JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

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SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2008

Moscow, Russia – 26 June, 2008 – Sistema (the "Group") (LSE: SSA), the largest diversified public corporation in Russia and the CIS, which manages fast growing companies operating in the consumer services sector, today announced its unaudited consolidated US GAAP financial results for the three months ended March 31, 2008.

FIRST QUARTER HIGHLIGHTS

- **Consolidated revenues up by 39.7% year on year to US$ 3.8 billion**
- **OIBDA up 31.8% year on year to US$ 1.4 billion and OIBDA margin of 38.2%**
- **Operating income up 21.0% year on year to US$ 881.3 million and operating margin of 23.3%**
- **Income from continuing operations increased by 79.7% year on year to US$ 400.8 million**
- **Total assets up by 40.4% year on year to US$ 30.3 billion**

Leonid Melamed, President and Chief Executive Officer, commented: "Sistema delivered solid financial results in the first quarter of 2008 which demonstrate strong fundamentals of the Group and its underlying businesses. We intend to further strengthen Sistema's position in the Russian and international markets as a preeminent consumer services corporation. Our goal, which is branded "5 X 5 > 25", is to achieve Return on Invested Capital for the Sistema Group of above 25% within the 5-year period and maintain it at this level beyond. Our tools for achieving this goal are:

- Continued increase in the value of all assets of the Group justified by:
  - Delivering robust and transparent financial results
  - Demonstrating excellent management of assets, including through partnerships with leading companies in respective sectors
  - Diversifying risks and attracting capital, including through established partnerships with market leaders
- Maintaining a strict fiscal discipline based on our TSR and ROIC-driven philosophy, as well as transparent KPIs for all public and non-public companies
- Simplifying the Group's corporate structure

- Demonstrating leadership in the execution of our portfolio strategy and management of daughter companies
- Becoming best in class in investor relations and corporate governance areas, and continuing to work with our minority shareholders in an open and transparent manner.

We are confident about our future and committed to increasing the shareholders' value."

Effective January 1, 2008, Sistema has changed its accounting policy for the treatment of acquired businesses. Previously, the year-to-date results of the acquired companies were consolidated in the quarter of acquisition, with the year-to-date earnings prior to acquisition being accounted for as minority interests in the consolidated income statement. Sistema now only consolidates the revenues and expenses of the acquired companies from the date of acquisition. The revised treatment improves the comparability of Sistema's results, both with prior reporting periods and with its peer companies. All comparative historic information in the income statement has been restated to conform to the new accounting policy. Therefore, unaudited results for the first and the fourth quarters of 2007 were presented as if the new policy had been followed in 2007.

FINANCIAL SUMMARY[1]

(US$ millions)	**1Q 2008**	**1Q 2007**	**Year on Year Change**	**4Q 2007**	**Quarter on Quarter Change**
Revenues	**3,780.4**	2,706.0	39.7%	4,159.5	(9.1%)
OIBDA[2]	**1,444.0**	1,095.5	31.8%	1,433.6	0.7%
Operating income	**881.3**	728.5	21.0%	867.0	1.7%
Income from continuing operations	**400.8**	223.0	79.7%	472.2	(15.1%)
Basic and diluted earnings per share (US cent)	**4.3**	8.0	(46.0%)	5.1	(15.3%)

Sistema's consolidated revenues increased by 39.7% year on year in the first quarter of 2008, while declining by 9.1% quarter on quarter compared to the fourth quarter of 2007. Sistema's results in the first quarter reflected high levels of revenue growth in the Group's Banking, Retail, Real Estate, Tourism and Healthcare segments combined with a strong performance in the Telecommunications segment. Non-telecommunications segments accounted for 26.8% of the Group consolidated revenues in the first quarter, compared to 23.7% for the corresponding period of 2007 and 32.2% in the fourth quarter of 2007. The organic year on year growth for the first quarter of 2008 (excluding businesses acquired or divested since the end of the first quarter of 2007) was 35.0% and amounted to US$ 947.1 million.

Group OIBDA increased by 31.8% year on year in the first quarter of 2008, and rose by 0.7% quarter on quarter compared to the fourth quarter of 2007. The Group's OIBDA margin increased from 34.5% to 38.2% quarter on quarter, as a result of the sound momentum in MTS' operations, robust performance in the Group's Banking segment and improved results in the Technology segment. The Group's OIBDA margin decreased from 40.5% to 38.2% year on year in the first quarter primarily as a result of the increase of the share of non-telecommunications revenues in the Group's results. The rise in selling, general and administrative expenses in the Telecommunications segment has also contributed to the decrease in OIBDA margin. MTS demonstrated sustained growth of 30.2% year on year in

[1] ROSNO and Perm Motors Group are accounted for as discontinued operation for all periods presented. Thus, here and further, ROSNO's and Perm Motors Group's financial results are excluded from all the captions presenting the Group's consolidated results from continuing operations.

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

OIBDA in the first quarter in 2008 with an OIBDA margin of 49.4% as a result of the continued increase in usage and ARPU levels in its Russian operations. Comstar UTS' OIBDA increased by 27.1% year on year in the first quarter with an OIBDA margin of 40.8% as a result of high consumer demand for the MGTS unlimited tariff plan for regulated residential voice services introduced in February 2007, as well as the revenue boost from fixed-to-mobile calls and regions. Group OIBDA in the first quarter was, however, adversely impacted by operating losses in the Retail and Tourism segments.

