



FOR IMMEDIATE RELEASE

May 31, 2012

SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2012

Moscow, Russia – May 31, 2012 – Sistema JSFC (“Sistema”, the “Group” or the “Company”) (LSE: SSA), the largest diversified public financial corporation in Russia and the CIS, today announces its unaudited consolidated US GAAP financial results for the first quarter ended March 31, 2012.

FIRST QUARTER HIGHLIGHTS

- Consolidated revenues up 9.3% YoY to US\$ 7.9 billion
- OIBDA up 17.2% YoY to US\$ 2.0 billion, with an OIBDA margin of 25.5%
- Operating income up 28.6% YoY to US\$ 1.2 billion, with an operating margin of 15.0%
- Net income attributable to the Group more than tripled YoY to US\$ 380.9 million
- Net cash position¹ at the Corporate Holding level amounted to US\$ 334.8 million compared to net debt of US\$ 1,182.8 million in the first quarter of 2011

KEY CORPORATE HIGHLIGHTS FOR THE FIRST QUARTER

- Increased Sistema’s stake in OJSC Navigation Information Systems from 51% to 70% through an acquisition of an additional issue of NIS’ shares. Sistema paid for the shares by contributing its 51% stake in M2M telematics LLC to the charter capital of NIS.
- Signed a framework agreement with RTI and NVision Group Managing Company LLC about a potential transaction between RTI and CJSC NVision Group, one of the largest information and communication technology companies in the Russian Federation.
- RTI made a Voluntary Tender Offer to acquire up to 36.926% of JSC SITRONICS’ common shares, representing all the shares that RTI does not already own, at a cash price of RUB 0.55 per common share of JSC SITRONICS.

Mikhail Shamolin, President and Chief Executive Officer of Sistema, commented:

“In the first quarter of 2012, Sistema has delivered an impressive set of results demonstrating solid revenue growth and significant increases in OIBDA and net income. Our improved performance year-on-year was largely driven by the Core Assets portfolio, where higher quality of the subscriber base, increased data consumption and optimised costs contributed to a 10% OIBDA increase at MTS, while higher oil prices and a one-off gain from previous provisions increased Bashneft’s revenue and OIBDA by 13% and 11%, respectively. Similar positive momentum was maintained in the Developing Assets portfolio, where revenue expanded 19% year-on-year and OIBDA loss was reduced. SMM, Binnopharm and MTS Bank each delivered a turnaround in profitability and SSTL reduced operational losses despite remaining uncertainty with regards to our investments in India.

¹ Including highly liquid deposits.

Since the beginning of the year Sistema has initiated several important strategic developments designed to enhance its existing investments and enable expansion into new areas. These include RTI's consolidation efforts in the high tech sector, Medsi's merger plans with SUE, joint investment into agriculture with Louis-Dreyfus and the recently announced monetisation of our investments in the energy sector with the sale of Bashkirenergo's generation assets. Moreover, after the end of the reporting period our exceptionally strong balance sheet was further boosted by a successful placement of US\$ 500 million in Eurobonds.

Taking into account the strength of our position, the Board of Sistema has approved measures necessary for a buyback programme of US\$ 300 million, details of which will be provided in due course. We believe Sistema's shares offer one of the best value opportunities in the market and, combined with our strong balance sheet and expanding asset base, the Group is well placed to deliver shareholder growth in the future".

Conference call information

Sistema's management will host an analyst 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: + 44 207 190 1530
US: +1 480 629 9692

And quote the conference call title: "Sistema 1Q 2012 Financial Results".

A replay of the conference call will be available on the Company's website www.sistema.com for 7 days after the event.

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

Investor Relations
Evgeniy Chuikov
Tel: +7 (495) 692 11 00
ir@sistema.ru

Public Relations
Vsevolod Sementsov
Tel: +7 (495) 730 1705
pr@sistema.ru

FINANCIAL SUMMARY²

<i>(US\$ millions, except per share amounts)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	7,919.8	7,243.2	9.3%	8,377.9	(5.5%)
OIBDA ³	2,019.8	1,723.3	17.2%	1,108.7	82.2%
Operating income	1,188.9	924.7	28.6%	296.1	301.5%
Net income/ (loss) attributable to Sistema	380.9	97.2	291.8%	(530.2)	-
Basic and diluted earnings per share (US cents)	4.1	1.1	289.3%	(5.7)	-

GROUP OPERATING REVIEW

Sistema's consolidated revenues were up 9.3% year-on-year, primarily as a result of higher oil prices, increased production at Bashneft and operational growth in the Developing Assets portfolio. The Group's revenues decreased by 5.5% quarter-on-quarter, reflecting a weaker sales structure at Bashneft and seasonal effects in the Developing Assets portfolio.

Selling, general and administrative (SG&A) expenses decreased by 8.2% year-on-year and by 10.3% quarter-on-quarter to US\$ 903.7 million in the first quarter of 2012, mainly due to the Group's typically higher expenses in the fourth quarter, as well as the result of the personnel optimisation programme in the Core Assets portfolio and Corporate and other category.

Depreciation, depletion and amortisation expense slightly increased to US\$ 830.8 million.

The Group's OIBDA increased by 17.2% year-on-year in the first quarter of 2012, reflecting strong results in the Core Assets portfolio, improved profitability at MTS Bank, and a decreased OIBDA loss at SSTL. OIBDA almost doubled quarter-on-quarter mainly due to significant one-offs in the fourth quarter of 2011. The Group's OIBDA margin increased to 25.5% in the first quarter of 2012 from 23.8% in the corresponding period of 2011 and from 13.2% in the fourth quarter of 2011.

Consolidated net income attributable to Sistema more than tripled year-on-year in the first quarter of 2012, as a result of net income growth in the Core Assets portfolio and a reduced loss in the Developing Assets portfolio, primarily in SSTL.

² Financials for 1Q 2011 were restated to show the effect of discontinued operations.

³ See Attachment A for definitions and reconciliation of OIBDA and OIBDA without one-offs to GAAP financial measures.

