FOR IMMEDIATE RELEASE September 12, 2007

JSC SITRONICS

UNAUDITED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2007

MOSCOW, Russia – September 12, 2007 – JSC SITRONICS ("Sitronics" or the "Group") (LSE: SITR), a leading provider of telecommunications, IT and microelectronic solutions in Russia and the CIS, with a growing presence in other EEMEA emerging markets, today announced its unaudited consolidated US GAAP financial results for the six months ended June 30, 2007.

SUMMARY

- **Consolidated revenues of US$ 638.3 million (US$ 681.7 million)**
- **Sales to companies not affiliated with parent company Sistema up to 83.6% (78.3%) of total Group revenues**
- **OIBDA[1] loss of US$ 38.6 million (profit of US$ 70.3 million)**
- **Net loss of US$ 79.8 million (profit of US$ 15.9 million)**
- **Total assets up 11.6% year on year to US$ 1.7 billion (US$ 1.53 billion)**

Evgeny Utkin, President of SITRONICS, commented: "As expected our results in the first half of the year continued to reflect difficult market conditions in the Telecommunications Solutions segment as we saw a number of key projects being delayed into 2008.

The full year 2007 revenue is expected now to be lower than previously anticipated and will come in at between US$ 1.6 billion and US$ 1.7 billion. OIBDA for the full year 2007 is expected, as a result, to be close to a break-even. OIBDA for the third quarter is expected to be positive and improve further in the fourth quarter.

Both IT Solutions and Microelectronic Solutions divisions continued to outperform. Our investments in Middle East and Africa also started to pay off as we see an increased pipeline of projects and a number of contracts have already been announced. We have successfully secured

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[1] OIBDA is defined as operating income before depreciation and amortization. Please see Attachment A to this statement for a full definition of OIBDA and a reconciliation of OIBDA to operating income.

three WiMAX projects which are under way with dominant operators in Bahrain, Saudi Arabia and Montenegro. We have now established ourselves as a leading integrator of WiMAX solutions in the region.

We have diversified our customer base during the period with over 80% of revenues now generated from clients outside the Sistema Group. Looking forward our pipeline is strong and our outlook is positive."

FINANCIAL SUMMARY

(US$ millions)	**Jan – June 2007 (unaudited)**	Jan - June 2006 (unaudited)	Jan – Dec 2006
Revenues	**638.3**	681.7	1,610.7
OIBDA	**(38.6)**	70.3	172.3
Operating (loss)/income	**(65.7)**	47.7	128.2
Net (loss)/income	**(79.8)**	15.9	61.3
Basic and diluted (loss)/earnings per share (US$)	**(0.01)**	0.01	0.01
Total assets	**1,709.1**	1,531.4	1,647.4

OPERATING REVIEW

Group Overview

SITRONICS reported a 6.4% year on year decline in revenue for the first half of the year, following the previously announced delay in a number of projects in the Telecommunications Solutions segment from the first half of the year until the second half of the year and into 2008. However, the IT Solutions and Microelectronic Solutions operating divisions continued to perform above expectations with IT Solutions reporting substantial year on year revenue growth and Microelectronic Solutions revenue more than doubled year on year.

Revenues from companies outside the Sistema group continued to increase as a percentage of total revenues to 83.6% in the first half of 2007, compared to 78.3% for the same period of 2006.

SITRONICS also won a significant number of new contracts which will be implemented over the next several years and include the provision of SITRONICS' flagship product, FORIS NG Billing and Customer Care, for Pakistan operator Wateen Telecom; a WiMAX network contract for newly established Montenegrin mobile operator MTEL; a telecom equipment and services contract with Bulgarian operator BTC Mobile; the delivery of TENNET equipment to MGTS for its NGN build-out; and a systems integration consulting services for a substantial World Bank-funded project in Ukraine.

The OIBDA loss of US$ 38.6 million in the first half of 2007 compared with a profit of US$ 70.3 million for the same period of 2006 and reflected the lower results in the Telecommunications Solutions segment, while the level of fixed costs was maintained at the same level as in the second half of 2006, following the expansion of business last year and the need to service ongoing and new projects which have been delayed into the second half of 2007 and beyond, as well as the continued expansion into the Middle East and Africa. Information Technology Solutions and Microelectronic Solutions segments contributed positively to the Group OIBDA in the first half following the successful launch of new products and completion of a number of large scale projects.

Depreciation and amortization charges increased year on year to US$ 27.1 million from US$ 22.5 million reflecting the increased capital expenditure levels. The Group reported an operating loss of US$ 65.7 million for the half year, compared to a profit of US$ 47.7 million for the same period of 2006.