Group operating income was up 21.0% year on year in the first quarter, and by 1.7% quarter on quarter. The Group's operating margin was 23.3% in the first quarter of 2008, compared to 20.8% in the fourth quarter of 2007 and 26.9% in the previous period of 2007.

Depreciation and amortization expense was up 53.3% year on year to US$ 562.7 million in the first quarter, following the 48.0% growth in depreciable and amortizable assets of the Group.

Selling, general and administrative expenses increased by 50.8% year on year to US$ 798.6 million in the first quarter as a result of the corresponding growth of the business and the impact of rising inflation. Selling, general and administrative expenses decreased by 13.9% quarter on quarter, compared to the fourth quarter of 2007.

The effective tax rate was 25.7% for the first quarter of 2008, compared to 32.0% in the first quarter of 2007 and 21.3% in the fourth quarter of 2007.

The income from continuing operations nearly doubled year on year in the first quarter as a result of the Group's strong operating performance while declining 15.1% quarter on quarter impacted by the revaluation effect from Comstar UTS' call and put option agreement in the fourth quarter of 2007.

The net income decreased by 47.5% year on year to US$ 398.7 million due to the impact of US$ 521.9 million gain on the sale of the Group's stake in ROSNO in the first quarter of 2007.
The Group reported a 46.0% year on year decrease in basic and diluted earnings per share from US cent 8.0 to US cent 4.3 for the first quarter of 2008.

<u>OPERATING REVIEW[3]</u>

TELECOMMUNICATIONS

(US$ millions)	1Q 2008	1Q 2007	Year on Year Change	4Q 2007	Quarter on Quarter Change
Revenues	**2,770.5**	2,066.8	34.1%	2,693.1	2.9%
OIBDA	**1,372.5**	1,081.4	26.9%	1,261.5	8.8%
Operating Income	**860.7**	743.1	15.8%	738.9	16.5%
Net Income[4]	**364.6**	227.3	60.4%	266.9	36.6%

The Telecommunications segment, which comprises MTS, the largest mobile phone operator in Russia and the CIS, and Comstar UTS, the leading fixed line telecommunications operator in Russia and the CIS, achieved 34.1% year on year revenue growth in the first quarter of 2008 and 2.9% quarter on quarter increase. The segment accounted for 73.2% of the Group's consolidated revenues in the first quarter of 2008 and included for the first time the financial results of Shyam Telelink, a fixed and mobile services provider in India. MTS continued to be the main contributor to the segment revenues and accounted for 85.4 % of the segment's revenue in the first quarter.

MTS added around 3 million subscribers during the first quarter of 2008 resulting in the total consolidated base of approximately 84.9 million customers as at March 31, 2008. MTS generated 36.6% year on year revenue growth for the first quarter from US$ 1,741.3 million to US$ 2,379.2 million. This growth reflected an increase in average monthly service revenue per subscriber ("ARPU") in Russia from US$ 8.2 in the first quarter of 2007 to US$ 10.0 in the first quarter of 2008. Russian subscribers' monthly Minutes of Use (MOU) increased to 193 in the first quarter of 2008 from 134 in the first quarter of 2007. In the first quarter of 2008 MTS' revenues increased by 2.3% quarter on quarter to US$ 2,379.2 million from US$ 2,326.4 million.

MTS' OIBDA, as a result of the robust ARPU development combined with the organic growth of its subscriber base, rose by 30.2% year on year and 4.3% quarter on quarter to US$ 1,175.5 million in the first quarter. The OIBDA margin in the first quarter was 49.4% compared to 51.9% a year ago as a result of the rising interconnect costs and costs of accommodating new subscribers in its Russian customer base. The OIBDA margin was 48.4% in the fourth quarter of 2007.

Comstar UTS generated 26.8% year on year revenue growth in the first quarter, from US$ 328.9 million to US$ 417.0 million. This growth reflected continued high consumer demand for

[3] Here and further, in the comparison of period to period results of operations, in order to analyze changes, developments and trends in revenues by reference to individual segment revenues, revenues are presented on an aggregated basis, which is revenues after the elimination of 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 values due to certain reclassifications and adjustments.
[4] Here and further net income / (loss) for the segments are presented after the Group's minority interests attributable to the segments.

MGTS's unlimited tariff plan for regulated residential voice services, as well as the continuing revenue boost from fixed-to-mobile calls and increasing contribution from the regions. The results include for the first time contributions from Digital Telephone Networks South (DTN) and Regional Technical Centre (RTC), which were acquired in the fourth quarter of 2007. Comstar' revenues increased by 3.8% quarter on quarter to US$ 417.0 million from US$ 401.6 million. Comstar UTS' Moscow broadband subscriber base grew by 83% year on year in the first quarter to 799,000 customers, including 750,000 residential subscribers. This growth was driven primarily by the continuing success of the "Broadband in Every Home" campaign launched in November 2007 and the active engagement of retail chains at the point of sale. The number of triple play subscribers in Moscow increased by 30% year on year to 134,000 households.

Comstar UTS' OIBDA increased by 27.1% year on year and 20.4% quarter on quarter to US$ 170.2 million in the first quarter with an OIBDA margin of 40.8% compared to 40.3% a year ago and 40.7% for the fourth quarter of 2007.

Shyam Telelink Ltd. ("Shyam Telelink") contributed US$ 7.5 million to the segment's revenues following the consolidation of Shyam Telelink results starting from January 2008.

Segment OIBDA was up 26.9% year on year in the first quarter of 2008 and up 8.8% quarter on quarter compared to the fourth quarter of 2007.

