



FOR IMMEDIATE RELEASE

September 14, 2011

SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2011

Moscow, Russia – September 14, 2011 – Sistema JSFC (“Sistema” or the “Group”) (LSE: SSA), the largest diversified public financial corporation in Russia and the CIS, today announces its unaudited consolidated US GAAP financial results for the second quarter ended June 30, 2011.

SECOND QUARTER HIGHLIGHTS

- Revenues up 29.5% YoY to US\$ 9.0 billion.
- OIBDA up 18.7% YoY to US\$ 2.2 billion, with an OIBDA margin of 24.8%.
- Operating income up 17.7% YoY to US\$ 1.3 billion, with an operating margin of 14.9%.
- Net income attributable to Sistema increased by 131.2% YoY to US\$ 332.0 million from US\$ 143.6 million in the second quarter of 2010.
- Net debt at the Corporate Holding level reduced by 40.8% YoY to US\$ 1,390.5 million from US\$ 2,349.5 million.

KEY CORPORATE HIGHLIGHTS FOR THE SECOND QUARTER

- Approved a new management and organisational structure with new business units: Core Assets and Developing Assets.
- Reorganised OJSC Sistema-Invest by merging it into CJSC Bashkir Integrated Energy Systems, CJSC UNKH-EnergoInvest, CJSC UNPZ-EnergoInvest and CJSC Novoil-EnergoInvest, which were previously owned by the Bashkir Oil and Energy group of companies.
- The AGM approved an annual dividend of RUB 0.26 per ordinary share, or approximately US\$ 0.18 per Global Depositary Receipt (“GDR”), for the twelve months ended December 31, 2010, to be paid to holders of Sistema shares as at the record date of May 18, 2011. The dividend payment amounts to over RUB 2.5 billion or approximately US\$ 89.3 million¹.

¹ Based on the Russian Central Bank exchange rate as at June 25, 2011

- The Board of Directors was reduced to 12 members while the number of independent directors expanded to 5 members. Elected three new members to the Board of Directors - Serge Tchuruk, Mikhail Shamolin and David Yakobashvili.

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

“We are pleased to announce another strong set of results driven by excellent performance of our Core businesses and improving financials in the Developing Assets.

Our second quarter numbers reflect Bashneft’s significant increase in revenues and OIBDA as a result of solid downstream operations, rising upstream production and higher oil prices, while at MTS strong operational focus and lower marketing spend has resulted in recovering OIBDA margins.

In the reporting period we also returned to growth in the Developing Assets Business Unit. Most of these businesses continue to require careful management and a strict focus on operational efficiency and we hope the new management teams we have been actively assembling will help us achieve that in the second half of the year.

Going forward we remain focused on our stated objectives of delivering further value from our energy investments and seeking new opportunities to diversify our portfolio. In these volatile markets we believe we are well placed to leverage our local knowledge and exceptionally strong financial position to seize on opportunities if they arise”.

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 second quarter results.

The dial-in numbers for the conference call are:

UK/International: + 44 20 7190 1596

US: + 1 480 629 9645

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 SUMMARY

<i>(US\$ millions, except per share amounts)</i>	2Q 2011	2Q 2010²	Year on Year Change	1Q 2011³	Quarter on Quarter Change
Revenues	8,962.2	6,918.2	29.5%	7,686.3	16.6%
OIBDA ⁴	2,221.8	1,871.3	18.7%	1,828.4	21.5%
Operating income	1,337.9	1,137.0	17.7%	1,009.6	32.5%
Net income attributable to Sistema	332.0	143.6	131.2%	97.2	241.5%
Basic and diluted earnings per share (US cents)	3.58	1.55	131.1%	1.05	241.5%

GROUP OPERATING REVIEW

Sistema's consolidated revenues were up 29.5% year-on-year and 16.6% quarter-on-quarter, primarily as a result of Bashneft's strong financial and operational results. The Group's Core Assets accounted for 89.9% of the total Group consolidated revenues in the second quarter of 2011.

Selling, general and administrative expenses remained stable quarter-on-quarter and increased by 14.2% year-on-year due to growth in OJSC MTS's marketing expenses in year-on-year terms.

The Group's OIBDA increased by 18.7% year-on-year and by 21.5% quarter-on-quarter in the second quarter of 2011. OIBDA growth reflects the strong results of the Core Assets portfolio – Bashneft's revenue growth due to solid downstream operations, rising upstream production and higher oil prices and seasonal growth in OJSC MTS. OIBDA margin improved quarter-on-quarter from 23.8% to 24.8% due to growth of high margin operations in Bashneft in the second quarter and decrease in OJSC MTS's operating expenses quarter-on-quarter.

Depreciation and amortization expense increased by 20.4% year-on-year and by 7.9% quarter-on-quarter as a result of significant CAPEX in telecommunication businesses in previous periods.

Consolidated net income attributable to Sistema increased in the second quarter of 2011 by 131.2% year-on-year to US\$ 332.0 million from US\$ 143.6 million in the second quarter of 2010. The increase was mainly due to the Core Assets net income growth, primarily, in Bashneft, and the reduced net loss in the Developing Assets portfolio.

² The difference between comparative financial results for the second quarter of 2010, as presented in the Financial Summary and Operating Review, and corresponding income statement is due to allocation of the results of Belkamneft's revaluation accounting, initially recognized in the fourth quarter of 2010, to the second quarter of 2010 as required by US GAAP.

³ Financials for 1Q 2011 were restated to show the effect of discontinued operations.

⁴ See Attachment A for definitions and reconciliation of OIBDA to GAAP financial measures.

OPERATING REVIEW BY BUSINESS UNIT⁵

In April 2011, the Board of Directors of Sistema approved a new organisational and management structure. In accordance with the new structure, the four former business units – Telecommunications, Technology & Industry, Consumer, and Oil and Energy – have been combined into two business units based on the level of maturity of the various assets under management: “Core Assets” and “Developing Assets”.

