



**FOR IMMEDIATE RELEASE**

April 21, 2011

**SITRONICS ANNOUNCES FOURTH QUARTER 2010 FINANCIAL RESULTS  
AND AUDITED FULL YEAR 2010 FINANCIAL RESULTS**

**MOSCOW, Russia** – April 21, 2011 – JSC SITRONICS ('SITRONICS' or 'the Group') (LSE: SITR), the leading provider of technology solutions in Russia and the CIS, today announced its consolidated US GAAP financial results for the fourth quarter and its audited results for the full year ended December 31, 2010.

**FOURTH QUARTER HIGHLIGHTS**

- Consolidated revenues up 21% year on year to US\$ 484.5 million
- Information Technologies revenues up 50% year on year to US\$ 181.5 million;  
Microelectronics revenues up 17% year on year to US\$ 76.1 million;  
Telecommunication Solutions revenues down 9% year on year to US\$ 190.5 million
- OIBDA\* of US\$ 54.8 million and margin of 11.3%, compared to OIBDA loss of US\$ 19.0 million loss in Q4 2009
- Net profit attributable to SITRONICS of US\$ 19.2 million, compared to net loss of US\$ 37.3 million in Q4 2009
- Total assets up 4% year on year to US\$ 2,010.1 million
- US\$ 998 million of new contracts secured since the beginning of 2010, of which US\$ 491 million secured since Q3 2010 results announcement on December 2, 2010

**FULL YEAR HIGHLIGHTS**

- Consolidated revenues up 14% year on year to US\$ 1,166.9 million
- Information Technologies revenues up 46% year on year to US\$ 323.6 million;  
Microelectronics revenues up 23% year on year to US\$ 255.4 million;  
Telecommunication Solutions revenues down 9% year on year to US\$ 525.9 million
- OIBDA of US\$ 105.6 million and margin of 9.1%, compared to US\$ 6.7 million in 2009
- Net loss attributable to SITRONICS down 62% year on year to US\$ 45.6 million

Sergey Aslanian, President of SITRONICS, commented: "We have reported accelerated growth in the fourth quarter with a substantial positive swing in OIBDA profitability and a margin of 11.3%, and we were also profitable at a net income level. For the full year, our revenue growth of 14% was above expectations and higher than market growth levels in what remained challenging market conditions for the telecommunications and technology industries. We reduced costs across the board and all three of our business segments

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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.

reported increased profits. We therefore reported substantially increased full year OIBDA levels and a higher margin of 9.1%, and we halved our net loss for the year and reduced our net debt by US\$ 101 million dollars.

“We have continued to develop in line with our strategy and to strengthen our relationships with key public and private sector customers in Russia and our other target geographies. Our RUSNANO joint venture is proceeding according to plan and we expect to commence production of 90 nanometer microchips by the end of this year, and we have also made substantial progress towards our objective of becoming the leading ICT player in each of our four core vertical industry segments.

“Moving forward, we have secured almost US\$ 1 billion worth of new contracts since the beginning of 2010, of which more than half is expected to be booked in 2011. We have just won a large scale tender to create an Intelligent Transport System for the City of Moscow. We expect to continue to outperform industry growth levels in 2011 and to generate low double digit percentage revenue growth, whilst at the same time maintaining our OIBDA margin when excluding the 90 nanometer technology project. We will continue to generate positive net cash flow from operations, which we will use to invest in the further operational and financial development of the business.”

### **FINANCIAL SUMMARY**

<i>(US\$ millions)</i>	<b>Q4 2010</b>	Q4 2009	<b>FY 2010</b>	FY 2009
Revenues	<b>484.5</b>	398.8	<b>1,166.9</b>	1,024.2
Adjusted OIBDA	<b>62.2</b>	54.0	<b>122.1</b>	101.1
Adjusted OIBDA margin (%)	<b>12.8%</b>	13.5%	<b>10.5%</b>	9.9%
Impairments losses and reserves	<b>(7.4)</b>	(73.0)	<b>(16.5)</b>	(94.4)
Total OIBDA	<b>54.8</b>	(19.0)	<b>105.6</b>	6.7
OIBDA margin (%)	<b>11.3%</b>	(4.8%)	<b>9.1%</b>	0.7%
Net income/(loss) from continuing operations	<b>16.7</b>	(43.7)	<b>59.7</b>	(100.8)
Net income/(loss) from discontinued operations	-	-	-	(26.2)
Net income/ (loss) attributable to SITRONICS	<b>19.2</b>	(37.3)	<b>(45.6)</b>	(119.1)

