

Press release

Mobile TeleSystems Announces Financial Results for the Second Quarter Ended June 30, 2009

August 11, 2009

Moscow, Russian Federation – Mobile TeleSystems OJSC (“MTS” - NYSE: MBT), today announces its consolidated US GAAP financial results for the three months ended June 30, 2009.

Key Financial Highlights of Q2 2009

- Consolidated revenues up 11.8% q-o-q to \$2,022.4 million driven by additional subscribers, rising voice and data consumption, seasonal usage factors and currency appreciation
- Consolidated OIBDA¹ up 14.7% q-o-q to \$953.8 million with 47.2% OIBDA margin driven by revenue growth, currency improvements and optimized period spending
- Consolidated net income of \$563.0 million due to revenue growth and non-cash FOREX gain through US GAAP translation of US dollar-denominated debt

Key Corporate and Industry Highlights

- Launch of 3G in Armenia and limited launch in Moscow
- Signing of a partnership agreement with Nokia
- Securing of three loans for the total amount of EUR 413 million for network development
- Approval 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 ADR) that comes to 60% of US GAAP net income
- Appointment of Mr. Ron Sommer as the Chairman and Mr. Alexey Buyanov as the Deputy Chairman of the MTS Board of Directors
- Placement of new syndicated loan facility to restructure \$630 million loan due in Q2 2009
- Placement of two ruble-denominated bonds worth RUB 15 billion each in May and July 2009
- The Boards of Directors of MTS and Sistema approve the acquisition of Sistema’s 50.91% stake in Comstar-UTS for \$1.272 billion², of \$5.98 per GDR, by a subsidiary of MTS

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 In order to mitigate the risk of adverse exchange rate movements in-between announcement and closing, 50% of the consideration will be paid at a fixed exchange rate of 31.9349 RUB per USD and the remaining consideration will be paid based on the official exchange rate of the Central Bank of Russia on or around the date of completion.

Commentary

Mr. Mikhail Shamolin, President and CEO of MTS, commented: "The Company demonstrated sound results during the quarter on the back of seasonal and organic growth. Despite continuing macroeconomic volatility in Russia and the CIS, strong subscriber additions, a seasonal increase in usage and on-going cost saving initiatives facilitated quarter-on-quarter revenue growth and higher operating margins. As our markets are changing, we are adapting our strategic priorities to meet new challenges and seize opportunities by developing our monobrand retail channel and entering the broadband market to deliver wider Internet access, integrated communications services and innovative solutions to our customers."

Financial Summary (unaudited)

USD mln	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	2,022.4	2,635.5	-23.3%	1,809.0	11.8%
OIBDA	953.8	1,349.5	-29.3%	831.5	14.7%
- margin	47.2%	51.2%	-4.0pp	46.0%	+1.2pp
- margin (excl. retail)	50.6%	n/a	n/a	47.0%	+3.6pp
Net operating income	548.1	857.2	-36.1%	464.2	18.1%
- margin	27.1%	32.5%	-5.4pp	25.7%	+1.4pp
Net income (loss)	563.0	659.2	-14.6%	(57.7)	n/a

Group Financial Developments

CAPEX

MTS' expenditure on property, plant and equipment in the second quarter totaled approximately \$410 million, of which \$185 million was invested in Russia, \$83 million in Ukraine, \$126 million in Uzbekistan, \$13 million in Turkmenistan and \$4 million in Armenia.

MTS spent approximately \$80 million on the purchase of intangible assets during the quarter of which \$68 million was spent in Russia, \$10 million in Uzbekistan, \$1 million in Turkmenistan and \$1 million in Armenia.

Debt and Cash Flows

As of June 30, 2009, MTS' total debt³ was at \$4.6 billion, resulting in a ratio of total debt to OIBDA of 1.1 times. Net debt amounted to \$2.9 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 \$109.2 million for the first six months of 2009.

