FOR IMMEDIATE RELEASE September 10, 2010

SITRONICS ANNOUNCES UNAUDITED SECOND QUARTER AND FIRST SIX MONTHS 2010 FINANCIAL RESULTS

MOSCOW, Russia – September 10, 2010 – JSC SITRONICS ('SITRONICS' or 'the Group') (LSE: SITR), the leading provider of technology solutions in Russia and the CIS, today announced its unaudited consolidated US GAAP financial results for the second quarter and six months ended June 30, 2010.

SECOND QUARTER HIGHLIGHTS

- Consolidated revenues up 8% year on year to US$ 268.1 million
- Information Technologies revenues up 36% year on year to US$ 62.8 million; Microelectronics revenues up 8% year on year to US$ 61.3 million; and Telecommunication Solutions revenues down 6% year on year to US$ 132.7 million
- OIBDA* up 24% year on year to US$ 26.0 million, with an increased margin of 9.7% and OIBDA profits for all three business segments
- Net loss attributable to SITRONICS of US$ 30.4 million
- Total assets of US$ 1,788.1 million
- US$ 231.9 million of contracts secured since the announcement of first quarter financial results on June 2, 2010

SIX MONTH HIGHLIGHTS

- Consolidated revenues up 14% year on year to US$ 458.9 million
- Information Technologies revenues up 47% year on year to US$ 96.3 million; Microelectronics revenues up 23% year on year to US$ 105.9 million; and Telecommunication Solutions revenues down 2% year on year to US$ 240.2 million
- OIBDA up 136% year on year to US$ 33.3 million, with an increased margin of 7.3% and OIBDA profits for all three business segments
- 17% year on year reduction in net loss attributable to SITRONICS to US$ 55.4 million

Sergey Aslanian, President of SITRONICS, commented: "We have continued to generate healthy year on year sales growth and delivered increased OIBDA profits and margins in the second quarter and for the first half of the year. Our contracted revenue pipeline now amounts to approximately US$ 500 million for the second half of this year".

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* Here and below, OIBDA is defined as operating income before depreciation and amortization. Please see Attachment A to this statement for further information.

"Our results demonstrate the further steps that we have taken to implement our three year strategic development plan. We have strengthened our relationships with current public and private sector clients including MTS, Svyazinvest, Sberbank and Russian Railways. We have also won contracts with new clients such as Barclays Bank, Norilsk Nickel and Rusal. Our joint venture project with RUSNANO to develop our 90 nanometer manufacturing capability is proceeding according to plan and we expect to produce the first samples by the end of this year. Innovation development is a strategic priority for both companies and government organizations, and we are working closely with our international technology partners to deliver the highest quality products and services to our customers."

FINANCIAL SUMMARY

(US$ millions)	**Q2 2010**	Q2 2009	**6M 2010**	6M 2009
Revenues	**268.1**	247.1	**458.9**	404.0
OIBDA	**26.0**	21.0	**33.3**	14.1
OIBDA margin	**9.7%**	8.5%	**7.3%**	3.5%
Net income/(loss) from continuing operations	**(33.5)**	3.3	**(61.8)**	(42.3)
Net loss from discontinued operations	**-**	(27.6)	**-**	(26.2)
Net loss attributable to SITRONICS	**(30.4)**	(26.6)	**(55.4)**	(66.9)
Total assets	**1,788.1**	1,844.8	**1,788.1**	1,844.8

OPERATING REVIEW

Group Overview

The Group generated 8% year on year revenue growth in consolidated revenues in the second quarter and 14% revenue growth for the year to date, which was driven by significant year on year sales growth in the Information Technologies and Microelectronics segments, as well as the strengthening of some of the Group's operating currencies against its US dollar reporting currency.

The Group has now won US$ 231.9 million of new contracts since the announcement of its first quarter financial results on June 2, 2010.