Total assets	<b>2,010.1</b>	1,926.8	<b>2,010.1</b>	1,926.8
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## **OPERATING REVIEW**

### **Group Overview**

The Group generated 21% year on year consolidated revenue growth in the fourth quarter and 14% growth for the full year, which primarily reflected the strong sales performance of both the Information Technologies and Microelectronics segments.

The Group has now secured US\$ 491 million of new contracts since the announcement of its third quarter financial results on December 2, 2010, and a total of US\$ 998 million of new contracts since the beginning of 2010.

Total Group operating expenses, excluding depreciation and amortization charges, and impairment and losses and reserves were reduced by 19% year on year in the fourth quarter and by 9% for the full year. Selling, general and administrative expenses were also reduced by 11% year on year in the fourth quarter and by 5% for the full year.

The Group therefore reported an increased adjusted OIBDA profit of US\$ 62.2 million in the fourth quarter, compared to a US\$ 54.0 million profit in Q4 2009, and increased full year adjusted OIBDA of US\$ 122.1 million, compared to US\$ 101.1 million in 2009. The Group's adjusted OIBDA margin was therefore 12.8% in the fourth quarter and 10.5% for the full year.

Group depreciation and amortization charges increased year on year to US\$ 20.2 million from US\$ 17.9 million in the quarter, and to US\$ 90.8 million from US\$ 58.0 million for the full year. The increase primarily reflected the depreciation of 180 nanometer equipment in the Microelectronics segment, the amortization of intangible assets recognized during the acquisition of the remaining 49% of SITRONICS IT, and the accelerated amortization of software investments in the Telecommunication Solutions segment.

Group net interest expenses decreased year on year to US\$ 14.8 million from US\$ 15.6 million in the quarter, and increased to US\$ 71.4 million from US\$ 51.9 million for the full year. The full year increase reflected currency translation effects as well as the higher average Group borrowing levels during the year when including the US\$ 46 million debt to SITRONICS-Nano joint venture.

The Group therefore reported a net profit of US\$ 19.2 million in the fourth quarter of 2010, compared to a net loss of US\$ 37.3 million in the corresponding period of 2009. The Group's net loss for the full year more than halved year on year to US\$ 45.6 million, compared to a net loss of US\$ 119.1 million in 2009.

## Segmental Review

### *SITRONICS Telecommunication Solutions*

<i>(US\$ millions)</i>	<b>Q4 2010</b>	Q4 2009	<b>FY 2010</b>	FY 2009
Revenues	<b>190.5</b>	208.3	<b>525.9</b>	579.0
OIBDA	<b>19.7</b>	14.5	<b>49.6</b>	22.6
OIBDA margin (%)	<b>10.4%</b>	7.0%	<b>9.4%</b>	3.9%
Net income/( loss)	<b>7.7</b>	7.3	<b>(9.0)</b>	(25.4)
Total assets	<b>811.4</b>	909.3	<b>811.4</b>	909.3

Segment revenues were down 8.6% year on year in the fourth quarter and 9.2% for the full year, which reflected the slow recovery of demand levels in the telecommunications industry and the adverse prevailing market conditions in Greece. Operating expenses were reduced year on year in the quarter and for the full year following cost savings initiatives implemented during 2009 and 2010. The segment therefore reported a 36.0 % year on year increase in OIBDA in the fourth quarter, and a more than doubling of OIBDA for the full year, with increased OIBDA margins of 10.4% and 9.4% for the two respective periods.

The segment businesses have secured US\$ 160.4 million of new contracts since the announcement of the Group's third quarter financial results on December 2, 2010 and US\$ 360.2 million of new contracts since the beginning of 2010.

