

URALSVYAZINFORM:
2006 FINANCIAL AND OPERATIONAL RESULTS UNDER RAS

Ekaterinburg – April 05, 2007 – Uralsvyazinform (RTS: URSI/URSIP, ADR: UVYZY/UVYZYP), the leading carrier of fixed-line and mobile services in the Urals region, Russia reports the unaudited unconsolidated financial and operational results for the year ended December 31, 2006 under Russian accounting standards (RAS).

Operational and financial highlights:*

	2006	2005	Change, %
<i>Financial</i>			
Revenues, US\$ mln*	1,249.1	1,070.5	+16.7%
Costs, US\$ mln.	967.4	808.5	+19.7%
OIBDA, US\$ mln.	422.0	365.9	+15.3%
OIBDA margin	33.8%	34.2%	-
Operating profit, US\$ mln.	281.7	262.0	+7.5%
Operating margin	22.6%	24.5%	-
Pre-tax profit, US\$ mln.	124.4	122.0	+2.0%
Net profit, US\$ mln	76.9	77.6	-0.8%
Net margin	6.2%	7.2%	-
<i>Operational</i>			
	31.12.2006	31.12.2005	
Subscriber base:			
Fixed-line subscribers, mln.	3.7	3.6	+2.6%
Mobile (GSM) subscribers, mln.	4.4	3.7	+18.9%
Digitalization of local fixed-line networks, %	73.6%	69.8%	-
Penetration:			
Fixed lines, %	27%	26%	
Mobile, %	92%	83%	
Number of employees	30,952	33,729	-8,2%

* Here and henceforth currency conversions are based on average exchange rates:
 2005 – RUR28.3, 2006 RUR 27.1

Complete accounting statements of Uralsvyazinform as of 2006 may be found on the corporate web-site at www.uralsviazinform.ru/en.

For additional information, please contact IR department on tel. (007 343) 379-12-19, 379 1859 or e-mail: investor@gd.usi.ru.

The most recent company information is also available at www.uralsviazinform.com, www.skrin.ru (complex disclosure information system) or URSI_RU page in Bloomberg system and URSI.RTS page in Reuters system.

Investor Relations
 Tel.: +7 (343) 379-12-17
 Fax: +7 (343) 376-19-86
investor@gd.usi.ru

OVERVIEW OF BUSINESS

Local services

	31.12.2006	31.12.2005	Change, %
Capacity installed, '000 lines	4,045.8	3,966.2	+2.0%
Subscribers '000	3,672.8	3,580.0	+2.6%
<i>including</i>			
<i>Residents</i>	3,153.4	3,082.8	+2.3%
<i>Organizations</i>	519.4	497.1	+4.5%

Over the year Uralsvyazinform added 92.8 thous. fixed-line subscribers.

Revenues from local services totaled US\$355.5 mln, 10.0% up on 2005 with increased local tariffs in effect since September 1, 2005 and 92.8 thousand in subscriber additions being the main revenue drivers.

The revenues from local services in terms of customer mix:

- residents – 72.2 % (72.7% as of 2005)
- organizations – 27.8% (27.3%).

The local revenues by types of services (including radio access CDMA, DECT), US\$ mln:

Line installation	24.3
Monthly rentals	254.0
Per-minute payments (time-billed calls)	46.1
Other local services (contracts redrawn, etc)	19.5
Interconnection of third-party operators	11.0
Line and cabling rentals	0.7
Payphone calls	24.3

Internet

	2006	2005	Change, %
Traffic, mln min	2,206.0	2,016.0	+9.4%
Traffic, Tb	945.3	561.0	+68.5%
Revenues from Internet, US\$ mln.	61.6	34.6	+78.2%
Broadband subscribers (DSL and VPN), thous.	115.0	16.9	+580.5%

Intra-zone services

Outbound traffic, mln min	2006	2005	Change, %
Intra-zone traffic, <i>including*</i>	3,546.0	882.1	
Fixed-to-fixed calls	721.7	882.1	-18.2%
Fixed-to-mobile calls	2,824.3	n/a	-
For information**			
<i>DLD traffic</i>	793.2	880.0	-9.8%
<i>ILD traffic</i>	124.4	128.7	-3.3%

* Since January 1, 2006 intra-zone traffic comprises the outbound calls initiated by fixed-line subscribers to mobile subscribers within the boundaries of a single inhabited locality.

** The volume of DLD/ILD traffic generated by the subscribers of long-distance operators and transferred by a zonal agent – OJSC “Uralsvyazinform”.

