

9M 2005 RESULTS: REVENUES TOTALED US\$757.2 MLN (RAS)

Ekaterinburg – November 2, 2005 – Uralsvyazinform (RTS: URSI/URSIP, ADR: UVYZY/UVYZYP), the leading carrier of fixed-line and mobile services in the Urals region, Russia reports the unconsolidated unaudited 9M 2005 financial and operational results under Russian accounting standards (RAS).

Due to the completion of restructuring process of Uralsvyazinform's subsidiaries, which provide mobile (ZAO "Ermak RMS", OOO "South Urals Cellular Phone", ZAO "Tyumenruscom") and data transmission (OOO "Uralscom", ZAO "VSNET") services, on June 30, 2005 in the form of consolidation to the parent company, 9M 2005 Uralsvyazinform's financial statements under Russian Accounting Standards comprise property, liabilities and operational results of the consolidated subsidiaries for the 3rd quarter of 2005.

- Revenue growth totaled 26% as compared to 9M 2004 mainly due to DLD and ILD traffic hike, local tariffs increase (monthly fee), fixed-line and GSM subscriber base growth.
- OIBDA grew by 25% versus 9M 2004 driving OIBDA margin to 35%. Operating margin decreased to 25% versus 9M 2004.
- Revenue growth in the segments totaled:
 - Local services - 23%;
 - DLD/ ILD services - 8%;
 - Mobile service - 180%;
 - Value-added services - 95%.
- Total subscriber base reached 6.7 mln., including 3.2 mln GSM subscribers.
- October 20, 2005 – Uralsvyazinform's Board of Directors approved the restyling concept for the company, according to which a united trademark for mobile and value-added services, including Internet – Utel - was introduced.
- Federal Tariff Service fixed new tariffs on local and long-distance calls effective from September 1, 2005. On average, monthly fee for residents was indexed by 22%, for organizations – by 16%. Tariffs for DLD and ILD services (intrazone and backbone) for residents and organizations were decreased by 5% on average.
- September 29, 2005 – Uralsvyazinform's Board of Directors validated the decision to place two bond issues worth RUR 5 bln with maturity of 6 years.

Operational and financial highlights:

	9 M 2005	9 M 2004	Change, %
<i>Financial</i>			
Revenues, US\$ mln*	757.2	599.4	+26.3%
Costs, US\$ mln.	564.3	441.1	+27.9%
OIBDA, US\$ mln.	268.2	214.0	+25.3%
OIBDA margin	35.4%	35.7%	
Operating profit, US\$ mln.	192.9	158.2	+21.9%
Operating margin	25.5%	26.4%	
Pre-tax profit, US\$ mln.	81.6	86.2	-5.3%
Net profit, US\$ mln	50.2	54.5	-7.9%
Net margin	6.6%	9.1%	

<i>Operational</i>	31.09.2005	31.09.2004	
Subscriber base:			
Fixed-line subscribers, mln.	3.5	3.3	+6%
Mobile (GSM) subscribers, mln.	3.2	1.8	x1,8
Digitalization of local fixed-line networks, %	70.2%	63.6%	
Penetration:			
Fixed lines, %	25%	24%	
Mobile, %	72%	33%	
Number of employees	33 753	34 987	-4%

** Here and henceforth currency conversions are based on average exchange rates:
9M 2004 – RUR28.91, 9M 2005 RUR 28,20*

Anatoly Ufimkin, CEO commented the results of nine months: *“It is the first time when our Company reports its financial results under Russian Accounting Standards (RAS) which include figures of the consolidated mobile and Internet subsidiaries. This made reporting under RAS more adequate to real results of the Company’s activity; it increased efficiency of data presentation on mobile and Internet business development. The logical end for the subsidiary consolidation is introduction of a united trademark for mobile and value-added services – Utel presented by our Company in August.*

Generally, we are satisfied by the development dynamics of the current year driven traditionally by mobile and value-added services. To the end of the year the Company aims to liven up its efforts in value-added services segment, particularly, to widely promote ADSL-access for private users”.

Complete accounting statements of Uralsvyazinform as of 9M 2005 may be found on the corporate web-site at www.uralsviazinform.com

For additional information, please contact IR department on tel. (007 343) 379-12-19, 379 1859 or e-mail: investor@gd.usi.ru.

The most recent company information is also available at www.uralsviazinform.com, www.skrin.ru (complex disclosure information system) or URSI_RU page in Bloomberg system and URSI.RTS page in Reuters system.