OPERATING REVIEW BY PORTFOLIO⁴

CORE ASSETS PORTFOLIO⁵

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	7,028.6	6,516.4	7.9%	7,155.0	(1.8%)
OIBDA	2,112.9	1,908.5	10.7%	2,121.3	(0.4%)
Operating income	1,359.2	1,177.8	15.4%	1,417.2	(4.1%)
Net income attributable to Sistema	625.8	444.2	40.9%	427.9	46.2%
Indebtedness ⁶	12,471.1	11,638.3	7.2%	12,093.7	3.1%

The Core Assets portfolio comprises OJSC MTS (“MTS”), OJSC Bashneft (“Bashneft”) and OJSC Bashkirenergo (“Bashkirenergo”).

The Core Assets portfolio’s revenues increased by 7.9% year-on-year in the first quarter of 2012. Growth in revenues was largely driven by Bashneft as the company increased its upstream production and continued to benefit from higher oil prices year-on-year. The portfolio’s revenues were down 1.8% quarter-on-quarter as Bashneft reported lower oil sales prices in the domestic market and decreased export sales of oil products in the first quarter of 2012. The portfolio accounted for 88.6% of the Group’s consolidated revenues in the reporting quarter.

The portfolio’s OIBDA increased by 10.7% year-on-year in the first quarter of 2012, primarily as a result of improved profitability at MTS and OIBDA growth in Bashneft. OIBDA was slightly down quarter-on-quarter due to seasonal effects in MTS. The OIBDA margin increased to 30.1% in the reporting quarter, compared to 29.3% in the corresponding period of 2011 and 29.6% in the fourth quarter of 2011.

The Core Assets portfolio’s net income attributable to Sistema increased by 40.9% year-on-year and by 46.2% quarter-on-quarter, largely as a result of operational success in the portfolio’s companies and recognised foreign currency gain in MTS.

MTS

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	3,013.8	2,934.0	2.7%	2,981.7	1.1 %
OIBDA	1,247.5	1,135.0	9.9%	1,287.3	(3.1%)
Operating income	638.0	573.0	11.3%	731.7	(12.8%)
Net income attributable to Sistema	272.2	176.2	54.5%	208.5	30.6%

⁴ Here and from hereon, the comparison of period to period revenues are presented on an aggregated basis, excluding revenues from 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 results due to certain reclassifications and adjustments.

⁵ Portfolio’s financial results are presented with consolidation of holding company Sistema-Invest.

⁶ Here and thereafter intergroup debt is excluded.

MTS' revenues increased by 2.7% year-on-year in the first quarter of 2012, reflecting growth in voice and data consumption. A slight increase in revenues quarter-on-quarter was supported by rouble appreciation despite a negative seasonality trend. MTS' total subscriber base (including Belarus subscribers) exceeded 105 million customers as of March 31, 2012, resulting in a 1.9% year-on-year growth in subscribers.

MTS' OIBDA was up 9.9% year-on-year in the reporting quarter due to continued optimisation of selling and marketing expenses and improvement of the interconnect balance. The OIBDA margin was 41.4% in the first quarter of 2012, compared to 38.7% and 43.2% in the first and fourth quarters of 2011, respectively.

The average monthly service revenue per subscriber (ARPU) in Russia increased to RUB 281 in the first quarter of 2012, compared to RUB 252 in the corresponding period of 2011. Russian subscribers' monthly minutes of use (MOU) increased by 13.2% to 282 minutes in the first quarter of 2012, compared to 249 minutes in the first quarter of 2011.

In the fixed broadband segment, the number of households passed increased by 14.7% year-on-year to 11.4 million in the first quarter of 2012. The Pay-TV customer base increased to 3.0 million subscribers in the reporting quarter, compared to 2.6 million customers in the first quarter of 2011. The number of broadband Internet subscribers increased from 1.9 million to 2.2 million year-on-year.

In March 2012, MTS and Samsung Electronics signed an agreement to cooperate on retail projects, equipment sales and telecommunication services in Russia. Under the terms of the agreement, MTS and Samsung plan to open Samsung monobrand shops in ten of the largest cities in Russia and install Samsung "shop-in-shop" zones and promotional stands in 2,000 MTS retail stores across Russia.

In February 2012, MTS received the first licence in Russia to provide wireless communication services in the LTE TDD (time-division duplexing) standard in 2595-2620 MHz range in Moscow and the Moscow region.

In January 2012, MTS announced the commercial launch of the 3G network in the 900 MHz range in Moscow and the Moscow region. This will enable MTS to improve its 3G coverage and offer significantly faster speeds for subscribers.

Bashneft

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	3,923.1	3,484.6	12.6 %	4,083.0	(3.9 %)
OIBDA	835.1	749.6	11.4%	835.2	0.0%
Operating income	687.3	587.2	17.0%	683.3	0.6%
Net income attributable to Sistema	328.4	241.8	35.8%	265.6	23.6%

Bashneft's revenue increased by 12.6% year-on-year in the first quarter of 2012, due to higher oil prices year-on-year. A quarter-on-quarter decrease in revenues resulted mainly from lower oil sales prices in the domestic market and decreased export sales of oil products in the first quarter of 2012. Bashneft's share in the aggregated portfolio's revenue in the reporting quarter increased year-on-year to 55.8%.

Bashneft's OIBDA increased by 11.4% year-on-year in the first quarter of 2012, with the growth largely being attributed to reversed provisions for legal proceedings, which in turn offset regulatory pressure in the domestic market at the beginning of the year.

In the first quarter of 2012, Bashneft's oil production increased by 4.1% year-on-year and reached 3.8 million tonnes of oil. The company sold 4.3 million tonnes of oil products in the reporting period.

Bashneft exported 1.1 million tonnes of crude oil and 1.8 million tonnes of oil products in the first quarter of 2012.

Refining volumes from the company's refinery increased by 2.5% year-on-year in the first quarter of 2012 and amounted to 5.1 million tonnes of crude oil. In the reporting quarter, capacity utilisation decreased to 85.5% from 87.9% in the fourth quarter of 2011, the average refining depth was 84.3% and light-product yield amounted to 60%.

As at March 31, 2012, Bashneft owned and operated a total of 488 petrol stations compared to 460 stations (including leased stations) as at the end of 2011.

In March 2012, Bashneft launched a reorganisation through a consolidation of its subsidiary companies: Ufa Refinery, Novoil (Novo-Ufa Refinery), Ufaneftekhim, Bashkirnefteproduct and Orenburgnefteproduct.

In February 2012, Bashneft placed series 04 corporate bonds.

In February 2012, Bashneft won actions for the Yangareiskiy and Sabriyaginskiy subsoil blocks in the Nenets Autonomous District.