The Group therefore reported a loss before income tax and minority interests of US$ 73.8 million for the period, compared to a profit of US$ 35.2 million in the first six months of 2006. The income tax charges for the period totaled US$ 2.1 million (US$ 10.9 million). Minority interests in the profits of subsidiaries decreased to US$ 3.9 million from US$ 8.4 million in the first half 2006.

SITRONICS consequently reported a net loss of US$ 79.8 million for the first half of the year, compared to a profit of US$ 15.9 million for the same period of 2006. The number of outstanding shares increased during the first half of the year to 9,547,087,190, from 7,997,247,990 on December 31, 2006 following the issue of 1,549,839,200 new shares during the Group Initial Public Offering in February 2007. SITRONICS therefore reported a basic and diluted US$ (0.01) loss per share, compared to earnings per share of US$ 0.01 for the same period of 2006.

Outlook

The full year 2007 revenue is now expected to be lower than previously anticipated and will come at between US$ 1.6 billion and US$ 1.7 billion. SITRONICS' revenue streams from scale contracts with MTS and MGTS are now likely to fall into 2008. We have invested significantly into development of new products and technologies in 2007 in order to diversify our business, and we would expect future revenue to have higher margins as a result. OIBDA for the full year 2007 is expected, as a result, to be close to a break-even. OIBDA for the third quarter is expected to be positive and improve further in the fourth quarter. The pipeline of contracts remains strong in the second half. The proportion of third party client revenue has continued to increase. Moving into 2008, SITRONICS therefore has a more diversified client base both geographically and by sector. In summary, SITRONICS has felt the effect of customer and industry pressures in the first half while still being able to build and diversify its revenue base, and develop new products and technologies. Moving forward, SITRONICS has a stronger business and a positive outlook.

Telecommunication Solutions
The Telecommunication Solutions segment is engaged in the design, manufacture and distribution of hardware and software products, including convergence solutions. The segment also offers systems integration and customization services for fixed line and mobile telecommunications operators.

Telecommunications Solutions segment revenue declined year on year in the first half reflecting the delay in a number of projects from the first half of the year into the second half and beyond. Among delayed projects are the development and implementation of NGN technology for Moscow City Telephone Network (MGTS) and of 3G mobile telecommunications technology for Mobile TeleSystems (MTS). The segment continued with its transition to a customer centric model and diversification of its customer base throughout the domestic market and strengthened its position in new regions. The Telecommunications Solutions business has secured billing system contract with Telecom Srbija in Serbia and signed additional new contracts for the provision of NGN and billing technologies to German-based operator CALLAX and Moldtelecom, an operator in Moldova.

Following the end of the first half the Telecommunications Solutions division signed a contract with POLKOMTEL, a Polish mobile operator, for the upgrade of the existing SS7 Signalling Monitoring Systems.

Information Technology Solutions
The Information Technology Solutions segment consists of Kvazar-Micro and its subsidiaries, which are engaged in systems integration, IT consulting, software development and computer hardware distribution.

Information Technology Solutions revenue was up significantly year on year as a result of completion of a number of large scale systems integration projects during the period for Sistema Group companies and the growth of hardware and software sales in Russia and Ukraine.

The Information Technology Solutions segment has broadened its services focus to include new industry sectors such as Utilities, Transportation, Finance, Education, Agriculture and Medicine, and markets, such as Kazakhstan, Turkmenistan and Lithuania, and this is starting to pay off. The business has commenced infrastructure projects for data processing centers in Ukrsotsbank, Rodovid bank, MBRD and the Ministry of Finance of Armenia; the installation of CRM system in MTS; the implementation of multimedia interactive education environment in the Moscow Subway training facility; the implementation of automated systems for personnel departments of government agencies; and the installation of Oracle E-Business Suite in Nurbank in Kazakhstan amongst others.

Microelectronic Solutions
The Microelectronic Solutions segment is engaged in the design, manufacturing, testing and distribution of semiconductor products and components, including the production and distribution of ICs, chip cards, microchip packaging and related solutions.

Microelectronic Solutions revenues more than doubled year on year as a result of the successful launch of a number of new products during the period, including the production of flexible chip modules, Metro (subway) fare cards and SIM cards. The domestic semiconductor market also continued to grow with SITRONICS securing additional contracts from the Russian Government, and also increasing the volume of its micro-chip sales. The segment has expanded its successful RFID ticketing technology project in the Moscow Metro (subway) by winning a tender to provide RFID tickets for ground transportation in the Moscow region and signed a contract with Moscow Social Register for the supply of RFID-based universal social cards and transportation tickets. In the first half of 2007 the division signed a US$ 75 million contract with the National Machinery Import & Export Corporation of China for the supply of microelectronic products for the next 5 years and with Barash Communications Technologies in Turkmenistan for the supply of smart cards. SITRONICS won a tender to supply 3G SIM cards to "Ukrtelecom", the incumbent operator in Ukraine.