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OVERVIEW OF BUSINESS

Local services

	<i>01.01.2005</i>	<i>01.01.2004</i>	<i>Change, %</i>
Capacity installed, '000 lines	3 779.7	3 591.6	+5%
	<i>31.09.2005</i>	<i>31.09.2004</i>	<i>Change, %</i>
Subscribers '000 <i>including</i>	3 501.7	3 313.8	+6%
<i>Residents</i>	3 014.6	2 850.9	+6%
<i>Organizations</i>	487.1	462.8	+5%

Fixed-line subscriber base in 9M 2005 was added by 130.8 thous.

Revenues from local services totaled US\$252.0 mln, 23.4% up on the 9M 2004. The growth was driven by rise in tariffs for local services in September 2004 and 2005, as well as 187.9 thous. new subscribers connected to the local networks. The segment profitability (operating profit/costs) in 9M 2005 totaled 18%.

The local services in terms of customer mix:

- residents – 66.2% (67.6% as for 9M 2004)
- organizations – 33.8% (32.4%).

The local revenues breakdown by types of services including radio access (CDMA, DECT), US\$, thous.:

Line installation	30 260.7
Monthly rentals	172 854.4
Per-minute payments (time-billed calls)	4 240.4
Other local services (contracts redrawn, etc)	13 683.2
Interconnection of third-party operators	21 041.9
Line and cabling rentals	8 643.4
Payphone calls	1 263.1

Internet

	<i>9 M 2005</i>	<i>9 M 2004</i>	<i>Change, %</i>
Traffic, '000 min	1 453 357.0	666 643.9	+118.0%
Traffic, Gb	385 563.8	183 488.7	+110.1%
Revenues from Internet, US\$ thous.	23 863.9	13 176.2	+76.7%

DLD/ILD telephony

<i>Outcoming traffic, mln min</i>	<i>9 M 2005</i>	<i>9M 2004</i>	<i>Change, %</i>
Total, <i>including</i>	1 855.1	1 744.5	+6.3%
Domestic	1 750.2	1 640.5	+6.7%
International	104.9	103.9	+0.9%

Revenues from long-distance services grew up by 7.6% versus 9M 2004 and amounted to US\$267.6 mln. The growth was driven by increase of outcoming paid traffic. The segment profitability in 9M 2005 totaled 59%.

The long distance services in terms of customer mix:

- residents – 45.3% (46.2% as for 9M 2004),
- organizations – 54.7 (53.8%).

The average rate per one minute of DLD calls amounted to US\$ 0.1 (-4% versus 9M 2004), average rate per one minute of ILD calls totaled US\$ 0.38 (-1%).

The intra-zone long-distance lines (in extension terms) were 70.1% digitalized as of Jan 1, 2005 (compared to 56.2% as of Jan 1, 2004).

Mobile services (GSM)

Subscribers	01.10.2005	01.07.2005	01.01.2005	01.10.2004
<i>Perm region</i>	935 630	797 370	609 800	523 300
<i>Sverdlovsk region</i>	223 414	161 707	36 442	0
<i>Tyumen region, including Khanty-Mansyisk and Yamalo-Nenetski ADs</i>	1 122 846	979 290	668 800	547 400
<i>Chelyabinsk and Kurgan regions</i>	924 455	863 459	720 100	683 400
Total	3 206 345	2 801 826	2 035 142	1 754 100

As presented under Russian Accounting Standards (RAS), the Uralsvyazinform reporting in mobile segment before June 30, 2005 incorporated solely the results of the company's divisions, which provide mobile services on the territory of Perm and Sverdlovsk regions. The results of the 3 subsidiary mobile operators - Ermak RMS, South Urals Cellular Phone, Tyumenruscom, which provide mobile services in Kurgan, Chelyabinsk and Tyumen (including Khanty-Mansyisk and Yamalo-Nenetski ADs) regions, were only consolidated under International Accounting Standards (IAS).

As of July 1, 2005, due to reorganization (consolidation) of the subsidiary mobile operators, which provide mobile services (Ermak RMS, South Urals Cellular Phone, Tyumenruscom), and formation of the united interregional mobile division of OAO "Uralsvyazinform", the financial results of the division (for the 3rd quarter) are included in 9M 2005 report.

The revenues generated by mobile business in 9M 2005 were US\$ 124.9 mln, or 179.9% up on 9M 2004. The segment profitability in 9M 2005 totaled 43%.

