

URALSVYAZINFORM: 9M 2009 RESULTS UNDER IFRS

Ekaterinburg – December 18, 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 and as of 9 months of 2009 in compliance with International Accounting Standards (IAS).

- As of 1H09, revenue amounted to RUR 30,254 million. Operating expenses amounted to RUR 25,705 million.
- The key revenue items as of 1H09 included cellular services (31.8% of total revenue), local telephone services (25.8%), Internet and data transmission (15.8%), intrazone telephone services (11.3%), and interconnection services (11.1%).
- EBITDA^[1] reached RUR 11,838 million. EBITDA margin^[2] increased to 39.1%.
- Operating profit amounted to RUR 5,709 million. Operating margin – 18.9%. Pre-tax profit totaled RUR 3,238 million.
- As of 1H09 net profit amounted to RUR 2,426 million. Net margin – 8.0%.

Financial highlights

	<i>As of 9 months of 2009</i>	<i>As of 2008</i>
Revenues, RUR mln	30,254	40,691
EBITDA, RUR mln	11,838	13,792
EBITDA margin, %	39.1%	33.9%
Operating profit, RUR mln	5,709	6,481
Operating margin, %	18.9%	15.9%
Profit for the period, RUR mln	2,426	2,535
Net margin, %	8.0%	6.2%

[1] EBITDA is calculated as a sum of profit before income tax less depreciation and amortization and interest payable (net).

[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 9 months of 2009 under IFRS and accompanying notes are available from Uralsvyazinform [web-site](#).

FINANCIAL REVIEW

Revenues

The company revenues as of 9M09 made up RUR 30,254 mln. Revenue structure is indicated below (in RUR mln):

<i>Operating revenues</i>	<i>9 months of 2009</i>	<i>Weight</i>	<i>2008</i>	<i>Weight</i>
Cellular services	9,605	31.8%	13,156	32.3%
Local telephone services	7,812	25.8%	10,218	25.1%
Telegraph services, data transmission and telematic services (Internet)	4,782	15.8%	5,239	12.9%
Intrazone telephone services	3,401	11.3%	5,026	12.4%
Interconnection services	3,370	11.1%	5,229	12.9%
Other core services	838	2.8%	1,223	3.0%
Radio communication, radio and TV broadcasting	402	1.3%	495	1.2%
Assistance and agent services	37	0.1%	86	0.2%
Other services	7	0.0%	19	0.0%
Total revenues	30,254	100.0%	40,691	100.0%

Revenue from cellular services as of 9M09 amounted to RUR 9,605 million. As of September 30, 2009 Uralsvyazinform had 5.7 million subscribers of GSM standard. Cellular services portion of total revenue amounted to 31.8%.

Telegraph services, data transmission and telematic services (Internet) reached RUR 4,782 million. As of 30/09/2009 broadband subscriber base totaled 688,400 (+48.9% on 9M08). Internet traffic amounted to 59,610 TB. The segment's portion of total revenue is 15.8%.

In general, unregulated services' portion of overall revenue totaled 47.6%.

Revenue by subscriber categories, as of 9M09, %

<i>Subscriber category</i>	<i>9M 2009</i>	<i>2008</i>
Residents	60,5%	58,4%
Businesses	21,6%	22,4%
State-sponsored organizations	6,4%	6,0%
Telecommunication operators	11,5%	13,2%
Total	100.0%	100.0%

Expenses

The expenses as of 9 months of 2009 amounted to 25,705 million, including:

<i>Operating expenses</i>	<i>9 months of 2009</i>	<i>Weight</i>	<i>2008</i>	<i>Weight</i>
Personnel expenses	6,001	23.4%	9,243	25.7%
Depreciation and amortization	6,282	24.4%	7,675	21.4%
Operators' services	4,365	17.0%	5,845	16.3%
Materials, repairs and maintenance, utilities	2,471	9.6%	3,526	9.8%
Other operating expenses, including:	6,586	25.6%	9,641	26.8%
<i>Agency fees</i>	1,779	6.9%	2,190	6.1%
<i>Third party services and administrative expenses</i>	1,717	6.7%	2,229	6.2%
<i>Taxes other than income tax</i>	791	3.1%	1,034	2.9%
<i>Rent of premises</i>	532	2.1%	753	2.1%
Total expenses	25,705	100.0%	35,930	100.0%

As of the reporting period, personnel expenses contributed 23.4% to overall expenditure.

Operators' services amounted to RUR 4,365 million.

Depreciation and amortization amounted to RUR 6,282 mln. As of 9M09 the company commissioned RUR 1,875 mln worth of fixed assets.

Generally, as of 9M09 EBITDA amounted to RUR 11,838 mln, operating profit – RUR 5,709 mln, pre-tax profit – RUR 3,238 mln, net profit – RUR 2,426 mln.

Liabilities, RUR mln

	<i>September 30, 2009</i>	<i>December 31, 2008</i>
Debt[1]	25,806	27,691
Net debt[2]	24,321	26,596
Net debt/Shareholders' equity	0.99	1.17
Net debt/Assets	0.39	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.

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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.

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