Group Operating Review

Market Growth

Mobile penetration⁴ in markets of operation was:

- Up q-o-q from 131% to 135% in Russia;
- Down q-o-q from 120% to 119% in Ukraine;
- Up q-o-q from 47% to 52% in Uzbekistan;
- Up q-o-q from 23% to 29% in Turkmenistan;
- Maintained at 79% in Armenia;
- Up q-o-q from 90% to 93% in Belarus.

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.

Subscriber Development

The Company added approximately 2.8 million new customers during the second quarter of 2009 that were all added organically. During the quarter, MTS:

- Added 2.3 million subscribers in Russia;
- Churned 155 thousand subscribers in Ukraine;
- Added 0.6 million subscribers in Uzbekistan;
- Added approximately 128 thousand subscribers in Turkmenistan;
- Subscriber count in Armenia declined insignificantly.

Our Belarus operations added approximately 60 thousand subscribers during the quarter.

Key Subscriber Statistics

(mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Total subscribers, eop	90.97	91.73	95.66	96.61	99.51
Russia	61.38	61.88	64.63	65.11	67.42
Ukraine	19.13	18.09	18.12	17.94	17.78
Uzbekistan ⁵	4.37	5.06	5.65	5.97	6.53
Turkmenistan	0.57	0.76	0.93	1.12	1.25
Armenia	1.49	1.78	2.02	2.05	2.05
MTS Belarus ⁶	4.03	4.16	4.32	4.42	4.48

Market Share

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

- Maintained at 34% in Russia;
- Up q-o-q from 32% to 33% in Ukraine;
- Down q-o-q from 46% to 45% in Uzbekistan;
- Down q-o-q from 87% to 85% in Turkmenistan;
- Maintained at 81% in Armenia.

In Belarus, the market share decreased to 50% from 51%.

Customer Segmentation

Subscriptions to MTS' pre-paid tariff plans accounted for 81% of gross additions in Russia and 98% in Ukraine in the second quarter. At the end of the quarter, 85% 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	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	51,017.3	47,739.3	6.9%	46,856.5	8.9%
OIBDA	23,762.0	24,427.5	-2.7%	20,989.3	13.2%
- margin	46.6%	51.2%	-4.6pp	44.8%	+1.8pp
- margin (excl. retail)	50.9%	n/a	n/a	46.1%	+4.8pp
Net income (loss)	17,022.6	12,724.0	33.8%	-2,619.2	n/a
- margin	33.4%	26.7%	+6.7pp	-5.6%	n/a

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.

	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
ARPU (RUB) ⁷	260.7	278.8	258.3	233.5	245.4
MOU (min)	207	213	218	205	216
Churn rate (%)	6.6	9.1	6.4	8.0	6.9
SAC (RUB)	711.1	635.5	665.4	742.8	671.8

Ukraine Highlights

UAH mln	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	1 976.7	2,153.2	-8.2%	1,872.7	5.6%
OIBDA	890.4	1,005.0	-11.4%	796.4	11.8%
- margin	45.0%	46.7%	-1.7pp	42.5%	+2.5pp
Net income	142.4	374.1	-61.9%	96.6	47.4%
- margin	7.2%	17.4%	-10.2pp	5.2%	+2.0pp

	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
ARPU (UAH)	36.52	39.63	38.16	33.62	35.82
MOU (min)	239	329	389	427	441
Churn rate (%)	10.7	15.8	10.8	10.2	9.7
SAC (UAH)	64.7	49.7	51.7	62.4	52.1

Uzbekistan Highlights⁸

USD mln	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	97.0	93.2	4.1%	101.7	-4.6%
OIBDA	53.5	57.7	-7.3%	60.5	-11.6%
- margin	55.1%	61.9%	-6.8pp	59.5%	-4.4pp
Net income	18.6	40.1	-53.6%	30.7	-39.4%
- margin	19.2%	43.0%	-23.8pp	30.2%	-11.0pp

	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
ARPU (USD)	7.8	7.3	7.2	5.8	5.2
MOU (min)	575	525	497	416	502
Churn rate (%)	4.0	7.3	5.7	6.6	7.1
SAC (USD)	7.5	7.7	8.7	8.2	7.6

Turkmenistan Highlights⁹

TMT mln	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	107.3	79.4	35.1%	93.0	15.4%
OIBDA	48.5	50.2	-3.4%	51.9	-6.6%
- margin	45.2%	63.0%	-17.8pp	55.8%	-10.6pp
Net income	24.4	14.2	71.8%	29.8	-18.1%
- margin	22.8%	17.8%	+5.0pp	32.0%	-9.2pp

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 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.

