



**SITRONICS Announced Financial Results for the
Nine Months Ended 30 September 2006
and Adopting Changes in Accounting Policies**

MOSCOW, Russia, January 4, 2007 - JSC SITRONICS, a leading provider of telecommunications solutions, IT solutions and microelectronic solutions in the CIS region with a rapidly growing presence in Eastern Europe, the Middle East and Africa (EEMEA), today announced its unaudited consolidated US GAAP financial results for the nine months ended 30 September 2006. SITRONICS also announced that its Audit Committee approved changes in accounting policies which are generally more conservative.

SITRONICS is adopting certain changes in its accounting policies relating to the recognition of revenue from sales of its own software products and the valuation of slow moving and obsolete inventory. These changes result in a more conservative approach to revenue recognition and the valuation of inventory.

“We have decided to implement these changes to adopt a more conservative approach to our accounting policies. This move is in line with our commitment to adopting international best practice approach to financial reporting,” – SITRONICS CFO Dmitry Ivanov commented.

As provided by US GAAP, SITRONICS will restate its previously published accounts for the financial years 2003-2005, to reflect these changes in accounting policies. The table below indicates the expected effect from the restatement on certain income statement items for the periods indicated. A fully restated financial statement for 2003-2005 will be issued in due course.

| | 2005 restated | 2005 | 9m 2005 restated | 9m 2005 | 2004 restated | 2004 | 2003 restated | 2003 |
|-------------------------|------------------|----------------|---------------------|----------------|------------------|----------------|------------------|---------------|
| Revenues | 952,569 | 948,551 | 634,208 | 652,256 | 473,592 | 488,092 | 99,055 | 95,955 |
| OPERATING INCOME | 142,241 | 142,995 | 122,256 | 135,632 | 26,067 | 39,917 | 10,057 | 6,397 |
| NET INCOME | 69,227 | 70,062 | 59,243 | 69,335 | 11,350 | 19,143 | 5,023 | 2,315 |

SITRONICS announced its unaudited financial results for the nine months ended 30 September 2006. Set forth below is a discussion of SITRONICS nine month results.

| (Amounts in thousands) | Nine months ended September 30 | |
|-------------------------------|---------------------------------------|------------------|
| | 2005 | 2006 |
| Revenues | 634,208 | 1,049,790 |
| OIBDA¹ | 130,051 | 114,744 |
| Operating income | 122,256 | 79,493 |
| Net income | 59,243 | 36,998 |

¹OIBDA is defined as operating income before depreciation and amortization.

Consolidated revenues increased by \$415.6 million, or 65.5%, from \$634.2 million for the nine months ended September 30, 2005 to \$1,049.8 million for the nine months ended September 30, 2006. The main reasons for this increase were the acquisition of Intracom Telecom and significant increases in the Microelectronic Solutions and Consumer Electronics business divisions.

Consolidated Operating Income before Depreciation and Amortization (OIBDA) decreased by \$15.4 million, or 11.8%, from \$130.1 million for the nine months ended September 30, 2005 to \$114.7 million for the nine months ended September 30, 2006. The main reason for this decrease was a relative decrease in the share of higher-margin BSS/OSS products in the sales mix of SITRONICS Telecommunication Solutions business division for the period.

For the nine months ended 30 September 2006, revenues of the Telecommunication Solutions business division accounted for 48% of total SITRONICS revenues, IT Solutions – 33.1%, Microelectronic Solutions – 7.4%, Consumer Electronics – 8.3% and Electronics Manufacturing Services – 3.2%.

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JSC SITRONICS, headquartered in Moscow, Russia, is a leading provider of telecommunications solutions, IT solutions and microelectronic solutions in the CIS region with a rapidly growing presence in other EEMEA markets. The company is controlled by Sistema. Main segments of SITRONICS operations are: Telecommunication Solutions, IT Solutions, Microelectronic Solutions, Consumer Electronics and Electronics Manufacturing Services. SITRONICS' subsidiaries are based in Russia and other CIS countries, Eastern Europe, Middle East, Africa and North America.

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. 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. 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 and other CIS countries, rapid technological and market change in our industries, as well as many other risks specifically related to SITRONICS and its operations.