

Sitronics
Presenters: Alexander Goldin, Sergey Aslanyan, Dmitry Ivanov
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13h30 GMT

Operator: Good day and welcome to the Sitronics Third Quarter and First Nine Months Financial Results Conference Call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr. Alexander Goldin. Please go ahead sir.

Alexander Goldin: Good morning and good afternoon and thank you for dialling in to this presentation and discussion of our summary financial results for the period ended September 30th 2007. My name is Alexander Goldin and I'm Head of Investor Relations. Joining me on the call today are our President, Sergey Aslanyan and our First Vice President and Chief Financial Officer, Dmitry Ivanov. Also on the call to answer your questions later is our Vice President and Chief of Strategy Alexander Lutsenko. You can find our summary results statement on our website at www.sitronics.com. We are today providing a trading update and summary financial results for the third quarter and first nine months of 2007 ahead of the publication of our full year 2007 financial results in April 2008. Before we start I would like to draw your attention to the cautionary statement at the end of our press release. Additionally some of the information during this call may contain projections or other forward-looking statements regarding future events or the future financial performance of Sitronics. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. 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.

Following the statements by our president and CFO we will have happy to answer your questions. Our contact details are also included at the bottom of today's announcement and/or our website should you have any follow-up questions after this call. I will now hand the call over to our president Sergey Aslanyan.

Sergey Aslanyan: Thank you Alexander. Good morning and good afternoon ladies and gentlemen and thank you for joining us today. I joined Sitronics at the beginning of October 2007 and this is my first opportunity to address you in my new position as the Chief Executive Officer of Sitronics. I joined the company directly from MTS, one of Sitronics' largest customers where I was Vice President for Network and IT. This gives me particular insight into Sitronics' unique product and service offering and I'm looking forward to leveraging this experience to help further develop this exciting company. We are currently engaged in a comprehensive strategic assessment of the business and I will be ready to announce the results in January, however we have already identified three key action priorities which are first, we have introduced a significantly strengthened management team with a track record, industry knowledge and motivation to take Sitronics to the next stage of development. Second, we have already taken the first steps to reduce administrative and infrastructural costs; and third we will focus on the development of our core products and services that will drive the business forward.

I will now hand the call over to our CFO Dmitry Ivanov who will take you through our financial performance for the third quarter. I will then take you through recent developments in our business.

Dmitry Ivanov: Thank you Sergey. I would like to explain the principal drivers behind the revenue and OIBDA numbers that we have reported today. Our consolidated revenues increased 15% quarter on quarter to \$376 million and our consolidated revenues were over \$1 billion for the nine month period. At the same time total assets increased by 12% year on year to \$1.8 billion at the end of Q3. Our OIBDA result was impacted by \$21 million of non-cash costs arising from our stock

option programme. The first stock of ours under the scheme were made in July 2007. Excluding these items we reported an OIBDA loss of \$48 million in the quarter, the vast majority of which was due to ongoing restructuring in our consumer electronics division during the third quarter. As part of the restructuring we have adopted a conservative accounting approach to utilise inventories and overdue account receivables which has resulted in a number of additional expenses during this period. The loss of Sitronics divisions is therefore significantly higher in Q3 than in the first half of the year. There may be some further non-significant expenses in these division in the fourth quarter. If you strip out the option impact and these non-cash items then we were very close to break even result in the third quarter and expect to deliver a positive OIBDA result in the fourth quarter. We do expect to show an OIBDA loss for the full year but the positive fourth quarter trends enable us to confidently say we will be profitable next year.

Looking at our different businesses our IT Solutions and Microelectronic Solutions divisions performed well in line with our expectations in the third quarter with substantial year on year revenue growth in both businesses. The Telecoms Solution business did report a quarter on quarter growth in revenues but the year on year comparison reflects the fact that a large scale contract in the Middle East has not yet been awarded and secondly that the Russian 3G launch has encountered regulatory difficulties. As we have indicated previously we are currently restructuring our Consumer Electronics and Electronic Manufacturing Services divisions. This has led to good growth for Electronic Manufacturing Services but significantly lower sales for Consumer Electronics as we refocus the business.

On the profit side both our IT and Microelectronic Solutions businesses showed healthy year on year increases in profit for both the quarter and for nine month periods. Our overall profitability levels for nine months were impacted by the loss reported by our Telecom Solutions segment. We did however see an improvement in performance in the third quarter with a reduction in losses when compared to the second quarter and we expect a further reduction in losses in the

fourth quarter. The Email and Consumer Electronics businesses both generated operating losses however the email segment showed a significantly reduced operating loss year on year.