In January 2012, Bashneft won auctions for the Priiskiy subsoil block in the Republic of Bashkortostan.

Bashkirenergo⁷

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	94.9	107.8	<i>(12.0 %)</i>	96.6	<i>(1.7 %)</i>
OIBDA	31.2	24.6	26.9%	0.5	5742.4%
Operating income/ (loss)	19.9	14.5	36.7%	(9.5)	-
Net income/ (loss) attributable to Sistema	18.9	30.9	<i>(39.0%)</i>	(2.3)	-

Bashkirenergo's revenues remained fundamentally stable quarter-on-quarter in the first quarter of 2012, reflecting the Russian Government's decision not to increase electricity tariffs in 2011-2012.

Bashkirenergo's OIBDA increased by 26.9% year-on-year in the first quarter of 2012, mainly due to an increase in operational efficiency. OIBDA was significantly up quarter-on-quarter reflecting structural changes in the allocation of administrative expenses related to the start of the company's reorganisation. The OIBDA margin expanded to 32.8% in the first quarter, compared to 22.8% in the corresponding period of 2011.

In the first quarter of 2012, after actions were taken to improve efficiency, distribution grid losses decreased by 102 p.p. year-on-year, while transmission grid losses declined by 10 p.p. year-on-year due to a reduction in the cross-flow of transmission lines caused by regime factors. The effective

⁷ In accordance with US GAAP requirements all operations of the power generation segment were excluded from consolidated results and reflected in the line "Income/loss from discontinued operations". Bashkirenergo results include operations from transmission and distribution grids only.

transmission grid output reduced by 2.9% year-on-year in the reporting quarter as a result of a 3.0% year-on-year decrease in power supply, however the effective distribution power output was up 5.2% year-on-year following an increase in power supply.

During the reporting quarter, the company continued its project to install electricity meters and 6,312 electricity meters were installed by the beginning of April 2012.

DEVELOPING ASSETS PORTFOLIO

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	1,006.6	847.3	18.8 %	1,556.9	(35.3 %)
OIBDA	(50.8)	(120.2)	-	(878.8)	-
Operating loss	(124.7)	(188.3)	-	(984.6)	-
Net loss attributable to Sistema	(95.6)	(163.6)	-	(888.3)	-
Indebtedness	3,004.3	2,577.1	16.6%	3,069.9	(2.1%)

The Developing Assets portfolio is responsible for managing Sistema Shyam TeleServices Ltd. (“SSTL”), OJSC Sistema Mass Media (“SMM”), OJSC RTI (“RTI”), CJSC Binnopharm (“Binnopharm”), JSCB MTS Bank (“MTS Bank”), Detsky mir Group (“Detsky mir”), OJSC Intourist (“Intourist”), CJSC Medsi Group (“Medsi”) and others.

The Developing Assets portfolio’s revenues increased by 18.8% year-on-year in the first quarter of 2012, reflecting top line growth across almost all portfolio companies. Revenues declined quarter-on-quarter mainly due to seasonal effects in the retail segment and the structure of contracts fulfilment related to high-tech assets.

The OIBDA loss narrowed in the first quarter mainly as a result of improved profitability in SMM, an increase in operating income in MTS Bank and a decrease in SSTL’s OIBDA loss.

SSTL

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	81.0	52.2	55.2 %	76.1	6.5 %
OIBDA	(72.0)	(100.6)	-	(437.4)	-
Operating loss	(91.3)	(123.5)	-	(463.3)	-
Net loss attributable to Sistema	(56.7)	(108.5)	-	(318.7)	-

SSTL’s revenues increased by 55.2% year-on-year and by 6.5% quarter-on-quarter in the first quarter of 2012. Strong revenue growth resulted from a 50.8% year-on-year increase in SSTL’s mobile subscriber base which reached 14.3 million. OIBDA loss decreased year-on-year due to better utilisation of fixed costs and the optimisation of selling and marketing expenses.

SSTL's total wireless (voice and data) subscriber base was up 5.3% quarter-on-quarter and reached 15.8 million customers. Blended mobile ARPU for the first quarter of 2012 remained at the level of the fourth quarter of 2011.

The data card subscriber base increased by 15.3% quarter-on-quarter and amounted to 1.5 million.

Non-voice revenues from both data and mobile value-added services (VAS) for the first quarter increased to US\$ 28.4 million. The share of non-voice revenue as a percentage of total revenue increased by 2.43 p.p. in the first quarter.

In March 2012, SSTL held an EGM where a resolution to increase its authorised capital from INR 60 billion to INR 120 billion (approximately US\$ 2.36 billion) by issuing Non-Convertible Redeemable Preference Shares to the extent of INR 60 billion (approximately US\$ 1.18 billion) was passed.

In February 2012, SSTL launched MTS Super Zero. This initiative was the first of its kind for both new and existing prepaid voice customers across India. MTS customers will now be able to make unlimited MTS to MTS local and national calls at a rate as low as Zero Paisa.

In February 2012, the Supreme Court of India issued a judgment revoking 122 telecom licences of 8 telecom operators, including 21 of the 22 licences held by SSTL. In response to a clarification petition filed by SSTL and other operators, in April 2012 the Supreme Court extended the date for cancellation of the licences until September 7, 2012 and ordered TRAI to conduct the new auctions by August 31, 2012.

In January 2012, SSTL raised a loan of INR 1,280 million (approximately US\$ 250 million) through Non Convertible Debentures (NCD). Deutsche Bank is the lead banker of the issue.

Sistema Mass Media

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	26.3	14.1	86.8 %	23.7	11.2 %
OIBDA	10.1	0.7	1324.4%	(56.8)	-
Operating income/ (loss)	0.1	(5.5)	-	(74.1)	-
Net loss attributable to Sistema	(0.5)	(5.5)	-	(57.0)	-

Sistema Mass Media's revenues increased by 86.8% year-on-year in the first quarter of 2012 mainly due to an increase in production and advertising sales. The 11.2% quarter-on-quarter increase reflects the shift in demand from political content during the pre-election period in the fourth quarter of 2011 to entertainment in the first quarter of 2012.

Sistema Mass Media's OIBDA demonstrated significant year-on-year growth largely due to the sale of exclusive content rights and the optimisation of administrative expenses.

