

URALSVYAZINFORM: 1ST HALF YEAR RESULTS OF 2008 UNDER IFRS

Ekaterinburg – October 03, 2008 – 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 year of 2008 in compliance with International Accounting Standards (IAS).

- Revenue growth amounted to 15.2% compared to the 1st half year of 2007, the increase was accomplished, for and foremost, through:
 - Revenue gains in mobile services;
 - Revenue gains in new services (network services of data transmitting, telematic services as well (Internet access)).
- Revenue growth in core segments totaled:
 - mobile services – 20.5%;
 - network services of data transmission and telematic services (Internet access) – 65.3%;
 - interconnection services – 15.9%.
- OIBDA increased by 24.2% compared to the level of the 1st half year of 2007. According to the results of the 1st half year of 2008 OIBDA margin equaled 35.9% (+2,6 p.), operating margin amounting to 18.1% (-0.2 p.p.).
- Net profit rose by 39.0% and made up US\$ 70.8 mln.
- On September 01, 2008 total subscriber number totaled 9.2 mln, including 5.5 mln in GSM.
- Since September 01, 2008 the tariffs on local fixed-line connection for citizens– users of fixed-line services that chose the unlimited tariff, providing calculation of the time of local fixed-line connections is feasible, have risen by 20% in average.

Financial highlights, US\$ mln:

<i>Indicator</i>	<i>1st half year of 2008</i>	<i>1st half year of 2007</i>	<i>Change, %</i>
Revenues	837.6	727.1	+15.2%
OIBDA	300.6	242.0	+24.2%
<i>OIBDA margin</i>	35.9%	33.3%	-
Operating profit	151.8	133.1	+14.0%
<i>Operating margin</i>	18.1%	18.3%	-
Profit before income taxes	97.1	95.2	+1.9%
Net profit	70.8	50.9	+39.0%
<i>Net margin</i>	8.4%	7.0%	-
EPS	0.0018	0.0013	+38.9%

Balance sheet highlights, mln roubles:

<i>Indicator</i>	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Non-current assets	53,558	52,289
Current assets, <i>incl.:</i>	6,058	5,077
<i>Cash and cash equivalents</i>	538	705
Assets in disposal group classified as held to sell	-	10
TOTAL ASSETS	59,616	57,376
Stockholders' equity	22,111	21,527
Liabilities, <i>incl.:</i>	37,505	35,849
<i>Long-term liabilities</i>	20,119	20,021
<i>Current liabilities</i>	17,386	15,824

<i>Liabilities to be sold</i>	-	4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	59,616	57,376

Operating highlights

<i>Indicator</i>	<i>June 30, 2008</i>	<i>June 30, 2007</i>	<i>Change, %</i>
Subscriber number:			
Fixed-line connection, thousand, incl.:	3 707.3	3 680.4	+0.7%
<i>individuals</i>	3 157.8	3 152.6	+0.2%
<i>legal entities</i>	549.5	527.7	+4.1%
Mobile connection (GSM), thousand*	5 382.0	4 618.8	+16.5%
Broadband access, thousand	392.2	192.4	+103.8%

* Reference information: on 01.09.2008 users number of cellular communications amounted to 5 519.5 thousand

FINANCIAL REVIEW

Revenues

The company revenues for the 1st half year of 2008 made up US\$ 837.6 mln.

The total revenues structure for the 1st half year of 2008 is indicated below (US\$ mln):

<i>Operating revenues</i>	<i>6 months 2008</i>	<i>Specific weight</i>	<i>6 months 2007 (revise.)</i>	<i>Specific weight</i>	<i>Change, %</i>
Cellular services	271.3	32.4%	225.1	31.0%	+20.5%
Local telephone services	214.3	25.6%	201.7	27.7%	+6.2%
Interconnection services	110.0	13.1%	94.9	13.0%	+15.9%
Intrazone telephone services	106.0	12.7%	97.5	13.4%	+8.8%
Telegraph services, data transmission network and telematic services (Internet)	100.0	11.9%	60.5	8.3%	+65.3%
Radio and TV broadcasting	10.3	1.2%	9.5	1.3%	+8.3%
Assistance services	1.8	0.2%	14.1	1.9%	-87.6%
Other services (core segments)	0.5	0.1%	1.4	0.3%	-63.6%
Other revenues (from non-operating activities)	23.5	2.8%	22.4	3.1%	+4.9%
<i>Including in-rent assets</i>	14.4	1.7%	10.3	1.4%	+39.5%
Total revenues	837.6	100%	727.1	100%	+15.2%

Expenses

The company expenses for the 1st half year of 2008 equaled US\$ 685.9 mln (+15.5% compared to the 1st half years of 2007).

The total expenses structure for the 1st half year of 2008 is shown below (mln roubles):

<i>Operating expenses</i>	<i>6 months 2008</i>	<i>Specific weight</i>	<i>6 months 2007 (revised)</i>	<i>Specific weight</i>	<i>Change, %</i>
Salaries, bonuses and pension liabilities	(199.1)	29.0%	(176.9)	29.8%	+12.5%
Depreciation and amortization	(148.9)	21.7%	(108.9)	18.3%	+36.7%
Expenses from operator services	(117.1)	17.1%	(90.5)	15.2%	+29.4%
Materials, repair and maintenance, utilitiesремонт	(69.5)	10.1%	(57.8)	9.7%	+20.1%
Agency fees	(44.0)	6.4%	(46.9)	7.9%	-6.2%
Taxes except profit tax	(21.7)	3.2%	(17.2)	2.9%	+26.2%
Rent of premises	(15.1)	2.2%	(11.7)	2.0%	+29.6%
Advertisement expenses	(10.3)	1.5%	(10.2)	1.7%	+1.0%
Provision expenses for bad debt	(3.2)	0.5%	(2.0)	0.3%	+62.7%
Losses from disposal of property, plant and equipment	(1.9)	0.3%	(3.3)	0.6%	-42.3%
Losses recovery from provision of general purpose services	32.9	4.8%	0.1	0.0%	
Other operating expenses, including:	(87.9)	12.8%	(68.7)	11.6%	+28.1%
<i>Provisions for general purpose services</i>	(8.3)	1.2%	(7.1)	1.2%	+16.3%
Total expenses	(685.9)	100%	(594.0)	100%	+15.5%