Looking forward then we had already generated \$150 million of revenue from Sistema Group companies in the first nine months of the year and expect to meet our previously indicated target of \$200-250 million of revenue for the full year. Total company sales are expected to come in at over \$1.5 billion for full year 2007 which is lower than the previously indicated level due to the lower than anticipated sales in the Telecom Solutions business. In addition we would like to note that we secured a new \$125 million loan from Dresdner Bank in the fourth quarter. This loan will be used to refinance current debt and finance the CapEx of our subsidiaries. Our net debt amounted to approximately \$400 million at the end of the third quarter.

I will now hand the call back to Sergey for him to comment further on our development.

Sergey Aslanyan: Thank you Dmitry. We are seeing significant underlying operating improvements in our core businesses and expect these positive dynamics to continue into the fourth quarter and 2008. This is demonstrated in part by the \$150 million worth of new public and private sector tenders and contracts that we have won since the start of the third quarter. The majority of these contracts have come from the Telecommunications Solutions segment which leaves us positive that we will see sustained improvement in this key division's performance in the fourth quarter and into 2008. We have recently secured a number of significant new contracts in the Telecom Solutions segment. First we have signed contracts with MTS Ukraine that will include supplying radio relay equipment and interactive cell broadcast solutions and a fraud management system. Secondly we have launched the first stage of the OSS/BSS FORIS NG billing system project with Vodafone in the Czech Republic. Thirdly we were still active along with Ericsson to provide 3G equipment to MTS in Russia and the CIS. Finally we have continued our highly promising expansion into the African market. Many of these projects have allowed us to continue to promote our own unique telecom products. Our IT Solutions segment has also a positive news

flow since the start of the third quarter. This business division has also signed significant new contracts promoting the creation of new business verticals. Examples of these contracts include: an educational system programme for the Turkmenistan Minister of Education, an electronic workflow system for Kazakhstan's largest pension fund and the work with Sistema's new retail chain TS Retail. During the third quarter following significant investment in human capital know-how, Cisco awarded Sitronics golden partner status. This status is valid in all CIS countries. Lastly then our unique position as a sole supplier of new technology in the microelectronics solution segment has allowed us to extend our successful RFID ticketing project in the Moscow Underground. We have also won a tender with Ukrtelecom to supply new simcards and have established a framework agreement with the Nokia-Siemens networks for the delivery of microchips.

So as you can see from the previous discussions we have a healthy pipeline moving forward. We plan to continue positive dynamics in 2008 by actively participating in large public sector infrastructure projects in partnership with the government such as Sochi 2014, Kiev 2012, biometric IDs and security systems. We are rapidly expanding our geographical scope with Telecom Solutions focusing on the Middle East and Africa, IT targeting the CIS in particular Kazakhstan, Turkmenistan and Belarussia and the Microelectronic segment working with a specific market of power management IT in South East Asia. We are continuing to develop our FID technologies and launching the 0.18 micro technologies. We are actively continuing to diversify the industrial base with new client sectors such as transportation, finance, education, utilities and the general public sector. Developing new business lines including data management centres and trans-IP TV solutions and security systems posting small scale value added M&A deals to acquire companies with unique core competencies and competitive advantages in product or service offerings. I would be happy to provide clarification on any of these points during the Q&A portion of today's call.

Before I hand the call back to Alexander I would like to announce the appointment of a new member of our team. Bree Schuette will join us next Monday as Sitronics new IR Director. Bree has previously worked as IR Director at Polymetal and was a member of a team that brought NASDAQ listed Digitas to the market. I would also like to take this opportunity to highlight Sitronics' commitment to open communications and best practice standards. Myself and the rest of the Sitronics team clearly understand the need to focus on this area, moving forward and that effective external communication is critical for our mutual success. As part of this ongoing commitment and our recognition that the market requires the most up to date information about Sitronics to fairly value, we will move next year to full quarterly reporting including providing segmental reporting for our business divisions. We will also work to provide the market with a regular news flow. As part of that we will continue to keep you informed of ongoing financial and business developments within the company and we will continue to proactively reach out to the market to provide investors and analysts with information on the unique opportunities that Sitronics offers. Now back to you Alexander.

Alexander Goldin: Thank you Sergey. We will now be happy to open the floor to any questions you may have. Operator, over to you.