The Stream-TV subscriber base increased by 13.4% year-on-year in the first quarter to 6.2 million subscribers. In the first quarter of 2012, RWS content library grew by 21.6% year-on-year, but remained unchanged quarter-on-quarter.

OJSC RTI⁸

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	477.2	382.3	24.8 %	765.8	(37.7 %)
OIBDA	21.4	18.7	14.7%	63.4	(66.2%)
Operating (loss)/ income	(2.7)	(4.9)	-	30.5	-
Net loss attributable to Sistema	(13.2)	(8.7)	-	(1.7)	-

RTI consolidates SITRONICS and RTI Systems which is comprised of five principal business units (“BU”) – Defence Solutions BU, Comprehensive Security Systems BU, Telecom Solutions BU, Microelectronics Solutions BU and System Integration BU.

RTI revenues were up 24.8% year-on-year in the first quarter of 2012, as a result of sales growth in the System Integration BU and the execution of defence contracts in the Defence Solutions BU. Revenues declined quarter-on-quarter mainly due to structural effects, as the significant part of contracts are usually completed in the second half of the year.

RTI OIBDA was up 14.7% year-on-year in the first quarter following revenue growth, but decreased by 66.2% quarter-on-quarter as a result of a structural decline in revenues. The OIBDA margin was slightly down year-on-year largely due to the rescheduled execution of high-margin contracts in the Defence Solutions BU for the second half of 2012.

In March 2012, RTI made a Voluntary Tender Offer to acquire up to 36.926% of JSC SITRONICS’ common shares, representing all the shares that RTI does not already own, at a cash price of RUB 0.55 per common share of JSC SITRONICS. The price of the Offer represents a 37.5% premium to the closing price of SITRONICS’ common shares on MICEX-RTS as of February 22, 2012 (the last trading day on MICEX-RTS before the day of filing the Offer with the FSFM) and a 66.7% premium to the three-month volume weighted average price as of February 22, 2012. GDR holders are entitled to participate in the Offer.

In January 2012, SITRONICS in partnership with Rostelecom supplied components for web surveillance system to monitor the voting process during the presidential elections.

Binnopharm

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	14.1	3.7	286.6 %	14.7	(3.9 %)
OIBDA	1.6	(3.1)	150.7%	4.2	(63.0%)
Operating income/ (loss)	0.4	(4.3)	109.8%	3.0	(86.0%)
Net income/ (loss) attributable to Sistema	0.7	(4.2)	117.1%	2.4	(70.7%)

⁸ Financial results of OJSC “Concern “RTI Systems” and OJSC SITRONICS are consolidated into OJSC RTI financial results for all periods presented.

Binnopharm's revenues more than tripled year-on-year in the first quarter of 2012, mainly as a result of an increase in vaccine supplies for government contracts.

Binnopharm's OIBDA demonstrated solid growth year-on-year reflecting an increase in revenues, but it declined quarter-on-quarter due to lower supplies of high-margin vaccines.

In March 2012, Binnopharm launched the first stage of the strategic project with ViiV Healthcare Company to package Kivex vaccine.

MTS Bank

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	157.1	136.8	14.9 %	150.8	4.2 %
OIBDA	11.9	(13.6)	-	25.7	(53.5%)
Operating income/ (loss)	7.2	(17.5)	-	21.1	(66.0%)
Net income/ (loss) attributable to Sistema	3.0	(12.0)	-	16.8	(82.3%)

In February 2012, OJSC MBRD changed its name to OJSC MTS Bank ("MTS Bank") and chose the MTS brand name as the basis for its further development.

MTS Bank's revenues increased by 14.9% year-on-year and by 4.2% quarter-on-quarter reflecting growth of interest and commission income following a 19.3% increase in the loan portfolio. In the reporting period, the loan portfolio from joint projects with MTS more than tripled and reached US\$ 44 million. MTS Bank's OIBDA was up year-on-year largely due to an increase in revenue.

MTS Bank's loan portfolio, excluding leases, increased by 18.9% to US\$ 5,411 million in the reporting quarter, compared to US\$ 4,552 million in the corresponding period of 2011. The interest income from retail and corporate clients transactions grew by 5.1% quarter-on-quarter and amounted to US\$ 131.2 million.

Detsky mir

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	173.9	148.5	17.1 %	253.7	(31.5 %)
OIBDA	(14.8)	(11.9)	-	34.6	-
Operating (loss)/ income	(19.3)	(16.1)	-	30.4	-
Net (loss)/ income attributable to Sistema	(15.4)	(10.7)	-	18.6	-

Detsky mir's revenues increased by 17.1% year-on-year in the first quarter of 2012, due to improvements in category management and the pricing model, as well as an expansion of the company's retail network. Revenues declined quarter-on-quarter due to seasonal trends in the retail segment.

Detsky mir's OIBDA decreased year-on-year and quarter-on-quarter largely as a result of increased operational expenses for the regional development and seasonal effects.

The network of retail outlets included 154 stores located in 76 cities of Russia and Kazakhstan. The aggregate retail space was 241 th.sq.m. as at March 31, 2012. In the first quarter of 2012, Detsky mir opened four new stores.

Intourist

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	16.1	61.9	(74.0 %)	21.1	(23.7 %)
OIBDA	(3.6)	(9.3)	-	(2.0)	-
Operating loss	(5.9)	(12.0)	-	(3.6)	-
Net loss attributable to Sistema	(4.0)	(8.9)	-	(2.6)	-

Intourist's revenues decreased year-on-year and quarter-on-quarter as a result of the change in accounting for the company's tour operating and retail sales businesses following the transaction with Thomas Cook and seasonality effects.

Intourist's OIBDA loss increased quarter-on-quarter in the first quarter of 2012 as a result of recognised losses in the joint venture with Thomas Cook.

The hotel group's total number of rooms owned, managed and rented was 2,866 at the end of the reporting quarter. The tour operating and retail sales businesses serviced 94,000 customers in the first quarter of 2012, compared to 81,000 customers in the first quarter of 2011, reflecting restored demand in the tourism segment.