Sales of wireless network systems accounted for 46.5% of segment revenues for the full year, whilst sales of telecommunications software including OSS/BSS solutions accounted for 18% of revenues. Outsourcing and other solutions accounted for 35.5% of revenues for the full year.

INTRACOM TELECOM signed three framework agreements with Mobile TeleSystems OJSC ("MTS") in November 2010, for a total of US\$ 65 million. Under the first agreement, INTRACOM TELECOM will supply OmniBAS platform and Intralink radio relay systems to MTS during 2011, in order to support the operator's migration to an IP-based environment. The second agreement provides for the supply and installation of Tellabs routing equipment to support the build-out of MTS' next generation Mobile Backhaul network in two regions of Russia. Under the third agreement, INTRACOM TELECOM will supply its next generation broadband wireless point-to-multipoint system WiBAS to MTS.

INTRACOM TELECOM also signed a contract in December 2010 with Moldtelecom, the national provider of fixed and mobile telecommunication services in Moldova, to support the operator's postpaid and prepaid systems for three year. In addition, INTRACOM TELECOM also signed a new contract with Telekom Srpske in Bosnia-Herzegovina in

December to provide Intelligent Network support services and supply an INTRALINK point-to-point system and an IPTV platform solution.

In December 2010, INTRACOM Middle East, the Dubai-based subsidiary of INTRACOM TELECOM signed a contract to supply INTRALINK point-to-point (Intralink) radio equipment to Etisalat in the UAE. Etisalat is a world-class UAE-based telecommunication services provider, operating in 17 countries across Asia, the Middle East and Africa. INTRACOM TELECOM's future-proof wireless solutions will be deployed in Etisalat's network expansion projects across the UAE, enabling the operator to effectively backhaul 2G/3G, WiMAX and LTE traffic and provide its business customers with broadband wireless services.

INTRACOM TELECOM signed a contract with Serbian telecommunications operator Telekom Srbija at the beginning of the year to provide technical support, including the delivery of maintenance services for the FORIS OSS billing solution for fixed line and mobile subscribers. A further contract was secured to supply IPTV equipment to the operator in the first quarter of 2011.

In February 2011, INTRACOM TELECOM received a purchase order from Moldtelecom to provide after sales support services for point-to-point, IBAS and STH equipment during 2011, and a further purchase order to supply the operator with IBAS Multi-Service Access Node.

SITRONICS signed an agreement with MTS Belarus in December 2010 to implement a new version of the FORIS OSS billing solution during 2011. In January 2011, Sitronics signed several new agreements with MTS, to develop and technically support the FORIS OSS billing solution and the MEDIO SCP platform. SITRONICS completed the implementation of the FORIS InterPartner for MTS Belarus in March 2011, which has allowed the operator to fully automate the process of partner settlements.

SITRONICS completed the launch of the FORIS Fix billing solution for MGTS in March 2011. The launch has unified the subscriber databases of all of MGTS' Service Centres, and has allowed the operator to increase the efficiency of its business processes substantially, as well as to expand its service offering. SITRONICS also signed a new contract with MGTS in April 2011 to develop and implement new functionality for the FORIS Fix billing system.

## *SITRONICS Information Technologies*

<i>(US\$ millions)</i>	<b>Q4 2010</b>	Q4 2009	<b>FY 2010</b>	FY 2009
Revenues	<b>181.5</b>	120.9	<b>323.6</b>	221.5
OIBDA	<b>16.4</b>	12.0	<b>22.8</b>	22.4
OIBDA margin (%)	<b>9.0%</b>	9.9%	<b>7.1%</b>	10.1%
Net income from continuing operations	<b>9.9</b>	5.1	<b>9.3</b>	8.7
Net income/(loss) from discontinued operations	-	-	-	(26.2)
Net income/(loss)	<b>9.9</b>	5.1	<b>9.3</b>	(17.4)
Total assets	<b>414.6</b>	279.9	<b>414.6</b>	279.9

Segment revenues were up 50% year on year in the fourth quarter and up 46% for the full year, which primarily reflected the increased number of completed projects during both reporting periods. Segment OIBDA was up 37% year on year in the fourth quarter and up 2% for the full year, with OIBDA margins of 9.0% and 7.1% for the two respective periods.

