra Pradesh, Tamil Nadu, Haryana, West Bengal, Himachal Pradesh, Bihar, Uttar Pradesh and Chhattisgarh, North-East, Jammu and Kashmir, and Assam. Together with radio frequencies already obtained in Rajasthan, Shyam Telelink will be able to start building a full scale CDMA network in 12 Indian circles, which will cover over half of the territory of India with a target population of approximately 650 million people.

In January 2008, Sistema completed the acquisition of 50.5% additional shares in Dalcombank for a cash consideration of approximately US\$ 107.5 million. Sistema now holds a 98.7% stake in Dalcombank.

In February 2008, Sistema completed integration of its Healthcare Services division's assets into the "Medsi Companies Group" Holding, 100% owned by Sistema. Sistema transferred to Medsi Group its 20% stake in MedExpress, which comprises 26 clinics in Moscow and the regions and an ambulance service; 100% of American Hospital Group, a family clinic operating under the "American Medical Centers" brand for VIP clients and expatriates; and 53.3% of the Medsi clinic, an out-patient clinic for adults. Sistema is also investing RUB 900 million (US\$ 36 million) to increase the capital of the holding. The additional share issue of the Medsi Group totaled RUB 1.89 billion (US\$ 77 million).

In March 2008, RTI Systems completed the sale of 100% in CJSC Sahles to CJSC Saturn, a subsidiary of OPK Oboronprom, for a total cash consideration of US\$ 190 million. CJSC Sahles owns a 71.63% stake in OJSC Perm Motors Plant, as well as controlling stakes in other entities which constitute the Perm Motors Group ("PMG"). PMG comprises 18 companies specializing in military and civil aviation engine construction.

In March 2008, Sistema successfully placed its RUB 6 billion (approximately US\$ 251.6 million) corporate Bond issue. The annual interest rate for the first and second coupon payments has been set at 9.45%. The Bonds mature in five years and coupon payments will be made on a semi-annual basis.

In April 2008, Sistema repaid its US\$ 350 million Eurobond issue. The Eurobond issue was repaid upon its maturity in full using the Company's cash flows and previously obtained debt financing.

In April 2008, Sistema Board of Directors recommended an annual dividend of RUB 2,512.5 million, (approximately US\$ 106.4 million), for the year ended December 31, 2007 to holders

of Sistema shares. The dividend, which amounts to a payment of RUB 0.25 per share (approximately US\$ 0.21 per Global Depositary Receipt), is more than five times higher than the dividend paid for the same period of 2006.

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 fourth quarter results.

The dial-in numbers for the conference call are:

UK/International: + 44 20 8609 0582

US: + 1 866 928 1925

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

UK/International: + 44 20 8609 0289

US: + 1 866 676 5865

PIN number: 215397#

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

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Sistema is the largest public diversified corporation in Russia and the CIS, which manages fast growing companies operating in the consumer services sector and has over 80 million customers. Sistema develops and manages market-leading businesses in selected service-based industries, including telecommunications, technology, banking, real estate, retail and media. Founded in 1993, the company reported unaudited revenues of US\$ 13.7 billion for the full year of 2007, and total assets of US\$ 28.4 billion as at December 31, 2007. 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 STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Amounts in thousands of U.S. dollars)