Total Group operating expenses, excluding depreciation and amortization charges, were down 6% year on year in the second quarter and down 8% for the first six months of the year. Selling, general and administrative expenses, net of stock option expenses and provisions, were down 2% year on year in the second quarter and up 3% for the year to date. This also reflected the adverse effect of year on year currency exchange rate movements between some of the Group's operating currencies and its US dollar reporting currency. Research and development expenses were down 15% year on year in the quarter and were stable for the year to date.

The Group therefore reported a 24% year on year increase in OIBDA in the second quarter to US$ 26.0 million and a 136% increase for the year to date to US$ 33.3 million. The Group OIBDA margin therefore increased year on year to 9.7% in the quarter and 7.3% for the first half of the year.

Group depreciation and amortization charges increased year on year from US$ 12.7 million to US$ 31.9 million in the quarter, and from US$ 25.4 million to US$ 55.6 million for the first six months of the year. The increases primarily reflected the depreciation of 180 nanometer equipment in the Microelectronics segment, the accelerated amortization of intangible assets recognized during the acquisition of the remaining 49% of SITRONICS IT, and the depreciation of newly acquired and developed software in the Telecommunication Solutions segment.

Group net interest expenses increased year on year from US$ 13.5 million to US$ 17.9 million in the quarter and from US$ 24.3 million to US$ 35.9 million for the year to date. The increases were due to currency effects and increase in Group borrowing levels.

The Group reported foreign exchange losses of US$ 10.8 million in the quarter and US$ 0.1 million for the year to date, which compared to a foreign exchange gain of US$ 14.4 million and a loss of US$ 5.1 million for the corresponding periods of 2009. The losses in the current year primarily reflected the difference in the value of the Group's US dollar denominated borrowings between the balance sheet dates.

The Group therefore reported a 14% year on year increase in the net loss attributable to SITRONICS in the second quarter and 17% reduction for the first six months of the year. The Group's 2009 results included the impact of the discontinued businesses that were sold in April 2009. The Group reported net losses from discontinued businesses of US$ 27.6 million in the second quarter of 2009 and US$ 26.2 million for the first six months of 2009.

Segmental Review

SITRONICS Telecommunication Solutions

(US$ millions)	**Q2 2010**	Q2 2009	**6M 2010**	6M 2009
Revenues	**132.7**	140.6	**240.2**	246.2
OIBDA	**18.0**	4.8	**24.5**	3.7
OIBDA margin	**13.5%**	3.4%	**10.2%**	1.5%
Net loss	**(4.9)**	(6.3)	**(10.4)**	(21.8)
Total assets	**751.9**	943.0	**751.9**	943.0

Segment revenues were down 6% year on year in the second quarter and 2% for the first six months of the year, which reflected the high year on year comparisons and ongoing impact of the postponement of certain client projects. Operating expenses were reduced year on year and the segment reported a more than tripling of OIBDA year on year in the quarter and a six fold increase for the first half of the year, with substantially increased OIBDA margins of 13.5% and 10.2% for the two corresponding periods.

The segment businesses have secured US$ 71.6 million of new contracts since the announcement of the Group's first quarter financial results on June 2, 2010.

Sales of wireless network systems accounted for 25% of segment revenues in the second quarter and 24% for the year to date, whilst sales of telecommunications software including OSS/BSS solutions accounted for 31% and 28% of revenues for the two respective periods. Outsourcing and other solutions accounted for 44% of revenues in the second quarter and 48% for the year to date.

