



FOR IMMEDIATE RELEASE

August 30, 2013

UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2013

Moscow, Russia – August 30, 2013 – Sistema JSFC (“Sistema” or the “Company”, together with its subsidiaries, “the Group”) (LSE: SSA), the largest publicly-traded diversified holding company in Russia and the CIS, today announces its unaudited consolidated US GAAP financial results for the second quarter ended June 30, 2013.

SECOND QUARTER HIGHLIGHTS

- Consolidated revenues up 6.7% YoY to US\$ 8.5 billion
- Adjusted OIBDA¹ up 9.4% YoY to US\$ 2.1 billion, with an adjusted OIBDA margin of 25.1%
- Consolidated net income attributable to the Group significantly increased YoY to US\$ 527.9 million. Adjusted net income attributable to the Group² amounted to US\$ 345.1 million.
- Net debt³ at the Corporate Holding level amounted to US\$ 1.4 billion as of June 30, 2013, compared to US\$ 1.5 billion as of March 31, 2013.

KEY CORPORATE HIGHLIGHTS IN 2Q 2013 AND POST REPORTING PERIOD

- Sale of 49% in RussNeft for US\$ 1.2 billion. The transaction was completed in July 2013.
- Sale of 70% of Sistema’s shares in SG-trans to Financial Alliance⁴ for RUB 12.0 billion. The price of the deal is based on the valuation of SG-trans excluding SG-trading.
- Sale of 15% of Sistema’s shares in SG-trans to Unirail for RUB 2.5 billion. The transaction was completed in July 2013.
- Sistema’s AGM approved annual dividends of RUB 0.96 per Sistema’s ordinary share for the twelve months ended December 31, 2012, amounting to a total of RUB 9.264 billion. The dividends were paid in full in August 2013.
- New appointments to Sistema’s Management Board: Vsevolod Rozanov as Senior Vice-President and Chief Financial Officer; Alexey Buyanov as First Vice-President, Portfolio Manager; and Alexey Chupin as Vice-President, Portfolio Manager.

Mikhail Shamolin, President and Chief Executive Officer of Sistema, commented:

“We are pleased to announce another strong set of quarterly results with excellent year-on-year revenue and OIBDA growth. Our numbers were largely driven by solid operating performance across our entire investment base and consistent execution of Sistema’s strategy.”

¹ See Attachment A for definitions and reconciliation of adjusted OIBDA to GAAP financial measures. The adjustment includes recognised gains from settled disputes related to Bitel LLC.

² See Attachment A for definitions and reconciliation of adjusted net income attributable to the Group to GAAP financial measures.

³ Including highly liquid deposits.

⁴ Sistema owns 50% stake in Financial Alliance

The key highlights for the period include continued growth of data services resulting in higher OIBDA and OIBDA margins at MTS; improved production and higher oil product sales at Bashneft; substantially narrowed OIBDA loss at SSTL and excellent double digit revenue and OIBDA increase at Detsky mir, where a combination of new stores, improved product range and reduction in operating costs led Detsky mir to outperform seasonal weaknesses.

Importantly, over the course of the last few months, we also achieved an impressive amount of cash inflows as a result of several announced deals. The restructuring of our transportation assets delivered over US\$ 430 million while in our energy holdings, Sistema divested its investment in RussNeft for a US\$ 1.2 billion cash consideration. Such deals serve to underline our track record of sourcing unique investment opportunities in Russia, securing them at attractive valuations, contributing our value added insight and monetising investment with substantial return.

Combined with the expected dividend flow, Sistema is on track to deliver record cash generation in 2013. This will provide us with the opportunity to further deleverage the holding centre, strengthen our M&A capabilities and increase rewards to shareholders”.

Conference call information

Sistema’s management will host an analyst conference call today at 11 am (London time) / 12 pm (CET) / 2 pm (Moscow Time) to present and discuss the second quarter results.

The dial-in numbers for the conference call are:

UK/ International: +44 20 8515 2313

US: +1 480 629 9835

And quote the conference call title: “Sistema Second Quarter 2013 Financial Results”.

A replay of the conference call will be available on the Company’s website www.sistema.com for 7 days after the event.

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

Investor Relations
Evgeniy Chuikov
Tel: +7 (495) 692 11 00
ir@sistema.ru

Public Relations
Ekaterina Tsukanova
Tel.: +7 (495) 228 1536
pr@sistema.ru

FINANCIAL SUMMARY

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on-Quarter Change
Revenues	8,472.7	7,941.2	6.7%	8,345.5	1.5%
Adjusted OIBDA	2,130.2	1,947.5	9.4%	1,970.7	8.1%
Operating income	1,671.2	1,187.7	40.7%	1,157.3	44.4%
<i>Adjusted operating income</i>	1,325.1	1,187.7	11.6%	1,157.3	14.5%
Net income/ (loss) attributable to Sistema	527.9	(162.8)	-	349.8	50.9%
<i>Adjusted net income attributable to Sistema</i>	345.1	375.6	(8.1%)	349.8	(1.3%)

GROUP OPERATING REVIEW

Sistema's consolidated revenues increased by 6.7% year-on-year and by 1.5% quarter-on-quarter in the second quarter of 2013, largely as a result of solid operating performance at Bashneft, MTS' growing income from data services, and Detsky mir's increased profitability from new store openings. The year-on-year revenue increase also reflected the consolidation of NVision Group in the second half of 2012.

Selling, general and administrative (SG&A) expenses increased by 11.3% year-on-year, but were down 0.8% quarter-on-quarter to US\$ 1,056.1 million in the second quarter of 2013. Depreciation, depletion and amortisation expenses increased by 6.0% year-on-year to US\$ 805.1 million.