CORE ASSETS BUSINESS UNIT⁶

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	8,061.7	6,098.3	32.2%	6,950.8	16.0%
OIBDA	2,338.3	1,974.6	18.4%	2,013.1	16.2%
Operating income	1,535.2	1,330.4	15.4%	1,263.4	21.5%
Net income attributable to Sistema	582.2	505.3	15.2%	444.1	31.1%
Indebtedness	11,752.8	9,467.2	24.1%	11,638.3	1.0%

The Core Assets business unit comprises OJSC MTS (“MTS”), ANK Bashneft (“Bashneft”) and OJSC Bashkirenergo (“Bashkirenergo”).

The Core Assets portfolio’s revenues increased in the second quarter of 2011 by 32.2% year-on-year and by 16.0% quarter-on-quarter due to the strong performance of Bashneft. The business unit accounted for 89.9% of the Group’s consolidated revenues in the reporting quarter.

The unit’s OIBDA increased by 18.4% year-on-year and was up 16.2% quarter-on-quarter. The OIBDA margin was 29.0% in the reporting quarter, compared to 32.4% in the corresponding period of 2010 and 28.8% in the first quarter of 2011.

The Core Assets business unit’s net income attributable to Sistema increased by 15.2% year-on-year and by 31.1% quarter-on-quarter.

MTS

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	3,128.3	2,772.6	12.8%	2,934.0	6.6%
OIBDA	1,313.0	1,234.6	6.3%	1,135.0	15.7%

⁵ 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.

⁶ Business unit’s financial results are presented with consolidation of holding company Sistema-Invest

Operating income	678.8	754.2	(10.0%)	576.6	17.7%
Net income attributable to Sistema	193.7	193.8	(0.0%)	176.2	9.9%

MTS' total subscriber base (including Belarus subscribers) reached 108.8 million customers as of June 30, 2011. MTS' revenues were up 12.8% year-on-year primarily due to the growth of its subscriber base, rising contributions from sales of handsets and fixed line business, and increased by 6.6% quarter-on-quarter due to seasonal increase in income from roaming and new subscribers of the fixed line business. The average monthly service revenue per subscriber (ARPU) in Russia increased to RUB 265.0 in the second quarter of 2011, compared to RUB 253.9 in the corresponding period of 2010. Russian subscribers' monthly minutes of use (MOU) increased by 16.9% to 269 minutes in the second quarter of 2011, compared to 230 minutes in the corresponding quarter of 2010.

The number of households passed increased by 26.9% year-on-year to 10.1 million customers in the second quarter of 2011. The Pay-TV customer base totaled 2.6 million subscribers in the reporting quarter, compared to 1.8 million customers in the second quarter of 2010. The number of broadband Internet subscribers increased by 30.0% year-on-year at the end of the reporting period and reached 2.0 million.

MTS' OIBDA was up 6.3% year-on-year and 15.7% quarter-on-quarter as a result of seasonal factors and control over operating expenses. The OIBDA margin was 42.0% in the second quarter of 2011, compared to 44.5% in the second quarter of 2010 and 38.7% in the first quarter of 2011.

In June 2011, the AGM of MTS approved the payment of annual dividends of RUB 14.54 per ordinary MTS share for the 2010 fiscal year, amounting to a total of RUB 30.05 billion (or 78% of US GAAP net income). In August 2011, MTS completed the dividend payment for the full year of 2010 within the two months post-AGM timeframe in accordance with new Russian legislation.

In May 2011, MTS repurchased its series 04 ruble-denominated bonds for approximately RUB 1.1 billion. A RUB 15.0 billion series 04 ruble-denominated bond with maturity on May 13, 2014 and a two-year put option was issued on May 19, 2009. The coupon was to be paid annually at the rate of 16.75%. On May 11, 2011, the company changed the coupon rate to 7.6%.

In May 2011, MTS's additional share issue of 73,087,424 ordinary shares commenced trading on the MICEX as part of the "A1" quotation list. The issuance of additional MTS shares was completed previously for the purposes of the conversion of Comstar-UTS shares. The additional share issue will trade on MICEX for a period of 3-months from the date of the registration of the share issuance report, April 21, 2011, as stipulated by Russian law after which it will merge with the company's main issue.

Bashneft⁷

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	4,523.4	3,009.3	50.3%	3,484.6	29.8%
OIBDA	1,015.4	711.7	42.7%	749.6	35.5%
Operating income	862.5	560.2	54.0%	587.2	46.9%
Net income attributable to Sistema	425.4	325.0	30.9%	241.8	75.9%

Bashneft is a vertically integrated oil company with upstream and downstream assets mainly located in the Republic of Bashkortostan.

Bashneft's revenue increased by 50.3% year-on-year and by 29.8% quarter-on-quarter due to increase of crude oil production, crude oil refining volumes and export sales supported by higher oil prices. In the reporting period Bashneft's oil production increased by 1.6% quarter-on-quarter and 7.1% year-on-year and reached 3.7 million tonnes of oil. Bashneft sold 5.2 million tonnes of oil products in the reporting period.

Bashneft exported 0.9 million tonnes of crude oil and 2.6 million tonnes of oil products in the second quarter.

The company's refineries processed 5.4 million tonnes of crude oil in the second quarter of 2011, compared to 5.0 million tonnes in the first quarter of 2011. In the reporting quarter, capacity utilisation increased to 90.7% from 84.0% in the first quarter of 2011, refining depth was 86.5% and light-product yield amounted to 57.6%.

At the end of the second quarter 2011, Bashneft owned and operated a total of 413 petrol stations.

Bashneft's OIBDA increased by 42.7% year-on-year and by 35.5% quarter-on-quarter as a result of the increase in oil prices and high margin operations in the second quarter of 2011.

In June 2011, the AGM of Bashneft approved an annual dividend payment of RUB 235.77 per ordinary share and RUB 235.77 per preferred share, and a new structure of the company's management board, reducing it to seven members. In August 2011, Bashneft completed the dividend payment to shareholders of its ordinary and preferred shares.

In April 2011, Bashneft and LUKOIL entered into an agreement to create a joint venture and establish terms and conditions for the development of the Trebs and Titov oil fields. According to the agreement, LUKOIL will pay RUB 4.8 billion for a 25.1% equity stake in the joint venture which will in turn acquire 29 exploration wells located on the fields from the LUKOIL Group of companies.