In addition to the operating developments described in the first quarter results announced in June, Intracom Telecom signed new 12 month contracts with Moldtelecom (Moldavia's incumbent telecoms operator) in April to deliver its iBAS Multi-Service Access Node solution platform and in May to provide after sales support for telecom equipment (iBAS, radio links and SDH equipment). New contracts were also secured with Telecom Serbia in May to deliver IPTV equipment during 2010; with DiscoveryTel Ghana (a licensed data services provider) in June for the deployment of the first mobile WiMAX network in Ghana during 2010; and with Rolaware (a dynamic provider of broadband services in Greece) in July to supply its WiBAS Point-to-Multipoint systems over a three years period. SITRONICS Telecom Solutions also secured a contract with VolgaTelecom (one of the Svyazinvest regional telecoms businesses) to deliver MEDIO telecommunications equipment during 2010. SITRONICS has also completed the first stage of the three year project to deliver and install **PDSN** equipment (data transfer in CDMA networks) for MTS India. In July, the Group implemented a Fixed Mobile Convergence solution for MTS

Ukraine, together with Nokia Siemens Networks. The solution provides the basis for a broader implementation of 3G, LTE and Voice over IP services.

SITRONICS Information Technologies

(US$ millions)	**Q2 2010**	Q2 2009	**6M 2010**	6M 2009
Revenues	**62.8**	46.2	**96.3**	65.6
OIBDA	**4.6**	11.4	**5.4**	8.9
OIBDA margin	**7.3%**	24.6%	**5.6%**	13.6%
Net income/(loss) from continuing operations	**0.8**	8.6	**(0.9)**	5.9
Net loss from discontinued operations	**-**	(27.6)	**-**	(26.2)
Net income/(loss)	**0.8**	(19.0)	**(0.9)**	(20.3)
Total assets	**268.7**	266.1	**268.7**	266.1

Segment revenues were up 36% year on year in the second quarter and 47% for the year to date, which reflected the year on year improvement in the operating environment and further market share gains. The segment was OIBDA profitable for both the quarter and the year to date, with margins of 7.3% and 5.6% for the two respective periods.

The segment businesses have secured US$ 62.6 million of new contracts since the announcement of the Group's first quarter financial results on June 2, 2010.

SITRONICS Information Technologies is one of the leading IT companies in Russia and the CIS. IT Infrastructure and System Integration sales accounted for 25% of second quarter and 32% of half year revenues, while sales of Telecommunications Integration solutions contributed 66% and 57% of revenues for the two respective periods. Sales of Business Consulting and IT Outsourcing solutions represented 9% of revenues in the quarter and 11% for the year to date.

In addition to the operating developments described in the first quarter results announced in June, SITRONICS created a development and testing centre for banking solutions in June that has already been used by Ukrsotsbank (one of Ukraine's largest universal full service banks), and signed new contracts to deliver IT equipment and modernise IT the infrastructure for VTB Ukraine and Renaissance Insurance in Russia during 2010. Similar contracts have been secured with Rusal and Norilsk Nickel. A Fixed Mobile Convergence solution was implemented in July for MTS Ukraine, and a new three year contract was signed with Prominvestbank (the Ukrainian subsidiary of Vnesheconombank) to implement the Oracle FLEXCUBE universal banking solution. Following the successful completion of the e-government project in the Republic Bashkortostan, SITRONICS won a new contract to implement its ‘multiservice information educational environment’ solution for the Bashkirian Ministry of Education, and commenced a new e-government project in the Republic of Mordovia. SITRONICS also announced the initiation in August of a project to implement SAP solutions for Bashneft as part of a three year programme to improve the business processes of the company. SITRONICS is also participating in a joint project with the Russian Government’s atomic energy corporation Rusatom to create a supercomputing outsourcing centre in the Sarov technology park.

SITRONICS Microelectronics

(US$ millions)	**Q2 2010**	Q2 2009	**6M 2010**	6M 2009
Revenues	**61.3**	57.0	**105.9**	86.1
OIBDA	**8.6**	12.5	**14.5**	16.4
OIBDA margin	**14.0%**	21.9%	**13.7%**	19.1%
Net loss	**(9.5)**	(0.1)	**(21.5)**	(5.8)
Total assets	**714.8**	532.7	**714.8**	532.7

Revenues were up 8% year on year in the second quarter and up 23% for the first six months of 2010, which also reflected the year on year improvement in the operating environment and further market share gains. The segment was OIBDA profitable for both the quarter and the year to date, with margins of 14.0% and 13.7% for the two respective periods.

