

Press release

Mobile TeleSystems Announces Financial Results for the First Quarter Ended March 31, 2009

May 22, 2009

Moscow, Russian Federation – Mobile TeleSystems OJSC (“MTS” - NYSE: MBT), today announces its consolidated US GAAP financial results for the three months ended March 31, 2009.

Key Financial Highlights of Q1 2009

- Consolidated revenues down 24.0% y-o-y to \$1,809.0 million due to local currency depreciation and seasonal factors
- Consolidated OIBDA¹ down 29.3% to \$831.5 million y-o-y with 46.0% OIBDA margin due to currency depreciation and investments in mono-brand retail network
- Consolidated net loss of \$57.7 million due to \$462.4 non-cash FOREX losses through US GAAP translation of US dollar-denominated debt

Key Corporate and Industry Highlights

- Acquisition of mobile retailer Telefon.Ru
- Agreement with management team affiliated with *Svyaznoy*, the leading Russian mobile phone retailer, to oversee MTS distribution network
- Launch of 3G in Armenia
- Acquisition of mobile retailer Eldorado
- Placement of a 15 billion ruble bond
- Placement of new syndicated loan facility to restructure \$630 million loan due in Q2 2009
- Announcement of recommended dividend payment for FY 2008 of RUB 39.40 billion (\$1.16 billion) or RUB 20.15 per ordinary share (\$2.96 per ADR²) that comes to 60% of US GAAP net income

Additional Developments

- MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group.

¹ See Attachment A for definitions and reconciliation of OIBDA and OIBDA margin to their most directly comparable US GAAP financial measures.

² US dollar amounts at the RUB/USD exchange rate of 34.0134 as of March 31, 2009.

Commentary

Mr. Mikhail Shamolin, President and CEO of MTS, commented: "In spite of the volatile macroeconomic situation in Russia and the CIS, MTS demonstrated year-over-year revenue growth in national currencies in all of its markets of operation with the exception of Ukraine, where growth dynamics were inline with the market's overall performance. The changes in the foreign exchange rates impacted our US dollar-denominated results that led to a decline in the Company's main US dollar-based financial indicators, however, the stable financial position of MTS allows us to continue to execute on our business development strategy."

Mr. Shamolin added, "Despite the slight impact on our operating margins, investments in our next-generation network infrastructure and proprietary distribution provide MTS with a solid foundation for future growth. The financial standing of the company remains our priority as our strong balance sheet allows us to attract additional financing, including our recent syndicate loan and ruble bond placements, and provides possibilities to create additional shareholder value, such as our recommended payout of 60% of net income as a shareholder return for 2008."

Financial Summary (unaudited)

US\$ million	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	1,809.0	2,379.2	-24.0%	2,418.3	-25.2%
OIBDA	831.5	1,175.5	-29.3%	1,162.2	-28.5%
- margin	46.0%	49.4%	-3.4pp	48.1%	-2.1pp
Net operating income	464.2	704.6	-34.1%	706.2	-34.3%
- margin	25.7%	29.6%	-3.9pp	29.2%	-3.5pp
Net income (loss)	-57.7	610.2	-109.5%	145.5	-139.7%

Group Financial Developments

CAPEX

MTS' expenditure on property, plant and equipment in the first quarter totaled approximately \$548 million, of which \$328 million was invested in Russia, \$133 million in Ukraine, \$72 million in Uzbekistan, \$10 million in Turkmenistan and \$5 million in Armenia.

MTS spent approximately \$98 million on the purchase of intangible assets during the quarter of which \$67 million was spent in Russia, \$13 million in Ukraine, \$16 million in Uzbekistan, \$1 million in Turkmenistan and \$1 million in Armenia.

Debt and Cash Flows

As of March 31, 2009, MTS' total debt³ was at \$4.0 billion, resulting in a ratio of total debt to OIBDA of 0.8 times. Net debt amounted to \$3.0 billion at the end of the quarter and the net debt to OIBDA of 0.6 times. The Company was free cash-flow positive with \$10.4 million for the first quarter 2009.

Group Operating Review

Market Growth

Mobile penetration⁴ in markets of operation was:

- Up q-o-q from 129% to 131% in Russia;
- Down q-o-q from 121% to 120% in Ukraine;
- Up q-o-q from 44% to 47% in Uzbekistan;

³ Total debt is comprised of the current portion of debt, current capital lease obligations, long-term debt and long-term capital lease obligations; net debt is the difference between the total debt and cash and cash equivalents and short-term investments; see Attachment B for reconciliation of net debt to our consolidated balance sheet.