Value-added services (SMS, GPRS, MMS, WAP) contribute approx. 14% (10% as for 9M 2005) to the overall mobile revenues.

9M 2005 results show that Uralsvyazinform (mobile trademark - Utel) retains around 30% of regional mobile subscriber market and 40% in revenues. Company's market share in new subscribers in the 3rd quarter of 2005 totaled 30% (23% as for 3rd quarter of 2004). Average revenue per user (ARPU) in the 3rd quarter totaled US\$9.5, in 9 months – US\$9.6.

Generally, in the Urals region the subscriber base reached 3.2 mln by October 1, 2005. Over the last 9 months the subscriber base grew by 58%.

REVENUES AND EXPENSES REVIEW

Generally, the company's revenues as of 9M 2005 totaled US\$ 757.2 mln. (+26.3% on 9M 2004), where revenues from telecommunications services were US\$ 697.5 mln (+31.0%).

The structure of revenues from telecommunications services in 9M 2004 is as follows, US\$ thousand:

Items	9 M 2005	Share in revenues	9M 2004	Share in revenues
Revenues from telecommunications services, including.	697 471	100.0%	532 573	100.0%
Domestic long-distance services	228 030	32.7%	210 213	39.5%
International long-distance services	39 603	5.7%	38 519	7.2%
Telegraph, telefax services	8 554	1.2%	8 164	1.5%
Local urban services	230 893	33.1%	188 409	35.4%
Local rural services	21 093	3.0%	15 666	2.9%
Radio communication, radio and TV broadcasting, satellite communications	3 469	0.5%	2 866	0.5%
Wired radio	8 322	1.2%	7 406	1.4%
Mobile services and paging	124 942	17.9%	44 644	8.4%
New services	32 560	4.7%	16 686	3.2%
<i>incl. Internet</i>	23 863	3.4%	13 172	2.5%

Operating expenses amounted to US\$564.3 mln. (+27.9% as compared to 9M 2004). The expenditure structure is as follows, US\$ thousand:

Item	9 M 2005	Share in expenses	9M 2004	Share in expenses
Depreciation	75 222	13.3%	55 722	12.6%
Wages	160 172	28.4%	133 609	30.3%
Social tax expense	35 035	6.2%	36 420	8.3%
Rental expenses	9 546	1.7%	6 225	1.4%
Rostelecom interconnect charges	84 387	15.0%	73 298	16.6%
Other operators' services	35 627	6.3%	18 142	4.1%
Materials	31 925	5.7%	26 816	6.1%
Leasing repayments	10 141	1.8%	7 327	1.7%
Taxes and deductions included in expenses on main operations	1 031	0.2%	1 855	0.4%
Third party services, including	73 505	13.0%	48 391	11.0%
<i>Repairs and maintenance</i>	15 786	2.8%	14 488	3.3%
<i>Power and electricity</i>	6 738	1.2%	5 754	1.3%
<i>Heat power</i>	2 726	0.5%	2 450	0.6%
<i>Other utilities</i>	818	0.1%	752	0.2%
<i>Labor costs</i>	1 969	0.3%	1 274	0.3%
<i>Transport</i>	918	0.2%	1 094	0.2%
<i>Security</i>	10 355	1.8%	7 688	1.7%
<i>Consulting, information and audit services</i>	3 598	0.6%	3 427	0.8%
<i>Agents' commissions</i>	30 598	5.4%	11 465	2.6%
Other expenses	47 659	8.4%	31 079	7.6%
TOTAL	564 250	100.0%	441 114	100.0%

The growth of expenses on services of other operators reflects the growing demand for Internet services, tariff increase on other operators' services, drawing of new contracts and additional agreements to the current contracts on internet network interaction among operators as well as, starting from July 1, 2005, inclusion in the Uralsvyazinform's statements of consolidated subsidiaries expense reporting on this item.

The growth of expenses on agent commissions reflects inclusion (starting from July 1, 2005) in the Uralsvyazinform's statements of consolidated subsidiaries, which provide mobile services, on this item.

Therefore, as of 9M 2005 OIBDA amounted to US\$268.2 mln. (+25.3%), operating profit – US\$192.9 mln. (+21.9%), pre-tax profit – US\$81.6 mln. (-5.3%), net profit – US\$50.2 mln. (-7.9%).

INVESTMENTS

The investments for 9M 2005 totaled US\$ 219.5 (+16% as for 9M 2004)