The segment businesses have secured US$ 97.7 million of new contracts since the announcement of the Group’s first quarter financial results on June 2, 2010.

SITRONICS Microelectronics is the market leader in Russia in each of its market sectors, including the production of smart cards and RFID products, and is the number one semiconductor manufacturer in Russia and the CIS. 31% of second quarter segment revenues and 34% of revenues for the year to date were generated from the sale of integrated circuits, while 31% and 30% of sales were generated from the sale of RFID products in the respective periods. Smart card sales contributed 24% of second quarter revenues and 27% of revenues for the year to date, and commissioned R&D projects accounted for the remaining 15% and 9% of revenues for the two respective periods.

The RUSNANO joint venture project is proceeding according to plan, and agreements are now being concluded with suppliers to ensure that the first 90 nanometer samples can be produced by the end of the year.

In addition to the operating developments described in the first quarter results announced in June 2010, SITRONICS signed a framework agreement with Barclays Bank in May to deliver magnetic strip and chip banking cards in Russia, which follows similar contracts with Sberbank and VTB24. A new contract was signed in August with Aeroexpress (a subsidiary of Russian Railways) to deliver RFID tickets for use on the railway connections to Moscow's airports. SITRONICS also won a tender in August 2010 to outsource the personalization of magnetic banking cards for Sberbank of Russia.

FINANCIAL POSITION

Net cash used in operating activities amounted to US$ 23.0 million for the first six months of the year, compared to US$ 39.2 million of cash generated by operating activities during the same period of 2009.

Net cash used in investing activities totalled US$ 36.1 million for the half year period and included US$ 38.0 million of cash capital expenditure. This compared to US$ 69.2 million of total cash used in invesing activities and US$ 51.5 million of cash capital expenditure in the first half of 2009.

Net cash provided by financing activities amounted to US$ 69.8 million for the half year, compared to US$ 79.1 million in the corresponding period of 2009. SITRONICS repaid, refinanced or rescheduled US$ 91.3 million of loans during the first half of the year, which included the repayment of the Bank of Moscow bridging facility following the successful RUB 2 billion bond issue, which was placed and listed in June. SITRONICS also repaid the US$ 20.5 million debt to Deutsche Bank in August.

The Group's cash and cash equivalents therefore amounted to US$ 152.2 million at the end of the period, compared to US$ 174.9 million at the end of the second quarter of 2009 and US$ 119.7 million at the end of the first quarter of 2010.

The Group's total borrowings amounted to US$ 745.4 million at the end of the second quarter, when excluding US$ 30.6 million of Group debt to the SITRONICS-Nano joint venture company. This compared with total borrowings of US$ 809.9 million at the end of the second quarter of 2009 and US$ 756.5 million at the end of the first quarter of 2010 (again, when excluding the US$ 18.8 million Group debt to SITRONICS-Nano).

The proportion of long-term debt to total debt increased to 60% at the end of the quarter, compared to 24% at the end of the second quarter of 2009 and 54% at the end of the first quarter of 2010. Approximately 32% of the Group's debt was US dollar-denominated at the end of the period, with 26% denominated in Euros, 39% in Russian rubles and 0.2% in other currencies. The Group's weighted average cost of borrowing was 8.6% as at June 30, 2010, compared to 8.9% at the end of the second quarter of 2009 and 8.8% at the end of the first quarter of 2010.

SITRONICS therefore ended the quarter with lower net debt of US$ 623.8 million, when compared with US$ 635.0 million at the end of the second quarter of 2009 and US$ 655.6 million at the end of the first quarter of 2010.