In April 2011, the Board of Directors of Bashneft approved changes to the organizational structure of Bashneft and appointed Alexander Korsik as President of the company.

⁷ Including dividends from Sistema-Invest

In April 2011, Bashneft acquired a 94% stake in OJSC Orenburgnefteproduct, a supplier of oil products to the consumers in the Orenburg Region, which owns 95 petrol filling stations and 16 oil depots.

Bashkirenergo⁸

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	450.4	418.2	7.7%	574.8	(21.6%)
OIBDA	65.5	46.3	41.3%	129.1	(49.3%)
Operating income	36.3	16.9	114.1%	100.2	(63.8%)
Net income attributable to Sistema	10.3	2.9	249.8%	30.9	(66.7%)

Bashkirenergo's revenues increased by 7.7% year-on-year due to exchange rate fluctuations and deconsolidation of ESKB LLC. Bashkirenergo's revenues were down 21.6% quarter-on-quarter as a result of typical seasonal decrease in consumption.

Bashkirenergo generated 5,099 million kW/h of electricity and supplied 4,207 thousand Gcal of heat in the reporting quarter, compared to 4,700 million kW/h of electricity and 4,137 thousand Gcal of heat supplied in the second quarter of 2010.

Bashkirenergo's OIBDA increased by 41.3% year-on-year with the OIBDA margin expanding to 14.5%, compared to 11.1% in the corresponding period of 2010.

OJSC "Bashkirenergo" and OJSC "Power Machines" signed an agreement to cease all the mutual legal claims.

In June 2011, Bashkirenergo also successfully completed comprehensive testing of the new SGU-60 unit at CHP-2 of Ufa which resulted in the permission to launch the power generation.

In June 2011, the AGM of Bashkirenergo approved a total annual dividend payment of RUB 1,084 million and CAPEX of RUB 472.3 million to finance the 2011 investment programme. The new Board of Directors now comprises eight directors from the Sistema Group, three members from Inter RAO UES and one representative of the minority shareholders.

In May 2011, Andrey Makarov was appointed as CEO of Bashkirenergo.

⁸ Financials for 1Q 2011 were restated to show the effect of discontinued operations

DEVELOPING ASSETS BUSINESS UNIT

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	1,105.9	921.7	20.0%	856.2	29.2%
OIBDA	(45.1)	(21.1)	-	(122.3)	-
Operating loss	(126.7)	(109.1)	-	(189.1)	-
Net loss attributable to Sistema	(107.1)	(139.4)	-	(163.6)	-
Indebtedness	2,756.2	2,004.5	37.5%	2,597.0	6.1%

The Developing Assets business unit is responsible for managing Sistema Shyam TeleServices Ltd. (“SSTL”), OJSC “Sistema Mass Media” (“SMM”), OJSC “SITRONICS” (“SITRONICS”), OJSC “RTI” (and its subsidiary Concern “RTI Systems”), CJSC “Binnopharm” (“Binnopharm”), JSCB “Moscow Bank for Reconstruction and Development” (“MBRD”), Detsky mir Group (“Destky mir”), OJSC “Intourist” (“Intourist”), Medsi Group (“Medsi”) and others.

The Developing Assets business unit’s revenues increased by 20.0% year-on-year and by 29.2% quarter-on quarter mainly due to the contribution from SITRONICS, RTI Systems and Detsky mir. The business unit accounted for 10.2% of the Group’s consolidated revenues in the second quarter of 2011.

The unit’s OIBDA loss narrowed quarter-on-quarter by 63%.

SSTL

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	62.1	23.1	169.3%	52.2	19.1%
OIBDA	(91.8)	(85.0)	-	(100.6)	-
Operating loss	(115.8)	(106.7)	-	(123.5)	-
Net loss attributable to Sistema	(83.4)	(106.6)	-	(108.5)	-

SSTL’s revenues nearly tripled year-on-year in the second quarter and increased by 19.1% quarter-on-quarter. Importantly revenue grew faster than the subscriber base, reflecting quality of subscribers, expansion of network coverage and the launch of EV-DO based high speed data services.

SSTL's total wireless subscriber base (mobile and data) increased by 16.6% quarter-on-quarter and reached 11.7 million customers as of June 30, 2011. Blended mobile ARPU for the last three quarters remained consistent at USD 1.81 amid an overall declining trend amongst Indian peers results.

The data card subscriber base demonstrated 40.4% exceptional growth quarter-on-quarter and totalled 820,000 as of June 30, 2011.

Non-voice revenues from both data and mobile value added services for the quarter were up by 35.5% to US\$ 17.8 million. Share of non-voice revenue as a percentage of total revenue increased by 3.8 p.p. for the quarter.

During the second quarter, SSTL expanded its high speed data services to more than 200 of India's cities from 130 cities at the end of the first quarter of 2011.

In June 2011, SSTL successfully introduced two Advance Rental Plans for its post-paid data card subscribers, wherein customers paying three months rent in advance are entitled to a free MBlaze device.

Sistema Mass Media

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	34.3	35.7	<i>(3.9%)</i>	14.1	<i>143.4%</i>
OIBDA	14.4	21.5	<i>(33.1%)</i>	0.7	<i>1,922.8%</i>
Operating income / (loss)	3.1	7.3	<i>(57.6%)</i>	(5.5)	-
Net income / (loss) attributable to Sistema	0.5	0.3	<i>50.6%</i>	(5.5)	-

Sistema Mass Media's revenues decreased by 3.9% year-on-year but more than doubled quarter-on-quarter due to seasonality which influences the cinema production cycle.

Sistema Mass Media's OIBDA decreased by 33.1% year-on-year in the second quarter of 2011 due to uneven revenue distribution throughout the year, but it increased by 20 times quarter-on-quarter. The OIBDA margin was 42.0%, compared to 60.3% in the corresponding period of 2010 and 5.1% in the first quarter of 2011. Debt at the end of the second quarter of 2011 decreased by 19.6% quarter-on-quarter.

The Stream-TV subscriber base increased by 2.8% quarter-on-quarter to 5.6 million subscribers as at June 30, 2011.