In July SITRONICS announced the creation of SITRONICS-Nanotechnologies as part of Microelectronic Solutions division. The newly established unit will be involved in the research and development of nanotechnologies, one of the most advanced fields of microelectronic technologies.

In July the division won fifteen open tenders from the Federal Agency of Industry to develop electronic components for a total of approximately US$ 50 million. The pipeline remains strong in the second half.

Other Businesses

The Other businesses segment comprises the Consumer Electronics and Electronics Manufacturing Services businesses. The former is engaged in the design, marketing and sale of a wide range of consumer products, including televisions, DVD systems, portable electronics and mobile devices, in Russia and the Ukraine. The Consumer Electronics business sells products under the SITRONICS brand but is also engaged in the distribution of third party branded products. The Electronics Manufacturing Services business manufactures electronic devices for original equipment manufacturers, such as monitors and desktop computers, and also provides support services such as supplier sourcing, purchasing and logistics. The Consumer Electronics segment is currently diversifying its product range into the sale of mobile devices and smart phones.

FINANCIAL REVIEW

Net cash used in operating activities in the first half of 2007 increased to US$ 78.2 million (US$ 76.1 million) and reflected net loss and working capital[2] commitments. Working capital requirements were reduced from US$ 111 million in the first half of 2006 to US$ 31.9 million due to improved management of working capital.

Net cash used in investing activities amounted to US$ 69.4 million (US$ 133.9 million) in the first half of 2007 and included capital expenditure of US$ 67.1 million, compared to US$ 38.7 million in the first half of 2006. Capital expenditure is expected to approximately double to US$ 150 million in 2007 as SITRONICS continues to invest in the shift to new technologies in the Microelectronic Solutions, and infrastructure projects in the IT Solutions and Telecommunications Solutions segments.

Cash flow from financing activities in the first half of 2007 amounted to US$ 234.8 million, compared to US$ 249.4 million in the first half of 2006, which primarily reflected the short term bridge financing provided by Troika Dialog and used to redeem a part of the Company's US$ 200 million Eurobond Notes in June. There were no annual dividends paid for the twelve months ended December 31, 2006. The bridge financing in the form of promissory notes carries an annual coupon of 7.85% and matures on September 25, 2007.

SITRONICS' debt, excluding capital leases and derivatives, amounted to US$ 420.2 million at the end of the first half, compared to US$ 498.5 million at the end of 2006. The decrease in borrowings reflected the redemption of US$ 200 million Eurobond Notes, which were partially replaced by US$ 100 million bridge financing from Troika Dialog, while the Telecommunications Solutions business borrowed US$ 22 million.

[2] Changes in working capital are calculated as the net total of the following cash flow statement items: trade receivables, other receivables and prepaid expenses, inventories and spare parts, accounts payable, accrued expenses and other current liabilities.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In August, Fitch Ratings confirmed SITRONICS' long-term issuer default rating ("IDR") of "B-" with a stable outlook.

In August, the Board of Directors of SITRONICS announced the Extraordinary General Meeting of the Company's Shareholders, which will be held on October 8, 2007. The SITRONICS Board of Directors recommended approving the participation of the Company in "The 2006 Coral/ Sistema Strategic Fund, Limited Partnership".

In July, SITRONICS' Board of Directors approved two Ruble-denominated bond issues in the amount of RUR 3 billion (approximately US$ 115.8 million) and RUR 2 billion (approximately US$ 77.2 million), respectively, to be issued later in 2007 and the appointment of Troika Dialog as Agent and Book Runner for these issues. SITRONICS had also signed a RUR 2.6 billion (approximately US$ 100.3 million) bridge financing agreement with Troika Dialog.

In July, Moody's Investors Service confirmed SITRONICS' long term foreign currency credit rating of "B3" with a stable outlook.

