



FOR IMMEDIATE RELEASE

October 7, 2005

SISTEMA ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2005

Moscow, Russia – October 7, 2005 – Sistema (LSE: SSA), the largest private sector consumer services company in Russia and the CIS, today announced its unaudited reviewed consolidated US GAAP financial results for the six months ended June 30, 2005.

HIGHLIGHTS

- Consolidated revenues grew 38% to US\$ 3.35 billion
- OIBDA* increased 27% to US\$ 1.42 billion
- Operating income up 22% to US\$ 941.3 million
- Net income grew 33% to US\$ 227.7 million
- Total consolidated assets increased 57% to US\$ 11.57 billion
- 150% increase in shareholders' equity following successful IPO on London Stock Exchange in February

Vladimir Evtushenkov, President and Chief Executive Officer of Sistema, commented on the half year results: "This set of results is the first one reflecting the company's performance post-IPO, and we would like it to be viewed as evidence of our ability to deliver on our promises to investors. Our businesses, both existing and newly-acquired, exhibited solid growth in the first half of 2005, and we are seeing further improvement in the fundamentals of our portfolio. The strength of Sistema has always been in the combination of solid business planning and effective execution, and we intend to continue capitalizing on this going forward. We have already consummated several successful transactions in the third quarter of the year, and are moving in line with our strategy for the remainder of the year."

FINANCIAL SUMMARY

(US\$ millions)	H1 2005	H1 2004	Growth	FY 2004
Revenues	3,355.0	2,428.0	38%	5,711.3
Operating income	941.3	772.1	22%	1,664.7
<i>Margin</i>	28%	32%	-	29%
Net Income	227.7	171.0	33%	411.2
OIBDA	1,421.9	1,119.9	27%	2,464.6
<i>Margin</i>	42%	46%	-	43%

*OIBDA is operating income before depreciation and amortization. See Appendix for full definition of OIBDA and its reconciliation to operating income.

FINANCIAL AND OPERATING REVIEW

Sistema's consolidated revenues increased by 38% year-on-year to US\$ 3.35 billion in the six-month period ended June 30, 2005, from US\$ 2.43 billion in the same period of 2004. Revenue growth in existing businesses was US\$ 671.7 million, or 28%. The consolidation of Kvazar-Micro, Uzdurobita, Gorizont-RT and others contributed a total of US\$ 255.2 million to the increase.

Over the reporting period the company continued to diversify its business, both in terms of industries, and geographically. The Telecommunications segment represented 79.9% of total aggregated revenues for the period, compared with 86.9% in the same period of last year, while the share of the Technology segment increased to 12.7% from 3.4%. The revenues derived from Ukraine were US\$ 691.9 million vs. US\$ 345.3 million in the previous reporting period.

Consolidated OIBDA increased by 27% year-on-year to US\$ 1.42 billion from US\$ 1.12 billion for the six month period of 2004. The OIBDA margin decreased to 42% for the six months ended June 30, 2005, compared to 46% for the same period of 2004, both through a slight decrease in margins for the Telecommunications segment, and the growth of share of lower-margin segments in total revenues.

Sistema's operating income increased by 22% to US\$ 941.3 million from US\$ 772.1 million in the previous year. MTS contributed US\$ 788.6 million, or 84%, of the Group's aggregated operating income in the six-month period ended June 30, 2005, vs. 91% in the first half of 2004.

Group net income increased by 33% year on year to US\$ 227.7 million for the six months ended June 30, 2005, from US\$ 171.0 million for the six months ended June 30, 2004, with net income margin slightly declining to 6.8% from 7.0%.

Throughout the reporting period, Sistema continued to optimize its debt portfolio. Our total long-term indebtedness amounted to US\$ 3.03 billion as at June 30, 2005, compared to US\$ 1.74 billion as at the same date last year, while current debt declined to US\$ 529.9 million from US\$ 747.7 million. The ratio of total debt to annualized OIBDA as of June 30, 2005, stood at 1.25x vs. 1.11x at the end of the first half of the previous year.

Over the first half of 2005, Sistema invested US\$ 981.5 million in capital expenditures (excluding acquisitions), which is a 51% increase compared with US\$ 650.3 in the first six months of 2004.

