

URALSVYAZINFORM: 1H 2009 RESULTS UNDER IFRS

Ekaterinburg – September 16, 2009 – Uralsvyazinform (RTS and MICEX: URSI/URSIP, ADR: UVYZY/UVYPY) – 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 2009 in compliance with International Accounting Standards (IAS).

As of 1H09, revenue increased by 0.4% compared to 1H08 and amounted to RUR 20.1 billion. Data transmission and telematic services (Internet) were the main revenue drivers, along with local telephone services.

- *Revenue from telegraph, data transmission and telematic services (Internet) amounted to RUR 3.2 billion (+33.9% on 1H08). These services added 15.9% to the whole revenue mix.*
- *Local telephone services amounted to RUR 5.2 billion (+2.1% on 1H08), with their portion in total revenue being 26.0%.*

Operating expenses decreased by 1.1% as compared to 1H08 and amounted to RUR 16.9 billion, mainly due to optimized personnel expense (down 13.5%) as a result of improvements made in organizational structure and staff reduction.

Operating profit totaled RUR 4.0 billion (+6.0% on 1H08). EBITDA^[1] increased by 8.2%. EBITDA margin increased to 39.3% from 36.5% as of 1H08. As of 1H09 net profit amounted to RUR 1.7 billion, a 2.0% decrease on 1H08.

Financial highlights

<i>Indicator</i>	<i>1st half of 2009</i>	<i>1st half of 2008</i>	<i>Change, %</i>
Revenues, RUR mln	20,102	20,019	+0.4%
EBITDA, RUR mln	7,899	7,297	+8.2%
EBITDA margin, %	39.3%	36.5%	-
Operating profit, RUR mln	3,986	3,759	+6.0%
Operating margin, %	19.8%	18.8%	-
Profit for the period, RUR mln	1,658	1,691	-2.0%
Net margin, %	8.2%	8.4%	-

[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.

Complete financial statements as of 1st half of 2009 under IFRS and accompanying notes are available from Uralsvyazinform [web-site](#).

FINANCIAL REVIEW

Revenues

The company revenues for the 1st half of 2009 made up RUR 20,102 mln (+0.4% on 1H08).

Revenue structure is indicated below (in RUR mln):

<i>Operating revenues</i>	<i>6 months 2009</i>	<i>Weight</i>	<i>6 months 2008</i>	<i>Weight</i>	<i>Change, %</i>
Cellular services	6,248	31.1%	6,483	32.4%	-3.6%
Local telephone services	5,230	26.0%	5,122	25.6%	+2.1%
Telegraph services, data transmission and telematic services (Internet)	3,200	15.9%	2,389	11.9%	+33.9%
Intrazone telephone services	2,307	11.5%	2,534	12.7%	-9.0%
Interconnection services	2,276	11.3%	2,628	13.1%	-13.4%
Other core services	542	2.7%	562	2.8%	-3.6%
Radio communication, radio and TV broadcasting	267	1.3%	247	1.2%	+8.1%
Assistance and agent services	27	0.1%	42	0.2%	-35.7%
Other services	5	0.1%	12	0.1%	-58.3%
Total revenues	20,102	100.0%	20,019	100.0%	+0.4%

Revenue from cellular services decreased by 3.6% as compared to 1H08 and amounted to RUR 6,248 million. As of June 30, 2009 Uralsvyazinform had 5.7 million subscribers of GSM standard. ARPU for the comparable periods amounted to RUR 180 (1H09) and RUR 203 (1H08). Cellular services portion of total revenue decreased from 32.4% to 31.1%.

Telegraph services, data transmission and telematic services (Internet) increased by RUR 811 million (+33.9% on 1H08) due to increase in the number of subscribers of xDSL-based broadband internet and higher usage of the service. As of 30/06/2009 broadband subscriber base totaled 633.3 thousand (+61.4% on 1H08). Internet traffic amounted to 37,335 TB (x5.8 on 1H08). The segment's portion of total revenue increased from 11.9% to 15.9%.

In general, unregulated services' portion of overall revenue totaled 47.0% (44.3% as of 1H08).

Revenue by subscriber categories, as of 1H09, %

<i>Subscriber category</i>	<i>1H 2009</i>	<i>1H 2008</i>
Residents	60.1%	58.3%
Businesses	21.8%	22.1%
State-sponsored organizations	6.4%	5.8%
Telecommunication operators	11.7%	13.8%
Total	100.0%	100.0%

Expenses

The expenses for the 1st half of 2009 amounted to 16,909 million (-1.1% compared to 1H08).

The expenses structure (in RUR million):

<i>Operating expenses</i>	<i>6 months 2009</i>	<i>Weight</i>	<i>6 months 2008</i>	<i>Weight</i>	<i>Change, %</i>
Personnel expenses	4,023	23.8%	4,652	27.2%	-13.5%
Depreciation and amortization	4,096	24.2%	3,558	20.8%	+15.1%
Operators' services	2,890	17.1%	2,798	16.4%	+3.3%
Materials, repairs and maintenance, utilities	1,622	9.6%	1,667	9.7%	-2.7%
Other operating expenses, including:	4,278	25.3%	4,425	25.9%	-3.3%
<i>Third party services and administrative expenses</i>	1,057	6.3%	1,020	6.0%	+3.6%

<i>Agency fees</i>	1,192	7.0%	1,052	6.2%	+13.3%
<i>Taxes other than income tax</i>	524	3.1%	519	3.0%	+1.0%
<i>Rent of premises</i>	361	2.1%	362	2.1%	-0.3%
Total expenses	16,909	100.0%	17,100	100.0%	-1.1%

In general, as of 1H09, operating expenses decreased by 1.1% versus 1H08, as a result of management's anti-crisis effort and strict cost control.

In the reporting period, personnel expenses contributed 23.8% to overall expenditure, as compared to 27.2% in 1H08.

Operators' services added RUR 92 million (+3.3% on 1H08).

Depreciation and amortization increased by RUR 538 mln owing to the commission of new assets. As of 1H09 the company commissioned RUR 888 mln worth of fixed assets.

Generally, as of 1H09 EBITDA amounted to RUR 7,899 mln (+8.2%), operating profit – RUR 3,986 mln (+6.0%), pre-tax profit – RUR 2,230 mln (-3.9%), net profit – RUR 1,658 mln (-2.0%).

Liabilities, RUR mln

	<i>June 30, 2009</i>	<i>December 31, 2008</i>
Debt[1]	26,704	27,691
Net debt[2]	25,134	26,596
Net debt/Shareholders' equity	1.06	1.17
Net debt/Assets	0.40	0.43

[1] Debt represents a sum of non-current and current liabilities.

[2] Net debt represents a sum of non-current and current liabilities less cash and cash equivalents.

For additional information please contact IR department, tel. +7 343 379 1217, +7 343 379 1219 + 7 343 379 1859 or e-mail: investor@gd.usi.ru.

The most recent company information is also available on corporate web-site at www.usi.ru, www.skrin.ru (complex disclosure system "SKRIN") as well as company pages in Bloomberg and Reuters systems.

Equity & IR
Tel.: +7 (343) 379 1217
Fax: +7 (343) 379 1986
investor@gd.usi.ru