Operator: Thank you sir. The question and answer session will be conducted electronically. If you would like to ask a question, please press the * or asterisk key followed by the digit 1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take questions in the order received and we will take as many as time permits. If you find that your question has been answered you may remove yourself from the queue by pressing *2. Again please press *1 to ask a question. We will pause for just a moment to allow everyone to signal for questions.

Our first question will come from David Ferguson from Renaissance Capital. Please go ahead.

David Ferguson: Hi, good afternoon everyone, it's Dave Ferguson from Renaissance Capital here.

Just a couple of questions, firstly on the joint venture with Ericsson I was wondering if you could talk more generally around that, so when you enter into joint ventures like that what really are your criteria? What are the things you're not prepared to sacrifice? What do you look for in terms of your revenue share in terms of a fee structure and so forth? So that's the first question.

Secondly you talked at the beginning of the call about some changes in the management team and some new appointments. I wonder could you give more detail on that? I'm aware that quite a few of the people who were appointed particularly to the Telecom Solutions division earlier this year have since left the company so I'm just wondering have you now got all of the people in place that you need? Then finally on the cost savings you said that you'd already acted to take some costs out of the business so I'm wondering if you can tell us exactly what you've done, quantify that and give us some feel as to when the benefit of that will actually be seen in the numbers? That's it, thanks.

Sergey Aslanyan: Answering to your first question about the joint venture with Ericsson. The main principle which we will put as a strategic one for the future for the alliances and joint ventures would be as follows. We will be concentrating on our core products and we will be integrating those core products into our partners' products such as Ericsson in order to deliver a turnkey solution to the client. In particular with MTS projects we understand there's a set of products that we are clearly able to provide to MTS and we will put them into the overall product portfolio for this project. On top of that we will take the big part of the integration services that are related with every network rollout. Answering your second question about the changes in the management team, I will start with the changes in the core centre of Sitronics. Our strategy would be to develop a vertical company and we would like to centralise the functions from all over the business lines. For example we have already appointed a new sales and marketing vice president with Sitronics who will be responsible for all the sales across all the geographies and who will be handling all the strategic accounts. We have appointed a new Vice President for R&D, basically the CTO which would be responsible for the product portfolio and for our R&D and

for alliances with technology partners. We have made some other appointments within the corporate centre. As for Telecom Solutions we have clearly identified that one of our core products is the billing system so my goal within the last two months was to strengthen that team and we have added some very qualified lead sources both to Sitronics Telecom Solutions Czech Republic and Sitronics Telecom Solutions Russia and those people are now building their teams and concentrating on the overall quality of the product as well as moving forward with a roadmap. Answering your third question about the cost savings, we are at the beginning of the road, we have already identified the areas in which we are over-investing. We have identified the areas where we have excessive costs with regards to administrative and infrastructural costs and we have created an efficiency committee which is being run from the corporate centre and the next steps will follow within the next 2-3 months. Thank you.

David Ferguson: That's great, thanks very much.

Operator: We will take our next question from Nadia Golubeva from Unicredit. Please go ahead.

Nadia Goloubeva: Good afternoon, I have several questions if I may. First of all I understood that there was some write-off, presumably of long term receivables in Telecom Solutions non-cash in the third quarter and so as I estimate about \$40 million because you said that otherwise you would be close to break even at OIBDA level and that some more could come in the fourth quarter, so do I understand it correctly about the write-down of long term receivables? This is first and how much could we see of the write-down going forward and when do you plan this to happen, in the fourth quarter or maybe some will be postponed until 2008? The second question, you said that you will definitely generate positive earnings next year but I didn't quite understand your plan to be OIBDA positive or net income positive as well so if you could provide some guidance about what revenue growth you are looking for next year it would be very helpful. Also I wonder is it possible that we can get P&L and balance sheet for the third quarter? Finally if you

can't give guidance on revenue could you at least say what your current pipeline in Telecom Solutions is? Thank you.

Dmitry Ivanov: Thank you very much for the questions. It's not Telecom Solutions, it's the Consumer Electronics segment where we reported significant overdue accounts receivable and underutilised inventories. We took a conservative approach to accounting in the Consumer Electronics segment as we currently are actively restructuring this segment. There could be a non-significant impact in the fourth quarter as well in this segment but it's Consumer Electronics, not Telecom Solutions.