The segment businesses have secured US\$ 181.4 million of new contracts since the announcement of the Group's third quarter financial results on December 2, 2010 and US\$ 303.7 million of new contracts since the beginning of 2010.

SITRONICS Information Technologies is one of the leading IT companies in Russia and the CIS. IT Infrastructure and System Integration sales accounted for 18% of revenues for the full year, while sales of Telecommunications Integration solutions contributed 44.5% of revenues for the year and the sale of Business Consulting and IT Outsourcing solutions represented 37.5% of revenues for the full year.

In December 2010, SITRONICS signed an agreement with the government of Yamalo-Nenetskiy Autonomous Region to implement an E-government project. The first phase of the project is worth US\$ 2 million, and has been now completed. SITRONICS is currently preparing to implement the second stage of the project.

SITRONICS signed a contract with Russia's Interior Ministry in December 2010 to provide training equipment for the ongoing restructuring of the Ministry. The first phase of the project has been initiated. SITRONICS signed a contract with Moscow State University in December 2010 to supply and implement a 'Supercomputer', and completed

the project in March 2011. The Supercomputer is the 26<sup>th</sup> most powerful supercomputer in Russia, and is being used by the University's Research Computing Center.

In November 2010, the Group completed a project as part of the modernisation of the IT infrastructure for the ongoing decommissioning of the Chernobyl nuclear power plant. The broader project is being implemented by German company Energiewerke Nord GmbH (EWN) in cooperation with Ernst&Young.

In November 2010, SITRONICS completed a project to create a multifunctional, multiservice, fault tolerant system for unified communications, for the subsidiary of Sberbank of Russia in Ukraine. SITRONICS also completed the first three stages of the project to automate Sberbank's Russian client management services on the basis of Oracle Siebel's CRM solution in December.

In December 2010, SITRONICS completed an upgrade of isolated data communication networks for a subsidiary of Bashneft, as part of the strategic partnership with the oil company. This process resulted in the creation of an integrated data transmission communication platform, using a unified IP-based telephone system. The Group also implemented a project to deliver, launch and configure hardware for an enterprise resource planning platform on the basis of SAP for Bashneft, which included the implementation of a Daterium Mobile Data Processing Centre.

In December 2010, the Group signed a cooperation agreement with the Agency for Computerization of Singapore, which includes the sharing of experience in the development and implementation of E-government solutions, and in the field of electronic government services.

In April 2011, SITRONICS signed a three year agreement with Oracle, which enable the Group to utilize an unlimited amount of Oracle program licenses for MTS. The agreement is the largest ever of its kind in Russia and the CIS.

In April 2011, SITRONICS successfully completed the first stages of a project for the creation of a unified business analysis platform based on the SAP Business Objects solution for MGTS. The platform will increase the operator's efficiency levels and supply MGTS' management with accurate up to date information streams from a variety of sources. SITRONICS also implemented an IT service management (ITSM) platform together with Axios Systems for MBRD. The project is based on Axios Systems' "Assyst" platform, and is the first ITSM project that the Group has implemented in the banking sector.

### ***SITRONICS Microelectronics***

<i>(US\$ millions)</i>	<b>Q4 2010</b>	Q4 2009	<b>FY 2010</b>	FY 2009
Revenues	<b>76.1</b>	64.8	<b>255.4</b>	208.1
OIBDA	<b>12.7</b>	(23.7)	<b>41.8</b>	5.9
OIBDA margin (%)	<b>16.7%</b>	-	<b>16.4%</b>	2.8%
Net income/(loss)	<b>(2.4)</b>	(27.0)	<b>(26.2)</b>	(28.6)
Total assets	<b>739.4</b>	711.4	<b>739.4</b>	711.4

Segment revenues were up 17% year on year in the fourth quarter and 23% for the full year, following increased contract volumes in both periods. The segment reported a US\$ 36.4 million positive year on year swing in OIBDA in the quarter and a more than sevenfold increase for the full year OIBDA. The segment therefore reported OIBDA margins of 16.7% in the fourth quarter, and 16.4% for the full year.