Russian World Studios ("RWS") content library grew by 24% year-on-year up to 1,312 hours, the value of RWS' library stood at US\$ 57.0 million, up by 53.6% year-on-year.

OJSC RTI

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	139.3	115.3	20.8%	113.6	22.7%
OIBDA	18.8	20.8	(9.6%)	11.9	57.3%
Operating income	14.5	17.5	(17.1%)	8.4	72.3%
Net income attributable to Sistema	12.5	10.9	14.6%	0.2	7,785.2%

At period end OJSC RTI owned 97% of OJSC Concern "RTI Systems". Financial results of OJSC "Concern RTI Systems" are consolidated by OJSC RTI.

OJSC RTI revenues were up 20.8% year-on-year and 22.7% quarter-on-quarter as a result of increased number of contracts and government spending on defense.

OJSC RTI OIBDA was down 9.6% year-on-year due to the differences in the quarterly structure of income in 2010 and 2011, but it increased by 57.3% quarter-on-quarter.

In June 2011, Concern "RTI Systems" signed a new general partnership agreement with Saransk Television Plant and Ogarev Mordovian State University to jointly develop products and services for ICT systems and equipment, aimed at high-tech B2G and B2B markets.

SITRONICS

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	332.6	268.1	24.1%	277.6	19.8%
OIBDA	11.8	26.1	(54.6%)	4.7	151.9%
Operating (loss)/ income	(13.0)	(4.9)	-	(14.1)	-
Net (loss)/ income attributable to Sistema	(15.2)	(20.3)	-	(8.8)	-

Revenues for SITRONICS increased by 24.1% year-on-year and by 19.8% quarter-on-quarter, mainly as a result of the strong sales performance of both the "Information Technologies" and "Microelectronics" segments. SITRONICS' OIBDA decreased by 54.6% year-on-year, however, it more than doubled quarter-on-quarter.

SITRONICS secured US\$ 542 million of new contracts in the second quarter of 2011, including a RUB 6.2 billion (approximately US\$ 220 million) contract to create an Intelligent Transport System (ITS) for Moscow.

In June 2011, SITRONICS' AGM approved the decision not to pay an annual dividend for the twelve months ended December 31, 2010.

In June 2011, SITRONICS opened a new OSS/BSS telecoms solutions R&D centre in St.Petersburg.

In June 2011, SITRONICS signed an agreement with Rostelecom to produce and personalise bank cards, which will carry electronic signatures.

In May 2011, SITRONICS signed a cooperation agreement with Shyam Networks Limited for promotion of solutions and technologies for the Russian, CIS and Indian markets. Within the framework of the agreement, Shyam Networks Limited will be offering its customers SITRONICS solutions, including the line of FORIS billing products, billing solutions for the power generation industry and security systems.

Binnopharm

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	5.0	9.8	(48.6%)	3.7	37.7%
OIBDA	(1.2)	(0.8)	-	(3.1)	-
Operating loss	(2.0)	(2.1)	-	(4.3)	-
Net loss attributable to Sistema	(2.5)	(2.6)	-	(4.2)	-

Binnopharm's revenues declined by 48.6% year-on-year in the second quarter of 2011 following a cancellation of agreements with Russian suppliers, however, revenues were up by 37.7% quarter-on-quarter.

In June 2011, Binnopharm and "Alium", a producer of infusion solutions and blood substitutes, started to integrate their operations. Alexei Chupin, a former member of the Board of Directors of "Alium", was appointed General Director of Binnopharm with responsibility for the integration of the new business.

In April 2011, Binnopharm and UCB Pharma signed a strategic partnership memorandum aimed at developing local production and for import substitution of drugs in Russia in accordance with the government programme "Pharma – 2020".

MBRD

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	141.1	154.3	(8.5%)	136.8	3.2%
OIBDA	2.9	4.5	(35.2%)	(13.6)	-
Operating loss	(1.3)	(0.1)	-	(17.5)	-
Net loss attributable to Sistema	(4.7)	(0.3)	-	(12.0)	-

MBRD's revenues declined by 8.5% year-on-year in the second quarter of 2011 due to a decrease in average interest rates charged on loans to corporate and retail customers.

MBRD's loan portfolio, excluding leases, slightly increased by 0.6% year-on-year to US\$ 4,527 million as of June 30, 2011. The retail deposits-to-loans ratio stood at 192.0% in the second quarter of 2011. Interest income received from retail and corporate lending operations decreased

by 13.5% year-on-year to US\$ 119.5 million in the second quarter of 2011. The retail banking business included 141 points of sale, with 20 points of sale located in Moscow and 120 points of sale in the Russian regions, as well as one in Luxembourg as at June 30, 2011.

MBRD reported positive OIBDA in the second quarter compared to an OIBDA loss in the first quarter of 2011, mainly as a result of the decrease in interest expenses and lower cost of capital.

Detsky mir

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	171.9	134.1	28.3%	148.5	15.8%
OIBDA	(10.0)	(4.2)	-	(11.9)	-
Operating loss	(14.4)	(7.8)	-	(16.1)	-
Net loss attributable to Sistema	(12.1)	(16.3)	-	(10.7)	-

Revenues of Detsky mir increased by 28.3% year-on-year and by 15.8% quarter-on-quarter.

The network of retail outlets included 130 stores located in 67 Russian cities, whilst the aggregate retail space was 211.8 thousand square meters as at June 30, 2011.

Detsky mir reported an OIBDA loss in the second quarter of 2011 as a result of increased marketing activity focused on promotion of low-margin goods. Quarter-on-quarter OIBDA loss narrowed, reflecting stable SG&A costs. Detskiy Mir's indebtedness lowered significantly year-on-year - by 43%, with 93% of debt nominated in RUB.

One more store was opened in Stary Oskol.

Intourist

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	132.5	143.9	(8.0%)	61.9	114.1%
OIBDA	4.4	10.1	(55.9%)	(9.3)	-
Operating income / (loss)	1.5	7.6	(80.3%)	(12.0)	-
Net (loss) / income attributable to Sistema	(5.8)	1.0	-	(8.9)	-

Intourist's revenues decreased by 8.0% year-on-year, as a result of a slow recovery in tourist traffic in the second quarter of 2011 following the negative impact of force majeure situations in the first quarter of the year, including political instability in Egypt. The company's revenues doubled quarter-on-quarter.