Segment's net income increased by 60.4% year on year in the first quarter of 2008 and by 36.6% quarter on quarter compared to the fourth quarter of 2007.

In February 2008, MTS consolidated the remaining 9.0% stake in its Omsk subsidiary for US$ 16 million. The subsidiary provides GSM 900/1800 services under the MTS brand and is one of the leading wireless service providers in the Omsk region with a population of 2.1 million.

In March 2008, the Board of Directors of Comstar UTS approved the introduction of a long-term incentive program for the Company's management team. The program is set to run from April 1, 2008 with a two year vesting period. The eligible program participants are determined by the Board of Directors every two years starting from the launch of the program. A total of 151 managers are expected to participate in the scheme during 2008-2010.

TECHNOLOGY

(US$ millions)	**1Q 2008**	**1Q 2007**	**Year on Year Change**	**4Q 2007**	**Quarter on Quarter Change**
Revenues	**445.8**	310.8	43.4%	603.9	(25.8%)
OIBDA	**20.6**	(11.6)	278.1%	5.3	292.7%
Operating Income / (Loss)	**5.3**	(24.9)	-	(10.7)	-
Net Loss	**(5.8)**	(23.0)	-	(35.5)	-

The Technology segment comprises SITRONICS, a leading provider of telecommunications, IT and microelectronic solutions in Russia and the CIS, with a growing presence in other EEMEA emerging markets. SITRONICS' revenues were up 43.4% year on year in the first quarter of

2008. The Information Technology Solutions and Microelectronic Solutions divisions continued to demonstrate a strong growth during the first quarter.

The segment produced OIBDA of US$ 20.6 million in the first quarter of 2008, compared to OIBDA of US$ 5.3 million in the fourth quarter of 2007 and negative OIBDA of US$ 11.6 million in the first quarter of 2007. The OIBDA margin amounted to 4.6% in the first quarter compared to 0.9% in the fourth quarter of 2007.

In March 2008, SITRONICS acquired a 36% stake in Kvazar-Micro from Melrose Holding Company for US$ 116.9 million. As a result of the transaction, SITRONICS' share increased to 87% of Kvazar-Micro.

REAL ESTATE

(US$ millions)	**1Q 2008**	**1Q 2007**	**Year on Year Change**	**4Q 2007**	**Quarter on Quarter Change**
Revenues	**141.6**	34.5	310.5%	244.7	(42.1%)
OIBDA	**29.7**	7.0	325.1%	120.9	(75.4%)
Operating Income	**24.5**	4.1	496.3%	114.8	(78.7%)
Net Income	**21.0**	4.7	347.1%	86.1	(170.7%)

Revenues in Sistema Hals, a leading Moscow-based real estate development, management and investment company, nearly quadrupled year on year in the first quarter, primarily as a result of the strong growth in the real estate development division. The division generated the majority of its revenue growth from the sale of the "Rochdelskaya 22" project, a building complex at "8 Marta Street", as well as ongoing sales of "Dnepropetrovskaya", "Nahimovskiy", "Michurinskiy" and "Rublevskoe highway" residential developments. Segment revenues declined 42.1% quarter on quarter.

Segment OIBDA more than quadrupled year on year in the first quarter to US$ 29.7 million with the OIBDA margin of 21.0% compared to 20.2% in the previous year. OIBDA declined 75.4% quarter on quarter.

BANKING

(US$ millions)	**1Q 2008**	**1Q 2007**	**Year on Year Change**	**4Q 2007**	**Quarter on Quarter Change**
Revenues	**151.1**	79.8	89.3%	139.5	8.3%
OIBDA	**36.2**	10.5	246.3%	17.7	105.0%
Operating Income	**30.1**	9.3	224.2%	14.2	112.8%
Net Income	**20.3**	4.4	365.3%	7.5	93.6%

The Banking segment comprises the Moscow Bank for Reconstruction and Development (MBRD), the East-West United Bank (EWUB) and Dalcombank, which was consolidated in the segment's operations in the end of 2007. The segment provides corporate and retail banking services in Russia and Luxembourg. The segment revenues nearly doubled year on year in the first quarter of 2008 and increased by 8.3% quarter on quarter, as a result of the strong organic growth of the segment's retail and corporate lending portfolios, as well as the above mentioned acquisition of Dalcombank. The loan portfolio grew by 140.7% to US$ 3.6 billion as at March 31, 2008, with Dalcombank contributing 27.7% of the overall growth, compared to US$ 1.5 billion as at March 31, 2007. Interest income received from retail and corporate lending more than doubled year on year, with Dalcombank accounting for 29.1% of the growth, and was up 22.3% quarter on quarter to US$ 128.8 million in the first quarter. Revenues from leasing activities doubled year on year and were up 18.2% quarter on quarter to US$ 13 million in the first quarter of 2008.

Segment OIBDA more than tripled year on year and increased 105.0% quarter on quarter following the consolidation of Dalcombank in the end of 2007 and the reversal of a part of the previously created obligatory reserves in the first quarter of 2008 resulting from the change in the norms of deposition of obligatory reserves.

The segment's retail business included 161 points of sales, including 69 points of sales in Moscow and 92 points in 34 Russian regions as at March 31, 2008. MBRD is pursuing a dynamic regional expansion strategy to offer retail lending services through the opening of small format offices with minimal capital expenditure.