Telecommunications

Revenues from the Telecommunications segment grew by 27% year-on-year to US\$ 2.68 billion from US\$ 2.11 billion. This growth does not include the revenues of MTU-Intel and Golden Line, which in the first half of 2005 were accounted for in the Media segment. Following the management decision to include these two businesses in Comstar United TeleSystems, in 2006 their results will again be included in the results of the Telecommunications segment.

MTS revenues grew by 31% or US\$ 546.1 million to US\$ 2,293.6 million, reflecting continued subscriber growth in Russia and the CIS. MGTS demonstrated a 36% growth in the top line to US\$ 308.3 million from US\$ 226.3 million in the first six months of 2004. The company's operating income increased by 125% to US\$ 104.4 million from US\$ 46.5 million for the same period of 2004. MGTS' growth was driven by further increases in regulated tariffs, continued growth in unregulated value-added services, and the effects of the monetization of social benefits allowing the company to significantly improve its collection ratios.

Combined revenues of Comstar, MTU-Inform and Telmos, united under the umbrella of Comstar UTS, grew by 9% to US\$ 114.2 million from US\$ 105.0 million in the first half 2004, with operating income increasing by 13% to US\$ 29.3 million from US\$ 26.0 million. The revenues of MTU-Intel and Golden Line (accounted for in the Media segment) demonstrated growth of 36% to US\$ 51.3 million from US\$ 37.7 million in the first half of 2004, while their operating income expanded by 59% to reach US\$ 5.2 million.

Technology

Technology became Sistema's fastest-growing segment in the first half of 2005, with its revenues more than quintupling in the period to US\$ 426.5 million from US\$ 83.0 million in the first half of 2004, and operating income growing by more than 8 times to US\$ 109.9 million from US\$ 13.2 million. The acquisition of Kvazar-Micro contributed US\$ 178.4 million to the increase in revenues, while organic growth came mainly from the telecommunications equipment and software business (320% growth to US\$ 166.1 million from US\$ 39.5 million) and the consumer electronics business (271% growth to US\$ 59.0 million from US\$ 15.9 million). The revenues of the semiconductor design and manufacturing business remained virtually unchanged at US\$ 27.3 million; however, the business line became the second-largest contributor to the segment's operating income with operating income of US\$ 12.0 million.

Insurance

Revenues for the Insurance segment increased by 59.7% year-on-year to US\$ 197.9 million from US\$ 123.9 million on the back of a 57.2% increase in gross premiums written to US\$ 317.9 million from US\$ 202.2 million in the first six months of 2004 and enhanced returns on the investment portfolio managed by Allianz-ROSNO Asset Management. Operating income for the segment more than doubled to US\$ 13.6 million from US\$ 4.9 million as a result of continued improvements in operating efficiencies.

Banking

The Banking segment revenues grew by 68% year-on-year to US\$ 45.8 million from US\$ 27.3 million in the first six months of 2004. The growth in revenues was primarily attributable to interest on loans to customers, which increased by 58%. However, operational costs increased at a higher rate due to the increase in loan servicing cost, which reduced operational margin to 6.9% from 25.6% in the first six months of 2004.

Real Estate

Revenues in the real estate business are recognized upon completion of development projects. Revenues for the six-month period ended June 30, 2005 decreased by US\$ 13.0 million, to US\$ 10.9 million, which represents a 54% decline compared to the same period in 2004. The reason for the decrease is the continued construction of real estate projects during the six months ended June 30, 2005, which resulted in no sales of completed premises in that period. Consequently, operating income for the period decreased to US\$ 3.2 million, from US\$ 7.9 million in the same period of 2004.

Retail

Revenues for the Detsky Mir business increased by 49.7%, to US\$ 45.2 million, for the six-month period ended June 30, 2005 from US\$ 30.2 million for the six-month period ended June 30, 2004. The increase was mostly generated by revenues of our new retail outlets. The other reason is consolidation of companies previously not included in our consolidated financial statements, such as NeuKöln with revenues of US\$ 3.4 million and DM-Orel previously accounted for by the equity method with revenues of US\$ 1.3 million. Operating income during the reporting period increased to US\$ 3.8 million, compared with US\$ 2.2 million in the six-month period ended June 30, 2004.