	<u>2007</u>	<u>2006</u>
Sales	\$ 13,227,990	\$ 10,062,445
Revenues from financial services	472,965	204,145
TOTAL REVENUES	<u>13,700,955</u>	<u>10,266,590</u>
Cost of sales, exclusive of depreciation and amortization shown separately below	(5,860,382)	(4,513,117)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(206,251)	(104,003)
TOTAL COST OF SALES	<u>(6,066,633)</u>	<u>(4,617,120)</u>
Selling, general and administrative expenses	(2,426,281)	(1,803,294)
Depreciation and amortization	(1,775,696)	(1,285,873)
Provision for doubtful accounts	(122,995)	(107,841)
Other operating expenses, net	(255,734)	(183,445)
Equity in net income of investees	66,019	91,805
Gain on disposal of interests in subsidiaries and affiliates	155,069	330,412
OPERATING INCOME	<u>3,274,704</u>	<u>2,691,234</u>
Interest income	81,085	65,439
Change in fair value of derivative instruments	(145,800)	(60,000)
Interest expense, net of amounts capitalized	(411,813)	(355,326)
Currency exchange and translation gain	294,307	69,334
Impairment loss on investment in Bitel	-	(320,000)
Income from continuing operations before income tax, equity in net income of energy companies in the Republic of Bashkortostan and minority interests	<u>3,092,483</u>	<u>2,090,681</u>
Income tax expense	(991,632)	(789,227)
Minority interests	(1,156,158)	(629,403)
Equity in net income of energy companies in the Republic of Bashkortostan, net of minority interest of \$14,001 and \$12,152, respectively	109,855	127,642
Income from continuing operations	<u>1,054,548</u>	<u>799,693</u>
Income from discontinued operations, net of income tax effect of \$2,136 and \$14,402, respectively	(4,612)	13,311
Gain from disposal of discontinued operations, net of income tax effect of \$148,809	521,963	-
NET INCOME	<u>\$ 1,571,899</u>	<u>\$ 813,004</u>
Weighted average number of common shares outstanding	9,311,126,854	9,570,049,775
Earnings per share, basic and diluted, US cent	16.9	8.5

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
(Amounts in thousands of U.S. dollars)

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,061,733	\$ 501,706
Short-term investments	909,224	554,157
Loans to customers and banks, net	2,764,763	1,290,082
Accounts receivable, net	1,383,731	1,069,706
Prepaid expenses, other receivables and other current assets, net	932,425	838,473
VAT receivable	435,245	450,703
Inventories and spare parts	780,193	661,568
Deferred tax assets, current portion	213,633	195,672
Assets of discontinued operations	545,863	946,866
	<u>9,026,810</u>	<u>6,508,933</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	10,412,636	7,412,468
Advance payments for non-current assets	284,396	305,846
Goodwill	860,019	504,166
Licenses, net	730,636	452,372
Other intangible assets, net	1,665,969	1,222,676
Investments in affiliates	1,344,614	1,108,647
Investments in shares of Svyazinvest	1,485,378	1,390,302
Loans to customers and banks, net of current portion	1,468,088	464,490
Debt issuance costs, net	65,038	80,220
Deferred tax assets, net of current portion	108,637	73,623
Other non-current assets	944,437	667,495
	<u>19,369,848</u>	<u>13,682,305</u>
TOTAL ASSETS	<u>\$ 28,396,658</u>	<u>\$ 20,191,238</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
(Amounts in thousands of U.S. dollars)