⁴ The source for all market information based on the number of SIM cards in Russia and Ukraine in this press release is AC&M-Consulting.

- Up q-o-q from 19% to 23% in Turkmenistan;
- Down q-o-q from 80% to 79% in Armenia;
- Up q-o-q from 86% to 90% in Belarus.

Subscriber Development

The Company added approximately 1.0 million new customers during the first quarter of 2009 that were all added organically. During the quarter MTS:

- Added 0.5 million subscribers in Russia;
- Churned 179 thousand subscribers in Ukraine;
- Added 0.3 million subscribers in Uzbekistan;
- Added approximately 197 thousand subscribers in Turkmenistan;
- Added approximately 32 thousand subscribers in Armenia.

Our Belarus operations added approximately 93 thousand subscribers during the quarter.

Key Subscriber Statistics

(mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Total subscribers, eop	88.88	90.97	91.73	95.66	96.61
Russia	59.90	61.38	61.88	64.63	65.11
Ukraine	19.61	19.13	18.09	18.12	17.94
Uzbekistan ⁵	3.56	4.37	5.06	5.65	5.97
Turkmenistan	0.47	0.57	0.76	0.93	1.12
Armenia	1.42	1.49	1.78	2.02	2.05
MTS Belarus ⁶	3.94	4.03	4.16	4.32	4.42

Market Share

MTS maintained its leading position in the majority of its markets of operation during the first quarter:

- Maintained at 34% in Russia;
- Decreased from 33% to 32% in Ukraine;
- Maintained at 46% in Uzbekistan;
- Maintained at 87% in Turkmenistan;
- Increased from 79% to 81% in Armenia.

In Belarus, the market share decreased to 51% from 52%.

Customer Segmentation

Subscriptions to MTS' pre-paid tariff plans accounted for 86% of gross additions in Russia and 98% in Ukraine in the first quarter. At the end of the quarter, 86% of MTS' customers in Russia were signed up to pre-paid tariff plans. In Ukraine, the share of customers signed to pre-paid tariff plans was 92%.

Russia Highlights

RUB mln	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	46,856.5	43,598.3	7.5%	50,519.0	-7.2%
OIBDA	20,989.3	21,263.6	-1.3%	24,388.0	-13.9%
- margin	44.8%	48.8%	-4.0pp	48.3%	-3.5pp
Net income (loss)	-2,619.2	11,961.6	-121.9%	1,802.3	-245.3%
- margin	-5.6%	27.4%	-33.0pp	3.6%	-9.2pp

⁵ Starting from Q1 2008 MTS employs a six-month inactive churn policy in Uzbekistan

⁶ MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated.

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
ARPU (RUB) ⁷	244.55	260.70	278.78	258.28	233.54
MOU (min)	193	207	213	218	205
Churn rate (%)	4.8	6.6	9.1	6.4	8.0
SAC (RUB)	715.7	711.1	635.5	665.4	742.8

Ukraine Highlights

UAH mln	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	1,872.7	2,064.7	-9.3%	2,121.3	-11.7%
OIBDA	796.4	960.2	-17.1%	837.8	-4.9%
- margin	42.5%	46.5%	-4.0pp	39.5%	+3.0pp
Net income	96.6	437.1	-77.9%	206.4	-53.2%
- margin	5.2%	21.2%	-16.0pp	9.7%	-4.5pp

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
ARPU (UAH)	34.49	36.52	39.63	38.16	33.62
MOU (min)	175	239	329	389	427
Churn rate (%)	10.3	10.7	15.8	10.8	10.2
SAC (UAH)	69.7	64.7	49.7	51.7	62.4

Uzbekistan Highlights⁸

USD mln	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	101.7	79.4	28.1%	115.7	-12.1%
OIBDA	60.5	49.1	23.2%	70.6	-14.3%
- margin	59.5%	61.8%	-2.3pp	61.0%	-1.5pp
Net income	30.7	32.2	-4.7%	34.6	-11.3%
- margin	30.2%	40.6%	-10.4pp	29.9%	+0.3pp

	Q1'08 ⁹	Q2'08	Q3'08	Q4'08	Q1'09
ARPU (USD)	8.3	7.8	7.3	7.2	5.8
MOU (min)	520	575	525	497	416
Churn rate (%)	2.8	4.0	7.3	5.7	6.6
SAC (USD)	7.0	7.5	7.7	8.7	8.2

Turkmenistan Highlights¹⁰

TMT mln	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	93.0	54.8	69.7%	94.6	-1.7%
OIBDA	51.9	33.6	54.5%	58.4	-11.1%
- margin	55.8%	61.6%	-5.8pp	61.7%	-5.9pp
Net income	29.8	16.6	79.5%	35.9	-17.0%
- margin	32.0%	30.4%	+1.6pp	38.0%	-6.0pp

⁷ ARPU is now calculated by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

⁸ The functional currency in Uzbekistan is the US dollar.