The segment businesses have secured US\$ 149.8 million of new contracts since the announcement of the Group's third quarter financial results on December 2, 2010 and US\$ 334.3 million of new contracts since the beginning of 2010.

SITRONICS Microelectronics is the market leader in Russia in each of its vertical sectors, including the production of smart cards and RFID products. It is also the number one semiconductor manufacturer in Russia and the CIS. 34% of revenues for the full year were generated from the sale of integrated circuits, while 29% of sales were generated from the sale of RFID products in the period. Smart card sales contributed 28% of revenues for the full year, and commissioned R&D projects accounted for 9% for the period.

The Group's joint project with state corporation RUSNANO to establish a domestic full scale 90 nanometer microchip manufacturing capability is proceeding according to plan. The test samples were produced in December 2010 and SITRONICS expects to commence general production before the end of 2011.

SITRONICS signed contracts in December 2010 to deliver magnetic strip and chip banking cards to Sberbank of Russia in Kazakhstan and Russian Standard Bank. SITRONICS also signed a contract to deliver banking card personalization services to HomeCredit in December 2010.

In February 2011, SITRONICS implemented a new form of high frequency microchip tag for use in automated libraries, for the International Centre of Technology Transfer, which is in charge of the implementation of a library management RFID system for the State Medical University of Siberia in Tomsk.

In December 2010 and February 2011, SITRONICS won two additional contracts with VTB24 to deliver chip banking cards.

The Group signed a contract with Turkish IT company Belbim in March 2010, and subsequently produced and delivered 2.42 million RFID tickets to Istanbul's over ground transport system.

## **FINANCIAL POSITION**

Net cash provided by operating activities increased by 21% year on year to US\$ 177.5 million for the full year 2010, compared to US\$ 147.2 million in 2009.

Net cash used in investing activities was down 26% year on year to 79.6 million, compared to US\$ 107.9 million in 2009, and included a 10% reduction in capital expenditure to US\$ 82.4 million from US\$ 91.7 million in 2009.

Net cash provided by financing activities amounted to US\$ 10.9 million for the full year, compared to net cash used in financing activities of US\$ 2.9 million in 2009. SITRONICS repaid, refinanced or extended US\$ 381 million of loans during 2010.

The Group's cash and cash equivalents increased to US\$ 261.7 million at the end of the period, compared to US\$ 161.9 million at the end of 2009.

The Group's total borrowings amounted to US\$ 699.1 million at the end of the year, when excluding US\$ 45.6 million dollars of debt borrowed from SITRONICS-Nano, and compared to US\$ 745.9 million at the end of 2009. The weighted average cost of borrowing was 7.5% as at December 31, 2010, compared to 8.6% at the end of 2009. Approximately 33% of the Group's debt was dollar denominated at the end of the year, with 27% in euro and 40% in rubles.

The Group's reported net debt was therefore reduced year on year from US\$ 584.0 million at the end of 2009 to US\$ 483.0 million at the end 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 7190 1595  
US: +1 480 629 9726

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

UK/ International: +44 207154 2833  
US: +1 303 590 3030  
The replay access pin code is 4432703#

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**For further information, please visit [www.sitronics.com](http://www.sitronics.com) or contact:**

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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 Moscow (Russia), 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\$ 1,166.9 million for the full year ended December 31, 2010 and had total assets of US\$ 2,010.1 million 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.*