Media

Media revenues excluding MTU-Intel and Golden Line increased by 108% to US\$ 42.2 million during the six-month period ended June 30, 2005 compared to US\$ 20.3 million in the six-month period ended June 30, 2004, primarily due to an increase in print distribution revenues. In addition, our Media subholding commenced operations in Ukraine through its direct subsidiaries, Maxima Kiev and Lingway, which contributed US\$ 1.7 million and US\$ 13.5 million in revenues. Operating loss (excluding operating income generated by MTU-Intel and Golden Line) expanded during the period to US\$ 5.0 million from US\$ 2.0 million in the six-month period ended June 30, 2004.

ACQUISITIONS AND DIVESTITURES

In wireless telecommunications, MTS' acquisitions included a 74% stake in Mobile TeleSystems Komi (cash consideration equivalent US\$ 1.2 million), a 51% stake in Barash Communication Technologies, Inc. ("BCTI") with operations in the Republic of Turkmenistan for a consideration of US\$ 28.2 million, and an additional 24% stake in Gorizont-RT in the Far East of Russia for a cash consideration of US\$ 13.5 million, increasing its voting power in the company to 100%. The company also acquired a 75% stake in Sweet-Com LLC, a holder of 3.5GHz radio frequency allocation for the Moscow region, for a cash consideration of US\$ 2 million.

Sistema acquired an additional 20% stake in Telmos for a cash consideration of US\$ 8.5 million, bringing its voting power to 100%, and an additional 5% stake in Mezhregionalny Transit Telecom (MTT), a nationwide transit traffic operator, for a cash consideration of US\$ 6.4 million, bringing the Group's voting interest to 50%

In the Banking segment, Sistema acquired a further 13% stake in MBRD for US\$ 10 million in cash and promissory notes, increasing its voting power to 99%. We contributed a further US\$ 20.9 million to the share capital of MBRD in June 2005, by purchasing 130,000 newly issued shares of MBRD's common stock in a closed subscription.

Technology acquisitions included a further 53% stake in Kvant, a personal computers and components manufacturer located in Zelenograd for a total consideration of US\$ 6.0 million, increasing Sistema's voting power to 88%.

Our Radio and Space Technology business, Concern RTI Systems, acquired a 54% stake in MTU Saturn which operates in the business of design and installation of electric systems for a cash consideration of US\$ 1.5 million. We also purchased a 51% stake in Yaroslavl Radio Plant, producer of commercial payload for satellites and professional communications facilities, for a cash consideration of US\$ 6.1 million.

In the first half of 2005 Sistema's ownership interest in Intourist decreased to 72% from its previous level of 91% as a result of an additional share issue, whereby the Moscow City Government subscribed to additional shares in exchange for a 40% stake in the Cosmos Hotel, a 1,000-room hotel complex in Moscow, and Sistema paid the equivalent of US\$47.7 million for the remainder of the newly-issued shares.

RECENT EVENTS

In August 2005, in line with its expansion and development strategy, Sistema Mass Media acquired Esta group, a leading Russian cable television operator in MMDS standard which provides services to 217,000 customers, for US\$ 8.6 million.

In August and September 2005, for a total of US\$ 3.0 million, Detsky Mir acquired a retail network operating under the brand Vyrastai-ka, S-Toys, a children's toys wholesale company, and Chudo-Ostrov Neva, a children's goods retailer based in St. Petersburg, which, along with the opening of new stores, brought the total number of store in the Detsky Mir chain to 33.

In September 2005, Comstar UTS completed the purchase of 45% stake in Metrokom, a leading alternative fixed line operator in St. Petersburg for a total cash consideration of US\$ 22.5 million which included the refinancing of a loan previously obtained by the company.

During August and September 2005, Sistema acquired minority shareholdings in six energy companies in the Republic of Bashkortostan: 25% in OAO ANK Bashneft, 28.17% in OAO Novoil, 25.52% in OAO Ufimsky NPZ, 22.43% in OAO Ufaneftekhim, 24.87% in OAO Ufaorgsintez and 18.57% in OAO Bashnefteproduct. This group of transactions in the energy sector represents a purely financial investment.

In August 2005, trading of Sistema's common shares on the Moscow Stock Exchange commenced, and they have also been included in the calculation of the Exchange's technical index.