⁹ In Q1 2008, MTS Uzbekistan moved away from a two-month to a six-month churn policy.

¹⁰ On January 1, 2008, the Central Bank of Turkmenistan raised the official exchange rate of the Turkmenistan Manat to the US dollar from 5,200 to 6,250. On May 1, 2008, another decree established the official exchange rate at 14,250 TMT per 1 USD. On January 1, 2009, the Central Bank of Turkmenistan announced redenomination of the Turkmenistan Manat at the rate of 5,000 to 1. We have adjusted our historical results to the denominated rate for comparative purposes.

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
ARPU (TMT)	44.3	50.9	28.5	37.7	30.2
MOU (min)	273	291	277	253	225
Churn rate (%)	5.0	4.4	2.0	4.2	3.9
SAC (TMT)	18.5	28.1	15.7	9.7	13.0

Armenia Highlights

AMD mln	Q1'09	Q1'08	y-o-y	Q4'08	q-o-q
Revenues	17,847.3	16,996.1	5.0%	19,920.6	-10.4%
OIBDA	9,450.9	9,852.8	-4.1%	9,776.4	-3.3%
- margin	53.0%	57.9%	-4.9pp	49.1%	+3.9pp
Net income (loss)	-2,365.4	-4,985.2	-52.6%	137.2	-1,824.1%
- margin	-13.3%	-29.3%	-16.0pp	0.7%	-14.0pp

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
ARPU (AMD)	4,033.5	4,331.2	4,594.5	3,485.9	2,913.9
MOU (min)	157	183	202	205	172
Churn rate (%)	8.0	7.7	7.2	7.0	8.9
SAC (AMD)	8,220.9	8,324.6	5,199.0	4,535.8	7,280.6

CAPEX Highlights

in USD mln	Q1'08	Q4'08	Q1'09
Russia	204.6	451.4	394.7
- as % of rev	11.4%	24.3%	28.6%
Ukraine	109.0	139.4	146.0
- as % of rev	26.6%	39.4%	60.0%
Uzbekistan	11.3	41.0	87.4
- as % of rev	14.2%	35.4%	85.9%
Turkmenistan	15.5	20.2	11.1
- as % of rev	35.3%	60.8%	34.0%
Armenia	2.0	24.8	6.5
- as % of rev	3.7%	38.1%	11.8%

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Mobile TeleSystems OJSC ("MTS") is the largest mobile phone operator in Russia and the CIS. Together with its subsidiaries, the Company services over 93.03 million subscribers. The regions of Russia, as well as Armenia, Belarus, Turkmenistan, Ukraine, and Uzbekistan, in which MTS and its associates and subsidiaries are licensed to provide GSM services, have a total population of more than 230 million. Since June 2000, MTS' Level 3 ADRs have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about MTS can be found on MTS' website at www.mtsgsm.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 MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," and 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. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with

telecommunications infrastructure, risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.



Attachments to the First Quarter 2009 Earnings Press Release

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. Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

Group (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income	704.6	857.2	935.5	706.2	464.2
Add: D&A	470.9	492.2	517.7	456.0	367.3
OIBDA	1,175.5	1,349.5	1,453.2	1,162.2	831.5

Russia (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income	562.5	701.4	761.0	587.0	378.4
Add: D&A	314.9	333.2	354.2	310.1	241.8
OIBDA	877.4	1,034.6	1,115.2	897.1 ¹¹	620.2

Ukraine (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income	85.4	91.4	103.2	41.3	22.4
Add: D&A	104.8	111.2	121.3	100.7	81.0
OIBDA	190.1	202.6	224.6	142.0	103.4

Uzbekistan (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income	35.1	42.8	48.9	50.7	40.6
Add: D&A	13.9	14.9	16.6	19.9	19.9
OIBDA	49.1	57.7	65.5	70.6	60.5

¹¹ Including intercompany of \$8.1 mln.