OTHER INFORMATION

Conference call

SITRONICS management will host a conference call today at 4.00 PM Moscow local time, 1.00 PM London local time and 8.00 AM New York local time to present and discuss these results. Participants may dial the following numbers in order to access the call:

UK/ International: + 44 20 8515 2302
US: +1 480 629 9692

A replay facility will be made available for 7 days after the call. To access the replay, please dial:

UK/ International: +44 207 154 2833:
US: +1 303 590 3030

The replay access pin code is 4354992#

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SITRONICS is a leading provider of telecommunication solutions, including software, equipment and systems integration, IT solutions and microelectronic solutions in Russia and the Commonwealth of Independent States with a strong presence in Central and Eastern Europe and a growing presence in the Middle East and Africa.

SITRONICS serves over 3,500 clients, maintains offices in 30 countries and exports its products and services to more than 60 countries.

SITRONICS' key Telecommunication Solutions operations are based in Prague (Czech Republic) and Athens (Greece), while the company's IT Solutions and Microelectronics divisions are based in Kiev (Ukraine) and Zelenograd (Russia), respectively.

SITRONICS generated revenues of US$ 458.9 million for the six months ended June 30, 2010 and had total assets of US$ 1.8 billion at the end of the period. SITRONICS is majority owned by Sistema, which is the largest public diversified corporation in Russia and the CIS.

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 expressions. These statements are only predictions and actual events or results may differ materially. We do not intend to or undertake any obligation 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, and other factors specifically related to SITRONICS and its operations.

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009
(Amounts in thousands of U.S. dollars)

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 152,156	$ 161,864
Short-term investments	2,126	2,315
Trade receivables, net	391,352	406,388
Other receivables and prepaid expenses, net	104,228	100,269
Inventories, net	143,577	154,790
Restricted cash	89	1,116
Deferred tax assets, current portion	28,408	30,868
Total current assets	**821,936**	**857,610**
NON-CURRENT ASSETS:		
Property, plant and equipment, net	454,741	495,634
Intangible assets, net	162,275	197,319
Goodwill	86,858	86,858
Inventories, net	14,669	17,792
Long-term investments	178,271	183,721
Long-term trade receivables	35,587	58,154
Deferred tax assets, non-current portion	29,843	23,855
Other long-term assets	3,925	5,884
Total non-current assts	**966,169**	**1,069,217**
TOTAL ASSETS	**$ 1,788,105**	**$ 1,926,827**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS OF JUNE 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009
(Amounts in thousands of U.S. dollars, except share amounts or if otherwise stated)

	June 30, 2010	December 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade accounts payable	$ 238,864	$ 269,504
Taxes payable	31,364	34,466
Accrued expenses and other current liabilities	116,480	136,479
Short-term loans and notes payable	180,638	193,959
Current portion of long-term debt	127,023	135,596
Deferred tax liabilities, current portion	17,001	16,041
Total current liabilities	**711,370**	**786,045**
LONG-TERM LIABILITIES:		
Capital lease obligations	161,344	167,558
Long-term debt	468,274	416,299
Other long-term liabilities	9,938	9,937
Deferred tax liabilities, non-current portion	21,146	20,385
Total long-term liabilities	**660,702**	**614,179**
TOTAL LIABILITIES	**1,372,072**	**1,400,224**
SHAREHOLDERS' EQUITY:		
Share capital (9,547,087,190 and 9,547,087,190 shares authorized and issued as of June 30, 2010 and December 2009, respectively, with par value of 1 Russian Ruble)	335,764	335,764
Treasury stock (988,210,594 and 688,052,044 shares as of June 30, 2010 and December 2009, respectively, with par value of 1 Russian Ruble)	(56,510)	(46,158)
Shareholders receivable	-	(10,215)
Additional paid-in capital	430,717	429,774
Accumulated deficit	(397,771)	(342,342)
Accumulated other comprehensive income:	(16,032)	7,543
Foreign currency translation	(15,202)	7,211
Defined benefit pension plan	(830)	332
TOTAL EQUITY ATTRIBUTABLE TO SITRONICS SHAREHOLDERS'	**296,168**	**374,366**
Equity attributable to the non-controlling interest	119,865	152,237
TOTAL SHAREHOLDERS' EQUITY	**416,033**	**526,603**
TOTAL LIABILITIES AND EQUITY	**$ 1,788,105**	**$ 1,926,827**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE SECOND QUARTER 2010 AND SECOND QUARTER 2009
(Amounts in thousands of U.S. dollars unless otherwise stated)