The Group's adjusted OIBDA increased 9.4% year-on-year and by 8.1% quarter-on-quarter, resulting from growth of the high-margin data services segment at MTS, higher sales of oil products at Bashneft and reduced loss at SSTL. The Group's adjusted OIBDA margin was 25.1% in the reporting quarter, compared to 24.5% in the corresponding period of 2012 and 23.6% in the first quarter of 2013.

Adjusted consolidated net income attributable to Sistema fell by 8.1% year-on-year and 1.3% quarter-on-quarter, mainly due to foreign exchange losses in the amount of US\$ 175 million. Consolidated net income attributable to Sistema increased significantly to US\$ 527.9 million, reflecting MTS' recognised gains from settled disputes related to Bitel LLC.

OPERATING REVIEW⁵

MTS

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	3,082.4	2,989.3	3.1%	3,053.1	1.0%
Adjusted OIBDA	1,402.4	1,305.6	7.4%	1,302.6	7.7%
Operating income	1,153.1	770.5	49.7%	718.4	60.5%
Net income/ (loss) attributable to Sistema	426.5	(360.0)	-	225.0	89.5%

MTS reported a 3.1% year-on-year increase in revenues in the second quarter of 2013 as a result of the growth in its data services consumption. MTS' revenues were up 1.0% quarter-on-quarter, reflecting the seasonal increase in roaming services. MTS' subscriber base totalled 97.5 million⁶ customers as of June 30, 2013, demonstrating a 6.5% year-on-year increase as a result of the resumed its operations in Turkmenistan.

MTS' OIBDA in the second quarter of 2013 reflected a recognised gain from compensation related to the settlement of the disputes over Bitel LLC. Adjusted OIBDA was up 7.4% year-on-year and 7.7% quarter-on-quarter in the reporting period due to continued revenue growth from high-margin data services. The adjusted OIBDA margin was 45.5% in the reporting period, compared to 43.7% in the second quarter of 2012 and 42.7% in the first quarter of 2013.

The average monthly service revenue per subscriber (ARPU) in Russia grew by 3.0% year-on-year to RUB 306 in the reporting quarter. The quality of the Russian subscribers' base continued to improve with monthly minutes of use (MOU) increasing by 7.4% quarter-on-quarter to 332 minutes.

In the fixed broadband business, the number of households passed expanded by 1.7% and reached 12.1 million at the end of the second quarter of 2013. The pay-TV customer base totalled 2.8 million subscribers at the end of the reporting quarter, while the number of broadband Internet subscribers stood at 2.3 million.

In June 2013, MTS' AGM approved annual dividends of RUB 14.6 per ordinary MTS share (approximately RUB 29.2 per ADR) for the 2012 fiscal year, amounting to a total of RUB 30.2 billion.

In June 2013, MTS, Altimo, Nomihold Securities Inc. and other associated parties reached an agreement to settle all disputes that have arisen from investing in Bitel LLC, formerly the leading mobile telephony operator in the Kyrgyz Republic.

In May 2013, MTS was named as one of the BRANDZ™ Top 100 Most Powerful Brands, a ranking published by the Financial Times and Millward Brown Optimor, a leading global market research and consulting firm.

In April 2013, MTS' Board of Directors approved a new dividend policy, which stipulates that for the calendar years 2013-2015, MTS aims to pay out a minimum dividend distribution of an amount equal to at least 75% of Free Cash Flow for the relevant financial period or, if greater, RUB 40.0 billion per year. The Board also recommended that MTS begins to pay out dividends on a semi-annual basis using interim and full year financial results.

⁵ Here and from hereon, the comparison of period to period revenues are presented on an aggregated basis, excluding revenues from 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 results due to certain reclassifications and adjustments.

⁶ Excluding Belarus subscribers

Bashneft

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	4,269.4	4,081.3	4.6%	4,128.8	3.4%
OIBDA	725.0	704.3	2.9%	689.8	5.1%
Operating income	578.5	545.9	6.0%	547.3	5.7%
Net income attributable to Sistema	333.9	278.8	19.8%	307.3	8.7%

Bashneft's revenues increased by 4.6% year-on-year and by 3.4% quarter-on-quarter, mainly as a result of higher sales of oil products in the domestic market, as well as an increase in exports.

In the reporting quarter, Bashneft's OIBDA was up 2.9% year-on-year and 5.1% quarter-on-quarter, reflecting revenue growth, as well as a decrease in export duties. The OIBDA margin slightly declined year-on-year to 17.0%.

Following the introduction of horizontal drilling at the Arlanskoe and Afanasiev' oil fields in Bashkortostan, Bashneft's oil production increased by 3.0% year-on-year to 3.9 million tonnes. The company sold 5.1 million tonnes of oil and petrochemical products in the second quarter of 2013, a 7.3% year-on-year increase, with exports amounting to 1.0 million tonnes of crude oil and 2.5 million tonnes of oil products.

Refining volumes were up 6.7% year-on-year to 5.3 million tonnes of crude oil following extensive maintenance works in 2012 and growing demand in 2013. In the reporting quarter, the average refining depth increased to 86.0% and light-product yield grew to 61.2%.

As of June 30, 2013, Bashneft owned and operated a total of 481 petrol stations.

In June 2013, the AGM of Bashneft's shareholders approved the 2012 dividend payment of RUB 24 per ordinary registered share and per preferred registered share. In August 2013, the dividends were paid in full. In addition, the Board of Directors will consider paying interim dividends for the nine months of 2013 in October 2013 based on Bashneft's performance.

In June 2013, Bashneft sold 832,082 of its ordinary and 4,730,528 of its preferred shares, which were bought back as part of the reorganisation in 2012 and account for 2.45% of Bashneft's authorized share capital, to United Platform S.A. (Luxembourg), a financial investor, for US\$ 257 million. This price was based on the market value of Bashneft's shares. Under the approved terms of the transaction, United Platform S.A will grant Bashneft the right to buy back this block of shares within six months after completing the transaction under the terms agreed upon by the parties.