Turkmenistan (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income	21.9	17.9	6.8	17.3	15.4
Add: D&A	5.1	3.7	1.7	3.2	2.9
OIBDA	26.9	21.6	8.5	20.5	18.2

Armenia (USD mln)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating income/ (loss)	(0.3)	3.8	15.6	9.8	7.4
Add: D&A	32.2	29.2	23.8	22.1	21.7
OIBDA	32.0	33.0	39.4	31.9	29.1

OIBDA margin can be reconciled to our operating margin as follows:

Group	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	29.6%	32.5%	33.3%	29.2%	25.7%
Add: D&A	19.8%	18.7%	18.4%	18.9%	20.3%
OIBDA margin	49.4%	51.2%	51.7%	48.1%	46.0%

Russia	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	31.3%	34.7%	35.1%	31.6%	27.4%
Add: D&A	17.5%	16.5%	16.4%	16.7%	17.5%
OIBDA margin	48.8%	51.2%	51.5%	48.3%	44.8%

Ukraine	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	20.9%	21.1%	22.2%	11.7%	9.2%
Add: D&A	25.6%	25.6%	26.1%	28.4%	33.3%
OIBDA margin	46.5%	46.7%	48.3%	40.1%	42.5%

Uzbekistan	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	44.3%	46.0%	47.4%	43.8%	40.0%
Add: D&A	17.6%	16.0%	16.1%	17.2%	19.6%
OIBDA margin	61.8%	61.9%	63.5%	61.0%	59.5%

Turkmenistan	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	50.0%	52.1%	33.9%	52.2%	47.0%
Add: D&A	11.6%	10.9%	8.4%	9.5%	8.8%
OIBDA margin	61.6%	63.0%	42.3%	61.7%	55.8%

Armenia	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09
Operating margin	(0.5%)	6.1%	20.7%	15.1%	13.5%
Add: D&A	58.5%	47.5%	31.7%	34.1%	39.4%
OIBDA margin	57.9%	53.7%	52.5%	49.1%	52.9%

Attachment B

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. 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.

Net debt can be reconciled to our consolidated balance sheets as follows:

USD mln	As of Dec 31, 2008	As of Mar 31, 2009
Current portion of debt and of capital lease obligations	1,183.7	1,191.3
Long-term debt	2,888.5	2,816.5
Capital lease obligations	3.0	2.0
Total debt	4,075.2	4,009.8
Less:		
Cash and cash equivalents	(1,058.8)	(978.5)
Short-term investments	(45.7)	(46.0)
Net debt	2,970.7	2,985.3

Last twelve month (LTM) OIBDA can be reconciled to our consolidated statements of operations as follows:

IS\$ million	Nine months ended Dec 31, 2008	Three months ended Mar 31, 2009	Twelve months ended Mar 31, 2009
	A	B	C=A+B
Net operating income	2,498.9	464.2	2,963.1
Add: depreciation and amortization	1,465.9	367.3	1,833.2
OIBDA	3,964.8	831.5	4,796.3

Free cash-flow can be reconciled to our consolidated statements of cash flow as follows:

USD mln	For the three months ended Mar 31, 2008	For the three months ended Mar 31, 2009
Net cash provided by operating activities	991.5	760.0
Less:		
Purchases of property, plant and equipment	(281.0)	(547.6)
Purchases of intangible assets	(61.4)	(97.9)
Proceeds from sale of property, plant and equipment	23.2	0.2
Purchases of other investments	(21.2)	-
Investments in and advances to associates	-	0.5
Acquisition of subsidiaries, net of cash acquired	(19.4)	(104.8)
Free cash-flow	631.7	10.4

Attachment C

Definitions

Subscriber. We define a “subscriber” as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

Average monthly service revenue per subscriber (ARPU). We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

Average monthly minutes of usage per subscriber (MOU). MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

Churn. We define our “churn” as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber’s request), expressed as a percentage of the average number of our subscribers during that period.

Subscriber acquisition cost (SAC). We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

MOBILE TELESYSTEMS
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

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

	Three months ended March 31, 2009	Three months ended March 31, 2008
Net operating revenue		
Service revenue and connection fees	\$1 780 695	\$2 373 531
Sales of handsets and accessories	28 314	5 685
	1 809 009	2 379 216
Operating expenses		
Cost of services	411 675	557 299
Cost of handsets and accessories	38 922	25 723
Sales and marketing expenses	158 545	213 996
General and administrative expenses	309 415	346 412
Depreciation and amortization	367 292	470 898
Provision for doubtful accounts	28 389	25 734
Other operating expenses	30 559	34 550
Net operating income	464 212	704 604
Currency exchange and transaction losses / (gains)	462 448	(95 864)
Other expenses / (income):		
Interest income	(8 502)	(3 785)
Interest expense, net of amounts capitalized	62 950	40 606
Other income	(7 774)	(10 710)
Total other expenses, net	46 674	26 111
Income / (loss) before provision for income taxes and noncontrolling interest	(44 910)	774 357
Provision for income taxes	11 855	165 925
Net income / (loss)	-\$56 765	\$608 432
Net income / (loss) attributable to the noncontrolling interest	955	(1 722)
Net income / (loss) attributable to the group	-\$57 720	\$610 154
Weighted average number of common shares outstanding, in thousands - basic	1 885 053	1 943 934
Earnings per share - basic and diluted	(0)	0.31