	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
ARPU (TMT)	50.9	28.5	37.7	30.2	30.1
MOU (min)	291	277	253	225	239
Churn rate (%)	4.4	2.0	4.2	3.9	5.8
SAC (TMT)	28.1	15.7	9.7	13.0	11.2

Armenia Highlights

AMD mln	Q2'09	Q2'08	y-o-y	Q1'09	q-o-q
Revenues	19,534.1	18,891.6	3.4%	17,847.3	9.5%
OIBDA	10,913.1	10,136.9	7.7%	9,450.9	15.5%
- margin	55.9%	53.7%	+2.2pp	53.0%	+2.9pp
Net income (loss)	-2,912.9	-209.7	n/a	-2,365.4	23.1%
- margin	-14.9%	-1.1%	-13.8pp	-13.3%	-1.6pp

	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
ARPU (AMD)	4,331.2	4,594.5	3,485.9	2,913.9	3,169.2
MOU (min)	183	202	205	172	182
Churn rate (%)	7.7	7.2	7.0	8.9	10.4
SAC (AMD)	8,324.6	5,199.0	4,535.8	7,280.6	6,005.8

CAPEX Highlights

USD mln	Q2'08	Q1'09	Q2'09
Russia	285.9	394.7	252.4
- as % of rev	14.1%	28.6%	15.9%
Ukraine	208.6	146.0	83.2
- as % of rev	48.1%	60.0%	32.2%
Uzbekistan	39.4	87.4	136.0
- as % of rev	42.2%	85.9%	140.2%
Turkmenistan	8.4	11.1	13.9
- as % of rev	24.6%	34.0%	37.0%
Armenia	2.7	6.5	4.3
- as % of rev	4.4%	11.8%	8.1%

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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 95.03 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 Second 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)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	857.2	935.5	706.2	464.2	548.1
Add: D&A	492.2	517.7	456.0	367.3	405.7
OIBDA	1,349.5	1,453.2	1,162.2	831.5	953.8

Russia (USD mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	701.4	761.0	587.0	378.4	463.6
Add: D&A	333.2	354.2	310.1	241.8	273.9
OIBDA	1,034.6	1,115.2	897.1 ¹⁰	620.2	737.5

Ukraine (USD mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	91.4	103.2	41.3	22.4	29.2
Add: D&A	111.2	121.3	100.7	81.0	87.1
OIBDA	202.6	224.6	142.0	103.4	116.3

Uzbekistan (USD mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	42.8	48.9	50.7	40.6	31.9
Add: D&A	14.9	16.6	19.9	19.9	21.6
OIBDA	57.7	65.5	70.6	60.5	53.5

¹⁰ Including intercompany of \$8.1 mln.

Turkmenistan (USD mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	17.9	6.8	17.3	15.4	14.3
Add: D&A	3.7	1.7	3.2	2.9	2.7
OIBDA	21.6	8.5	20.5	18.2	17.0

Armenia (USD mln)	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating income	3.8	15.6	9.8	7.4	9.2
Add: D&A	29.2	23.8	22.1	21.7	20.3
OIBDA	33.0	39.4	31.9	29.1	29.5

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

Group	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	32.5%	33.3%	29.2%	25.7%	27.1%
Add: D&A	18.7%	18.4%	18.9%	20.3%	20.1%
OIBDA margin	51.2%	51.7%	48.1%	46.0%	47.2%

Russia	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	34.7%	35.1%	31.6%	27.4%	29.2%
Add: D&A	16.5%	16.4%	16.7%	17.5%	17.3%
OIBDA margin	51.2%	51.5%	48.3%	44.8%	46.5%