RETAIL

(US$ millions)	**1Q 2008**	**1Q 2007**	**Year on Year Change**	**4Q 2007**	**Quarter on Quarter Change**
Revenues	**147.6**	86.9	70.0%	263.5	(44.0%)
OIBDA	**(16.1)**	(5.0)	-	45.1	-
Operating (Loss)/ Income	**(20.4)**	(7.0)	-	40.7	-
Net (Loss)/ Income	**(18.4)**	(9.1)	-	29.6	-

The Retail segment comprises Detsky Mir, the largest children's goods chain of retail stores in Russia. Total revenues increased by 70% year on year and decreased by 44% quarter on quarter, whilst retail revenues accounted for 91% of total revenues for the first quarter and amounted to US$ 133.8 million.

Detsky Mir reported a net loss in the first quarter, which was largely due to the significant expansion of the retail store network undertaken in the fourth quarter of 2007 and the first quarter of 2008, and the fact that the first quarter is a seasonally weaker period of the year.

The network of retail outlets grew by 30 stores to 97 in total as of March 31, 2008, while the aggregate retail space increased by 51% year on year to 177 thousand square metres.

As at June 26, 2008, Detsky Mir's retail network consisted of 103 retail outlets located in 51 cities of Russia and the CIS, with total retail space of 186 thousand square metres.

In June 2008, Detsky Mir launched its first store in Ukraine as part of its CIS expansion strategy.

MASS MEDIA

(US$ millions)	1Q 2008	1Q 2007	Year on Year Change	4Q 2007	Quarter on Quarter Change
Revenues	**45.1**	26.9	67.6%	41.6	8.6%
OIBDA	**10.2**	5.0	102.0%	10.9	(6.6%)
Operating (Loss) / Income	**(2.3)**	1.3	-	0.5	-
Net (Loss) / Income	**(1.3)**	(0.2)	-	1.8	-

The Mass Media segment, which comprises the Group's Pay-TV business, operating under the brand name Stream-TV, as well as advertising, print and other media operations, generated 67.6% year on year revenue growth in the first quarter of 2008, primarily as a result of the increase in Stream-TV and Internet ARPU and robust subscriber growth. Segment revenues increased 8.6% quarter on quarter. Stream-TV's revenues increased nearly 47.9% year on year to US$ 28.4 million in the first quarter. Stream-TV subscriber base was up by 11.8% year on year to 1.8 million subscribers, while its Internet subscriber base has nearly doubled to 144 thousand subscribers and IP-telephony users increased to 10,200 during the period. Combined Stream-TV ARPU increased from US$ 2.9 in the first quarter of 2007 to US$ 3.8, while Pay-TV ARPU increased from US$ 4 to US$ 4.9 during the same period. Internet ARPU increased from US$ 13.5 in the first quarter of 2007 to US$ 16.3 in the first quarter of 2008.

CORPORATE AND OTHER

(US$ millions)	1Q 2008	1Q 2007	Year on Year Change	4Q 2007	Quarter on Quarter Change
Revenues					
Radars and Aerospace	**90.2**	70.3	28.2%	167.8	(46.3%)
Tourism	**72.7**	48.6	49.7%	99.1	(26.6%)
Pharmaceuticals	**14.1**	17.2	(17.8%)	13.3	6.2%
Healthcare Services	**26.8**	5.4	400.0%	22.8	17.7%
Other	**32.7**	8.5	260.0%	74.4	(56.0%)
Total	**236.5**	150.0	57.7%	374.7	(14.9%)
OIBDA					
Radars and Aerospace	**14.2**	12.4	14.9%	16.2	(12.1%)
Tourism	**1.8**	6.4	(71.5%)	5.2	(64.8%)
Pharmaceuticals	**(1.8)**	3.5	(151.9%)	(2.0)	(11.0%)
Healthcare Services	**2.7**	0.4	587.7%	2.9	(4.8%)
Other	**(1.3)**	(9.6)	-	(66.8)	-
Total	**15.6**	13.0	232.3%	(44.5)	-

The Radars and Aerospace segment's revenues increased by 28.2% year on year in the first quarter, as a result of an increase in the volume of services performed under a number of government contracts. Revenues declined 46.3% quarter on quarter while OIBDA decreased 12.1% quarter on quarter following the completion of B2G contracts in the fourth quarter of 2007. RTI Systems' OIBDA was up by 14.9% year on year in the first quarter with OIBDA margin of 15.8% driven by robust operating results.

In March 2008, RTI Systems completed the sale of 100.0% in CJSC Sahles to CJSC Saturn, a subsidiary of OPK Oboronprom, for a total cash consideration of US$ 190 million. CJSC Sahles owned a 71.63% stake in OJSC Perm Motors Plant, as well as controlling stakes in other entities which constitute the Perm Motors Group ("PMG").

The Tourism segment's revenues increased by 49.7% year on year in the first quarter of 2008, primarily as a result of the strong performance of its tour operating division. Revenues declined 26.6% quarter on quarter following seasonally strong fourth quarter. The segment's sales turnover[5] more than doubled year on year in the first quarter to US$ 119.7 million, following the rapid development of the tour operating division very, particularly on routes to Turkey and Egypt. The tour operating division accounted for 67% of segment revenues in the first quarter of 2008 compared to 62% for the corresponding period in 2007 and 76.1% in the fourth quarter of 2007. Segment OIBDA decreased year on year and quarter on quarter following the dynamic growth of retail network and expansion in the highly competitive outbound travel market. The segment serviced 185 thousand customers in the first quarter of 2008 compared to 100 thousand for the corresponding period of 2007. The hotel group, which comprises 9 hotels, increased the total number of rooms by 17.1% to nearly 2,455 rooms as of March 31, 2008.