Nadia Goloubeva: Could you please...I want to make sure that I understand correctly that but for this write-down you would be close to zero OIBDA, correct?

Dmitry Ivanov: Without the effect of the options and this write-down in Consumer Electronics we will be OIBDA positive.

Nadia Goloubeva: Ok, and was it non-cash items, the write-down in consumer electronics or was it really related to cash?

Dmitry Ivanov: It's non-cash items like account receivables and underutilised inventories. I will pass the floor to Sergey to answer the second question but I want to answer the third question about P&L, balance sheet and cash flow. We're not providing it on this review and we didn't provide it when we told you about the first quarter, but starting next year we will be providing it on a quarterly basis.

Nadia Goloubeva: Ok.

Sergey Aslanyan: This is Sergey Aslanyan, Nadia, can you please repeat your question?

Nadia Goloubeva: I was just asking, you said that if I'm not mistaken that in 2008 you are going to generate positive like earnings you said or profits but I wanted to make sure, are you looking for positive OIBDA or are you looking for positive net income as well? Also if you could give you some guidance regarding what revenue growth you're looking for or at least what do you expect in Telecom Solutions next year?

Sergey Aslanyan: Thank you Nadia, this is Sergey Aslanyan. We perceive that the overall market in the industries where we operate will grow over 15% in 2008 and we definitely plan to outperform the market. We definitely plan to be OIBDA profitable next year and as for net income it still remains to be seen and we will guide you in the beginning of this year.

Nadia Goloubeva: Ok. Could you say what's your current pipeline in Telecom Solutions now?

Sergey Aslanyan: You want me to quantify it?

Nadia Goloubeva: Yes, if possible, like that you have a backlog of how much at the moment?

Sergey Aslanyan: As you know Telecom Solutions has lots of contracts which go year after year so I wouldn't consider this as a pipeline but it's quite a good revenue for us, but as I said before we have about \$150 million worth of new contracts signed within the third quarter and the beginning of the fourth quarter so this would be to add up to the pipeline that we had before.

Nadia Goloubeva: Another one, last question. This large contract in the Middle East, can it still materialise?

Sergey Aslanyan: As you know the contract negotiation process in the Middle East takes a little bit longer than in Europe or in the States so we're still in the contract negotiation phase and we're quite positive that it will happen but we've got all our fingers crossed.

Nadia Goloubeva: Ok, thank you very much.

Sergey Aslanyan: Thank you.

Operator: Alexander Balakhnin from Goldman Sachs has our next question. Pardon me, we will now take a question from Andrei Bogdanov from Troika Dialog. Please go ahead.

Andrei Bogdanov: Good evening, I have a few questions. First of all with regards to...I'm sorry if this has been asked already. What's the reason for such a big difference between net loss for the quarter and the loss in OIBDA for the quarter. Is it just because the big debt and interest payments for the debt or is there something different there as well? Number two, I have a question in terms of margins. Sometimes you've got lines about the revenue number from your different contracts such as with MTS in Ukraine, but what kind of margins are you talking about here? If you can also break even please the margins you can get on the Telecom Solutions segment when you are a primary contractor to MTS for example and when you are subcontracted for the deal with MTS in Russia for 3G? The last one if I may, with this Middle East massive potential contracts, I understand it takes time in the Middle East for doing things but nevertheless how much will these potential contracts impact your next year performance and is it really your next year target for OIBDA and the bottom line depends a lot on this potential billions of dollars of contracts or will it not be as material for your next year performance and we shouldn't be looking for that at such an extent. Thank you.

Dmitry Ivanov: Andrei, this is Dmitry Ivanov. Thank you for the question. The real reason between OIBDA and income is depreciation which was around \$40 million in nine months, it's interest expense which was around \$32 million and income tax which was around \$12 million.

Sergey Aslanyan: This is Sergey Aslanyan, we'll try to answer your other two questions Andrei. First of all let me start with the question about the margins with Ukraine and 3G. We unfortunately cannot give you a specific margin from each project because it varies from project to project and from business line to business line. What I can say and what I can be sure of is that we will be profitable next year and this will touch the Telecom Solutions division, so as I said this is all I can tell you now. As for the Middle East we were very conservative while assessing our potential revenues budget for 2008 so we provided that we will start the project in 2008 but if it doesn't happen it will not affect our figures dramatically. Thank you.

Andrei Bogdanov: Ok, thank you.

Operator: Our next question will come from Alexander Balakhnin from Goldman Sachs. Please go ahead.