Revenues from intra-zone services as of 2006 amounted to US\$ 136.3 mln. Since January 1, 2006 Uralsvyazinform has not been licensed to provide long-distance services following the changes in legislation and new Interconnection Rules.

The long distance revenues in terms of customer mix:

- residents – 49.0% (59.0% as of 2005),
- organizations – 51.0% (41.0%).

The digitalization of intra-zone LD lines (in extension terms) was 97.5% as of January 1, 2007 (97.5% as of January 1, 2006).

Mobile services (GSM)

Number of subscribers	01.04.2007	01.01.2007	01.07.2006	01.01.2006
<i>Perm region</i>	1 451 591	1 381 448	1 228 216	1 078 766
<i>Sverdlovsk region</i>	439 128	417 515	371 863	290 072
<i>Tyumen region, including Khanty-Mansyisk and Yamalo-Nenetski ADs</i>	1 621 385	1 581 444	1 438 197	1 271 411
<i>Chelyabinsk and Kurgan regions</i>	952 502	1 031 580	1 013 597	1 033 992
Total	4 464 606	4 411 987	4 051 873	3 674 241

As presented under Russian Accounting Standards (RAS), the Uralsvyazinform reporting in mobile segment before June 30, 2005 incorporated solely the results of the company's divisions, which provide mobile services on the territory of Perm and Sverdlovsk regions. The results of the 3 subsidiary mobile operators - Ermak RMS, South Urals Cellular Phone, Tyumenruscom, which provide mobile services in Kurgan, Chelyabinsk and Tyumen (including Khanty-Mansyisk and Yamalo-Nenetski ADs) regions, were only consolidated under International Accounting Standards (IAS).

As of July 1, 2005, due to reorganization (consolidation) of the subsidiary mobile operators (Ermak RMS, South Urals Cellular Phone, Tyumenruscom), and formation of the united interregional mobile division of OAO "Uralsvyazinform", the financial results of the division for the 3rd and 4th quarters are included in 2005 report.

The revenues generated by mobile business in 2006 were US\$ 372.7 mln or 78% up on 2005. The segment profitability totaled 36%. New services (SMS, GPRS, MMS, WAP) contributed approx. 11% (15% as of 2005) to the overall mobile revenues.

Average revenue per user (ARPU) as of 2006 was US\$7.9 versus US\$8.6 in 2005.

REVENUES AND EXPENSES REVIEW

The company's revenues as of 2006 totaled US\$ 1,249.1 mln. (+16.7% on 2005), including revenues from telecommunications services at US\$ 1,185.9 mln (+18.0%).

The structure of revenues from telecommunications services in 2006, US\$ thous:

<i>Item</i>	<i>2005</i>	<i>Weight</i>	<i>2004</i>	<i>Weight</i>	<i>Change, %</i>
Revenues from telecommunications services, including:	1,185,900	3,7%	1,005,089	3,5%	18.0%
Domestic long-distance services	136,318	0,4%	227,702	0,80%	-40.1%
International long-distance services	0		48,049	0,17%	
Telegraph, telefax services	7,276	0,0%	7,866	0,03%	-7.5%
Local urban services	320,262	1,0%	293,318	1,03%	9.2%
Local rural services	35,227	0,1%	29,848	0,10%	18.0%
Radio communication, radio and TV broadcasting	6,108	0,0%	4,735	0,02%	29.0%
Wired radio	11,935	0,0%	11,383	0,04%	4.8%
Mobile services	372,680	1,2%	209,187	0,74%	78.2%
New services	84,944	0,3%	47,681	0,17%	78.2%
<i>incl. Internet</i>	61,592	0,2%	34,565	0,12%	78.2%

Revenue gains were mostly in connection with:

- Increased revenues from mobile services as a result of subscriber additions.
- Increased revenues from new services due to increased number of subscribers and higher usage of Internet and data transmission services.
- Higher revenues from national operators, mainly in interconnection and traffic termination as a result of changes in the 'Telecoms Law' and other regulations in effect as of 01/01/2006.
- Increased revenues from intra-zone services due to now charged fixed-to-mobile calls.
- Increased revenues from local services due to tariff upgrades as of Sept 1, 2005 (monthly fee) and subscriber additions.