The Pharmaceuticals segment's revenues declined 17.8% year on year as a result of factory's reconstruction, however, revenues increased 6.2% quarter on quarter. Segment OIBDA decreased year on year due to a one-off gain from the sale of a building in the first quarter of 2007.

The Healthcare Services segment's revenues increased nearly fivefold year on year and by 17.7% quarter on quarter following strong operational results and acquisition of Family Healthcare Corporation in December 2007. The segment, which comprises the Medsi and Medsi-II clinics, American Hospital Group, Medexpress and Family Healthcare Corporation, is developing into a leading private healthcare provider in Russia, with comprehensive medical care and a chain of private clinics. In February 2008, Sistema completed the integration of its Healthcare Services division's assets into the "Medsi Group" Holding, 100% owned by Sistema. Sistema transferred to Medsi Group a 20.0% stake in MedExpress, which comprises 26 clinics in Moscow and the regions and an ambulance service; 100% of American Hospital Group, a family clinic which operates under the "American Medical Centers" brand; and 53.3% stake in Medsi clinic, an out-patient clinic for adults. Segment OIBDA increased nearly seven times year on year in the first quarter of 2008 as a result of the growth in its operations.

FINANCIAL REVIEW

Net cash provided by operating activities increased by 303.7% year on year to US$ 863.3 million in the first quarter mainly due to the increase in the Group's working capital.

Net cash used in investing activities totalled US$ 1,645.5 million in the first quarter of 2008, while US$ 980.4 million of capital expenditure included US$ 406.6 million for the purchase of

[5] Turnover comprises the total proceeds from all service agreements, including agency agreements.

licences by Shyam Telelink, compared to US$ 378.0 million and US$ 420.5 million, respectively, for the corresponding period of 2007. The Group spent US$ 703.3 million on the acquisition of businesses in the first quarter, including US$ 423.1 million on purchase of an additional 0.55% stake in MTS, compared to US$ 39.0 million in the previous year.

Cash flows from financing activities amounted to US$ 732.4 million in the first quarter of 2008, compared to US$ 703.4 million for the corresponding period of 2007. Major changes in the sources of financing in the first quarter included RUB 6 billion (approximately US$ 251.6 million) corporate bond offering by Sistema, US$ 495 million loans received by Shyam Telelink from ICICI Bank and ABN AMRO Bank N.V., US$ 75 million loan received by SITRONICS from Dresdner Bank AG.

In February 2008, MBRD securitised part of its car loan portfolio. This deal provided the Bank with funding in the amount of RUB 1.5 billion (approximately US$ 64 million). MBRD may increase the borrowing up to US$ 200 million in the next 12 months.

The Group's cash balances stood at US$ 1,061.9 million as at March 31, 2008, compared to a balance of US$ 1,061.7 million as at March 31, 2007. The Group's net debt (short-term and long-term debt minus cash and cash equivalents) increased to US$ 8,099.0 million as at March 31, 2008 compared to US$ 5,842.2 million as at March 31, 2007.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Telecommunications

In June 2008, Comstar completed the acquisition of 100% of the share capital of Interlink Group for a total cash consideration of RUB 200 million (approximately US$ 8.5 million). The Group comprises Intersvyaz Service, the alternative fixed-line telecommunications operator, and Inter-TV Media, the cable TV operator, which operate under the unified brand "Interlink" in Ryazan and the Ryazan region.

In June 2008, Comstar commenced the merger of Comstar-Direct, a leading provider of broadband internet access services in Moscow. Comstar currently owns 51.8% of Comstar-Direct, with the remaining 48.2% owned by Sistema Mass Media.

In June 2008, Sistema increased its stake in Shyam Telelink from 72% to 73.71% as a result of its participation in the charter capital increase of Shyam Telelink in the total amount of US$ 470 million with Sistema's contribution being US$ 348 million. During the same month, Sistema received radio frequencies under CDMA 800 MHz in four additional Indian circles. Altogether Shyam Telelink now has spectrum in 19 telecommunications circles, covering 27 Indian states with a population of 1,066.5 million people (which comprise around 94.5% of the Indian population).

In May 2008, Sistema signed an amendment to the call option agreement, which gave it the right to accelerate the purchase of an additional 21% stake in Shyam Telelink. In accordance with this amendment, Sistema has exercised a call option and acquired the additional 21% stake in Shyam Telelink, increasing its stake from 51% to 72%.

In May 2008, MTS' Board of Directors approved amendments to the employee motivation and retention program that was adopted in June 2007 with reward periods extending through 2011. As amended, the program will involve a total of 10,207,751 phantom and actual American

Depositary Receipts (ADRs). The amended program increases the share of individual employee's compensation dependent upon the level of investment appeal of the Company as judged by growth in share price combined with dividend payout, or total shareholder return (TSR), as well as the realization of key strategic goals. Program participants become eligible for their awards upon reaching an annual TSR level of not less than 15%. Prior to its amendment, the program included 3.6 million phantom ADRs as well as performance-based monetary awards that were independent of the stock price.

In May 2008, MTS' Board of Directors appointed Mr. Mikhail Shamolin as the President and CEO of MTS. Mr. Shamolin has previously served as the Head of MTS Russia.