Ukraine	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	21.1%	22.2%	11.7%	9.2%	11.3%
Add: D&A	25.6%	26.1%	28.4%	33.3%	33.7%
OIBDA margin	46.7%	48.3%	40.1%	42.5%	45.0%

Uzbekistan	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	46.0%	47.4%	43.8%	40.0%	32.8%
Add: D&A	16.0%	16.1%	17.2%	19.6%	22.3%
OIBDA margin	61.9%	63.5%	61.0%	59.5%	55.1%

Turkmenistan	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	52.1%	33.9%	52.2%	47.0%	37.9%
Add: D&A	10.9%	8.4%	9.5%	8.8%	7.3%
OIBDA margin	63.0%	42.3%	61.7%	55.8%	45.2%

Armenia	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09
Operating margin	6.1%	20.7%	15.1%	13.5%	17.5%
Add: D&A	47.5%	31.7%	34.1%	39.4%	38.4%
OIBDA margin	53.7%	52.5%	49.1%	52.9%	55.9%

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 Jun 30, 2009
Current portion of debt and of capital lease obligations	1,183.7	1,483.6
Long-term debt	2,888.5	3,143.1
Capital lease obligations	3.0	1.7
Total debt	4,075.2	4,628.4
Less:		
Cash and cash equivalents	(1,058.8)	(1,552.3)
Short-term investments	(45.7)	(221.5)
Net debt	2,970.7	2,854.6

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

USD mln	Six months ended Dec 31, 2008	Six months ended Jun 30, 2009	Twelve months ended Jun 30, 2009
	A	B	C=A+B
Net operating income	1,641.6	1,012.3	2,653.9
Add: depreciation and amortization	973.7	773.0	1,746.7
OIBDA	2,615.3	1,785.3	4,400.6

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

USD mln	For the six months ended Jun 30, 2008	For the six months ended Jun 30, 2009
Net cash provided by operating activities	1,953.5	1,388.7
Less:		
Purchases of property, plant and equipment	(721.3)	(957.6)
Purchases of intangible assets	(166.1)	(177.8)
Proceeds from sale of property, plant and equipment	49.0	0.2
Purchases of other investments	(21.3)	-
Investments in and advances to associates	(3.8)	2.0
Acquisition of subsidiaries, net of cash acquired	(35.9)	(146.3)
Free cash-flow	1,054.1	109.2

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 AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Net operating revenue				
Service revenue and connection fees	\$1 958 147	\$2 630 546	\$3 738 842	\$5 004 077
Sales of handsets and accessories	64 268	4 904	92 582	10 589
	2 022 415	2 635 450	3 831 424	5 014 666
Operating expenses				
Cost of services	426 337	574 505	838 012	1 131 804
Cost of handsets and accessories	81 279	28 598	120 201	54 321
Sales and marketing expenses	178 073	227 126	336 618	441 122
General and administrative expenses	336 906	391 050	646 321	737 462
Depreciation and amortization	405 659	492 210	772 951	963 108
Provision for doubtful accounts	10 693	28 779	39 082	54 513
Other operating expenses	35 355	35 938	65 914	70 488
Net operating income	548 113	857 244	1 012 325	1 561 848
Currency exchange and transaction losses / (gains)	(197 648)	(30 760)	264 800	(126 624)
Other expenses / (income):				
Interest income	(17 668)	(6 470)	(26 170)	(10 255)
Interest expense, net of amounts capitalized	71 775	30 779	134 725	71 385
Other income	(9 003)	(7 749)	(16 777)	(18 459)
Total other expenses, net	45 104	16 560	91 778	42 671
Income before provision for income taxes and noncontrolling interest	700 657	871 444	655 747	1 645 801
Provision for income taxes	137 862	210 177	149 717	376 102
Net income	\$562 795	\$661 267	\$506 030	\$1 269 699
Net income/(loss) attributable to the noncontrolling interest	(246)	2 064	709	342
Net income attributable to the group	\$563 041	\$659 203	\$505 321	\$1 269 357
Weighted average number of common shares outstanding, in thousands - basic	1 885 053	1 935 418	1 885 053	1 939 676
Earnings per share - basic and diluted	0.30	0.34	0.27	0.65