		Q2 2010		Q2 2009
Revenues	$	268,092	$	247,113
Cost of sales, exclusive of depreciation and amortization shown separately below		(196,310)		(177,589)
Research and development expenses		(4,802)		(5,628)
Selling, general and administrative expenses		(40,506)		(45,691)
Depreciation and amortization		(31,876)		(12,741)
Other operating (expenses)/income, net		(518)		2,798
OPERATING (LOSS)/ INCOME		**(5,920)**		**8,262**
Interest income		2,694		4,162
Interest expense		(20,624)		(17,628)
Foreign currency transactions (losses)/gains, net		(10,845)		14,358
Other non-operating gains/(losses), net		116		(695)
(Loss)/Income from continuing operations before income tax		**(34,579)**		**8,459**
Income tax credit/(expense)		1,048		(5,121)
(LOSS)/INCOME FROM CONTINUING OPERATIONS		**(33,531)**		**3,338**
Loss from discontinued operations, net of income tax expense of $0 and $317, respectively		**-**		(1,877)
Loss from disposal of discontinued operations, net of income tax expense of $0 and $0, respectively		**-**		(25,750)
Loss from discontinued operations		**-**		(27,627)
NET LOSS	$	**(33,531)**	$	**(24,289)**
Less: net loss/(income) attributable to the non-controlling interests		3,087		(2,340)
NET LOSS ATTRIBUTABLE TO SITRONICS	**$**	**(30,444)**	**$**	**(26,629)**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Amounts in thousands of U.S. dollars unless otherwise stated

	Six months ended June 30, 2010		Six months ended June 30, 2009	
Revenues	$	458,865	$	404,043
Cost of sales exclusive of depreciation and amortization shown separately below		(334,989)		(291,653)
Research and development expenses		(11,268)		(11,243)
Selling, general and administrative expenses		(82,549)		(88,030)
Depreciation and amortization		(55,642)		(25,401)
Other operating income, net		3,281		1,001
OPERATING LOSS		**(22,302)**		**(11,283)**
Interest income		4,636		5,501
Interest expense		(40,500)		(29,768)
Foreign currency transaction losses, net		(108)		(5,055)
Other non-operating gains/(losses), net		259		(695)
Loss from continuing operations before income tax		**(58,015)**		**(41,300)**
Income tax expense		(3,816)		(1,034)
LOSS FROM CONTINUING OPERATIONS		**(61,831)**		**(42,334)**
Loss from discontinued operations, net of income tax expense of $0 and $317, respectively		**-**		(404)
Loss from disposal of discontinued operations, net of income tax expense of $0 and $0, respectively		**-**		(25,750)
Loss from discontinued operations		**-**		(26,154)
NET LOSS	$	**(61,831)**	$	**(68,488)**
Less: net loss attributable to the noncontrolling interest		6,402		1,579
NET LOSS ATTRIBUTABLE TO SITRONICS	$	**(55,429)**	$	**(66,909)**
EARNINGS PER SHARE – BASIC AND DILUTED, US cent:				
Loss from continuing operations:		(0.007)		(0.005)
Loss from discontinued operations:		-		(0.003)
Net loss		(0.007)		(0.008)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED:	$	**8,683,251,686**	$	**8,807,198,028**
AMOUNTS ATTRIBUTABLE TO SITRONICS:				
Loss from continuing operations, net of tax		(55,429)		(40,755)
Loss from discontinued operations, net of tax		-		(26,154)
NET LOSS	**$**	**(55,429)**	**$**	**(66,909)**

JSC SITRONICS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED) AND 2009 (UNAUDITED)
(Amounts in thousands of U.S. dollars)