Operating expenses amounted to US\$ 976.4 mln. (+19.7% as compared to 2005).
The expenditure structure is as follows, US\$ thous:

Item	2006	Weight	2005	Weight	Change, %
Depreciation	140,307	14.5%	103,875	12.8%	35.1%
Wages	275,196	28.4%	227,060	28.1%	21.2%
Social tax expense	56,846	5.9%	47,991	5.9%	18.5%
Rental expenses	19,935	2.1%	13,170	1.6%	51.4%
Rostelecom interconnect charges	7,957	0.8%	113,430	14.0%	-93.0%
Other operators' services	121,835	12.6%	53,675	6.6%	127.0%
Materials	54,698	5.7%	48,108	6.0%	13.7%
Leasing repayments	26,120	2.7%	14,728	1.8%	77.4%
Taxes and deductions included in expenses on main operations	2,348	0.2%	1,351	0.2%	73.8%
Third party services, including	148,457	15.3%	106,002	13.1%	40.1%
<i>Repairs and maintenance</i>	39,898	4.1%	22,953	2.8%	73.8%
<i>Power and electricity</i>	11,737	1.2%	9,196	1.1%	27.6%
<i>Heat power</i>	4,894	0.5%	4,137	0.5%	18.3%
<i>Other utilities</i>	1,520	0.2%	1,164	0.1%	30.6%
<i>Labor costs</i>	4,485	0.5%	3,540	0.4%	26.7%
<i>Transport</i>	1,290	0.1%	1,248	0.2%	3.3%
<i>Security</i>	17,865	1.8%	14,005	1.7%	27.6%
<i>Consulting, information and audit services</i>	6,697	0.7%	4,452	0.6%	50.4%
<i>Agents' commissions</i>	60,073	6.2%	45,307	5.6%	32.6%
Other expenses, including	113,736	11.8%	79,098	9.8%	43.8%
<i>Advertising</i>	18,175	1.9%	13,731	1.7%	32.4%
<i>Contributions to Universal service fund</i>	11,939	1.2%	7,745	1.0%	54.1%
<i>Insurance</i>	12,405	1.3%	11,892	1.5%	4.3%
<i>Other payroll expenses</i>	14,808	1.5%	8,596	1.1%	72.3%
TOTAL	967,435	100.0%	808,486	100.0%	19.7%

Higher expenses were mainly due to:

- Increased depreciation following the fixed assets being put in place;
- Increased wages and salaries as a result of accrued reserves of future expenses in compliance with the accounting policy;
- Write-off of expenses on construction in progress;
- Bad debt reserve set up following the appraisal of assets and obligations;
- Additional costs due to implementation of new local tariffs (including materials, advertising and other corporate actions in connection with the time-based billing platforms for local services being implemented since February 1, 2007)

Considerable growth of expenses for Other operators' services was caused by consolidation of the subsidiary mobile businesses (ZAO "Ermak RMS", OOO "South Urals Cellular Phone", ZAO "Tyumenruskom") and their financial and operational results into financial reporting of the parent company since July 1, 2005. Increased subscriber base of mobile and new services also

contributed to higher costs. Changes to the ‘Telecoms Law’ (Article 54) and ‘Interconnection Rules’ in effect since July 1, 2006, and in particular, call termination charges paid to mobile operators, were another factor to increase Other operators’ services.

Thus, as of 2006 OIBDA amounted to US\$ 422.0 mln (+15.3%), operating profit – US\$281.7 mln. (+7.5%), pre-tax profit – US\$ 124.4 mln. (+2.0%), net profit – US\$76.9 mln. (-0.8%).

INVESTMENTS

Capex as of 2006 totaled US\$ 254.4 mln (down 27.6% on 2005).

<i>Item</i>	<i>2006</i>	<i>Weight, %</i>	<i>2005</i>	<i>Weight, %</i>	<i>Change, %</i>
Investments into fixed assets, US\$ mln, incl:	254,4	100,0%	351,1	100,0%	-27,6%
Building and construction of exchanges and local lines	67,0	26,3%	111,8	31,8%	-40,1%
Mobile communications	76,5	30,1%	130,3	37,1%	-41,3%
Extension of long distance exchanges, intra-zone lines	16,8	6,6%	29,7	8,5%	-43,6%
New services	53,5	21,0%	26,3	7,5%	103,5%
<i>Incl. Broadband technology</i>	<i>52,7</i>	<i>20,7%</i>	<i>20,8</i>	<i>5,9%</i>	<i>153,6%</i>
Information technology	13,5	5,3%	13,7	3,9%	-1,5%
Other (buildings and special-purpose investments)	27,1	10,6%	39,3	11,2%	-31,1%
Share of internal finance, %	2,8	-	1,4	-	-
Fixed assets put in operation, US\$ mln	263,5	-	373,1	-	-