OTHER INFORMATION

Conference call

SITRONICS management will host a conference call today at 4.30 PM Moscow local time, 1.30 PM London local time and 8.30 AM New York local time to present and discuss these results. Participants may dial the following numbers in order to access the call:

UK / International:	+44 20 7806 1950
US:	+1 718 354 1385

A replay facility will also be made available for 7 days after the call and may be accessed by dialing the following numbers and using the following pin code:

UK / International:	+44 20 7806 1970
US:	+1 718 354 1112
PIN CODE:	7596364#

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ABOUT SITRONICS

SITRONICS is a leading provider of telecommunication solutions, including software, equipment and systems integration, IT solutions and microelectronic solutions in Russia and the Commonwealth of Independent States with a strong presence in Central and Eastern Europe and a growing presence in the Middle East and Africa.

SITRONICS serves over 3,500 clients, maintains offices in 32 countries and exports its products and services to more than 60 countries. SITRONICS has over 10,000 employees of whom approximately 4,600 are involved in research and development.

SITRONICS' key Telecommunication Solutions operations are based in Prague, Czech Republic and Athens, Greece and Moscow, Russia, while the company's IT Solutions and Microelectronic Solutions divisions are based in Kiev, Ukraine and Zelenograd, Russia, respectively.

For the six months ended June 30, 2007, SITRONICS' revenues were US$ 638.3 million. As of 30 June 2007, SITRONICS had total assets of US$ 1.7 billion. SITRONICS is majority owned by Sistema, the largest diversified holding company in Russia and CIS.

SITRONICS has developed strategic alliances in its home markets with Cisco Systems, STMicroelectronics, Infineon and Giesecke & Devrient in relation to certain products and services. SITRONICS has vendor relationships with Siemens, Ericsson, Motorola, ORACLE, Intel, Sun Microsystems and Microsoft. Key customers include Sistema group companies, such as MTS, Comstar UTS and MTT, and also OTE, Cosmote, Vodafone, Ericsson and TCL.

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 SITRONICS. 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. These statements are only predictions and actual events or results may differ materially. We do not intend to or undertake any obligation 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, and other factors specifically related to SITRONICS and its operations.*

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of SITRONICS, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of SITRONICS.

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2007 (UNAUDITED) AND DECEMBER 31, 2006
(Amounts in thousands of U.S. dollars, except share amounts or if otherwise stated)

	June 30, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 177,408	$ 89,840
Short-term investments	29,489	28,725
Trade receivables, net	516,927	658,498
Other receivables and prepaid expenses, net	188,554	95,806
Inventories and spare parts	248,246	250,351
Deferred tax assets, current portion	6,369	6,517
Total current assets	1,166,993	1,129,737
Property, plant and equipment, net	313,178	268,820
Intangible assets, net	94,589	89,813
Long-term investments	2,322	1,728
Long-term trade receivables	100,504	84,105
Prepaid rent	1,813	2,033
Restricted cash	8,932	50,544
Debt issuance costs	-	700
Deferred tax assets	20,785	19,887
TOTAL ASSETS	**$ 1,709,116**	**$ 1,647,367**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF JUNE 30, 2007 (UNAUDITED) AND DECEMBER 31, 2006
(Amounts in thousands of U.S. dollars, except share amounts or if otherwise stated)

	June 30, 2007	December 31, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 223,137	$ 296,502
Taxes payable	20,775	34,490
Accrued expenses and other current liabilities	103,382	132,872
Derivative financial instruments	39,522	34,317
Short-term loans and notes payable	284,596	157,555
Current portion of long-term debt	125,318	9,935
Deferred tax liabilities, current portion	5,191	607
Total current liabilities	801,921	666,278
LONG-TERM LIABILITIES:		
Capital lease obligations	1,716	3,074
Long-term debt	10,289	330,966
Other long-term liabilities	9,862	11,723
Deferred tax liabilities	6,886	10,302
Total long-term liabilities	28,753	356,065
COMMITMENTS AND CONTINGENCIES	-	-
TOTAL LIABILITIES	830,674	1,022,343
MINORITY INTERESTS	186,541	177,501
SHAREHOLDERS' EQUITY:		
Share capital (9,547,087,190 and 7,997,247,990 shares authorized and issued as of June 30, 2007 and December 31, 2006, with par value of 1 ruble)	276,941	276,941
Treasury stock (937,489,541 and 748,806,541 shares with par value of 1 ruble as of June 30, 2007 and December 31, 2006)	(63,135)	(27,135)
Shareholder's receivable	(11,479)	(11,102)
Additional paid-in capital	449,946	94,868
Retained earnings	6,727	86,564
Accumulated other comprehensive income/(loss)	32, 901	27,387
TOTAL SHAREHOLDERS' EQUITY	691,901	447,523
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 1,709,116**	**$ 1,647,367**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED) AND 2006

(Amounts in thousands of U.S. dollars or if otherwise stated)