Medsi

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
Revenues	48.8	47.9	2.0 %	51.9	(6.0 %)
OIBDA	5.3	4.1	29.5%	10.4	(48.9%)
Operating income	2.5	1.6	63.5%	7.5	(66.0%)
Net (loss)/ income attributable to Sistema	(2.4)	0.9	-	5.4	-

Medsi revenues increased by 2.0% year-on-year in the first quarter. The year-on-year revenue growth was offset by the deconsolidation of Centrosoyuz hospital following the company's decision to dispose of the unit. A quarter-on-quarter decrease in revenues in the first quarter of 2012 resulted from seasonality effects.

Medsi's OIBDA was up 29.5% year-on-year in the first quarter as a result of improved operating efficiency and average cheque growth.

In the first quarter of 2012, the number of patient visits and services provided decreased by 12.9% and 5.1% quarter-on-quarter, respectively, following the sale of Centrosoyuz hospital, while the average cheque grew by 6.4% year-on-year to US\$ 50.2.

As of March 31, 2012, Medsi's network consisted of 29 medical clinics and 85 first aid stations with a total floor space of healthcare facilities of over 40,000 sq.m.

In January 2012, Tatiana Sergeyeva was appointed the new President of Medsi group.

CORPORATE AND OTHER

<i>(US\$ millions)</i>	1Q 2012	1Q 2011	Year on Year Change	4Q 2011	Quarter on Quarter Change
OIBDA ⁹	(29.6)	(5.9)	-	(129.5)	-
Net loss	(115.5)	(148.5)	-	(72.2)	-
Indebtedness	1,274.8	1,767.0	<i>(27.9%)</i>	1,246.8	2.2%

The Corporate and Other category comprises the companies that control and manage the Group's interests in its subsidiaries.

In February 2012, Sistema sent a formal notice to the Republic of India notifying it of a dispute under the Bilateral Investment Treaty (BIT) between the Government of the Russian Federation and the Government of the Republic of India arising from the decision of the Supreme Court of India issued on February 2, 2012, regarding the cancellation of 122 telecom licences, including 21 licences belonging to SSTL.

In February 2012, Sistema increased its stake in OJSC Navigation Information Systems from 51% to 70% through an acquisition of an additional issue of NIS' shares. Sistema paid for the shares by contributing its 51% stake in M2M telematics LLC to the charter capital of NIS.

In January 2012, Sistema signed a framework agreement with RTI and NVision Group Managing Company LLC about a potential transaction between RTI and CJSC NVision Group, one of the largest information and communication technology companies in the Russian Federation.

FINANCIAL REVIEW

Net cash provided by operations in the first quarter of 2012 more than tripled year-on-year to US\$ 1,250.1 million, but decreased by 39.5% quarter-on-quarter due to changes in working capital.

Net cash used in investing activities totalled US\$ 2,883.4 million in the reporting quarter, compared to inflow of US\$ 15.4 million in the corresponding period of 2011.

The Group spent US\$ 749.1 million on capital expenditure in the first quarter of 2012, compared to US\$ 526.6 million spent in the corresponding period of 2011. The Group also used US\$ 947.2 million to increase banking assets and US\$ 1,295.5 million to increase short-term investments.

Net cash outflow from financing activities amounted to US\$ 124.3 million in the first quarter of 2012, compared to an outflow of US\$ 924.1 million in the first quarter of 2011. The Group's proceeds from borrowings in the reporting quarter totalled US\$ 1,105.6 million, whereas the principal payments on long-term borrowings amounted to US\$ 1,876.5 million.

The Group's cash balances of continuing operations stood at US\$ 1,578.8 million as of March 31, 2012 (excluding an amount of US\$ 1,118.3 million which comprises the Group's banking activities and cash and equivalents of discontinued operations US\$ 88.4 million) compared to US\$ 2,924.0 million as of

⁹ Here and further, OIBDA and net income (loss) of the Corporate & Other category are shown without an effect of intragroup dividends.

December 31, 2011 (excluding an amount of US\$ 1,315.1 million which comprises the Group's banking activities and cash and equivalents of discontinued operations US\$ 83.7 million). The Group's net debt (short-term and long-term debt less cash and cash equivalents and highly liquid deposits) amounted to US\$ 15,171.4 million as of March 31, 2012, compared to US\$ 13,485.9 million as of December 31, 2011.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Core Assets

In May 2012, MTS, through its subsidiary MGTS, acquired a 100% stake in Tascom CJSC, a market leader in providing telecommunication services to corporate clients in Moscow and the Moscow region, from Bester Investments Limited, which is owned by the European Bank for Reconstruction and Development, its related funds and certain other private investors. The purchase price paid at the completion of the transaction amounted to US\$ 38.3 million. Additional payment of US\$ 6.9 million is deferred for twelve months and is contingent upon fulfilment of certain requirements. MGTS also assumed net debt of Tascom in the amount of US\$ 9.7 million.

In May 2012, a representative of the Federal Subsoil Resources Management Agency has announced that the order to transfer the development license for a subsoil area including the Trebs and Titov oilfields to LLC Bashneft-Polyus had been cancelled and that this license shall be returned to JSOC Bashneft. The transfer of license from JSOC Bashneft to LLC Bashneft-Polyus and the subsequent sale of a 25.1% share in LLC Bashneft-Polyus to OJSC Lukoil were aimed at promoting the efficient implementation of a large-scale project involving an experienced partner who owns well-developed infrastructure in the region. JSOC Bashneft will firmly stick to the decisions of state regulatory bodies and will fully comply with the license requirements for the development of the Trebs and Titov oilfields. JSOC Bashneft intends to discuss with OJSC Lukoil the possible ways of further cooperation in the development of the Trebs and Titov oilfields that would enable to achieve the maximum efficiency and serve the interests of all stakeholders.

In May 2012, MTS signed a memorandum of understanding with VimpelCom OJSC, MegaFon OJSC and Rostelecom OJSC to jointly lay and operate an underwater fibre-optic cable joining the Russian Far East with Sakhalin Island. The project will kick off in late 2012. According to preliminary estimates, the total cost of the project will amount to RUB 2.4 billion and will be split evenly between the four operators. The volume of investments will be specified at the end of 2012 after completion of the feasibility study.

In May 2012, Fitch Ratings assigned Long-term foreign and local currency Issuer Default Ratings (IDR) of 'BB' and a National Long-term rating of 'AA-(rus)' to Bashneft. Fitch also assigned Bashneft Short-term foreign and local currency IDRs of 'B', foreign and local currency senior unsecured ratings of 'BB', and a national senior unsecured rating of 'AA-(rus)' to its RUB-denominated domestic bonds. The outlook on the Long-term ratings is stable.