Bashkirian Power Grid Company (BPGC)

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	91.9	88.2	4.2%	112.7	(18.4%)
OIBDA	27.7	38.9	(28.8%)	50.0	(44.7%)
Operating income	14.8	28.0	(47.2%)	36.8	(59.8%)
Net income attributable to Sistema	14.6	8.6	70.0%	23.1	(36.6%)

Bashkirian Power Grid Company's revenues grew by 4.2% year-on-year, largely due to an increase in new customers, higher electricity output and tariffs indexation effective from July 2012. The company's revenues were down 18.4% quarter-on-quarter, reflecting a seasonal decline in consumption.

In the second quarter of 2013, OIBDA decreased year-on-year and quarter-on-quarter as a result of maintenance works carried out at the facilities, as well as the planned increase in labour costs.

Distribution grid losses decreased by 0.06 p.p year-on-year to 5.3% in the second quarter of 2013, following the installation of highly accurate electricity meters. Transmission grid losses decreased by 0.2 p.p. year-on-year to 1.3%.

Sistema Shyam TeleServices Ltd. (SSTL)

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	51.9	77.2	(32.8%)	65.0	(20.2%)
OIBDA	(39.3)	(83.8)	-	(39.0)	-
Operating loss	(56.0)	(102.2)	-	(55.9)	-
Net loss attributable to Sistema	(83.3)	(125.1)	-	(45.0)	

SSTL's revenues decreased by 32.8% year-on-year and 20.2% quarter-on-quarter in the reporting period, as a result of the company closing its operations in 13 circles. The company's revenues from the nine circles it continues to operate in were up 2.4% quarter-on-quarter in local currency.

The OIBDA loss narrowed year-on-year reflecting SSTL's cost optimisation programme and strict control over marketing and other expenses. Quarter-on-quarter OIBDA remained stable mainly due to depreciation of the local currency against the US dollar. The company's SG&A decreased by 41.6% year-on-year and by 1.3% quarter-on-quarter.

SSTL's total wireless (voice and data) subscriber base declined by 41.0% year-on-year to 9.8 million customers as of June 30, 2013. Blended mobile ARPU amounted to US\$ 1.6. The overall decrease in the subscriber base resulted from the closure of circles, although the subscriber base and its quality continued to increase in the nine circles the company operates in. Subscribers' monthly minutes of use (MOU) increased by 11.0% quarter-on-quarter to 328 minutes.

Non-voice revenues from both data and VAS accounted for 34.4% of the company's total revenues in the reporting period.

In April 2013, Dmitry Shukov was appointed CEO of SSTL. Dmitry formerly held senior management positions at Tele2 Russia and MTS.

Sistema Mass Media⁷

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	22.9	20.0	14.7%	10.7	114.9%
OIBDA	4.6	1.6	190.5%	(2.9)	-
Operating income/ (loss)	0.02	(8.2)	-	(5.7)	-

⁷ Financial results of Stream.ru are included into SMM segment for all periods presented.

Net loss attributable to Sistema	(2.1)	(9.9)	-	(4.9)	-
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Sistema Mass Media's revenues grew by 14.7% year-on-year and more than doubled quarter-on-quarter, mainly as a result of revenues generated from Stream.ru's⁸ VAS services. SMM's OIBDA demonstrated a significant year-on-year and quarter-on-quarter increase, reflecting the growth in revenues, the optimisation of administrative expenses, as well as the success of a new management incentive programme aimed at improving business efficiency.

In the second quarter of 2013, the Stream-TV subscriber base increased by 25.0% year-on-year reaching 8.5 million subscribers. From April 1, 2013, all Stream-TV channels were added into MTS' "Mobile TV" package offering. The RWS content library grew by 7.0% year-on-year and amounted to 1,616 hours as of June 30, 2013.

In June 2013, Vladimir Khanumyan was appointed as the new Chief Executive Officer of SMM. Mr. Khanumyan was previously a member of the company's Management Board and held the positions of First Vice President and Managing Director at the company.

RTI

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on-Quarter Change
Revenues	479.6	365.7	31.2%	505.6	(5.1%)
OIBDA	17.3	6.6	163.4%	2.9	495.6%
Operating loss	(8.3)	(12.8)	-	(20.9)	-
Net loss attributable to Sistema	(29.9)	(16.0)	-	(12.6)	-

RTI is comprised of four principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

RTI revenues increased by 31.2% year-on-year, mainly as a result of growing revenue in Defence Solutions BU, the work completed under the Intelligent Transportation System project, R&D work done in Microelectronics Solutions BU, and the consolidation of NVision Group in the third quarter of 2012. NVision accounted for 43% of RTI's revenue in the second quarter of 2013.

The increase in year-on-year and quarter-on-quarter OIBDA mainly resulted from revenue growth, as well as the sale of a 3% stake in a Greek subsidiary INTRACOM TELECOM in 2012.

In May 2013, NVision completed modernising the underlying IT infrastructure and installing modern video monitoring systems at the Moscow stadium "Locomotive".

In April 2013, RTI consolidated 97.18% of ordinary shares of JSC Research Institute of Long-Range Radio Communication (NPK "NIIDAR") as part of the mandatory offer made to the company's shareholders for the buyout of voting ordinary shares.

Binnopharm

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on-Quarter Change
Revenues	27.6	15.6	77.2%	19.9	39.1%

⁸ Stream.ru is under the operational management of SMM and is owned by Sistema (55%) and MTS (45%). For reporting purposes, Stream.ru's financial results were allocated to SMM's segment.