MOBILE TELESYSTEMS
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2009 AND DECEMBER 31, 2008

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

	As of June 30, 2009	As of December 31, 2008
CURRENT ASSETS:		
Cash and cash equivalents	\$1 552 256	\$1 058 802
Short-term investments	221 517	45 718
Trade receivables, net	359 846	320 559
Accounts receivable, related parties	59 525	49 684
Inventory and spare parts	112 507	110 490
VAT receivable	96 865	102 648
Prepaid expenses and other current assets	576 353	680 833
Total current assets	2 978 869	2 368 734
PROPERTY, PLANT AND EQUIPMENT	5 766 245	5 900 129
INTANGIBLE ASSETS	1 811 169	1 770 113
INVESTMENTS IN AND ADVANCES TO ASSOCIATES	205 046	247 358
OTHER INVESTMENTS	28 356	39 076
OTHER ASSETS	166 173	122 924
Total assets	\$10 955 858	\$10 448 334
CURRENT LIABILITIES		
Accounts payable	408 941	789 336
Accrued expenses and other current liabilities	2 433 771	1 147 198
Accounts payable, related parties	89 657	186 878
Current portion of long-term debt, capital lease obligations	1 483 593	1 183 729
Total current liabilities	4 415 962	3 307 141
LONG-TERM LIABILITIES		
Long-term debt	3 143 060	2 888 496
Capital lease obligations	1 705	3 009
Deferred income taxes	54 110	69 473
Deferred revenue and other	177 094	101 820
Total long-term liabilities	3 375 969	3 062 798
Total liabilities	7 791 931	6 369 939
COMMITMENTS AND CONTINGENCIES	-	-
Redeemable noncontrolling interests*	101 144	145 749
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 of June 30, 2009 and December 31, 2008 (777,396,505 of which are in the form of ADS as of June 30, 2009 and December 31, 2008))	50 558	50 558
Treasury stock (108,273,338 common shares at cost as of June 30, 2009 and December 31, 2008)	(1 426 753)	(1 426 753)
Additional paid-in capital	538 151	590 759
Accumulated other comprehensive income	(490 722)	(346 178)
Retained earnings*	4 391 549	5 064 260
Total shareholders' equity	3 062 783	3 932 646
Total liabilities and shareholders' equity	\$10 955 858	\$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 SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(Amounts in thousands of U.S. dollars)

	Six months ended	Six months ended
	June 30, 2009	June 30, 2008
Net cash provided by operating activities	1 388 669	1 953 473
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired	(146 304)	(35 895)
Purchases of property, plant and equipment	(957 595)	(721 332)
Purchases of intangible assets	(177 797)	(166 092)
Proceeds from sale of property, plant and equipment and assets held for sale	243	49 017
Purchases of short-term investments	(27 921)	(57 333)
Proceeds from sale of short-term investments	15 000	15 000
Purchase of other investments	-	(21 256)
Investments in and advances to associates	2 000	(3 800)
Decrease in restricted cash	6 064	11 381
Net cash used in investing activities	(1 286 310)	(930 310)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes	491 953	426 307
Repurchase of common stock	-	(423 143)
Repayment of notes	-	(400 000)
Notes and debt issuance cost	(38 432)	(278)
Capital lease obligation principal paid	(47)	(2 635)
Proceeds from loans	755 147	105 105
Loan principal paid	(861 973)	(225 083)
Net cash provided by / (used in) financing activities	346 648	(519 727)
Effect of exchange rate changes on cash and cash equivalents	44 447	25 749
NET INCREASE IN CASH AND CASH EQUIVALENTS:	493 454	529 185
CASH AND CASH EQUIVALENTS, at beginning of period	1 058 802	634 498
CASH AND CASH EQUIVALENTS, at end of period	\$1 552 256	\$1 163 683