The business serviced 294 thousand customers in the second quarter of 2011, compared to 229 thousand clients in the corresponding period of 2010. The hotel group's total number of rooms owned, managed and rented was 2,866 at the end of the second quarter of 2011.

Intourist reported positive OIBDA in the second quarter compared to an OIBDA loss in the first quarter of 2011.

In June 2011, Intourist's AGM approved a new composition of the Board of Directors of the company.

In April 2011, Intourist started the reorganisation of its management structure through the merger of Intourist and Intourist Hotel Group. As a result of the merger, the management structure will be streamlined and any duplication in functions will be eliminated.

Medsi

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
Revenues	52.6	40.7	29.2%	47.9	9.8%
OIBDA	9.2	6.7	36.9%	4.1	122.3%
Operating income	6.5	4.5	44.9%	1.6	316.2%
Net income / (loss) attributable to Sistema	3.6	(0.5)	-	0.9	304.3%

Medsi revenues increased by 29.2% year-on-year and by 9.8% quarter-on-quarter. The company's strong results reflect 23.0% year-on-year growth in the number of visits to medical clinics, totalling some 1.1 million in the second quarter of 2011, and the rise in the average bill by 5.1% year-on-year to US\$ 50.1. At the end of the second quarter of 2011, the network consisted of 31 medical clinics and 80 aid stations, including 19 clinics and 1 aid station based in Moscow and the Moscow region, as well as 4 fitness clubs, total floor space of the healthcare facilities increased by 13.1% year-on-year to over 50 th.sq.m.

Medical services provided reached more than 1.9 million, which is 27.4% higher compared to the second quarter of 2010.

Medsi' OIBDA increased by 36.9% year-on-year and more than doubled quarter-on-quarter in the second quarter following increase in operational efficiency.

CORPORATE AND OTHER

<i>(US\$ millions)</i>	2Q 2011	2Q 2010	Year on Year Change	1Q 2011	Quarter on Quarter Change
OIBDA ⁹	(21.8)	(63.8)	-	(5.9)	-
Net income/ (loss)	(110.2)	(146.8)	-	(148.5)	-
Indebtedness	1,754.0	2,557.0	(31.4%)	1,767.0	(0.7%)

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

The dividends declared by Sistema's subsidiaries in the second quarter 2011 which are due to Corporate and other category amounted US\$ 1,339.0 million.

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

In June 2011, the AGM of Sistema approved an annual dividend of RUB 0.26 per ordinary share, or approximately US\$ 0.18¹⁰ per GDR for the year ended December 31, 2010, and the election of three new members to the Board of Directors, Serge Tchuruk, Mikhail Shamolin and David Yakobashvili. At the statutory Board meeting following the AGM, the Board of Directors appointed Vladimir Evtushenkov as Chairman and approved the Company's Anti-corruption policy and changes to the Group's Ethics Code.

FINANCIAL REVIEW

Net cash provided by operations in the second quarter of 2011 decreased by 6.2% year-on-year, but was up by 296.8% quarter-on-quarter to US\$ 1,213.0 million due to changes in working capital.

Net cash used in investing activities totalled US\$ 1,337.9 million in the second quarter of 2011, compared to US\$ 578.5 million in the corresponding period of 2010. The Group spent US\$ 891.2 million on capital expenditure, compared to US\$ 463.8 million and US\$ 526.6 million spent in the second quarter of 2010 and the first quarter of 2011, respectively.

Net cash outflow from financing activities amounted to US\$ 639.7 million in the second quarter of 2011, compared to an outflow of US\$ 1,891.4 million and US\$ 924.1 million in the second quarter of 2010 and the first quarter of 2011, respectively. The Group's proceeds from borrowings in the second quarter of 2011 totaled to US\$ 295.5 million whereas the principal payments on long-term borrowings amounted to US\$ 167.4 million. In addition, cash outflow from financial activities in the second quarter resulted in the net decrease in liabilities of the banking operations totaling \$633.7 million

The Group's cash balances stood at US\$ 1,913.9 million as of June 30, 2011 (excluding amount of US\$ 1,845.7 million comprised of the banking activity) compared to US\$ 2,252.7 million as of March 31, 2011 (excluding amount of US\$ 2,101.8, comprised of the banking activity). The Group's net debt (short-term and long-term debt less cash and cash equivalents) amounted to US\$ 14,349.0 million as of June 30, 2011, compared to US\$ 13,740.5 million as of March 31, 2011.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Core Assets

In September 2011, Sistema received an indicative offer from MTS to purchase a 100% stake in CJSC Sistema-Inventure, a wholly-owned subsidiary of Sistema, for RUB 10.56 billion.

In September 2011, the Board of Directors of JSC "RusHydro" completed the sale of 100% stake in LLC "Energeticheskaya Sbytovaya Kompaniya Bashkortostana" part of the Group OJSC "Bashkirenergo" to JSC RusHydro.

In August 2011, MTS acquired a 100% stake in each of the four companies operating under the Altair brand, from a group of private investors for RUB 680 million, including the assumption of Altair's net debt.

¹⁰ Based on the Russian Central Bank exchange rate as at June 25, 2011

In August 2011, Bashneft elected a new Management Board as part of the company's organisational restructuring and its corporate governance.

In July 2011, MTS successfully completed a secondary placement of its series 02 ruble bond on the Moscow Interbank Currency Exchange ("MICEX"). The bond issue was priced at 100.35% of the face value and was oversubscribed by more than 100%. The proceeds will be used for general corporate needs. The books were closed on July 7, 2011. The Lead Arranger and Placement Agent of the secondary bond issue was Gazprombank. The settlements were made on MICEX on July 11, 2011. The bond is listed in the "A1" quotation list on MICEX. The bond pays a semi-annual coupon and carries an annual rate of 7.75%. The bond's maturity date is October 20, 2015.

In July 2011, the Board of Directors of Bashneft approved a new dividend policy for the company in accordance with Russian legislation, the company's Charter and other internal requirements.