OIBDA	7.6	3.5	115.8%	4.1	86.0%
Operating income	5.9	2.4	145.3%	2.2	163.0%
Net income attributable to Sistema	6.6	0.7	829.0%	1.4	357.2%

Binnopharm's revenues grew by 77.2% year-on-year and 39.1% quarter-on-quarter, mainly as a result of active development of the distribution segment by expanding its product line and regional footprint, as well as increasing its shipments of the Regevak vaccine in the reporting quarter. Binnopharm's OIBDA grew year-on-year and quarter-on-quarter with the OIBDA margin reaching 27.5%.

In April 2013, Binnopharm completed the merger with Alium Group of Companies, a producer of infusion solutions and blood substitutes. The company is now finalising technical upgrades to modernise production of infusion solutions, which will position it as the most advanced factory in Russia. New equipment will help it to produce high-quality products meeting GMP requirements by 2014.

In April 2013, Pavel Medvedev was appointed as the new Chief Executive Officer of Binnopharm with immediate effect. Mr. Medvedev previously held the position of Deputy CEO at the company.

MTS Bank

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on-Quarter Change
Revenues	202.9	170.1	19.3%	206.7	(1.9%)
OIBDA	(20.0)	(6.6)	-	(10.7)	-
Operating loss	(24.9)	(11.4)	-	(15.6)	-
Net loss attributable to Sistema	(14.0)	(7.7)	-	(14.0)	-

In the second quarter of 2013, MTS Bank's revenues were up 19.3% year-on-year, as a result of an increase in interest and commission income following the development of the bank's retail business. The loan portfolio from joint projects with MTS grew by 26.4% quarter-on-quarter to US\$ 363 million. The bank also reported a 13.1% growth in the loan portfolio to individuals for the second quarter of 2013. The OIBDA loss is mainly due to an increase in loan provisions and recognised loss from the revaluation and sale of debt securities. In the second half of 2013, MTS Bank's management plans to compensate losses with the growing scale of its retail business.

MTS Bank's loan portfolio, excluding leases, increased by 14.7% year-on-year to US\$ 6,444 million. The interest income from retail and corporate client transactions grew by 25.6% year-on-year and by 2.6% quarter-on-quarter to US\$ 171.0 million.

In the second quarter of 2013, MTS Bank, in partnership with CJSC RTK, launched a SIM-card with a built-in "MTS Money" function, based on the contactless technology PayPass. In addition, during the reporting quarter, MTS Bank opened six additional offices in MTS retail outlets.

Detsky mir

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on-Quarter Change
Revenues	238.5	173.7	37.3%	222.3	7.3%
OIBDA	10.0	(0.9)	-	(15.1)	-

Operating income/ (loss)	5.1	(5.4)	-	(20.1)	-
Net income/ (loss) attributable to Sistema	0.9	(5.8)	-	(14.7)	-

Detsky mir's revenues increased by 37.3% year-on-year and by 7.3% quarter-on-quarter, mainly as a result of store expansion, changes in the company's commercial policy, and an improved product offering and marketing approach to attract more visitors. Detsky mir reported positive OIBDA in the second quarter of 2013, reflecting revenue growth, optimisation of headcount in the new stores and a new incentive programme for the sales division.

The network of retail outlets amounted to 224 stores, including 22 Early Learning Centre (ELC) franchised stores, located in 99 cities across Russia and Kazakhstan. The aggregate retail space was 297,000 sq.m. as of June 30, 2013. In the second quarter of 2013, Detsky mir opened four new stores and one ELC store.

In June 2013, the AGM of OJSC Detsky mir – Centre's shareholders approved dividends for 2012 in the amount of RUB 420 million.

Intourist

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	24.4	23.0	6.5%	16.3	50.2%
OIBDA	5.2	1.8	185.4%	0.6	748.3%
Operating income/ (loss)	4.4	(0.4)	-	(1.4)	-
Net income/ (loss) attributable to Sistema	0.3	(6.9)	-	(2.7)	-

Intourist's revenues grew by 6.5% year-on-year despite a reduction in the number of rooms owned following the sale of Oktyabrskaya hotel in Nizhny Novgorod, as well as depreciation of the Russian rouble against the US dollar. Revenue growth was supported by positive market trends, increased tourist flow and management's efforts to strengthen the hotel business. The company reported a 50.2% quarter-on-quarter increase in revenues as a result of positive seasonality effects and growing occupancy in the spring holiday and summer period.

In the second quarter of 2013, Intourist demonstrated strong year-on-year and quarter-on-quarter OIBDA growth, mainly as a result of an increase in revenues and reduction of the company's expenses, achieved by outsourcing of certain functions.

The number of rooms owned, managed and rented in the reporting quarter remained at the level of the first quarter of 2013.

Medsy

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
Revenues	72.4	46.9	54.5%	74.8	(3.1%)
OIBDA	5.2	5.6	(6.9%)	10.0	(48.1%)
Operating income	3.3	2.1	(54.8%)	5.0	(33.1%)
Net (loss)/ income attributable to Sistema	(0.3)	(0.9)	-	0.6	-

In the second quarter of 2013, Medsi's revenues increased by 54.5% year-on-year, as a result of integrating its assets with the Medical Centre for the Mayor and Government of Moscow (SUE), as well as an increase in number of visits and the average bill. Revenue fell by 3.1% quarter-on-quarter mainly due to rouble depreciation against the US dollar. The company's OIBDA decreased year-on-year and quarter-on-quarter, largely due to the costs associated with the increased number of fixed payment contracts in the newly acquired in-patient facilities.

In the reporting quarter, the number of patient visits and services provided increased by 19.0% and by 53.0% year-on-year, respectively, as a result of the integration with SUE assets. The average bill in rouble terms grew by 32.0% year-on-year to RUB 1,560, following an increase in market prices for medical services and the development of a hospital care segment.

As of June 30, 2013, Medsi's network consisted of 30 medical clinics, 3 hospitals and 79 first aid stations with the total floor space of healthcare facilities exceeding 173,000 sq.m.