	<u>2007</u>	<u>2006</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,273,487	\$ 868,378
Bank deposits and notes issued, current portion	1,966,539	961,595
Taxes payable	223,791	148,849
Deferred tax liabilities, current portion	77,893	48,885
Subscriber prepayments, current portion	598,014	552,997
Derivative financial instruments	140,563	184,316
Accrued expenses and other current liabilities	1,491,822	1,009,888
Short-term loans payable	724,905	1,296,778
Current portion of long-term debt	1,517,902	280,427
Liabilities of the discontinued operations	396,132	869,534
Total current liabilities	<u>8,411,048</u>	<u>6,221,647</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	6,241,937	5,296,017
Subscriber prepayments, net of current portion	134,280	136,861
Bank deposits and notes issued, net of current portion	1,266,925	65,200
Deferred tax liabilities, net of current portion	428,030	287,125
Postretirement benefits obligation	42,370	16,391
Deferred revenue	139,984	129,120
Total long-term liabilities	<u>8,253,526</u>	<u>5,930,714</u>
TOTAL LIABILITIES	<u>16,664,574</u>	<u>12,152,361</u>
Minority interests in equity of subsidiaries	4,987,220	3,453,769
Commitments and contingencies	-	-
Puttable shares of SITRONICS	86,100	80,000
SHAREHOLDERS' EQUITY:		
Share capital (9,276,092,868 and 9,365,757,000 shares issued and outstanding as of December 31, 2007 and 2006, respectively, with par value of 0.09 Russian Rubles)	30,057	30,057
Treasury stock (373,907,132 and 284,243,000 shares as of December 31, 2007 and 2006, respectively, with par value of 0.09 Russian Rubles)	(469,365)	(347,068)
Additional paid-in capital	2,439,069	2,196,475
Retained earnings	4,035,157	2,483,700
Accumulated other comprehensive income	623,846	141,944
TOTAL SHAREHOLDERS' EQUITY	<u>6,658,764</u>	<u>4,505,108</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 28,396,658</u>	<u>\$ 20,191,238</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Amounts in thousands of U.S. dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	1,571,899	813,004
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	1,775,696	1,290,266
Gain from disposal of discontinued operations	(521,963)	-
Loss/(income) from discontinued operations	4,612	-
Minority interests	1,156,158	641,480
Pre-acquisition operating cash flows of the acquired subsidiaries	(60,981)	-
Equity in net income of investees	(175,874)	(219,447)
Deferred income tax benefit	(87,635)	(108,140)
Change in fair value of derivative financial instruments	145,800	60,000
Bitel liability and investments write-off	-	320,000
Foreign currency transactions gain on non-operating activities	(294,307)	(67,300)
Debt issuance cost amortization	26,425	27,035
Non-cash compensation to employees of subsidiaries	155,732	90,778
Gain on disposal of interests in subsidiaries and affiliates	(155,069)	(330,412)
Gain on sale of real estate investments	(157,989)	(96,919)
Loss/(gain) on disposal of property, plant and equipment	20,070	(16,917)
Amortization of connection fees	(81,536)	(91,094)
Provision for doubtful accounts receivable	122,995	122,827
Allowance for loan losses	66,107	35,363
Inventory obsolescence expense	53,714	3,748
Changes in operating assets and liabilities, net of effects from purchases of businesses:		
Trading securities	(48,767)	(147,034)
Loans to banks issued by the Banking segment	(847,891)	(422,031)
Insurance-related receivables	-	(75,089)
Accounts receivable	(184,139)	(388,246)
VAT receivable	16,476	45,720
Other receivables and prepaid expenses	14,035	(277,111)
Inventories	(229,594)	57,022
Accounts payable	75,467	80,402
Insurance-related liabilities	-	261,553
Subscriber prepayments	116,421	109,984
Taxes payable	(75,240)	14,738
Accrued expenses, subscriber prepayments and other liabilities	431,086	381,606
Postretirement benefit obligation	25,979	174
Net cash provided by operations	<u>2,857,687</u>	<u>2,115,960</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(2,753,186)	(1,766,148)
Payments for purchases of intangible assets	(309,300)	(599,390)
Payment for purchase of shares of Svyazinvest	-	(1,300,000)
Payments for purchases of businesses, net of cash acquired	(1,459,149)	(631,401)
Proceeds from sale of subsidiaries, net of cash disposed	636,683	235,174
Payments for purchases of long-term investments	(154,000)	(399,048)
Payments for purchases of short-term investments	(693,340)	(568,179)
Payments for purchases of other non-current assets	(247,676)	(138,827)
Proceeds from sale of other non-current assets	203,442	-
Decrease/(increase) of cash deposited for acquisition of Intracom Telecom	44,452	(46,100)
Increase in restricted cash	(287,213)	(22,624)
Proceeds from sale of property, plant and equipment	58,440	32,302
Proceeds from sale of long-term investments	20,000	20,000
Proceeds from sale of short-term investments	328,600	449,039
Net increase in loans to customers of the Banking segment	(1,141,701)	(581,631)
Net cash used in investing activities	<u>(5,753,948)</u>	<u>(5,316,833)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Principal payments on)/proceeds from short-term borrowings, net	(621,820)	523,930
Net increase in deposits from customers of the Banking segment	1,662,882	341,677
Net decrease in promissory notes issued by the Banking segment	(69,237)	(24,905)
Proceeds from long-term borrowings, net of debt issuance costs	2,540,329	2,260,070
Principal payments on long-term borrowings	(396,304)	(636,983)
Principal payments on capital lease obligations	(7,870)	(5,197)
Proceeds from capital transactions of subsidiaries	678,841	1,450,256
Proceeds from issuance of stock options	5,554	-
Proceeds from sale of treasury shares	16,383	-
Payments to purchase treasury stock	(161,709)	(347,068)
Payments to shareholders of subsidiaries	(385,374)	(262,419)
Dividends paid	(17,942)	(9,978)
Net cash provided by financing activities	<u>3,243,733</u>	<u>3,289,383</u>
Effect of foreign currency translation on cash and cash equivalents	115,880	27,224
INCREASE IN CASH AND CASH EQUIVALENTS	<u>463,352</u>	<u>115,734</u>
CASH AND CASH EQUIVALENTS, beginning of year	598,381 ⁽¹⁾	482,647
CASH AND CASH EQUIVALENTS, end of year	1,061,733	598,381