In May 2008, Comstar signed a strategic agreement with FON Wireless Ltd. ("FON"), a developer of a shared wireless internet access network based on Wi-Fi technology. Under the terms of the agreement, Comstar and FON will develop a Wi-Fi internet access network. It will be created on the basis of the Comstar subscriber base in Moscow and will, therefore, enable the local customers to join the worldwide FON network. Within the framework of the project, Comstar plans to establish 30,000 Wi-Fi access points in Moscow in 2008-2009.

In April 2008, Fitch Ratings assigned MTS a Long-term Issuer Default rating (IDR) of 'BB+', National Long-term rating of 'AA(rus)' and Short-term IDR of 'B' with a stable outlook.

Real Estate

In May 2008, Fitch Ratings confirmed a B+ credit rating for Sistema-Hals with a negative outlook.

Corporate and Others

In June 2008, Sistema signed US$ 613.3 million syndicated multi-tranche loan facility with ABN AMRO.

In May 2008, Sistema signed an agreement on cooperation with CPMIEC, the Chinese National Precision Machinery Import & Export Corporation. The agreement aims to develop cooperation on the Russian and Chinese markets, and also in third countries in the sphere of high-technology and developers' services.

In May 2008, Sistema signed a Memorandum of Understanding with DAS Holding LLC, an international investment holding company with headquarters in Abu Dhabi. The main goal of the Memorandum is to develop the cooperation in various sectors of the economy, such as investments into real estate and construction projects, banking, medicine, tourism and the hotel business in Russia, the CIS and United Arab Emirates.

In May 2008, Sistema's Board of Directors appointment Leonid Melamed as President and Chief Executive Officer of Sistema with immediate effect. Mr Melamed, the former CEO and President of Mobile TeleSystems ("MTS"), replaced Alexander Goncharuk, who will continue to serve as First Deputy Chairman of Sistema's Board of Directors. Mr Goncharuk has been a member of the Board of Directors of Sistema since 1996.

In April 2008, Sistema repaid its US$ 350 million Eurobond issue. The Eurobond issue was repaid upon its maturity in full using the Company's cash flows and previously obtained debt financing.

In April 2008, Sistema Board of Directors recommended an annual dividend of RUB 2,512.5 million, (approximately US$ 106.4 million), for the year ended December 31, 2007 to holders of Sistema shares. The dividend, which amounts to a payment of RUB 0.25 per share (approximately US$ 0.21 per Global Depositary Receipt), is more than five times higher than the dividend paid for the same period of 2006.

Conference call information

Sistema management will host a 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 fourth quarter results.

The dial-in numbers for the conference call are:
UK/International: +44 20 7190 1232
US: +1 480 629 1990

A replay will then be available for 7 days after the conference call. To access the replay, please dial:
UK/International: +44 20 7154 2833
US: +1 303 590 3030

PIN number: 3889255#

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For further information, please visit www.sistema.com or contact:

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Sistema is the largest public diversified corporation in Russia and the CIS, which manages fast growing companies operating in the consumer services sector and has over 100 million customers. Sistema develops and manages market-leading businesses in selected service-based industries, including telecommunications, technology, banking, real estate, retail, media, tourism and healthcare. Founded in 1993, the company reported unaudited revenues of US$ 3.8 billion for the first quarter of 2008, and total assets of US$ 30.3 billion as at March 31, 2008. Sistema's shares are listed under the symbol "SSA" on the London Stock Exchange, under the symbol "AFKS" on the Russian Trading System (RTS), under the symbol "AFKC" on the Moscow Interbank Currency Exchange (MICEX), and under the symbol "SIST" on the Moscow Stock Exchange (MSE).

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 THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Amounts in thousands of U.S. dollars)

	Jan – March 2008		Jan – March 2007
Sales	3,637,332	$	2,630,463
Revenues from financial services	143,098		75,493
TOTAL REVENUES	3,780,430		2,705,956
Cost of sales, exclusive of depreciation and amortization shown separately below	(1,493,670)		(1,043,296)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(55,127)		(31,329)
TOTAL COST OF SALES	(1,548,797)		(1,074,625)
Selling, general and administrative expenses	(798,649)		(529,475)
Depreciation and amortization	(562,732)		(367,026)
Provision for doubtful accounts	(30,294)		(22,321)
Other operating expenses, net	(11,289)		(23,757)
Equity in net income of investees	21,673		36,511
Gain on disposal of interests in subsidiaries and affiliates	30,957		3,216
OPERATING INCOME	881,299		728,479
Interest income	21,370		20,752
Change in fair value of derivative instruments	14,369		13,500
Interest expense, net of amounts capitalized	(119,039)		(99,963)
Currency exchange and translation gain	196,785		31,821
Income from continuing operations before income tax, equity in income of energy companies in the Republic of Bashkortostan a minority interests	994,784		694,589
Income tax expense	(266,435)		(221,931)
Minority interests	(369,916)	$	(263,656)
Equity in net income of energy companies in the Republic of Bashkortostan, net of minority interest of $8,348 an $7,532, respectively	42,383		13,989
Income from continuing operations	400,816		222,991
(Loss)/Income from discontinued operations, net of income tax benefit/(expense) of $5,391 and ($2,207), respectively	(4,194)		960
Gain from disposal of discontinued operations, net of income tax effect of $280 and $148,809	2,053		521,963
NET INCOME	398,675	$	745,914
Weighted average number of common shares outstanding	9,278,010,358		9,365,757,000
Earnings per share, basic and diluted, US cent			
Income from continuing operations	4.3		2.4
Income from discontinued operations	-		5.6
Net income	4.3		8.0