In July 2011, MTS announced changes to the organizational structure of the Company as part of its efforts at strengthening operational efficiency and streamlining the decision-making process at a regional level in Russia. As result of these changes, MTS' Management Board will increase from 12 to 14 members. It is expected that the organizational changes will bring a number of benefits, it will lead to a reduction in the number of oversight bodies in Russia, the Company's core market, so bringing a higher level of personal responsibility for operational results in Russia for the President of MTS, giving a greater role in the decision-making process of the macro-regions leading to an increase in efficiency of the infrastructure development at the MTS Group level.

Developing Assets

In September of 2011 SSTL successfully launched world's first CDMA EV-DO Rev. B Phase II network. The network has been launched in the city of Jaipur.

In August 2011, SSTL launched India's most affordable Android smartphones – MTS MTAG 3.1 and MTS Livewire, which are based on Qualcomm Inc.- Snapdragon S1 processors.

In July 2011, the subscriber base of SSTL reached over 12 million users.

In July 2011, SSTL announced the launch of seamless HSD connectivity across the 265 km long Delhi - Jaipur stretch of National Highway 08. The roll-out is part of a larger blueprint wherein, the Company plans to provide seamless HSD connectivity on some of the busiest National Highways across the country.

In July 2011, SSTL expanded its Board of Directors to 13 members.

In July 2011, ING Bank and the Moscow Bank of Sberbank of Russia signed an agreement to provide RWS with a 3-year secured club loan of RUB 1.2 billion with OJSC Sistema Mass-Media acting as a guarantor. The loan was secured against RWS' own library of video content.

In July 2011, Sistema completed the sale of its 63.074% stake in OJSC SITRONICS to OJSC RTI as per the earlier announced terms. Sistema's contribution to OJSC RTI's charter capital amounted to a 97% stake in OJSC Concern RTI Systems and RUB 2.88 billion (approximately US\$ 97 million) in cash. As a result, Sistema holds 84.6% of the share capital of OJSC RTI with 15.4% belonging to the Bank of Moscow.

In July 2011, “NIIME and Micron”, SITRONICS’ subsidiary, approved a decision to establish a research institution for nanotechnology development, “NIIME” (the Russian abbreviation for the Institute for Scientific Research in Molecular Electronics).

In July 2011, National rating agency confirmed A+ credit rating for SITRONICS with a Positive outlook.

In July 2011, Intourist and Thomas Cook Group Plc (“Thomas Cook”), one of the world’s largest travel groups, completed a transaction to establish a joint venture (JV) involving Intourist’s touroperating and retail business. Thomas Cook acquired a 50.1% stake in the JV as per the earlier announced terms. The JV will capitalise on its partners’ extensive experience as leading brands to expand the travel business in Russia and the other CIS countries.

Corporate

In September 2011, Rafael Nagapetiants was appointed as Senior Vice-President, Head of Developing Assets Business Unit.

In July 2011, Sistema signed a cooperation agreement with the Federal Forestry Agency for the implementation of geographic information systems (GIS) and technologies, designed by Sistema’s subsidiaries, for the protection, conservation and reforestation, as well as the coordinated utilization of forest resources. The cooperation agreement, which is not legally binding, defines the general intentions of both parties and the principles for cooperation.

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\$ 9.0 billion for the second quarter of 2011, and total assets of US\$ 46.6 billion as at June 30, 2011. 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 RTS Stock Exchange, under the symbol “AFKC” on the MICEX 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.

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 SIX AND THREE MONTHS ENDED JUNE 30, 2011 AND 2010

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

	Six months ended June 30,		Three months ended June 30,	
	2011	2010	2011	2010
Sales	\$ 16,382,503	\$ 12,796,517	\$ 8,830,243	\$ 6,765,680
Revenues from financial services	266,090	324,491	132,002	152,504
TOTAL REVENUES	<u>16,648,593</u>	<u>13,121,008</u>	<u>8,962,245</u>	<u>6,918,184</u>
Cost of sales, exclusive of depreciation and amortization shown separately below	(6,876,364)	(5,294,868)	(3,683,362)	(2,825,695)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(166,148)	(208,402)	(75,181)	(95,861)
Selling, general and administrative expenses	(1,992,172)	(1,720,581)	(994,601)	(871,387)
Depreciation, depletion and amortization	(1,702,567)	(1,439,219)	(883,853)	(734,270)
Transportation costs	(369,915)	(281,795)	(206,042)	(141,595)
Provision for doubtful accounts	(70,043)	(73,097)	(30,140)	(23,138)
Loss from impairment of long-lived assets	(41,197)	(58,447)	(24,056)	(58,284)
Taxes other than income tax	(2,975,898)	(1,924,693)	(1,669,386)	(998,967)
Other operating expenses, net	(185,905)	(105,453)	(100,266)	(78,258)
Equity in net income of investees	79,190	35,627	42,580	26,712
Gain on acquisition	-	477,400	-	477,400
OPERATING INCOME	<u>2,347,574</u>	<u>2,527,480</u>	<u>1,337,938</u>	<u>1,594,841</u>
Interest income	85,801	82,774	46,143	32,353
Change in fair value of derivative instruments	(1,107)	1,561	(557)	2,058
Interest expense, net of amounts capitalized	(883,856)	(828,003)	(386,157)	(397,629)
Currency exchange and translation (loss)/gain	(8,218)	64,375	(32,585)	(39,922)
Income from continuing operations before income tax	<u>1,540,194</u>	<u>1,848,187</u>	<u>964,782</u>	<u>1,191,701</u>
Income tax expense	(549,597)	(612,050)	(317,757)	(397,914)
Income from continuing operations	<u>990,597</u>	<u>1,236,137</u>	<u>647,024</u>	<u>793,787</u>
Gain/(loss) from discontinued operations	11,572	(30,014)	(4,130)	(30,014)
NET INCOME	<u>\$ 1,002,169</u>	<u>\$ 1,206,123</u>	<u>642,894</u>	<u>763,773</u>
Non-controlling interest	(572,936)	(691,580)	(310,883)	(393,987)
NET INCOME attributable to JSFC Sistema	<u>\$ 429,233</u>	<u>\$ 514,543</u>	<u>332,011</u>	<u>369,786</u>