On October 5, 2005, Sistema announced the terms of the proposed consolidation of its fixed-line telecommunications operators under Comstar United TeleSystems. Sistema intends that Comstar UTS acquire and hold majority stakes in all of Sistema's fixed-line businesses, including MTU-Inform, Telmos, MTU-Intel, Golden Line and MGTS. Comstar UTS will pay for these acquisitions in the form of newly issued shares. It is expected that post-merger the shareholder structure of Comstar UTS will be as follows: Sistema and its 100%-owned subsidiaries will own 79.3%, and MGTS and its 100%-owned subsidiary will own 20.7%.

Until 2005, Sistema has reported its financial results under US GAAP on a semiannual basis. Starting from second half of this year, we intend to move to quarterly reporting.

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Sistema is the largest private sector consumer services company in Russia and the CIS, with over 50 million customers. Sistema develops and manages market-leading businesses in selected service-based industries, including telecommunications, technology, insurance, banking, real estate, retail and media. Founded in 1993, the company reported revenues of US\$ 5.7 billion for the full year 2004, and total assets of US\$ 8.8 billion as at December 31, 2004. Sistema's shares are listed under the symbol "SSA" on the London Stock Exchange, under the symbol "AFKS" on the Russian Trading System (RTS), 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. 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.

APPENDIX - NON-GAAP FINANCIAL MEASURES

This results statement includes financial information prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP), as well as other non-GAAP financial information. The non-GAAP financial information should be considered as an addition to, but not as a substitute for, information prepared in accordance with US GAAP.

OIBDA is operating income before depreciation and amortization and the OIBDA margin is defined as OIBDA as a percentage of net revenues. These measures are included in this results statement in order to provide additional information regarding the Group's ability to meet future debt service payments, capital expenditure and working capital requirements, and as a metric to evaluate profitability. OIBDA is not a measure of financial performance under US GAAP, and is not an alternative to net income as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. While depreciation and amortization are considered operating costs under GAAP, these items primarily represent the non-cash current period allocation of costs arising from the acquisition or development of long term assets in prior periods. OIBDA is commonly used as a criterion for evaluation of operating performance by credit and equity investors and analysts. The calculation of OIBDA may be different from the calculation used by other companies and comparability may therefore be limited. OIBDA can be reconciled to the Group's consolidated statements as follows:

<i><u>US\$ thousands</u></i>	<i><u>H1 2005</u></i>	<i><u>H1 2004</u></i>	<i><u>FY 2004</u></i>
<u>Operating Income</u>	<u>941,269</u>	<u>772,058</u>	<u>1,664,706</u>
<u>Add depreciation and amortization</u>	<u>480,590</u>	<u>347,848</u>	<u>799,885</u>
<u>OIBDA</u>	<u>1,421,859</u>	<u>1,119,906</u>	<u>2,464,591</u>

SISTEMA JSFC AND SUBSIDIARIES - CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

US\$ THOUSANDS	H1 2005	H1 2004	FY 2004
Sales	3,139,108	2,294,184	5,392,827
Revenues from financial services	215,842	133,861	318,459
TOTAL REVENUES	3,354,950	2,428,045	5,711,286
Cost of sales exclusive of depreciation and amortization	(1,212,834)	(785,545)	(2,020,124)
Financial services related costs exclusive of depreciation and amortization	(166,238)	(94,441)	(201,631)
TOTAL COST OF SALES	(1,379,072)	(879,986)	(2,221,755)
Selling, general and administrative expenses	(574,392)	(413,000)	(1,009,716)
Depreciation and amortization	(480,590)	(347,848)	(799,885)
Other operating expenses, net	(13,531)	(21,267)	(44,529)
Equity in net income of investees	34,356	6,114	27,121
Gain/(loss) on disposal of interests in subsidiaries	(452)	-	2,184
OPERATING INCOME	941,269	772,058	1,664,706
Interest income	35,712	9,616	18,061
Interest expense, net of amounts capitalised	(122,491)	(108,068)	(213,943)
Currency exchange and translation gain/(loss)	(12,157)	9,084	12,620
Income from continuing operations before income tax, minority interests and cumulative effect of a change in accounting principle	842,333	682,690	1,481,444
Income tax expense	(260,626)	(198,901)	(445,731)
Income from continuing operations before minority interests and cumulative effect of a change in accounting principle	581,707	483,789	1,035,713
Minority interests	(354,052)	(277,333)	(589,014)
Income from continuing operations before cumulative effect of a change in accounting principle	227,655	206,456	446,699
Cumulative effect of a change in accounting principle (net of income tax effect of nil)	-	(35,472)	(35,472)
NET INCOME	227,655	170,984	411,227
Other comprehensive income/(loss):			
Unrealized gain/(loss) on securities available for sale, net of income tax effect of nil	307	(2,050)	1,967
Change in fair value of interest rate swaps, net of income tax effect of US\$ 245, net of taxes respectively	(776)	-	(257)
Translation adjustment (net of minority interest of US\$ 4,530, US\$ 5,893 and US\$ 28,582 respectively and income tax effect of nil)	(11,798)	9,148	29,979
Comprehensive Income	215,388	178,082	442,916
Weighted average number of common shares outstanding	9,298,895	8,100,000	8,100,000
Earnings (loss) per share, basic and diluted:			
Income from continuing operations before cumulative effect of a change in accounting principle	24.48	25.49	55.1
Cumulative effect of a change in accounting principle	-	(4.38)	(4.38)
Net income	24.48	21.11	50.77