In April 2012, the Board of Directors of MTS set the date for the company's Annual General Meeting of shareholders for June 27, 2012. The Board also recommended that the AGM approve annual dividends of RUB 14.71 per ordinary MTS share (approximately US\$ 1.01 per ADR) for the 2011 fiscal year, amounting to a total of RUB 30.4 billion (approximately US\$ 1.04 billion or 72% of US GAAP net income).

In April 2012, Moody's Investors Service assigned a Ba2 corporate family rating (CFR) and probability of default rating (PDR) to Bashneft with a stable outlook.

In April 2012, the Board of Directors of Bashneft set the date for the Annual General Meeting of shareholders for June 29, 2012. The Board of Directors recommended that the AGM approve the dividend payment of RUB 99 per one ordinary registered and per one preferred registered share for 2011.

In April 2012, the EGM of Bashneft approved the reorganisation of the company through a legal merger of its subsidiaries, OJSC Bashkirnefteprodukt, OJSC Ufaneftekhim, OJSC Orenburgnefteprodukt, OJSC Ufimsky refinery plant and OJSC Novoil with Bashneft, and also approved the actual Agreement on the merger. The EGM also approved the increase of the authorised capital of JSOC Bashneft. Therefore, Bashneft placed 60,340,000 additional ordinary registered shares with a par value of RUB 1 per share and 7,090,000 additional class A preferred registered shares with a par value of RUB 1 per share, to be exchanged for ordinary and preferred shares of the subsidiaries to be merged with Bashneft.

In April 2012, the Board of Directors of Bashkirenergo set the date for the Annual General Meeting of shareholders for June 20, 2012. The Board recommended that the AGM approve a dividend payout of RUB 8.57 per type A preferred share for the full year of 2011, amounting to a total of RUB 382,967,000. As the company paid out interim dividends of RUB 0.92 per type A preferred share for the first nine months of 2011, the final dividend payment will amount to RUB 7.65 per share.

Developing Assets

In May 2012, 36.548% of SITRONICS' ordinary shares, including shares underlying the SITRONICS' Depositary Receipts, have been offered for sale by SITRONICS' minority shareholders under OJSC RTI's Voluntary Tender Offer, which was launched to acquire up to 36.926% of SITRONICS' ordinary shares from minority shareholders, and which was received by SITRONICS on March 13, 2012.

In May 2012, the Board of Directors of Intourist appointed Denis Bass as President of the company.

In May 2012, the Extraordinary General Meeting of MTS Bank's shareholders approved the reorganization of MTS Bank by merging it with Dalcombank. The integration of MTS Bank and Dalcombank and the rebranding process currently being implemented by MTS Bank are key stages within MTS Bank's development strategy in the period up to 2016.

In May 2012, Sistema Shyam Teleservices filed a curative petition in the Supreme Court seeking re-examination of its judgment revoking 122 telecom licences of 8 telecom operators, including 21 of the 22 licences held by SSTL.

In April 2012, Medsi commenced a merger of assets with the State Unitary Enterprise Medical Centre under the Administration of the Mayor of Moscow and the Moscow Government ("SUE"), a large group of healthcare institutions in Moscow. SUE will have 25% of the shares of the combined entity. Further a 25% stake will be sold to a strategic investor.

In April 2012, SITRONICS completed the sale of a 3% stake in INTRACOM TELECOM to RYDRA TRADING Company.

Corporate

In May 2012, Sistema signed an agreement with OJSC INTER RAO UES regarding the terms of the reorganisation of OJSC Bashkirenergo. Following the reorganisation, Bashkirenergo will be split into JSC Bashkirian Power Grid Company, which will combine power grid assets, and OJSC Bashenergoactiv, which will integrate power generation assets. In accordance with the agreement, INTER RAO UES will own more than 75% of the voting shares of Bashenergoactiv, while more than 75% of the voting shares of Bashkirian Power Grid Company will be owned by Sistema. INTER RAO UES will also pay Sistema an amount of up to RUB 14 billion in cash and promissory notes. The decisions regarding the reorganisation of Bashkirenergo will be submitted for approval at Extraordinary General Meetings of Sistema and Bashkirenergo shareholders, which are scheduled for June 2012.

In April 2012, the Board of Directors of Sistema set the date for the Annual General Meeting of shareholders for June 30, 2012. Sistema's Board recommended to the AGM to set the total amount of dividend payment on Sistema's shares for 2011 at RUB 2.7 billion, representing a payment of RUB 0.28 per ordinary share. The total proposed dividend payment has been determined on the basis of Sistema's full year 2011 US GAAP net income and the corporate centre's net gain from the sale of CJSC Sistema-

Inventure to OJSC MTS in December 2011. The Board of Directors also convened an Extraordinary General Meeting of shareholders to approve a related party transaction involving the swap of the assets of OJSC Bashkirenergo between Sistema JSFC and OJSC INTER RAO UES.

In April 2012, Sistema announced a joint venture with RZ Agro Ltd, in the agricultural sector. RZ Agro Ltd. was created in 2009 and is affiliated with the Sierentz Group, both controlled by certain members of the Louis-Dreyfus family.

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

Investor Relations
Evgeniy Chuikov
Tel: +7 (495) 692 1100
ir@sistema.ru

Public Relations
Vsevolod Sementsov
Tel: +7 (495) 730 1705
pr@sistema.ru

Sistema is the largest diversified public financial corporation in Russia and the CIS, which invests in and is a major shareholder of companies serving over 100 million customers in the sectors of telecommunications, high technology, oil and energy, radars and aerospace, banking, retail, mass-media, tourism and healthcare services. Founded in 1993, the company reported revenues of US\$ 9.7 billion for the first quarter of 2012, and total assets of US\$ 47.3 billion as at March 31, 2012. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the symbol "AFKS" on the MICEX-RTS Stock Exchange, and under the symbol "SIST" on the Moscow Stock Exchange (MSE). Sistema was ranked number 342 in the 2010 edition of the Fortune Global 500 list. Website: www.sistema.com

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 THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(Amounts in thousands of U.S. dollars except per share amounts)