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2011 AND DECEMBER 31, 2010

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

	June 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,913,899	\$ 2,265,068
Short-term investments	822,562	879,680
Assets from banking activities, current portion (including cash and cash equivalents of \$1,845,679 and \$2,785,596)	4,207,196	5,489,606
Accounts receivable, net	2,275,553	1,726,674
Prepaid expenses, other receivables and other current assets, net	1,883,654	1,705,955
VAT receivable	741,522	649,690
Inventories and spare parts	1,989,851	1,501,012
Deferred tax assets, current portion	366,925	357,821
Assets of disposed segment	112,693	-
Total current assets	<u>14,313,855</u>	<u>14,575,506</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	21,617,672	19,039,699
Advance payments for non-current assets	323,767	1,426,607
Goodwill	1,997,969	1,872,520
Other intangible assets, net	3,193,668	3,022,973
Investments in and loans to affiliates	1,207,055	1,147,694
Assets from banking activities, net of current portion	2,226,221	1,812,743
Debt issuance costs, net	140,465	159,803
Deferred tax assets, net of current portion	349,773	317,195
Long-term investments	778,505	469,742
Other non-current assets	424,682	264,629
Total non-current assets	<u>32,259,777</u>	<u>29,533,605</u>
TOTAL ASSETS	<u>\$ 46,573,632</u>	<u>\$ 44,109,111</u>

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2011 AND DECEMBER 31, 2010 (CONTINUE)
(Amounts in thousands of U.S. dollars, except share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 2,092,115	\$ 1,775,698
Liabilities from banking activity, current portion	3,776,949	4,191,836
Taxes payable	910,570	674,269
Deferred tax liabilities, current portion	209,828	168,982
Subscriber prepayments, current portion	578,656	579,952
Accrued expenses and other current liabilities	3,334,582	3,341,647
Short-term loans payable	1,211,502	1,092,599
Current portion of long-term debt	2,358,574	2,103,405
Liabilities of disposed segment	99,615	-
Total current liabilities	<u>14,572,391</u>	<u>13,928,388</u>

LONG-TERM LIABILITIES:

Long-term debt, net of current portion	12,692,803	12,206,515
Subscriber prepayments, net of current portion	139,751	142,316
Liabilities from banking activity, net of current portion	1,133,004	1,444,783
Deferred tax liabilities, net of current portion	1,667,849	1,636,583
Asset retirement obligation	291,972	258,382
Postretirement benefits obligation	102,718	87,201
Property, plant and equipment contributions	98,447	89,067
Total long-term liabilities	<u>16,126,544</u>	<u>15,864,847</u>

TOTAL LIABILITIES

30,698,935 29,793,235

Commitments and contingencies

Redeemable non-controlling interests

709,619 107,343

SHAREHOLDERS' EQUITY:

Share capital (9,650,000,000 shares issued; and 9,281,827,594 shares outstanding with par value of 0.09 Russian Rubles)	30,057	30,057
Treasury stock (368,172,406 shares with par value of 0.09 Russian Rubles)	(463,733)	(463,733)
Additional paid-in capital	1,864,578	2,100,323
Retained earnings	6,811,089	6,471,327
Accumulated other comprehensive income / (loss)	442,881	(171,149)
Total JSFC Sistema shareholders' equity	<u>8,684,872</u>	<u>7,966,825</u>
Non-redeemable non-controlling interests in equity of subsidiaries	6,480,206	6,241,708
TOTAL EQUITY	<u>15,165,078</u>	<u>14,208,533</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 46,573,632</u>	<u>\$ 44,109,111</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(Amounts in thousands of U.S. dollars)

	Six months ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,002,169	\$ 1,206,123
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization	1,702,567	1,439,219
Net loss/(gain) from discontinued operations	(11,572)	30,014
Equity in net income of investees	(79,190)	(35,627)
Deferred income tax (benefit)/expense	(69,775)	42,916
Change in fair value of derivative financial instruments	1,107	(1,561)
Foreign currency transactions losses/(gains)	8,218	(64,375)
Debt issuance cost amortization	17,932	50,824
Non-cash compensation to employees of subsidiaries	14,297	6,304
Non-cash expenses associated with asset retirement obligation	3,949	4,507
Loss from impairment of goodwill and other assets	41,197	58,447
Loss/(gain) on disposal of property, plant and equipment	8,348	-
Gain on acquisition	-	(477,400)
Amortization of connection fees	(16,602)	(18,529)
Provision for doubtful accounts receivable	70,043	73,098
Allowance for loan losses	14,321	23,588
Dividends received from affiliates	14,308	15,383
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	(105,637)	86,132
Accounts receivable	(660,281)	(432,283)
VAT receivable	(91,832)	(84,253)
Prepaid expenses, other receivables and other current assets	(136,720)	(366,604)
Inventories	(369,075)	(228,092)
Accounts payable	121,910	213,815
Subscriber prepayments	(22,872)	(35,382)
Taxes payable	233,055	102,648
Accrued expenses, subscriber prepayments and other liabilities	(186,667)	92,775
Postretirement benefit obligation	15,517	860
Net cash provided by operations	<u>\$ 1,518,715</u>	<u>\$ 1,702,547</u>

JSFC SISTEMA AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (CONTINUED) (Amounts in thousands of US dollars)