SISTEMA JSFC AND SUBSIDIARIES - CONSOLIDATED BALANCE SHEETS

US\$ THOUSANDS	30 June 2005	30 June 2004	31 Dec 2004
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1,086,023	436,317	503,747
Short-term investments	1,193,214	217,298	207,293
Loans to customers and banks, net	509,687	236,788	379,310
Insurance-related receivables	184,506	119,955	130,278
Accounts receivable, net	407,679	245,899	327,921
Other receivables and prepaid expenses, net	768,270	516,334	583,074
Inventories	322,570	196,769	276,832
Deferred tax assets, current portion	83,521	60,770	73,592
Total current assets	4,555,470	2,030,130	2,482,047
Property, plant and equipment, net	4,952,791	3,775,378	4,435,215
Advance payments for non-current assets	314,504	105,810	181,281
Long-term receivables	4,473	836	4,513
Long-term investments	46,774	48,227	45,911
Investments in affiliated companies	264,821	132,067	206,520
Goodwill	223,737	73,340	174,341
Licenses, net	672,407	664,311	750,933
Other intangible assets, net	498,433	414,249	467,160
Debt issuance costs, net	28,337	16,370	27,267
Deferred tax assets	12,847	87,897	3,482
TOTAL ASSETS	11,574,594	7,348,615	8,778,670
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	501,939	307,110	361,016
Bank deposits and notes issued	320,106	227,494	326,861
Insurance-related liabilities	511,612	270,782	344,460
Taxes payable	171,714	124,107	117,888
Deferred tax liabilities, current portion	10,018	16,603	22,071
Accrued expenses and other current liabilities	1,040,808	691,884	737,394
Short-term notes payable	77,137	155,966	221,103
Current portion of long-term debt	450,392	583,213	340,938
Total current liabilities	3,083,726	2,377,159	2,471,731
LONG-TERM LIABILITIES:			
Capital lease obligations	963	3,628	3,412
Long-term debt	3,031,045	1,741,282	2,494,522
Subscriber prepayments, net of current portion	173,350	130,052	156,233
Deferred tax liabilities	215,435	296,665	218,620
Postretirement benefit obligation	20,235	11,923	16,226
Total long-term liabilities	3,441,028	2,183,550	2,889,013
Deferred revenue	127,115	122,444	130,913
TOTAL LIABILITIES	6,651,869	4,683,153	5,491,657
Minority interests in equity of subsidiaries	1,995,454	1,494,310	1,851,027
SHAREHOLDERS' EQUITY:			
Share capital (9,650,000 shares with par value of 90 RUR issued and outstanding as of June 30, 2005, 8,100,000 shares issued and outstanding as of June 30, 2004 and December 31, 2004)	30,057	171	25,090
Additional paid-in capital	1,478,564	198,882	198,882
Retained earnings	1,383,307	949,080	1,164,404
Accumulated other comprehensive income	35,343	23,019	47,610
TOTAL SHAREHOLDERS' EQUITY	2,927,271	1,171,152	1,435,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,574,594	7,348,615	8,778,670