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2008 AND 2007
(Amounts in thousands of U.S. dollars)

	March 31, 2008		December 31, 2007
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1,061,937	$	1,061,733
Short-term investments	984,016		909,224
Loans to customers and banks, net	2,961,328		2,764,763
Accounts receivable, net	1,571,397		1,383,731
Prepaid expenses, other receivables and other current assets, net	994,880		950,104
VAT receivable	383,121		435,245
Inventories and spare parts	885,221		780,193
Deferred tax assets, current portion	290,767		213,633
Assets of discontinued operations	-		545,863
Total current assets	9,132,667		9,044,489
NON-CURRENT ASSETS:			
Property, plant and equipment, net	11,323,907		10,412,636
Advance payments for non-current assets	313,045		284,396
Goodwill	1,187,502		860,019
Licenses, net	1,129,888		730,636
Other intangible assets, net	1,786,405		1,665,969
Investments in affiliates	1,432,438		1,352,972
Investments in shares of Svyazinvest	1,550,499		1,485,378
Loans to customers and banks, net of current portion	1,345,779		1,468,088
Debt issuance costs, net	98,893		101,904
Deferred tax assets, net of current portion	139,832		108,637
Other non-current assets	813,739		881,534
Total non-current assets	21,121,927		19,352,169
TOTAL ASSETS	30,254,594	$	28,396,658

(Amounts in thousands of U.S. dollars)

	March 31, 2008	December 31, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	:1,443,215	$ 1,273,487
Bank deposits and notes issued, current portion	2,477,948	2,101,084
Taxes payable	380,535	223,791
Deferred tax liabilities, current portion	91,761	77,893
Subscriber prepayments, current portion	559,883	598,014
Derivative financial instruments	77,000	140,563
Accrued expenses and other current liabilities	1,496,730	1,357,277
Short-term loans payable	1,104,401	724,905
Current portion of long-term debt	1,174,245	1,517,902
Liabilities of the discontinued operations	-	396,132
Total current liabilities	8,805,718	8,411,048
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	6,881,988	6,241,937
Subscriber prepayments, net of current portion	138,365	134,280
Bank deposits and notes issued, net of current portion	1,035,770	1,266,925
Deferred tax liabilities, net of current portion	473,841	428,030
Postretirement benefits obligation	44,989	42,370
Deferred revenue	145,298	139,984
Total long-term liabilities	8,720,251	8,253,526
TOTAL LIABILITIES	17,525,969	16,664,574
Minority interests in equity of subsidiaries	5,324,464	4,987,220
Commitments and contingencies	-	-
Puttable shares of SITRONICS	87,625	86,100
SHAREHOLDERS' EQUITY:		
Share capital (9,278,328,668 and 9,276,092,868 shares issued and outstanding as of March 31, 2008 and December 31, 2007 respectively, with par value of 0.09 Russian Rubles)	30,057	30,057
Treasury stock (371,671,332 and 373,907,132 shares as of Marc 31, 2008 and December 31, 2007, respectively, with par value 0.09 Russian Rubles)	(466,345)	(469,365)
Additional paid-in capital	2,439,069	2,439,069
Retained earnings	4,433,830	4,035,157
Accumulated other comprehensive income	879,925	623,846
TOTAL SHAREHOLDERS' EQUITY	7,316,536	6,658,764
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	:30,254,594	$ 28,396,658

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Amounts in thousands of U.S. dollars)

	2008		2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	398,763	$	745,914
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	562,732		367,026
Gain from disposal of discontinued operations	(2,141)		(521,963)
Loss/(gain) from discontinued operations	4,194		(960)
Gain on disposal of long-term investments	(30,091)		-
Minority interests	378,264		271,188
Equity in net income of investees	(72,404)		(58,032)
Deferred income tax benefit	(76,867)		(11,998)
Change in fair value of derivative financial instruments	(14,369)		(13,500)
Foreign currency transactions gain on non-operating activities	(196,785)		(31,821)
Debt issuance cost amortization	6,031		8,615
Non-cash compensation to employees of subsidiaries	10,839		1,664
Gain on disposal of interests in subsidiaries and affiliates	(30,957)		(3,216)
Gain on disposal of property, plant and equipment	(12,401)		(1,257)
Amortization of connection fees	(15,415)		(23,533)
Provision for doubtful accounts receivable	30,294		28,745
(Recovery of allowance)/allowance for loan losses	(18,774)		995
Inventory obsolescence expense	989		-
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Trading securities	(13,169)		(236,462)
Loans to banks issued by the Banking segment	227,986		(219,665)
Accounts receivable	(181,124)		74,824
VAT receivable	52,124		41,982
Other receivables and prepaid expenses	(44,512)		(127,050)
Inventories	(106,012)		(50,109)
Accounts payable	(176,658)		35,195
Subscriber prepayments	(18,631)		(61,363)
Taxes payable	156,423		(115,989)
Accrued expenses, subscriber prepayments and other liabilities	42,303		116,429
Postretirement benefit obligation	2,619		(39)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**863,251**		**215,620**

(Amounts in thousands of U.S. dollars)