	Six months ended June 30,	
	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(1,252,410)	(773,641)
Payments for purchases of intangible assets	(165,400)	(140,828)
Payments for purchases of businesses, net of cash acquired	(144,101)	(194,099)
Payments for purchases of long-term investments	(369,823)	(78,005)
Payments for purchases of short-term investments	(182,260)	(641,106)
Payments for purchases of other non-current assets	(60,204)	-
Proceeds from sale of other non-current assets	246	91,330
Increase/(decrease) in restricted cash	(43,759)	(16,743)
Proceeds from sale of property, plant and equipment	75,933	728
Proceeds from sale of long-term investments	28,300	44,320
Proceeds from sale of short-term investments	340,563	289,991
Net decrease/(increase) in loans to customers of the banking division	294,991	600,571
Net cash used in investing activities	\$ (1,477,924)	\$ (817,482)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from/(principal payments on) short-term borrowings, net	118,903	(44,824)
Net increase/(decrease) in deposits from customers of the banking division	(854,768)	(540,638)
Net (increase)/decrease in debt securities issued and other liabilities by the banking division	(526,924)	(244,794)
Proceeds from long-term borrowings, net of debt issuance costs	1,419,580	1,857,954
Debt issuance costs	(12,261)	2,451
Principal payments on long-term borrowings	(1,539,812)	(3,189,337)
Principal payments on capital lease obligations	(17,921)	(10,420)
Acquisition of non-controlling interests in existing subsidiaries	(201,198)	(353,988)
Payments to shareholders of subsidiaries	(103,104)	(3,283)
Proceeds from capital transactions of subsidiaries	153,710	-
Net cash provided by financing activities	\$ (1,563,795)	\$ (2,526,879)
Effects of foreign currency translation on cash and cash equivalents	\$ 231,918	\$ (63,578)
INCREASE IN CASH AND CASH EQUIVALENTS	\$ (1,291,086)	\$ (1,705,392)
CASH AND CASH EQUIVALENTS, beginning of the period	5,050,664	5,600,532
CASH AND CASH EQUIVALENTS, end of the period *	\$ 3,759,578	\$ 3,895,140
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ (898,943)	\$ (906,276)
Income taxes paid	(538,836)	(490,288)
* Cash and cash equivalents at the end of the period comprised of the following:		
Non-banking activities	\$ 1,913,899	\$ 1,583,608
Banking activity	1,845,679	2,311,531
	\$ 3,759,578	\$ 3,895,140

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(Amounts in thousands of U.S. dollars)

For the six months ended June 30, 2011	<u>Core Assets</u>			<u>Developing Assets</u>					<u>Corporate and other</u>	<u>Total</u>
	<u>MTS</u>	<u>Bashneft</u>	<u>Bashkir- energo</u>	<u>SSTL</u>	<u>MBRD</u>	<u>Sitronics</u>	<u>RTI</u>	<u>Other</u>		
Net sales to external customers ^(a)	6,058,581	7,984,653	964,808	114,334	266,091	289,753	252,728	699,126	18,520	16,648,593
Intersegment sales	3,660	23,378	60,404	-	11,804	320,534	141	7,610	7,486	435,016
Equity in net income of investees	31,812	47,236	-	-	-	-	-	142	45,384	124,574
Interest income	26,978	37,180	109	20,906	-	4,420	2,137	1,340	50,151	143,222
Interest expense	331,890	253,772	1,005	76,601	-	36,266	4,423	27,333	186,048	917,339
Net interest revenue ^(b)	-	-	-	-	(8,593)	-	-	-	-	(8,593)
Depreciation, depletion and amortization										
Operating income	1,176,095	315,273	58,145	46,983	8,057	43,663	7,749	42,002	4,600	1,702,567
Income tax expense/(benefit)	1,271,856	1,449,729	136,475	(239,302)	(18,801)	(27,146)	22,968	(53,537)	(32,235)	2,510,008
Investments in affiliates	261,806	245,820	19,563	-	(1,987)	(2,111)	6,163	(8,764)	29,106	549,597
Segment assets	173,785	772,168	-	-	-	241,141	83	6,383	30,756	1,224,316
Indebtedness ^(c)	16,217,772	14,302,696	2,354,085	2,151,919	7,088,597	1,989,438	863,290	1,770,343	3,826,504	50,564,645
Capital expenditures	7,431,550	4,234,635	86,598	1,283,254	-	934,028	170,005	368,918	1,753,891	16,262,879
	806,177	326,991	134,397	56,977	9,163	49,397	9,928	24,081	699	1,417,810

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (CONTINUE)
(Amounts in thousands of U.S. dollars)

For the six months ended June 30, 2010	<u>Core Assets</u>			<u>Developing Assets</u>						<u>Total</u>
	<u>MTS</u>	<u>Bashneft</u>	<u>Bashkir- energo</u>	<u>SSTL</u>	<u>MBRD</u>	<u>Sitronics</u>	<u>RTI</u>	<u>Other</u>	<u>Corporate</u>	
Net sales to external customers ^(a)	5,382,970	5,402,479	822,779	40,186	324,491	303,403	207,068	628,927	8,705	13,121,008
Intersegment sales	3,267	21,608	203,562	-	4,487	155,462	312	5,193	20,824	414,715
Equity in net income of investees	32,639	18,821	-	-	-	-	-	261	-	51,721
Interest income	37,547	22,287	4	1,252	-	4,636	241	1,487	50,620	118,074
Interest expense	441,796	108,415	1	34,490	-	40,500	4,869	11,437	168,168	809,676
Net interest revenue ^(b)	-	-	-	-	19,340	-	-	-	-	19,340
Depreciation, depletion and amortization	925,944	298,490	58,880	40,311	8,812	53,779	6,105	42,818	4,081	1,439,219
Operating income	1,468,910	1,392,830	87,233	(202,032)	7,952	(20,182)	27,035	(26,750)	(104,984)	2,630,012
Income tax expense/(benefit)	223,256	267,173	21,217	-	5,964	3,815	6,317	(69)	84,377	612,050
Investments in affiliates	226,110	564,287	-	-	-	177,000	1,089	53,307	57,957	1,079,750
Segment assets	16,085,520	11,114,849	1,892,649	1,550,129	7,047,003	1,795,093	544,961	1,856,534	4,145,224	46,031,962
Indebtedness ^(c)	7,267,436	2,172,039	27,745	618,893	-	862,788	62,939	459,900	2,557,005	14,028,746
Capital expenditures	565,877	104,238	56,313	72,280	20,720	37,989	5,235	51,679	140	914,469

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:

	2Q 2011	2Q 2010	1Q 2011
Operating Income	1,337.9	1,137.0	1,009.6
Depreciation, depletion and amortization	883.8	734.3	818.8
OIBDA	2,221.8	1,871.3	1,828.4