Compared to the 1st half year of 2007 payroll expenses rose by 12.5%, their specific weight declined by 0.8% amounting to 29.0% due to optimization of the staff number.

Depreciation and amortization allocations increased by US\$ 40 mln owing to the commission of new assets (commission of fixed assets for the 1st half year of 2008 totaled US\$ 90.6 mln), as well as revision of period of use of the similar equipment due to the planned implementation of digital networks for local connections.

Growth of operator services expenses (+29.4%) is directly connected with the increase of user number.

Liabilities, US\$ mln

	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Debt	1,089.7	1,018.7
Net debt	1,067.2	991.7
Short-tem liabilities/Debt	0.42	0.42
Net debt/Shareholders' equity	1.15	1.20
Net debt/Assets	0.43	0.45
	<i>1st half year, 2007</i>	<i>1st half year, 2006</i>
OIBDA/Percentage	5.59	5.47

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.

Attachment:

1. Non-audited consolidated balance sheet, June 30, 2008 as well as audited consolidated balance sheet, December 31, 2007.
2. Non-audited consolidated income statement for 6 months of 2008 and audited consolidated income statement for 6 months of 2007.

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OJSC «Uralsvyazinform»
Interim non-audited consolidated balance sheet,
30 June, 2008.
(in million Russian roubles)

	Note	30 June, 2008	December 31,2007 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	49 597	49 008
Intangible assets and goodwill	8	3 064	2 953
Long-term investments	9	37	39
Long-term advances given	11	733	160
Other long-term financial assets	10	127	129
Total non-current assets		53 558	52 289
Current assets			
Inventories	12	376	383
Accounts receivable	13	2 899	2 523
Prepaid income tax		149	140
Marketable securities	9	359	-
Other current assets	15	1 737	1 326
Cash and cash equivalents	14	538	705
Total current assets		6 058	5 077
Assets of disposal group classified as held for sale		-	10
Total assets		59 616	57 376
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	8 749	8 749
Accumulated reserve for revaluation of financial investments to sell		3	5
Retained earnings		13 359	12 773
Total shareholders' equity attributable to holders of the parent		22 111	21 527
Total shareholders' equity		22 111	21 527
Long-term liabilities			
Long-term loans and borrowings	19	12 554	12 704
Long-term finance lease obligations	20	2 579	2 762
Pension liabilities		2 146	1 862
Deferred revenues		186	237
Deferred income tax liabilities		2 647	2 448
Provisions	22	7	8
Total long-term liabilities		20 119	20 021
Current liabilities			
Accounts payable, accrued expenses	23	4 183	4 009
Income tax payable		2	-
Other accounts payable	24	969	430
Dividends payable		1 136	33
Short-term loans and borrowings	19	1 888	464
Current share of long-term loans and borrowings payable	19	7 442	9 091
Current portion of long-term finance lease obligations payable	20	1 580	1 567
Short-term provisions	22	186	230
Total current liabilities		17 386	15 824
Liabilities of disposal group classified as held to sell		-	4
Total liabilities		37 505	35 849
Total shareholders' equity and liabilities		59 616	57 376

General Director _____ Ufimkin A.Y. Chief Accountant _____ Balueva S.I.
The accompanying notes form an integral part of these consolidated financial statements

OJSC «Uralsvyazinform»
Interim non-audited consolidated income statement,
for the 6 month period, ended June 30, 2008
(in million Russian roubles, except earnings per share)

	Notes	6 months, 2008	6 months, 2007 revised (Note 2)
Revenues	28	20 019	18 978
Wages, salaries, other benefits and payroll taxes		(4 758)	(4 618)
Depreciation and amortization	7,8	(3 558)	(2 842)
Expenses on operator services		(2 798)	(2 361)
Materials, repair and maintenance, utilities		(1 660)	(1 509)
Agent commissions		(1 052)	(1 225)
Taxes, except income tax		(519)	(449)
Rent of premises		(362)	(305)
Advertising expenses		(247)	(267)
Provision expenses for bad debt	13,15	(76)	(51)
Losses from disposal of property, plant and equipment and other assets		(46)	(87)
Losses recovery from provision of general purpose services	30	786	3
Other operating expenses	29	(2 102)	(1 792)
Operating profit		3 627	3 475
Equity income		-	6
Interest expenses, net	31	(1 286)	(1 155)
Gain (losses) on financial investments, net	32	13	132
Gain (losses) on foreign exchange , net		(34)	28
Profit before profit tax		2 320	2 486
Profit tax		(629)	(1 157)
Profit for reporting period		1 691	1 329
Earnings per share-basic and diluted (in Russian roubles), for 6 months profit attributable to shareholders of the parent company	33	0,0421	0,0331

General Director _____ Ufimkin A.Y. Chief Accountant _____ Balueva S.I.

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