Alexander Balakhnin: Hi, it's Alexander Balakhnin from Goldman Sachs. I just wanted to ask about your joint venture with Ericsson on 3G for MTS. What is the terms of your revenue sharing in this contract and what kind of services do you provide and what do they provide?

Sergey Aslanyan: Thank you Alexander, this is Sergey Aslanyan. We're not able to disclose all the details of what is the revenue share but it's definitely...I would say that our revenues from this project would be substantial. With regards to the split of responsibility I would say that we mainly will be doing some integration services and we will be putting our product on the network. Thank you.

Alexander Balakhnin: May I ask you another question on your SG&A decrease you mentioned in the very beginning of the conference call. Do you estimate the potential benefit from this SG&A optimisation and if so can you share it with us?

Dmitry Ivanov: Alexander, this is Dmitry Ivanov. We have established a cost saving committee which has already identified approximately \$50 million of potential cost savings in SG&A only in Telecom Solutions.

Alexander Balakhnin: Thank you.

Operator: We will now take a question from Olga Bystrova from Credit Suisse

Olga Bystrova: A very good afternoon, Olga Bystrova from Credit Suisse. Several questions from me, one, you already talked about in the beginning about the strategic initiatives that you're planning to undertake, however would you mind if I ask you to maybe elaborate a little bit further given that you're a new person to the management. What are the main risks and opportunities you are seeing for the company say for the next year and on the revenue side what would be your main areas of focus going forward? The second question is on the pipeline once again I will probably try to ask the question again, we're already in December so you might have some visibility on the already secured contracts for next year. Could you please provide us with some numbers on what it may look like at least right now? Then the final question, when you're talking about a market growth of 15% and you plan to outperform that, are you talking about let's say the blended market for you including microelectronics and system integration or are you talking primarily about the Telecom Solutions business? Thank you very much.

Sergey Aslanyan: Thank you Olga, this is Sergey Aslanyan. I will start with answering to your first question about the areas to focus. First of all we want to and we are doing this already as I said in my speech earlier building a new, strong management team one of the targets which would be

to create a vertical company with all the business lines working under the same umbrella of corporate functions. Secondly the area where we applied also our effort would be our product portfolio because as I said in the beginning we want to be able to offer to the Tier I and II operators in the telecom markets a turnkey solution representing a good mixture of our own products, our own core products and the products from the other vendors, so optimising the product portfolio, making it more efficient would be our second goal. Third, we want to build a centralised sales and marketing team so that we can efficiently drive the funnel allowing new clients and increased hedge rates, so we'll sign more contracts out of this pipeline. Another one is increased efficiency and I wouldn't only just call it a cost saving because it's basically lots of initiatives that we're going to undertake under this committee for efficiency. Answering your next question about the market growth. Yes, we're talking about blended market growth over 15%. As you understand we are representing different areas of the business and this also makes us a unique product and services provider, so we are definitely going to outperform the market. The third question was...?

Olga Bystrova: On the secured portfolio for next year in let's say Telecom Solutions and System Integration, those that you have already signed.

Sergey Aslanyan: The secure portfolio...as I said in the third quarter we have over \$150 million of new contracts and for 2008 we will continue working with our big clients such as Sistema Group and others. I wouldn't be going into detail with regards to every single contract.

Olga Bystrova: Ok. The follow-up question on the product portfolio optimisation, are you planning to extend the product portfolio because I think serving Tier I and Tier II clients would be a more challenging task for you given that the primary focus was on Tier II and Tier III clients previously in the Telecom Solutions business, so are you planning to extend the product portfolio or can you maybe elaborate a bit more on this?

Sergey Aslanyan: With great pleasure, Sergey Aslanyan again. It's really strange that you say that we're serving Tier II and III since we're serving MTS which is clearly Tier I, I can tell you previously being VP of MTS. So it's not a matter of extending the product portfolio or shortening it because basically what you can offer to an operator regardless of the tier it belongs to is some unique technology that may service needs with regards to OpEx reduction or more efficient use of CapEx and we understand that...another thing to offer to our client is the turnkey where we increase our service part which means that we know the Russian market for example, we know lots of different initiatives and companies that are providing different kinds of services. We are ready and we are in the position to integrate and I can give you lots of examples where our integration services work less with some other company technologies and they were successfully implemented not only in Sistema Group but also in some other non-Sistema accounts. So the answer to your question would be we will be concentrating on our core products which obviously deliver us bigger margins. We will grow our services part but the goal is to not only provide our clients with a niche technology which we definitely will be able to provide our clients with but also to take responsibility for the turnkey solution for Tier I and Tier II operators. Thank you.