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

	<b>4Q 2010</b>	<b>4Q 2009</b>
Revenues	\$ 484 468	\$ 398 809
Cost of sales exclusive of depreciation and amortization shown separately below	(382 556)	(295 994)
Research and development expenses	(3 933)	(5 832)
Selling general and administrative expenses	(41 413)	(46 483)
Depreciation and amortization	(20 209)	(17 921)
Impairment losses and reserves	(7 440)	(73 013)
Other operating income, net	5 678	3 485
<b>OPERATING INCOME/(LOSS)</b>	<b>34 595</b>	<b>(36 948)</b>
Interest income	1 943	2 634
Interest expense	(16 722)	(18 265)
Foreign currency transactions gains	885	211
Gain on sale of associates	7 885	-
Equity in net income of investees	1 443	536
Other non-operating gains/(losses)	9	(8 557)
Income/(loss) from continuing operations before income tax	30 038	(60 389)
Income tax (expense)/benefit	(13 312)	16 694
<b>NET INCOME/(LOSS)</b>	<b>\$ 16 726</b>	<b>\$ (43 695)</b>
Less: net loss attributable to the non-controlling interests	2 475	6 366
<b>NET INCOME/(LOSS) ATTRIBUTABLE TO SITRONICS</b>	<b>\$ 19 201</b>	<b>\$ (37 329)</b>

**CONSOLIDATED STATEMENTS OF OPERATIONS (INCLUDING EARNINGS PER SHARE)  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
*(Amounts in thousands of U.S. dollars unless otherwise stated)*

	Notes	<u>2010</u>	<u>2009</u>
Revenues		\$ 1,166,928	\$ 1,024,219
Cost of sales, exclusive of depreciation and amortization shown separately below		(884,253)	(746,501)
Research and development expenses		(18,686)	(21,162)
Selling, general and administrative expenses		(151,867)	(159,706)
Depreciation and amortization		(90,845)	(58,012)
Impairment losses and reserves	26	(16,475)	(94,387)
Other operating income, net		9,974	4,240
<b>OPERATING INCOME/(LOSS)</b>		<u>14,776</u>	<u>(51,309)</u>
Interest income		7,102	11,069
Interest expense		(78,544)	(62,942)
Foreign currency transactions losses		(890)	(3,167)
Gain on sale of associates		7,885	-
Equity in net income of investees		1,389	536
Other non-operating gains/(losses)		18	(9,282)
Loss from continuing operations before income tax		<u>(48,264)</u>	<u>(115,095)</u>
Income tax (expense)/benefit	20	(11,406)	14,288
<b>LOSS FROM CONTINUING OPERATIONS</b>		<u>(59,670)</u>	<u>(100,807)</u>
Loss from discontinued operations, net of income tax expense of \$nil and \$317, respectively		-	(404)
Loss from disposal of discontinued operations, net of income tax expense of \$nil and \$nil, respectively		-	(25,750)
Loss on discontinued operations	3	<u>-</u>	<u>(26,154)</u>
<b>NET LOSS</b>		<b>\$ (59,670)</b>	<b>\$ (126,961)</b>
Less: net loss attributable to non-controlling interest		14,051	7,886
<b>NET LOSS ATTRIBUTABLE TO SITRONICS</b>		<b>\$ (45,619)</b>	<b>\$ (119,075)</b>
<b>EARNINGS PER SHARE – BASIC AND DILUTED, US cents:</b>			
Loss from continuing operations:		(0.53)	(1.05)
Loss from discontinued operations:		-	(0.30)
Net loss		<u>(0.53)</u>	<u>(1.35)</u>
Weighted average number of common shares outstanding, basic and diluted:		<u>8,615,020,320</u>	<u>8,828,989,131</u>
<b>AMOUNTS ATTRIBUTABLE TO SITRONICS:</b>			
Loss from continuing operations, net of tax		(45,619)	(92,921)
Loss from discontinued operations, net of tax		-	(26,154)
<b>NET LOSS</b>		<b>\$ (45,619)</b>	<b>\$ (119,075)</b>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
*(Amounts in thousands of U.S. dollars unless otherwise stated)*

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	Notes	<u>2010</u>	<u>2009</u>
<b>NET LOSS</b>		\$ (59,670)	\$ (126,961)
<b>Other comprehensive loss, net of tax:</b>			
Translation adjustment, net of tax		(21,792)	(8,548)
Unrecognized actuarial (loss)/gains, net of tax		(729)	306
<b>Total other comprehensive loss, net of tax</b>		<u>(22,521)</u>	<u>(8,242)</u>
<b>COMPREHENSIVE LOSS</b>		<b>(82,191)</b>	<b>(135,203)</b>
Comprehensive loss attributable to non-controlling interest		24,648	7,439
<b>COMPREHENSIVE LOSS ATTRIBUTABLE TO SITRONICS</b>		<u>\$ (57,543)</u>	<u>\$ (127,764)</u>