	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(631,416)	(332,657)
Payments for purchases of intangible assets	(349,020)	(71,360)
Payments for purchases of businesses, net of cash acquired	(703,336)	(39,000)
Proceeds from sale of subsidiaries, net of cash disposed	260,412	636,683
Payments for purchases of long-term investments	(6,829)	(5,479)
Payments for purchases of short-term investments	(139,536)	(212,306)
Payments for purchases of other non-current assets	(74,931)	(105,551)
Proceeds from sale of other non-current assets	119,697	-
Proceeds from sale of property, plant and equipment	53,893	1,357
Proceeds from sale of long-term investments	30,091	20,000
Proceeds from sale of short-term investments	78,923	10,973
Net increase in loans to customers of the Banking segment	(283,468)	(280,629)
NET CASH USED IN INVESTING ACTIVITIES	**(1,645,520)**	**(377,969)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Principal payments on)/proceeds from short-term borrowings, net	310,789	208,800
Net (decrease)/increase in deposits from customers of the Banking segment	(121,731)	70,954
Net increase in promissory notes issued by the Banking segment	267,439	157,028
Proceeds from long-term borrowings, net of debt issuance costs	999,036	75,690
Debt issuance costs	(3,020)	(525)
Principal payments on long-term borrowings	(722,263)	(159,112)
Principal payments on capital lease obligations	(852)	(7,713)
Proceeds from capital transactions of subsidiaries	-	356,463
Proceeds from sale of treasury shares	3,020	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**$ 732,418**	**$701,585**
Effects of foreign currency translation on cash and cash equivalents	$ 50,055	$1,033
INCREASE IN CASH AND CASH EQUIVALENTS	$ 204	$540,269
CASH AND CASH EQUIVALENTS, beginning of the period	1,061,733	598,381
CASH AND CASH EQUIVALENTS, end of the period	$ 1,061,937	$1,138,649

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN
FOR THE FIRST QUARTER ENDED MARCH 31, 2008 AND 2007
(Amounts in thousands of U.S. dollars)

For the three months ended March 31, 2008	**Telecommu-nications**	**Technology**	**Banking**	**Mass Media**	**Real Estate**	**Retail**	**Corporate and Other**	**Total**
Net sales to external customers [(a)]	2,768,257	370,190	143,098	38,944	81,186	147,634	231,121	3,780,430
Intersegment sales	2,288	75,628	7,999	6,204	60,445	3	5,406	157,973
Equity in net income of investees	28,495	(1)	-	1,483	575	-	50,731	81,283
Interest income	14,667	1,159	-	49	2,282	78	18,313	36,548
Interest expense	(57,629)	(7,200)	-	(2,070)	(12,137)	(4,126)	(43,482)	(126,644)
Net interest revenue [(b)]	-	-	29,515	-	-	-	-	29,515
Depreciation and amortization	(511,787)	(15,359)	(6,114)	(12,433)	(5,219)	(4,367)	(7,452)	(562,731)
Operating income/(loss)	860,675	5,282	30,134	(2,276)	24,501	(20,432)	8,178	906,062
Income tax (expense)/benefit	(209,969)	(6,308)	(7,839)	(1,282)	(13,562)	4,754	(32,230)	(266,436)
Investments in affiliates	456,490	9,891	-	21,972	52,038	-	920,926	1,461,317
Segment assets	17,651,340	2,130,682	5,793,690	557,810	2,160,068	539,626	4,821,811	33,655,027
Indebtedness [(c)]	4,667,680	693,879	477,400	84,380	897,164	211,304	2,128,827	9,160,634
Capital expenditures	799,793	68,111	2,123	4,452	53,717	10,826	41,415	980,437

[(a)] – Interest income and expenses of the Banking segment are presented as revenues from financial services in the Group's consolidated financial statements.
[(b)] – The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, not the gros revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.
[(c)] – Represents the sum of short-term and long-term debt

For the three months ended March 31, 2007	**Telecommu-nications**	**Technology**	**Banking**	**Mass Media**	**Real Estate**	**Retail**	**Corporate and Other**	**Total**
Net sales to external customers [(a)]	2,064,895	282,227	75,500	20,357	30,705	86,846	145,426	2,705,956
Intersegment sales	1,856	28,596	4,339	6,587	3,797	7	4,603	49,785
Equity in net income of investees	38,312	13	-	2,060	-	-	(60)	40,325
Interest income	10,485	5,565	-	46	7,157	-164	14,462	37,551
Interest expense	(50,850)	(8,907)	-	(1,230)	(2,121)	(2,715)	(40,057)	(105,880)
Net interest revenue [(b)]	-	-	10,468	-	-	-	-	10,468
Depreciation and amortization	(338,235)	(13,338)	(1,174)	(3,712)	(2,883)	(2,041)	(5,643)	(367,026)
Operating income/(loss)	743,132	(24,928)	9,294	1,317	4,109	(7,029)	7,410	733,305
Income tax expense	(198,945)	(1,726)	(4,422)	(37)	(3,803)	(1,228)	(11,770)	(221,931)
Investments in affiliates	301,285	-	-	8,748	2,628	-	858,122	1,170,783
Segment assets	13,688,740	1,982,743	3,439,731	371,916	967,347	298,990	4,056,517	24,805,984
Indebtedness [(c)]	3,867,884	586,878	438,598	26,028	363,891	138,423	1,556,717	6,978,419
Capital expenditures	309,420	16,281	4,246	7,158	60,802	6,512	16,071	420,490

[(a)] – Interest income and expenses of the Banking segment are presented as revenues from financial services in the Group's consolidated financial statements.
[(b)] – The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.
[(c)] – Represents the sum of short-term and long-term debt

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. 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:

	Jan – March 2008	Jan – March 2007
Operating Income	**881,299**	728,479
Depreciation and Amortization	**(562,732)**	(367,026)
OIBDA	**1,444,031**	**1,095,505**