	Six months ended June 30, 2010	2009
OPERATING ACTIVITIES:		
Net loss	$ (61,831)	$ (68,488)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	55,642	25,401
Gain on disposal of property, plant and equipment	(244)	(190)
Loss on sale of subsidiaries	-	26,155
Deferred income tax	(5,691)	(3,438)
Bad debt expense	4,759	10,869
Inventory obsolescence provision	3,208	4,699
Stock based compensation	806	3,085
Change in liability for uncertain tax positions	32	417
Unrealized foreign currency transactions	8,118	16,020
Changes in operating assets and liabilities:		
Trade receivables	(14,975)	97,529
Other receivables and prepaid expenses	(11,533)	(9,719)
Inventories	(2,114)	(5,375)
Accounts payable	9,479	(15,633)
Taxes payable	(309)	(682)
Accrued expenses and other current liabilities	(8,365)	(41,492)
Net cash (used in)/provided by operating activities	$ **(23,018)**	$ **39,158**
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(28,865)	(10,265)
Proceeds from disposal of property, plant and equipment	728	1,379
Purchases of intangible assets	(9,124)	(41,212)
Proceeds from disposal of intangible assets	-	190
Proceeds from disposal of businesses	-	1,458
Cash disposed on sale of subsidiary	-	(10,455)
Change in restricted cash	1,027	6,689
Purchases of short-term investments	(296)	(18,699)
Proceeds from sales of short-term investments	424	2,611
Purchases of long-term investments	-	(926)
Proceeds from sale of long-term investments	34	-
Net cash used in investing activities	$ **(36,072)**	$ **(69,230)**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED) AND 2009 (UNAUDITED)
(Amounts in thousands of U.S. dollars)

	Six months ended June 30, 2010	Six months ended June 30, 2009
FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	$ 85,647	$ 285,414
Principal payments on short-term borrowings	(91,284)	(200,331)
Proceeds from long-term borrowings	80,802	-
Principal payments on capital lease obligations	(1,895)	(5,827)
Acquisition of non-controlling interests in existing subsidiaries	(3,510)	-
Repurchase of common stock	-	(183)
Net cash provided by financing activities	$ 69,760	$ 79,073
Effects of exchange rate changes on cash and cash equivalents	(20,378)	253
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**$ (9,708)**	**$ 49,254**
CASH AND CASH EQUIVALENTS from continued operations, beginning of the period	$ 161,864	$ 116,720
CASH AND CASH EQUIVALENTS, from discontinued operations, beginning of the period	-	8,975
TOTAL CASH AND CASH EQUIVALENTS, beginning of the period	**161,864**	**125,695**
CASH AND CASH EQUIVALENTS from continued operations, end of the period	$ 152,156	$ 174,949
CASH AND CASH EQUIVALENTS, from discontinued operations, end of the period	-	-
CASH AND CASH EQUIVALENTS, end of the period	**$ 152,156**	**$ 174,949**
CASH PAID DURING THE YEAR FOR:		
Interest, net of amount capitalized	(31,414)	(23,027)
Income taxes	(4,062)	(4,068)
NON-CASH ITEMS:		
Equipment acquired under capital lease	-	(4,657)
Amounts due for purchase of long-lived assets	21,091	43,581
Advances for purchase of long-lived assets	(15,472)	(25,823)

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. 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. Adjusted OIBDA is defined as operating income before depreciation and amortization net of impairment losses and reserves. OIBDA can be reconciled to our consolidated statements of operations as follows:

(US$ 000's)	**Q2 2010**	Q2 2009	**6M 2010**	6M 2009
Operating Income / (Loss)	**(5,920)**	8,262	**(22,302)**	(11,283)
Depreciation and Amortization	**(31,876)**	(12,741)	**(55,642)**	(25,401)
OIBDA	**25,956**	21,003	**33,340**	14,118
Impairment losses and reserves	**3,049**	8,584	**8,411**	15,573
Adjusted OIBDA	**29,005**	29,587	**41,751**	29,691