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

	Notes	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	4	\$ 261,688	\$ 161,864
Short-term deposits and loans	5	1,229	2,315
Trade receivables, net	6	422,011	406,388
Other receivables and prepaid expenses, net	7	128,231	100,269
Inventories, net	8	152,418	154,790
Restricted cash	13	34	1,116
Deferred tax assets, current portion	20	28,020	30,868
Total current assets		<u>993,631</u>	<u>857,610</u>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment, net	9	439,076	456,971
Intangible assets, net	10	175,698	197,319
Goodwill	10	86,858	86,858
Inventories, net	8	13,716	17,792
Long-term investments	11	230,716	222,384
Long-term trade receivables	12	38,725	58,154
Deferred tax assets, non-current portion	20	28,149	23,855
Other long-term assets		3,500	5,884
Total non-current assets		<u>1,016,438</u>	<u>1,069,217</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 2,010,069</b></u>	<u><b>\$ 1,926,827</b></u>

**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2010 AND 2009 (CONTINUED)**  
*(Amounts in thousands of U.S. dollars, except share and per share amounts)*

	Notes	<u>2010</u>	<u>2009</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		\$ 306,413	\$ 269,504
Taxes payable		58,507	34,466
Accrued expenses and other current liabilities	14	245,703	136,479
Short-term loans and notes payable	15	131,779	193,959
Current portion of long-term debt	16	397,552	135,596
Deferred tax liabilities, current portion	20	16,388	16,041
Total current liabilities		<u>1,156,342</u>	<u>786,045</u>
<b>LONG-TERM LIABILITIES:</b>			
Capital lease obligations	17	168,307	167,558
Long-term debt	16	215,324	416,299
Other long-term liabilities	19	8,693	9,937
Deferred tax liabilities, non-current portion	20	19,212	20,385
Total long-term liabilities		<u>411,536</u>	<u>614,179</u>
<b>TOTAL LIABILITIES</b>		<b><u>1,567,878</u></b>	<b><u>1,400,224</u></b>
<b>EQUITY:</b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital (9,547,087,190 and 9,547,087,190 shares authorized and issued as of December 31, 2010 and 2009, respectively, with par value of 1 Russian Ruble)		335,764	335,764
Treasury stock (1,000,089,605 and 688,052,044 shares as of December 31, 2010 and 2009, respectively, with par value of 1 Russian Ruble)	21	(56,817)	(46,158)
Shareholder's receivable	21	-	(10,215)
Additional paid-in capital		431,507	429,774
Accumulated deficit		(387,961)	(342,342)
Accumulated other comprehensive (loss)/income	21	(4,381)	7,543
Foreign currency translation		(4,341)	7,211
Defined benefit postretirement plan		(40)	332
<b>TOTAL EQUITY ATTRIBUTABLE TO SITRONICS</b>		<u>318,112</u>	<u>374,366</u>
Equity attributable to non-controlling interest		124,079	152,237
<b>TOTAL EQUITY</b>		<u>442,191</u>	<u>526,603</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>\$ 2,010,069</u></b>	<b><u>\$ 1,926,827</u></b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
*(Amounts in thousands of U.S. dollars)*