MOBILE TELESYSTEMS
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008

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

	As of March 31, 2009	As of December 31, 2008
CURRENT ASSETS:		
Cash and cash equivalents	\$978 467	\$1 058 802
Short-term investments	46 006	45 718
Trade receivables, net	304 869	320 559
Accounts receivable, related parties	40 050	49 684
Inventory and spare parts	100 179	110 490
VAT receivable	81 163	102 648
Prepaid expenses and other current assets	625 618	680 833
Total current assets	2 176 352	2 368 734
PROPERTY, PLANT AND EQUIPMENT	5 385 204	5 900 129
INTANGIBLE ASSETS	1 747 873	1 770 113
INVESTMENTS IN AND ADVANCES TO ASSOCIATES	204 819	247 358
OTHER INVESTMENTS	27 800	39 076
OTHER ASSETS	141 538	122 924
Total assets	9 683 586	10 448 334
CURRENT LIABILITIES		
Accounts payable	514 966	789 336
Accrued expenses and other current liabilities	1 178 035	1 147 198
Accounts payable, related parties	84 142	186 878
Current portion of long-term debt, capital lease obligations	1 191 328	1 183 729
Total current liabilities	2 968 471	3 307 141
LONG-TERM LIABILITIES		
Long-term debt	2 816 491	2 888 496
Capital lease obligations	2 003	3 009
Deferred income taxes	61 743	69 473
Deferred revenue and other	162 834	101 820
Total long-term liabilities	3 043 071	3 062 798
Total liabilities	6 011 542	6 369 939
COMMITMENTS AND CONTINGENCIES	-	-
Redeemable noncontrolling interests	100 478	143 658
SHAREHOLDERS' EQUITY:		
Common stock: (2,096,975,792 shares with a par value of 0.1 rubles authorized and 1,993,326,138 shares issued as March 31, 2009 and December 31, 2008 (777,396,505 of which are in the form of ADS as of March 31, 2009 and December 31, 2008)	50 558	50 558
Treasury stock (108,273,338 common shares at cost as of March 31, 2009 and December 31, 2008)	(1 426 753)	(1 426 753)
Additional paid-in capital*	539 671	549 401
Accumulated other comprehensive income	(640 689)	(346 178)
Retained earnings*	5 048 779	5 107 709
Total shareholders' equity	3 571 566	3 934 737
Total liabilities and shareholders' equity	\$9 683 586	\$10 448 334

*Figures as of Dec. 31, 2008, were retrospectively adjusted on Topic D-98 implementation.

MOBILE TELESYSTEMS
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(Amounts in thousands of U.S. dollars)

	<u>Three months ended</u> <u>March 31, 2009</u>	<u>Three months ended</u> <u>March 31, 2008</u>
Net cash provided by operating activities	759 973	991 545
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired	(104 772)	(19 395)
Purchases of property, plant and equipment	(547 641)	(281 019)
Purchases of intangible assets	(97 940)	(61 418)
Proceeds from sale of property, plant and equipment and assets held for sale	243	23 249
Purchase of other investments	-	(21 239)
Investments in and advances to associates	558	-
(Increase)/decrease in restricted cash	(8 606)	7 887
Net cash used in investing activities	(758 158)	(351 935)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes	27 440	-
Repurchase of common stock	-	(423 143)
Repayment of notes	-	(400 000)
Notes and debt issuance cost	(16 116)	(278)
Capital lease obligation principal paid	(47)	(1 349)
Proceeds from loans	118 759	105 105
Loan principal paid	(99 796)	(35 385)
Net cash provided by / (used in) financing activities	30 240	(755 050)
Effect of exchange rate changes on cash and cash equivalents	(112 390)	33 469
NET DECREASE IN CASH AND CASH EQUIVALENTS:	(80 335)	(81 971)
CASH AND CASH EQUIVALENTS, at beginning of period	1 058 802	634 498
CASH AND CASH EQUIVALENTS, at end of period	\$978 467	\$552 527