In May 2013, Alexei Chupin was appointed President of the Medsi Group of companies.

CORPORATE

<i>(US\$ millions)</i>	2Q 2013	2Q 2012	Year-on-Year Change	1Q 2013	Quarter-on- Quarter Change
OIBDA ⁹	(30.1)	(31.6)	-	(33.8)	-
Net (loss)/income	(149.6)	106.4	-	(68.6)	-
Indebtedness	1,746.8	1,640.0	6.5%	1,789.5	(2.4%)

The Corporate segment comprises the companies that control and manage the Company's interests in its subsidiaries.

The dividends declared by Sistema's subsidiaries in the second quarter 2013, which are assigned to the Corporate and Other category, amounted to US\$ 588.6 million.

The Corporate segment's SG&A decreased quarter-on-quarter by 9.6% to US\$ 33.9 million.

In June 2013, the AGM of Sistema's shareholders approved the payment of annual dividends of RUB 0.96 per ordinary share for the twelve months ended December 31, 2012, amounting to a total of RUB 9.264 billion. The dividends were paid in August 2013.

In June 2013, Sistema signed two binding Sale Purchase Agreements with Bradinor Holdings Limited ("Bradinor") and Cromeld Management Limited ("Cromeld") for the sale by the Company of 25% and 24% stakes in OJSC Oil and Gas Company RussNeft, respectively, for US\$ 1.2 billion. The sale was completed in July 2013.

In May 2013, the Board approved the following new appointments to Sistema's Management Board with effect from June 1, 2013: Vsevolod Rozanov as Senior Vice-President and Chief Financial Officer; Alexey Buyanov as First Vice-President, Portfolio Manager and Alexey Chupin as Vice-President, Portfolio Manager.

In May 2013, in line with the Company's Long-Term Incentive Programme, approximately 0.3% of ordinary shares of Sistema's charter capital was granted to certain members of Sistema's management and its Board of Directors.

In April 2013, Sistema completed another stage of the planned reorganisation and strategic integration of its transportation assets – SG-trans and Financial Alliance LLC. At this stage of the reorganisation, Sistema sold 70% of its shares in SG-trans to Financial Alliance for RUB 12.0 billion. The price of the deal is based on the valuation of SG-trans, excluding SG-trading.

⁹ Here and further, OIBDA and net income (loss) of the Corporate & Other category are shown without an effect of intragroup dividends.

FINANCIAL REVIEW

Net cash provided by operations decreased by 17.7% year-on-year and increased by 17.3% quarter-on-quarter to US\$ 1,385.2 million.

Net cash used in investing activities totalled US\$ 878.3 million in the reporting quarter, compared to US\$ 1,680.8 million in the corresponding period of 2012. The Group's capital expenditure decreased year-on-year by 21.6% to US\$ 805.2 million due to reduced CAPEX at MTS.

The Group received US\$ 389.0 million from sale of SG-Trans, net of cash disposed, including US\$ 338.0 million from the sale of 70% of SG-trans to Financial Alliance and US\$ 51.1 million from the sale of 15% of SG-trans to Unirail as an advance payment. The Group also spent US\$ 525.0 million on increasing banking assets and US\$ 496.8 million on increasing short-term investments and investments in affiliates, whereas proceeds from sale of short-term investments totalled US\$ 484.2 million.

Net cash inflow from financing activities more than doubled year-on-year and amounted to US\$ 474.8 million. The Group's proceeds from borrowings in the reporting quarter totalled US\$ 1,012.1 million, whereas the principal payments on long-term and short-term borrowings amounted to US\$ 1,188.6 million. The Group also received US\$ 683.0 million from the decrease in banking liabilities.

The Group's cash balances of continuing operations nearly doubled year-on-year to US\$ 2,056.7 million as of June 30, 2013 (excluding an amount of US\$ 1,809.2 million which comprises the Group's banking activities).

The Group's net debt (short-term and long-term debt less cash and cash equivalents and highly liquid deposits) decreased by 2.9% year-on-year to US\$ 12,716.5 million as of June 30, 2013.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

MTS

In August 2013, the Uzbek authorities, having failed to dispose of the assets of Uzdunrobita, MTS's wholly owned subsidiary in Uzbekistan, by way of two rounds of auctions, have reached out directly to Uzdunrobita creditors offering to purchase Uzdunrobita's assets. MTS understands that the liquidation administrator has now proposed that the creditors of Uzdunrobita purchase these assets. Should this proposal not succeed, the liquidation administrator may transfer all of Uzdunrobita's assets to the local authorities. The Uzbek operation is presented as discontinued in the reporting quarter, with all Uzdunrobita assets fully provided, and corresponding losses recognized, in the income statement for 2012.

In August 2013, MTS' Board of Directors set the date for the company's the EGM for September 30, 2013. The Board also recommended that the EGM approves semi-annual dividends of RUB 5.22 per ordinary MTS share (RUB 10.44 per ADR) amounting to a total of RUB 10.8 billion on the basis of the company's first half of 2013 financial and operating results.

In July 2013, MTS and Nokia Siemens Networks ("NSN"), one of the world's largest suppliers of telecommunications equipment, announced an agreement to jointly develop telecommunications infrastructure and build 4G networks in the Moscow region and Russia's Central Federal District.

Bashneft

In August 2013, Bashneft's EGM approved the sale of a 98% stake in United Petrochemical Company to Sistema for RUB 6.2 billion. The transaction value was determined based on an independent appraisal made by one of the Big Four audit firms. The transaction forming part of Bashneft's strategy for divesting its non-core assets, is expected to be completed before the end of the third quarter of 2013.

Corporate

In July 2013, Sistema completed the sale of a 49% stake in OJSC Oil and Gas Company RussNeft, for a total cash consideration of US\$ 1.2 billion.