	Six month ended June 30, 2007	Six month ended June 30, 2006
Revenues	$ 638,319	$ 681,745
Cost of sales, exclusive of depreciation and amortization shown separately below	(550,866)	- (521,258)
Research and development expenses	(19,227)	- (20,700)
Selling, general and administrative expenses	(106,486)	(68,782)
Depreciation and amortization	(27,148)	(22,525)
Other operating expenses, net	(310)	(732)
OPERATING (LOSS)/INCOME	(65,718)	47,748
Interest income	10,785	3,669
Interest expense, net of amounts capitalized	(28,526)	(16,445)
Foreign currency transactions gain	9,631	267
(Loss)/Income before income tax and minority interests	(73,828)	35,239
Income tax expense	(2,069)	(10,913)
(Loss)/Income before minority interests	(75,897)	24,326
Minority interests	(3,940)	(8,426)
NET INCOME/(LOSS)	**$ (79,837)**	**$ 15,900**
Translation adjustment, net of minority interests of $4,536 and 141, respectively, and income tax effect of nil	6,304	12,797
Comprehensive income/(loss)	$ (73,533)	$ 28,697
Weighted average number of common shares outstanding	8,750,760,971	1,886,771,000
(Loss)/Earnings per share, basic and diluted, USD:	(0.01)	0.01

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED) AND 2006
(Amounts in thousands of U.S. dollars or if otherwise stated)

	Six month ended June 30, 2007	Six month ended June 30, 2006
OPERATING ACTIVITIES:		
Net (loss)/income	$ (79,837)	$ 15,900
Adjustments to reconcile net income to net cash used in operations, net of impact of acquired subsidiary:		
Depreciation and amortization charge	27,148	9,670
Minority interests	3,940	8,426
Gain from disposal of property, plant and equipment	(1,450)	(1,734)
Deferred income tax expense/(benefit)	534	(1,865)
Doubtful accounts receivable provision	8,972	3,006
Debt retirement costs	8,225	-
Changes in operating assets and liabilities:		
Trade receivables	119,170	(52,279)
Other receivables and prepaid expenses	(93,597)	(2,647)
Inventories and spare parts	3,513	(6,887)
Accounts payable	(75,274)	5,323
Taxes payable	(13,782)	1,509
Accrued expenses and other current liabilities	14,271	(54,512)
Net cash (used in)/provided by operating activities	$ (78,167)	$ (76,090)
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(47,085)	(35,965)
Proceeds from disposals of property, plant and equipment	2,618	2,315
Purchases of intangible assets	(19,980)	(2,750)
Purchases of businesses, net of cash acquired	(8,397)	(57,520)
Increase in other restricted cash	3,112	-
Purchase of short-term investments	(917)	(142,228)
Proceeds from sales of short-term investments	1,233	102,204
Net cash used in investing activities	$ (69,416)	$ (133,944)

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED) AND 2006
(Amounts in thousands of U.S. dollars or if otherwise stated)

	Six month ended June 30, 2007	Six month ended June 30, 2006
FINANCING ACTIVITIES:		
Debt issuance costs	$ -	$ (1,999)
Proceeds from issuance of common stock	356,378	150,003
Repurchase of common stock	(36,000)	(40,926)
Proceeds from short-term borrowings	147,001	74,452
Proceeds from long-term borrowings	-	198,379
Principal payments on short-term borrowings	(23,160)	(129,799)
Principal payments on long-term borrowings	(199,526)	-
Payments for early retirement of debt	(8,225)	
Principal payments on capital lease obligations	(1,691)	(666)
Net cash provided by financing activities	234,777	249,444
Effects of foreign currency translation on cash and cash equivalents	374	5,704
INCREASE IN CASH AND CASH EQUIVALENTS	87,568	45,114
CASH AND CASH EQUIVALENTS, beginning of the period	89,840	83,359
CASH AND CASH EQUIVALENTS, end of the period	177,408	128,473
CASH PAID DURING THE PERIOD FOR:		
Interest, net of amounts capitalized	(19,487)	(4,787)
Income taxes	(25,779)	(9,471)
NON-CASH ITEMS:		
Equipment acquired under capital lease	-	4,404

Non-cash investing and financing activities for the six month ended June 30, 2007 and 2006 included acquisitions of subsidiaries.

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 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. OIBDA can be reconciled to our consolidated statements of operations as follows:

(US$ 000s)	**1H 2007**	**1H 2006**	**2006**
Operating (Loss)/Income	(65,718)	47,748	128,238
Depreciation and Amortization	(27,148)	(22,525)	(44,048)
OIBDA	**(38,570)**	**70,273**	**172,286**