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (59,670)	\$ (126,961)
Adjustments to reconcile net loss to net cash provided by/ (used in) operations:		
Depreciation and amortization	90,845	58,012
Gain from disposal of property, plant and equipment	(1,560)	(857)
(Gain)/ loss on disposal of subsidiaries and associates	(7,885)	26,154
Equity in net income of investees	(1,389)	(536)
Deferred income tax	(4,196)	(21,855)
Bad debt expense	9,447	54,627
Inventory obsolescence provision	5,956	18,882
Stock based compensation	2,596	5,248
Change in liability for uncertain tax positions	(1,300)	9,296
Impairment losses and reserves	1,072	28,666
Unrealized foreign currency transactions	76	14,393
Changes in operating assets and liabilities:		
Trade receivables	(24,596)	126,616
Other receivables and prepaid expenses	(33,180)	3,347
Inventories	(1,881)	17,401
Trade accounts payable	64,127	(15,687)
Taxes payable	26,324	7,268
Accrued expenses and other current liabilities	<u>112,715</u>	<u>(56,855)</u>
Net cash provided by operating activities	<u>\$ 177,501</u>	<u>\$ 147,159</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(42,331)	(29,569)
Proceeds from disposals of property, plant and equipment	1,938	1,050
Purchases of intangible assets	(40,036)	(62,113)
Purchases of businesses, net of cash acquired	-	(4,435)
Proceeds from sale of businesses	-	1,458
Cash disposed on the sale of businesses	-	(10,455)
Change in restricted cash	1,011	6,032
Purchases of short-term deposits and loans	(693)	(14,381)
Proceeds from short-term deposits and loans	441	3,924
Purchases of long-term investments	(7,969)	(554)
Proceeds from sale of long-term investments	<u>8,002</u>	<u>1,130</u>
Net cash used in investing activities	<u>\$ (79,637)</u>	<u>\$ (107,913)</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**  
*(Amounts in thousands of U.S. dollars)*

	<u>2010</u>	<u>2009</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from short-term borrowings	\$ 221,574	\$ 454,743
Principal payments on short-term borrowings and current portion of long-term borrowings	(405,543)	(771,454)
Proceeds from long-term borrowings	210,844	331,754
Principal payments on long-term borrowings	(7,216)	(8,227)
Principal payments on capital lease obligations	(3,882)	(7,555)
Debt issuance costs	(1,067)	(3,883)
Proceeds from stock options exercised	-	2,800
Acquisition of non-controlling interest in existing subsidiary	(3,510)	-
Repurchase of common stock	(307)	(1,119)
	<u>10,893</u>	<u>(2,941)</u>
Net cash provided by/(used in) financing activities	\$	\$
Effects of exchange rate changes on cash and cash equivalents	(8,933)	(136)
	<u>99,824</u>	<u>36,169</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>\$</b>
CASH AND CASH EQUIVALENTS from continued operations, beginning of the year	161,864	116,720
CASH AND CASH EQUIVALENTS from discontinued operations, beginning of the year	-	8,975
<b>TOTAL CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b>\$ <u>161,864</u></b>	<b>\$ <u>125,695</u></b>
CASH AND CASH EQUIVALENTS from continued operations, end of the year	261,688	161,864
CASH AND CASH EQUIVALENTS from discontinued operations, end of the year	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS, end of the year</b>	<b>\$ <u><u>261,688</u></u></b>	<b>\$ <u><u>161,864</u></u></b>
<b>CASH PAID DURING THE YEAR FOR:</b>		
Interest, net of amounts capitalized	\$ (61,731)	\$ (42,991)
Income taxes	(6,866)	(5,457)
<b>NON-CASH ITEMS:</b>		
Equipment acquired under capital lease	\$ 2,567	\$ 173,413
Amounts due for purchase of long-lived assets	10,869	49,611

Non-cash investing and financing activities for the years ended December 31, 2010 and 2009 included acquisitions and disposals of subsidiaries and stock-based compensation, as described in Notes 3 and 22.

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:

<i>(US\$ 000's)</i>	<b>Q4 2010</b>	Q4 2009	<b>FY 2010</b>	FY 2009
Operating Income / (Loss)	<b>34,595</b>	(36,947)	<b>14,776</b>	(51,309)
Depreciation and Amortization	<b>(20,209)</b>	(17,921)	<b>(90,845)</b>	(58,012)
OIBDA	<b>54,804</b>	(19,026)	<b>105,621</b>	6,703
Impairment losses and reserves	<b>(7,440)</b>	(73,013)	<b>(16,475)</b>	(94,387)
Adjusted OIBDA	<b>62,244</b>	53,987	<b>122,096</b>	101,090