In July 2013, Sistema completed another stage in the reorganisation of the Group's transportation assets under the SG-trans brand: Sistema sold a 15% stake in SG-trans to Unirail Holdings Limited for RUB 2.5 billion.

In July 2013, in line with the remuneration structure for the members of Sistema's Board of Directors, shareholdings in the Company of six members have been increased by 121,010 shares and by 115,691 shares for each of five other board members (three of whom received shares for the first time). Each allocation represents approximately 0.0013% of the 9,650,000,000 total shares issued. Based on the closing GDR price on the London Stock Exchange as of July 11, 2013 of US\$ 20.65 per GDR, this equates to an indicative value of approximately US\$ 1.347 million.

In July 2013, Sistema's Detsky mir-Centre, through its wholly owned subsidiary signed an agreement with Sberbank of Russia to buy back a 25% + 1 share stake in Detsky mir for RUB 4.5 billion. This transaction was financed by Detsky mir's own resources and debt. As a result of this transaction, Sistema now owns (directly and indirectly) 100% of Detsky mir.

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

Investor Relations
Evgeniy Chuikov
Tel: +7 (495) 692 11 00
ir@sistema.ru

Public Relations
Ekaterina Tsukanova
Tel.:+7 (495) 228 1536
pr@sistema.ru

Sistema is the largest publicly-traded diversified holding company in Russia and the CIS, which invests in and is a major shareholder of companies serving over 100 million customers in the sectors of telecommunications, high technology, oil and energy, radars and aerospace, banking, retail, mass-media, tourism and healthcare services. Founded in 1993, the Company reported revenues of US\$ 8.5 billion for the second quarter of 2013, and total assets of US\$ 44.4 billion as at June 30, 2013. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the symbol "AFKS" on the MICEX-RTS Stock Exchange. Sistema was ranked number 315 in the 2011 edition of the Fortune Global 500 list. Website: www.sistema.com

The Company is not an investment company, and is not and will not be registered as such, under the U.S. Investment Company Act of 1940.

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 SIX AND THREE MONTHS ENDED JUNE 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars, except per share amounts)

	Six months ended		Three months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Sales	\$ 16,426,551	\$ 15,426,582	\$ 8,284,536	\$ 7,779,758
Revenue from banking activities	391,682	311,837	188,162	161,413
TOTAL REVENUES	16,818,233	15,738,419	8,472,698	7,941,171
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(6,323,239)	(5,966,040)	(3,163,336)	(2,876,217)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(264,201)	(169,421)	(121,834)	(94,186)
Selling, general and administrative expenses	(2,121,022)	(1,891,831)	(1,056,145)	(949,179)
Depreciation, depletion and amortization	(1,618,463)	(1,539,590)	(805,068)	(759,789)
Transportation costs	(461,393)	(387,077)	(239,129)	(207,461)
Impairment of long-lived assets other than goodwill and provisions for other assets	(53,767)	(88,836)	(37,579)	(23,906)
Taxes other than income tax	(3,448,711)	(3,262,399)	(1,721,023)	(1,758,176)
Other operating expenses, net	(86,062)	(13,449)	(38,165)	(34,382)
Equity in results of affiliates	41,057	(38,234)	34,711	(50,190)
Gain on Bitel resolution	346,100	-	346,100	-
OPERATING INCOME	2,828,532	2,381,542	1,671,230	1,187,685
Interest income	122,975	149,057	71,318	74,869
Change in fair value of derivative instruments	(1,315)	(1,218)	(665)	(616)
Interest expense, net of amounts capitalized	(643,255)	(703,493)	(317,406)	(352,858)
Foreign currency losses	(205,076)	(1,132)	(175,069)	(152,700)
Income from continuing operations before income tax	2,101,861	1,824,756	1,249,408	756,380
Income tax expense	(545,334)	(519,906)	(304,981)	(204,533)
Income from continuing operations	1,556,527	1,304,850	944,427	551,847
Loss from discontinued operations, net of income tax effect	(8,588)	(999,191)	(4,513)	(1,019,554)
NET INCOME	\$ 1,547,939	\$ 305,659	\$ 939,914	\$ (467,707)
Noncontrolling interest	(670,262)	(86,959)	(412,061)	304,948
NET INCOME attributable to Sistema JSFC	\$ 877,677	\$ 218,700	\$ 527,853	\$ (162,759)
Income per share, basic and diluted, U.S. cent	9.52	2.34	5.72	(1.74)

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 AND DECEMBER 31, 2012
(Amounts in thousands of U.S. dollars, except share amounts)

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,056,725	\$ 1,859,217
Short-term investments	1,540,742	1,214,869
Assets from banking activities, current portion (including cash and cash equivalents of \$1,809,224 and \$769,411)	4,794,047	4,342,984
Accounts receivable, net	2,459,774	2,261,159
VAT receivable	551,089	610,975
Inventories and spare parts	1,893,062	1,812,776
Deferred tax assets, current portion	357,408	348,773
Assets related to discontinued operations	82,598	476,681
Other current assets	1,900,033	1,673,010
Total current assets	<u>15,635,478</u>	<u>14,600,444</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,118,680	20,843,125
Advance payments for non-current assets	210,447	230,773
Goodwill	1,602,044	1,753,233
Other intangible assets, net	2,404,267	2,149,983
Investments in affiliates	1,845,902	1,482,721
Assets from banking activities, net of current portion	2,297,127	2,255,709
Debt issuance costs, net	95,534	155,895
Deferred tax assets, net of current portion	342,028	314,210
Long-term investments	250,339	269,180
Other non-current assets	606,307	599,135
Total non-current assets	<u>28,772,675</u>	<u>30,053,964</u>
TOTAL ASSETS	<u>\$ 44,408,153</u>	<u>\$ 44,654,408</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 AND DECEMBER 31, 2012 (CONTINUED)
(Amounts in thousands of U.S. dollars, except share amounts)