	Three months ended March 31,	
	2012	2011
Sales	\$ 7,769,380	\$ 7,109,084
Revenues from banking activities	150,424	134,088
TOTAL REVENUES	7,919,804	7,243,172
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(3,183,079)	(2,864,741)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(75,235)	(90,967)
Selling, general and administrative expenses	(903,732)	(983,928)
Depreciation, depletion and amortization	(830,817)	(798,544)
Transportation costs	(179,616)	(163,873)
Provision for doubtful accounts	(43,467)	(40,584)
Loss from impairment and provisions for other assets	(22,660)	(17,540)
Taxes other than income tax	(1,516,251)	(1,302,966)
Other operating income/(expenses), net	12,035	(91,914)
Equity in results of affiliates	11,956	36,610
OPERATING INCOME	1,188,938	924,725
Interest income	74,440	39,673
Change in fair value of derivative instruments	(602)	(550)
Interest expense, net of amounts capitalized	(352,927)	(497,449)
Foreign currency transactions gains	145,772	24,255
Income from continuing operations before income tax	1,055,621	490,654
Income tax expense	(316,833)	(217,504)
Income from continuing operations	738,788	273,150
Gain from discontinued operations	32,361	86,120
NET INCOME	\$ 771,149	\$ 359,270
Non-controlling interest	(390,243)	(262,057)
NET INCOME attributable to JSFC Sistema	\$ 380,906	\$ 97,213
Earnings per share, basic and diluted (US cent per share):	4.08	1.05

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011

(Amounts in thousands of U.S. dollars, except share amounts)

	March 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,578,760	\$ 2,923,957
Short-term investments	2,152,153	763,631
Assets from banking activities, current portion (including cash and cash equivalents of \$1,118,273 and \$1,315,075)	4,046,096	4,204,961
Accounts receivable, net	2,162,203	1,756,278
VAT receivable	754,813	709,099
Inventories and spare parts	1,999,992	1,659,653
Deferred tax assets, current portion	401,321	311,891
Disposal group held for sale	1,637,326	1,409,064
Other current assets, net	1,930,338	1,722,844
Total current assets	16,663,002	15,461,378
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,721,357	18,360,826
Advance payments for non-current assets	259,048	264,709
Goodwill	1,740,207	1,601,260
Other intangible assets, net	2,380,093	2,251,166
Investments in and loans to affiliates	1,505,731	1,382,651
Assets from banking activities, net of current portion	2,694,938	2,303,120
Debt issuance costs, net	185,659	171,951
Deferred tax assets, net of current portion	384,878	348,589
Long-term investments	1,231,054	1,294,687
Other non-current assets	565,093	461,684
Total non-current assets	30,668,058	28,440,643
TOTAL ASSETS	\$ 47,331,060	\$ 43,902,021

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011 (CONTINUED)
(Amounts in thousands of U.S. dollars, except share amounts)

	March 31, 2012	December 31, 2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,180,753	\$ 2,189,019
Liabilities from banking activity, current portion	3,834,602	3,152,989
Taxes payable	1,117,039	794,117
Deferred tax liabilities, current portion	162,202	168,545
Subscriber prepayments, current portion	584,368	605,545
Accrued expenses and other current liabilities	2,605,982	2,362,768
Short-term loans payable	395,658	299,610
Current portion of long-term debt	3,838,925	4,097,076
Disposal group held for sale	345,883	248,317
	<u>15,065,412</u>	<u>13,917,986</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	12,515,611	12,013,197
Subscriber prepayments, net of current portion	115,125	106,586
Liabilities from banking activity, net of current portion	1,202,549	1,644,478
Deferred tax liabilities, net of current portion	1,615,024	1,412,199
Asset retirement obligation	240,283	214,121
Postretirement benefits obligation	87,429	77,591
Property, plant and equipment contributions	93,986	86,081
	<u>15,870,007</u>	<u>15,554,253</u>
TOTAL LIABILITIES	<u>30,935,419</u>	<u>29,472,239</u>
Commitments and contingencies		
Redeemable non-controlling interests	<u>782,018</u>	<u>723,819</u>
SHAREHOLDERS' EQUITY:		
Share capital (9,650,000,000 shares issued; 9,356,923,282 and 9,267,985,025 shares outstanding as of March 31, 2012 and December 31, 2011, respectively, with par value of 0.09 Russian Rubles)	30,057	30,057
Treasury stock (293,076,718 and 382,014,975 shares as of March 31, 2012 and December 31, 2011, respectively, with par value of 0.09 Russian Rubles)	(357,908)	(467,198)
Additional paid-in capital	2,596,911	2,575,601
Retained earnings	6,756,236	6,418,649
Accumulated other comprehensive income / (loss)	110,946	(518,354)
	<u>9,136,242</u>	<u>8,038,755</u>
Total JSFC Sistema shareholders' equity	<u>9,136,242</u>	<u>8,038,755</u>
Non-redeemable non-controlling interests in equity of subsidiaries	6,477,381	5,667,208
TOTAL EQUITY	<u>15,613,623</u>	<u>13,705,963</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 47,331,060</u>	<u>\$ 43,902,021</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(Amounts in thousands of U.S. dollars)

	Three months ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 771,149	\$ 359,270
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization	830,817	798,544
Net gain from discontinued operations	(32,361)	(86,120)
Equity in results of affiliates	(11,956)	(36,610)
Deferred income tax expense/(benefit)	22,026	(53,746)
Change in fair value of derivative financial instruments	602	550
Foreign currency transactions gains	(145,772)	(24,255)
Debt issuance cost amortization	4,020	13,615
Non-cash compensation to employees	2,251	6,214
Non-cash expenses associated with asset retirement obligation	5,496	1,931
Loss from impairment and provisions of other assets	22,660	17,540
Gain on disposal of property, plant and equipment	(1,327)	(1,860)
Amortization of connection fees	(7,785)	(9,586)
Provision for doubtful accounts	43,467	40,584
Allowance for loan losses	6,830	11,312
Dividends received from affiliates	9,803	17,300
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	40,549	(87,213)
Accounts receivable	(371,004)	(343,030)
VAT receivable	(39,928)	(5,892)
Other current assets	(191,942)	70,435
Inventories and spare parts	(354,103)	(301,931)
Accounts payable	82,784	(268,000)
Subscriber prepayments	(4,853)	(36,195)
Taxes payable	322,922	265,942
Accrued expenses and other liabilities	195,385	(154,340)
Postretirement benefit obligation	-	27,435
Net cash provided by operating activities of discontinued operations	50,327	83,832
Net cash provided by operations	\$ <u>1,250,057</u>	\$ <u>305,726</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011 (CONTINUED)
(Amounts in thousands of U.S. dollars)