JSFC SISTEMA AND SUBSIDIARIES - CONSOLIDATED STATEMENTS OF CASH FLOWS
US\$\$ THOUSANDS

	H1 2005	H1 2004	FY 2004
OPERATING ACTIVITIES:			
Net income	227,655	170,984	411,227
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	480,590	347,848	799,885
Loss on disposal of property, plant and equipment	15	4,983	1,551
Long-term investments impairment	-	-	3,070
Loss on disposal of interests in subsidiaries	-	-	1,862
Cumulative effect of a change in accounting principle	-	35,472	35,472
Minority interests	354,052	277,333	589,014
Equity in net income of investees	(34,356)	(6,114)	(27,121)
Deferred income tax benefit	(41,873)	(16,321)	(58,903)
Provision for doubtful accounts receivable	30,704	13,908	29,809
Allowance for loan losses	(444)	(2,260)	13,810
Inventory obsolescence charge	1,752	7,269	5,868
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Trading securities	(353,315)	56,851	27,142
Loans to banks	(89,839)	25,969	(25,661)
Insurance-related receivables	(54,228)	(50,100)	31,111
Accounts receivable	(106,221)	(55,189)	(101,567)
Other receivables and prepaid expenses	(183,817)	67,302	(3,929)
Inventories	(37,483)	(44,157)	(112,269)
Accounts payable	132,664	20,314	54,110
Insurance-related liabilities	167,152	89,796	51,985
Taxes payable	53,310	6,965	(1,997)
Accrued expenses, subscriber prepayments and other liabilities	37,647	(5,699)	171,966
Postretirement benefit obligation	801	3,333	7,636
Net cash provided by operations	<u>584,766</u>	<u>948,487</u>	<u>1,904,071</u>
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(836,849)	(582,274)	(1,498,098)
Purchase of intangible assets	(136,276)	(55,566)	(164,577)
Purchase of businesses, net of cash acquired	(55,405)	(26,046)	(338,906)
Proceeds from disposal of subsidiaries, net of cash disposed	-	-	649
Purchase of long-term investments	(68,108)	(30,312)	(76,217)
Purchase of short-term investments	(687,515)	(36,430)	(142,696)
Proceeds from sale of short-term investments	54,909	30,000	187,500
Proceeds from sale of property, plant and equipment	2,500	2,582	7,807
Net (increase)/decrease in loans to customers	(40,094)	53,569	(39,898)
Net cash used in investing activities	<u>(1,766,838)</u>	<u>(644,477)</u>	<u>(2,064,436)</u>
FINANCING ACTIVITIES:			
(Principal payments on)/proceeds from short-term borrowings, net	(143,966)	(142,001)	(263,981)
Net (decrease)/increase in deposits from customers	(16,257)	58,785	150,876
Net increase/(decrease) in bank promissory notes issued	2,709	(5,039)	12,838
Proceeds from grants	-	1,857	3,285
Proceeds from capital transactions of subsidiaries	-	-	9,445
Proceeds from long-term borrowings, net of debt issuance costs	878,724	359,299	1,458,082
Principal payments on long-term borrowings	(236,494)	(419,323)	(868,347)
Principal payments on capital lease obligations	(5,017)	(4,436)	(7,924)
Payments to shareholders of subsidiaries	-	-	(108,165)
Dividends paid	-	-	(5,162)
Proceeds from issuance of common stock	1,284,649	-	-
Net cash provided by/(used in) financing activities	<u>1,764,348</u>	<u>(150,858)</u>	<u>380,947</u>
INCREASE IN CASH AND CASH EQUIVALENTS	582,276	153,152	220,582
CASH AND CASH EQUIVALENTS, beginning of the period	503,747	283,165	283,165
CASH AND CASH EQUIVALENTS, end of the period	<u>1,086,023</u>	<u>436,317</u>	<u>503,747</u>
CASH PAID DURING THE PERIOD FOR:			
Interest, net of amounts capitalized	96,286	113,863	265,779
Income taxes	274,969	189,470	487,447
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Property, plant and equipment contributed free of charge	3,322	8,002	13,597
Equipment acquired through vendor financing	2,533	659	20,714
Equipment acquired under capital leases	2,568	3,121	6,393

