

1H2010 FINANCIAL AND OPERATING RESULTS UNDER IFRS

Yekaterinburg - September, 15th, 2010 - Uralsvyazinform (RTS and the Moscow Interbank Stock Exchange: URSI/URSIP, АДП: UVYZY/UVYZYP) - the leading carrier of fixed-line and mobile services in the Urals region presents interim non-audited consolidated financial statements for the 1st half of 2010 in compliance with International Accounting Standards (IAS).

- Company revenue increased by 6.0 % to RUR 21.3 bln as for 1 half-year 2009 RUR 21.3 bln;
- EBITDA ^[1] amounted to RUR9 732 mln., increased by 23.2 % to level of 1 half of last year.
- EBITDA margin ^[2] amounted to 45.7% (6 months of 2009 – 39.3 %).
- the operating profit increased by 39.5 % and amounted to RUR5 561 mln.
- the profit for the period increased by 127.1%, amounted to RUR3 765 mln. Net margin increased to 17.7 % (+9.4 percentage points).

Financial Highlights

<i>financial</i>	<i>6 months 2010</i>	<i>6 months 2009</i>	<i>Change</i>
Revenues, RUR mln	21 308	20 102	+6.0%
EBITDA, RUR mln	9 732	7 899	+23.2%
EBITDA margin, %	45.7%	39.3%	+6.4 p.p.
Operating profit, RUR mln	5 561	3 986	+39.5%
Operating margin, %	26.1%	19.8%	+6.3 p.p.
Profit for the period, RUR mln	3 765	1 658	+127.1%
Net margin, %	17.7%	8.2%	+9.4 p.p.
Net debt ^[3]	13 782	21 104	-34.7%

[1] EBITDA is calculated as a sum of pre-tax profit, interest payable, depreciation & amortization, leasing payments less interest receivable.

[2] EBITDA margin, Operating margin, Net margin represent EBITDA, Operating profit, and Net profit (Profit for the period) expressed as a percentage of revenue.

[3] Net debt is calculated as difference between percentage debt and cash and cash equivalents.

To view complete accounting statements of Uralsvyazinform as of 1H 2010 under IFRS click [here](#).

For additional information, please contact IR department on tel. +7 343 379 1219, +7 343 376 2166 or e-mail: investor@gd.usi.ru.

The most recent company information is also available from this website and www.skrin.ru (complex disclosure information system) or URSI_RU page in Bloomberg system and URSI/RTS page in Reuters system.

FINANCIAL REVIEW

Revenues

The company revenues for the 1st half of 2010 made up RUR 21 308 mln. Revenue structure is indicated below (in RUR mln):

<i>Operating revenues</i>	<i>6 months 2010</i>	<i>Weight</i>	<i>6 months 2009</i>	<i>Weight</i>	<i>Change, %</i>
Cellular services	7 773	36.5%	6 248	31.1%	+24.4%
Local telephone services	5 618	26.4%	5 230	26.0%	+7.4%
Telegraph services, data transmission and telematic services (Internet)	3 593	16.9%	3 200	15.9%	+12.3%
Intrazone telephone services	2 114	9.9%	2 307	11.5%	-8.4%
Interconnection services	1 377	6.5%	2 276	11.3%	-39.5%
Other core services	521	2.4%	542	2.7%	-3.9%
Radio communication, radio and TV broadcasting	283	1.3%	267	1.4%	+6.0%
Assistance and agent services	19	0,1%	27	0,1%	-29.6%
Other services	10	0.0%	5	0.0%	+100.0%
Total revenues	21 308	100%	20 102	100%	+6.0%

Revenue increasing by 6.0% was stipulated by:

- Revenue increasing from cellular services (due to ARPU changing by 24.4%), weight of the indicator increased by 5.4%;
- Revenue increasing from telegraph services, data transmission and telematic services (Internet) by 12.3% due to subscribers' base enlargement and services carries out
- Revenue increasing from local telephone services by 7.4% due to increased average revenue rate per subscriber.

Revenue share for non-regulated services in 1H2010 surpassed the half of total revenues and totaled 53.4% (47,0% in 1H2009)

Revenue by subscriber categories, as of 1H2010, %

Subscriber category	<i>6 months 2010</i>	<i>Weight</i>	<i>6 months 2009</i>	<i>Weight</i>
Residents	13 422	63.0%	12 074	60.1%
Businesses	4 250	19.9%	4 378	21.8%
State-sponsored organizations	1 381	6.5%	1 291	6.4%
Telecommunication operators	2 255	10.6%	2 359	11.7%
Total	21 308	100%	20 102	100%

EXPENSES

The expenses for the 1st half of 2010 amounted to 16 411 million (-2.9% compared to 1H2009).

The expenses structure (in RUR million):

<i>Operating expenses</i>	<i>6 months 2010</i>	<i>Weight</i>	<i>6 months 2009</i>	<i>Weight</i>	<i>Change, %</i>
Personnel expenses	4 139	25.2%	4 023	23.8%	+2.9%
Depreciation and amortization	3 929	23.9%	4 096	24.2%	-4.1%
Operators' services	2 402	14.6%	2 890	17.1%	-16.9%
Materials, repairs and maintenance, utilities	1 597	9.8%	1 622	9.6%	-1.5%
Other operating expenses, including:	4 344	26.5%	4 278	25.3%	+1.5%
<i>Agency fees</i>	<i>1 054</i>	<i>6.4%</i>	<i>1 192</i>	<i>7,0%</i>	<i>-11.6%</i>
<i>Third party services and administrative</i>	<i>1 304</i>	<i>7.9%</i>	<i>1 057</i>	<i>6,3%</i>	<i>+23.3%</i>

<i>expenses</i>					
<i>Taxes other than income tax</i>	514	3.1%	524	3.1%	-1.9%
<i>Rent of premises</i>	348	2,1%	361	2.1%	-3.6%
Total expenses	16 411	100%	16 909	100%	-2.9%

Generally, as of 1H2010 EBITDA amounted to RUR 9 732 mln (+23.2%), operating profit – RUR 5 561 mln (+39.5%), pre-tax profit – RUR 3 765 mln (+127.1%).

DEBT

<i>Debt</i>	<i>30.06.2010</i>	<i>31.12.2009</i>	<i>Change</i>
Non-current liabilities	9 282	14 102	-34,2%
Current liabilities	5 219	8 626	-39,5%
Total liabilities (percentage debt) [4]	14 501	22 728	-36,2%

[4] Percentage debt is calculated as a sum of current and non-current liabilities.

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