	June 30, 2013	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,592,986	\$ 2,470,565
Liabilities from banking activities, current portion	4,568,725	4,131,390
Taxes payable	749,310	763,301
Deferred tax liabilities, current portion	226,661	139,842
Subscriber prepayments, current portion	508,366	606,856
Accrued expenses and other current liabilities	3,214,452	2,633,032
Short-term loans payable	319,438	292,260
Current portion of long-term debt	2,686,969	2,862,264
Liabilities related to discontinued operations	59,678	444,487
Total current liabilities	<u>14,926,585</u>	<u>14,343,997</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	11,931,733	12,447,374
Subscriber prepayments, net of current portion	100,357	112,805
Liabilities from banking activities, net of current portion	613,752	1,057,072
Deferred tax liabilities, net of current portion	1,981,173	2,005,990
Asset retirement obligation	226,543	228,627
Postretirement benefits obligation	80,649	89,038
Property, plant and equipment contributions	77,267	88,380
Other long-term liabilities	621,443	250,599
Total long-term liabilities	<u>15,632,917</u>	<u>16,279,885</u>
TOTAL LIABILITIES	<u>30,559,502</u>	<u>30,623,882</u>
Commitments and contingencies	-	-
Redeemable non-controlling interests	<u>747,661</u>	<u>731,661</u>
SHAREHOLDERS' EQUITY:		
Share capital (9,650,000,000 shares issued; 9,234,619,148 and 9,209,574,962 shares outstanding with par value of 0.09 Russian Rubles, respectively)	30,057	30,057
Treasury stock (415,380,852 and 440,425,038 shares with par value of 0.09 Russian Rubles, respectively)	(472,525)	(501,109)
Additional paid-in capital	2,783,461	2,882,819
Retained earnings	7,651,375	7,111,088
Accumulated other comprehensive loss	(1,018,185)	(325,571)
Total Sistema JSFC shareholders' equity	<u>8,974,183</u>	<u>9,197,284</u>
Non-redeemable noncontrolling interests	4,126,807	4,101,581
TOTAL EQUITY	<u>13,100,990</u>	<u>13,298,865</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 44,408,153</u>	<u>\$ 44,654,408</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars)

	Six months ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,547,939	\$ 305,659
Loss from discontinued operations	8,588	999,191
Income from continuing operations	1,556,527	1,304,850
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization	1,618,463	1,539,590
Equity in net income of investees	(41,057)	38,234
Deferred income tax expense/(benefit)	235,027	(40,762)
Foreign currency transactions losses	205,076	1,132
Gain on Bitel resolution, net of cash received of \$125,000	(221,100)	-
Impairment of long-lived assets other than goodwill and provisions for other assets	53,767	88,836
Loss on disposal of property, plant and equipment	6,669	13,115
Amortization of connection fees	(15,438)	(14,565)
Allowance for loan losses	133,426	30,689
Dividends received from affiliates	29,884	24,972
Non-cash compensation to employees	11,014	-
Other non-cash items	64,314	31,829
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	(182,261)	11,088
Accounts receivable	(472,218)	(399,576)
VAT receivable	37,402	141,827
Inventories and spare parts	(329,121)	54,314
Other current assets	(233,167)	(170,257)
Accounts payable	74,300	68,125
Subscriber prepayments	(49,935)	(74,498)
Taxes payable	46,699	88,551
Accrued expenses and other liabilities	54,717	(9,844)
Net cash provided by operating activities of continuing operations	2,582,988	2,727,650
Net cash (used in) / provided by operating activities of discontinued operations	(17,288)	205,870
Net cash provided by operating activities	\$ 2,565,700	\$ 2,933,520

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (CONTINUED)
(Amounts in thousands of U.S. dollars)

	Six months ended June 30,	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	\$ (1,283,727)	\$ (1,618,046)
Payments for purchases of intangible assets	(202,447)	(158,542)
Proceeds from/(payments for) purchases of businesses, including/(net of) cash acquired	42,188	(60,541)
Purchase of investments in affiliated companies	(304,388)	-
Payments for purchases of long-term investments	(27,011)	(397,274)
Payments for purchases of short-term investments	(839,090)	(1,997,819)
Payments for purchases of other non-current assets	(7,568)	(162,396)
(Increase) /decrease in restricted cash	(15,049)	37,863
Cash disposed on loss of control of the subsidiary less consideration received	-	(49,238)
Proceeds from sale of subsidiaries, net of cash disposed	389,011	-
Proceeds from sale of property, plant and equipment	46,874	24,889
Proceeds from sale of long-term investments	-	192,223
Proceeds from sale of other non-current assets	1,863	18,919
Proceeds from sale of short-term investments	676,507	235,341
Net decrease/(increase) in loans to customers of the banking division	54,740	(629,628)
Net cash used in investing activities	<u>(1,468,097)</u>	<u>(4,564,249)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	25,205	54,664
Net increase in deposits from customers of the banking division	371,897	531,211
Proceeds from sale of treasury stock	-	73,083
Proceeds from long-term borrowings	2,326,315	1,748,403
Debt issuance costs	(4,690)	(10,860)
Principal payments on long-term borrowings	(2,482,583)	(2,154,881)
Acquisition of non-controlling interests in existing subsidiaries	(27,073)	(627,108)
Proceeds from capital transactions with shares of existing subsidiaries	8,623	73,987
Purchases of treasury shares	-	(33,352)
Net cash provided by / (used in) financing activities	<u>217,694</u>	<u>(344,853)</u>
Effect of foreign currency translation on cash and cash equivalents	<u>(77,294)</u>	<u>(54,953)</u>
Net increase/(decrease) in cash and cash equivalents	1,238,003	(2,030,535)
Cash and cash equivalents at the beginning of the period (including cash of discontinued operations)	2,629,544	4,320,423
Cash and cash equivalents at the end of the period (including cash of discontinued operations)	3,867,547	2,289,888
Cash and cash equivalents of discontinued operations at the end of the period	(1,598)	(271,379)
Cash and cash equivalents of continuing operations at end of the period *	<u>\$ 3,865,949</u>	<u>\$ 2,018,509</u>
CASH PAID DURING THE PERIOD FOR:		
Interest paid, net of amounts capitalized	\$ (650,300)	\$ (700,043)
Income taxes paid	(286,146)	(562,554)
* Cash and cash equivalents at the end of the period comprised of the following:		
<i>Non-banking activities</i>	\$ 2,056,725	\$ 1,133,291
1. <i>Banking activities</i>	<u>1,809,224</u>	<u>885,218</u>
	<u>\$ 3,865,949</u>	<u>\$ 2,018,509</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars)