	Three months ended March 31,	
	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(651,716)	(471,507)
Payments for purchases of intangible assets	(97,403)	(55,053)
Payments for purchases of businesses, net of cash acquired	-	(19,038)
Payments for purchases of long-term investments	(256,014)	(275,397)
Payments for purchases of short-term investments	(1,295,468)	(416,695)
Payments for purchases of other non-current assets	(114,075)	(35,001)
Increase/(decrease) in restricted cash	50,621	(54,623)
Proceeds from sale of property, plant and equipment	5,180	60,014
Proceeds from sale of long-term investments	219,919	28,238
Proceeds from sale of other non-current assets	5,178	-
Proceeds from sale of short-term investments	197,601	426,725
Net increase/(decrease) in loans to customers and banks	(947,236)	827,684
Net cash (used in)/provided by investing activities	\$ (2,883,413)	\$ 15,347
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	96,048	29,491
Net increase/(decrease) in deposits from customers of the banking division	235,718	(360,712)
Net increase/(decrease) in debt securities issued and other liabilities by the banking division	267,260	(339,417)
Proceeds from sales of treasure stock	73,083	-
Proceeds from long-term borrowings, net of debt issuance costs	1,009,568	1,213,529
Debt issuance costs	-	(5,354)
Principal payments on long-term borrowings	(1,876,499)	(1,374,868)
Principal payments on capital lease obligations	(3,435)	-
Acquisition of non-controlling interests in existing subsidiaries	-	(192,617)
Payments to shareholders of subsidiaries	-	(47,831)
Proceeds from capital transactions of subsidiaries	73,987	153,710
Net cash used in financing activities	\$ (124,270)	\$ (924,069)
Effects of foreign currency translation on cash and cash equivalents	\$ 220,300	\$ 62,172
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (1,537,326)	\$ (540,824)
CASH AND CASH EQUIVALENTS, beginning of the year (including cash from discontinued operations)	4,322,708	4,573,557
Less cash and equivalents of discontinued operations at the end of year	(88,349)	(12,429)
CASH AND CASH EQUIVALENTS of continuing operations at end of year*	\$ 2,697,033	\$ 4,020,304
<i>* Cash and cash equivalents at the end of the period comprised of the following:</i>		
<i>Non-banking activities</i>	\$ 1,578,760	\$ 2,240,267
<i>Banking activity</i>	1,118,273	1,780,037
	\$ 2,697,033	\$ 4,020,304

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(Amounts in thousands of U.S. dollars)

For the three months ended March 31, 2012	Core Assets			Developing Assets			Corporate and other	Total
	MTS	Bashneft	SSTL	MTS Bank	RTI	Other		
Net sales to external customers ^(a)	3,012,436	3,920,002	80,975	150,424	361,148	385,529	9,290	7,919,804
Intersegment sales	1,365	3,087	-	6,791	116,087	7,630	8,615	143,575
Equity in net income of investees	4,597	11,588	-	-	-	(4,229)	-	11,956
Interest income	28,824	42,202	1,810	-	3,104	32,409	33,708	142,057
Interest expense	160,713	87,385	41,527	-	17,247	28,102	37,811	372,785
Net interest revenue ^(b)	-	-	-	2,698	-	-	-	2,698
Depreciation, depletion and amortization	594,600	147,791	19,278	4,760	24,132	36,967	3,289	830,817
Operating income/(loss)	652,860	687,275	(91,284)	7,186	(2,718)	(12,703)	(32,904)	1,207,712
Income tax expense/(benefit)	157,223	137,330	-	3,264	7,700	3,619	7,697	316,833
Investments in affiliates	173,355	1,041,243	-	-	236,287	16,864	37,982	1,505,731
Segment assets	16,562,600	16,140,203	1,001,790	7,254,842	2,668,116	4,470,077	3,280,763	51,378,391
Indebtedness ^(c)	8,080,246	4,390,893	1,354,808	-	1,262,231	387,261	1,274,755	16,750,194
Capital expenditures	463,278	73,177	39,082	4,691	29,824	130,270	8,797	749,119

For the three months ended March 31, 2011	Core Assets			Developing Assets			Corporate and other	Total
	MTS	Bashneft	SSTL	MTS Bank	RTI	Other		
Net sales to external customers ^(a)	2,932,478	3,474,891	52,187	134,088	236,022	388,892	24,614	7,243,172
Intersegment sales	1,505	9,730	-	2,690	146,319	2,868	3,550	166,662
Equity in net income of investees	15,945	20,608	-	-	-	57	25,567	62,177
Interest income	11,045	16,795	11,510	-	2,550	1,614	25,429	68,943
Interest expense	170,453	140,081	37,638	-	20,122	15,391	129,285	512,970
Net interest expense ^(b)	-	-	-	(13,397)	-	-	-	(13,397)
Depreciation, depletion and amortization	558,342	162,357	22,914	3,881	22,673	26,069	2,308	798,544
Operating income/(loss)	573,021	587,233	(123,471)	(17,519)	(5,664)	(30,105)	(8,164)	975,331
Income tax expense/(benefit)	140,684	76,430	-	(5,446)	2,452	5,945	(2,561)	217,504
Investments in affiliates	243,116	733,680	-	-	236,083	7,396	10,035	1,230,310
Segment assets	16,313,356	14,751,967	1,809,242	7,072,827	2,584,337	5,291,796	2,666,325	50,489,850
Indebtedness ^(c)	7,451,363	4,186,898	1,255,542	-	978,861	342,779	1,766,977	15,982,420
Capital expenditures	278,630	147,595	33,157	843	26,471	39,794	70	526,560

(a) Interest income and expenses of the banking division are presented as revenues from financial services and cost of financial services, correspondingly, in the Group's consolidated financial statements.

(b) The banking division 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 division. 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 businesses 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. OIBDA can be reconciled to our consolidated statements of operations as follows:

	1Q 2012	1Q 2011	4Q 2011
Operating Income	1,188.9	924.7	296.1
Depreciation, depletion and amortisation	830.8	798.5	812.6
OIBDA	2,019.8	1,723.3	1,108.7