⁽¹⁾ – Including cash and cash equivalents of Rosno as of December 31, 2006 of \$96.7 million

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Amounts in thousands of U.S. dollars)

For the year ended December 31, 2007	Tele- commu- nications	Tech- nology	Banking	Mass Media	Real Estate	Retail	Corporate and Other	Total
Net sales to external customers ^(a)	9,833,604	1,351,300	472,965	104,887	382,245	597,196	958,758	13,700,955
Intersegment sales	8,965	268,304	15,882	32,150	69,953	28	21,882	417,164
Equity in net income of investees	78,437	(66)	-	10,815	215	-	123,667	213,068
Interest income	52,593	14,397	-	633	14,272	106	77,789	159,790
Interest expense	(194,890)	(39,884)	-	(3,698)	(11,953)	(15,921)	(167,281)	(433,627)
Net interest revenue ^(b)	-	-	63,383	-	-	-	-	63,383
Depreciation and amortization	(1,639,594)	(56,453)	(8,668)	(21,163)	(14,872)	(10,494)	(24,452)	(1,775,696)
Operating income/(loss)	3,343,954	(158,918)	54,715	2,028	41,855	25,637	(96,306) ^(d)	3,212,965
Income tax expense	(909,043)	(27,399)	(18,100)	(675)	(16,216)	(4,696)	(15,503)	(991,632)
Investments in affiliates	438,198	1,176	-	19,060	29,724	-	854,291	1,342,449
Segment assets	16,302,090	1,887,360	5,622,534	508,939	1,770,030	496,978	4,181,561	30,769,492
Indebtedness ^(c)	(4,394,620)	(511,071)	(655,632)	(83,024)	(856,526)	(182,799)	(1,801,072)	(8,484,744)
Capital expenditures	1,836,830	234,483	77,121	76,139	692,869	94,336	99,162	3,110,940

^(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

^(d) – Excluding dividends received by the Corporate segment from the Group's subsidiaries in amount of US\$ 378.9 million.

For the year ended December 31, 2006	Tele- commu- nications	Tech- nology	Banking	Mass Media	Real Estate	Retail	Corporate and Other	Total
Net sales to external customers ^(a)	7,469,439	1,268,368	204,145	78,872	273,096	335,144	637,526	10,266,590
Intersegment sales	6,150	342,366	24,046	27,834	9,770	165	17,933	428,264
Equity in net income of investees	91,717	245	-	5,529	-	-	139,637	237,128
Interest income	56,483	11,223	-	289	4,454	863	30,780	104,092
Interest expense	(200,424)	(32,235)	-	(727)	(7,560)	(7,927)	(127,670)	(376,543)
Net interest revenue ^(b)	-	-	26,792	-	-	-	-	26,792
Depreciation and amortization	(1,198,980)	(42,706)	(3,236)	(11,155)	(7,153)	(5,706)	(16,937)	(1,285,873)
Operating income	2,377,358	129,809	33,971	15,447	85,974	15,152	263,882 ^(d)	2,921,593
Income tax expense	(645,042)	(40,847)	(8,276)	(2,575)	(16,564)	(2,413)	(73,510)	(789,227)
Investments in affiliates	266,488	-	-	6,675	-	-	842,159	1,115,322
Segment assets	12,656,286	1,638,708	2,513,548	355,477	943,348	238,138	3,514,069	21,859,574
Indebtedness ^(c)	(3,908,943)	(505,333)	(399,069)	(17,693)	(359,727)	(90,890)	(1,590,640)	(6,872,295)
Capital expenditures	2,001,973	103,869	11,414	83,714	134,738	32,341	3,874	2,371,923

^(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

^(d) – Excluding dividends received by the Corporate segment from the Group's subsidiaries in amount of US\$ 275.4 million.

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:

	4Q 2007	4Q 2006	2007	2006
Operating Income	903,565	634,141	3,274,702	2,691,234
Depreciation and Amortization	570,294	358,565	1,775,696	1,285,873
OIBDA	1,473,859	992,706	5,050,398	3,977,107