For the six months ended June 30, 2013	<u>MTS</u>	<u>Bashneft</u>	<u>SSTL</u>	<u>MTS Bank</u>	<u>RTI</u>	<u>Corporate</u>	<u>Total reportable segments</u>	<u>Other</u>	<u>Total</u>
Net sales to external customers ^(a)	6,125,868	8,394,627	116,868	391,682	750,035	22,037	15,801,117	1,017,116	16,818,233
Intersegment sales	9,638	3,483	-	17,908	235,189	19,040	285,258	73,659	358,917
Equity in results of affiliates	22,495	4,602	-	-	(4,406)	-	22,691	9,640	32,331
Net interest expense ^(b)	-	-	-	(29,551)	-	-	(29,551)	-	(29,551)
Depreciation, depletion and amortization	1,152,150	289,045	33,600	9,676	49,421	7,907	1,541,799	76,664	1,618,463
Operating income/(loss)	1,898,972	1,144,162	(111,866)	(40,444)	(29,214)	(71,774)	2,789,836	58,144	2,847,980
Interest income	48,228	82,685	5,022	-	16,993	43,393	196,321	7,047	203,368
Interest expense	273,370	156,786	68,246	-	68,374	80,046	646,822	56,958	703,780
Income tax expense/(benefit)	2. 323,787	239,367	-	(8,224)	(16,327)	3. 2,114	540,717	4,617	545,334
Segment assets	16,012,426	14,756,183	917,573	7,520,115	3,569,388	3,203,095	45,978,780	3,986,727	49,965,507
Indebtedness ^(c)	7,531,759	3,223,608	692,743	-	1,441,156	1,746,834	14,636,100	302,040	14,938,140
Capital expenditures ^(d)	841,282	460,413	9,575	11,991	46,219	68,224	1,437,704	48,470	1,486,174

For the six months ended June 30, 2012	<u>MTS</u>	<u>Bashneft</u>	<u>SSTL</u>	<u>MTS Bank</u>	<u>RTI</u>	<u>Corporate</u>	<u>Total reportable segments</u>	<u>Other</u>	<u>Total</u>
Net sales to external customers ^(a)	5,884,218	7,998,686	158,131	311,837	601,645	18,828	4. 14,973,345	765,074	15,738,419
Intersegment sales	3,266	5,666	-	15,356	241,273	15,906	5. 281,467	15,489	296,956
Equity in results of affiliates	9,729	(42,225)	-	-	(2,751)	-	(35,247)	(5,076)	(40,323)
Net interest expense ^(b)	-	-	-	(3,656)	-	-	(3,656)	-	(3,656)
Depreciation, depletion and amortization	1,069,122	306,250	36,008	9,562	43,534	5,500	1,469,976	69,614	1,539,590
Operating income/(loss)	1,433,558	1,233,148	(191,851)	(4,243)	(15,552)	(66,694)	2,388,366	3,564	2,391,930
Interest income	58,655	90,710	4,224	-	4,254	64,451	222,294	60,936	283,230
Interest expense	309,299	176,185	88,073	-	35,000	78,449	687,006	54,257	741,263
Income tax expense/(benefit)	6. 230,784	277,646	-	559	4,794	(3,478)	510,305	9,601	519,906
Segment assets	15,098,554	14,321,568	866,396	7,028,732	2,062,221	4,338,747	43,716,218	4,383,152	48,099,370
Indebtedness ^(c)	7,292,959	3,881,451	1,402,713	-	1,046,447	1,639,995	15,263,565	327,643	15,591,208
Capital expenditures ^(d)	1,124,127	440,122	29,790	14,980	58,847	11,651	1,679,517	97,071	1,776,588

(a) Interest income and expenses of the MTS Bank are presented as revenues from financial services and cost of financial services, correspondingly, in the Group's consolidated financial statements.

(b) Represents the net interest result of banking activities. In reviewing the performance of MTS Bank, the chief operating decision maker reviews the net interest result, rather than the gross interest amounts.

(c) Represents the sum of short-term and long-term debt.

(d) Represents purchases of property, plant and equipment and intangible assets.

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 businesses 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. OIBDA can be reconciled to our consolidated statements of operations as follows:

Operating income and OIBDA reconciliation

	2Q 2013	2Q 2012	1Q 2013
Operating Income	1,671.2	1,187.7	1,157.3
<i>One off items</i>	<i>346.1</i>	-	-
Adjusted operating income	1,325.1	1,187.7	1,157.3
<i>Depreciation, depletion and amortization</i>	<i>805.1</i>	<i>759.8</i>	<i>813.4</i>
Adjusted OIBDA	2,130.2	1,974.5	1,970.7

Net income reconciliation

	2Q 2013	2Q 2012	1Q 2013
Net income/ (loss)	527.9	(162.8)	349.8
<i>One off items</i>	<i>182.8</i>	<i>538.4</i>	-
Adjusted net income	345.1	375.6	349.8