Olga Bystrova: Ok, great. I'll try to ask the second question again on the pipeline. \$150 million new contracts, it's very good news but it's obviously not enough for you to grow more than 15% next year, so if we look for example at the Telecom Solutions business this year that you are working on, can you at least say proportionally what would be moving into the next year in terms of revenue opportunity for you?

Sergey Aslanyan: Of course we have the retained earnings and we have lots of contracts that will also go to 2008 and some 2009 and I told you the figures about how we're going to grow and I think this pretty much represents our strategy and our goals for 2008. Unfortunately I'm not in a position now to give you the detailed breakdown of the contracts. Thank you.

Olga Bystrova: Ok, thank you very much.

Operator: As a reminder to ask a question please press *1. Please ensure the mute function is switched off to allow your signal to reach our equipment. We will now take a question from Alexander Balakhnin from Goldman Sachs. Please go ahead.

Alexander Balakhnin: Hi, a couple more questions if I may. My first question is on your profitability in the IT Solutions segment. Can you comment on the development of the OIBDA margin development in the first nine months in this segment compared to the previous year, to the end of last year?

Dmitry Ivanov: Alexander, this Dmitry Ivanov. Our OIBDA margin in IT Solutions was in the amount of 3.5% by the end of 2006 and in the nine months of 2007 it's around 4%, so it's constantly growing due to the increase of the high margin system integration sales.

Alexander Balakhnin: Thank you. My second question is on your receivables development. What is happening there because historically the amount of your receivables was huge and what is happening now and what happened in the third quarter compared to the end of the second quarter?

Dmitry Ivanov: Our share of receivables to sales remained pretty much the same. We can be more precise when we'll show our financials, when we disclose the total year because now we're not presenting the balance sheet.

Alexander Balakhnin: Thank you.

Operator: Now we will move to Olga Bystrova from Credit Suisse.

Olga Bystrova: Hi, sorry, I just have another question on related sales next year in Telecom Solutions.

This \$150 million that you've secured already let's say in the third quarter for next year, this already includes MTS 3G contract and MTS Ukraine contract if I understand correctly but correct me if I'm wrong. In general what proportion of sales are you budgeting in for Sistema next year let's say in Telecom Solutions?

Sergey Aslanyan: Thank you, it's Sergey Aslanyan. Yes Olga, you're absolutely correct, the 150 includes those contracts not only for the part of 2008 because as you understand those contracts will extend further in 2009. As for Sistema I can give the following guidance that we will increase the percentage of our sales to Sistema, we will not increase it dramatically because we are a diversified company and we plan to have the same number, same growth as we grow the company so the absolute figure will grow but the percentage...it's highly likely that it will grow by one digit.

Olga Bystrova: Ok, percentage growth compared to 2007 I understand, right?

Sergey Aslanyan: Absolutely.

Olga Bystrova: Ok, thank you very much.

Operator: That will conclude today's question and answer session. I would now like to turn the call back over to your host for any additional or closing remarks.

Sergey Aslanyan: I would like to thank all of you for participating in my first conference call as Sitronics CEO. I look forward to having the opportunity to continue the dialogue that was started today in one on one and group meetings and telephone calls during the months to come. I trust that we have answered most of your questions but as ever please don't hesitate to contact us if you have any further questions. As I mentioned we will announce the results of our strategic

assessment in January and our full year 2007 financial results in April 2008. Between now and then we envisage regular communication with the market through press releases and other forums.

Before we end today's call I would like to emphasise three key points that have emerged during my first two months at Sitronics. First, the technology market is booming in Russia with CIS and other key regions for Sitronics. Due to its product and service offerings the company has carved out a unique position in the market and as such we are well positioned to capitalise on this boom. Second we have a clear understanding of the difficulties that Sitronics has encountered during 2007 and an even clearer picture of where we want to take the company in 2008 and beyond. With the help of our motivated and highly capable management team we are currently developing a roadmap that will take us from where we are today to our long term goal. Third, while we are moving forward with our aggressive development programme we pledge to maintain an active and open communication policy with the investment community. Again we would like to thank you for taking the time to participate in today's call.

Operator: This will conclude today's conference. Thank you for your participation ladies and gentlemen, you may now disconnect.