



FOR IMMEDIATE RELEASE

April 5, 2006

## **SISTEMA INTENDS TO ACQUIRE CONTROLLING STAKE IN WAVECREST GROUP ENTERPRISES**

**Moscow, Russia** – April 5, 2006 – Sistema (LSE: SSA), the largest private sector consumer services company in Russia and the CIS, announced today its intention to acquire a 66% stake in WaveCrest Group Enterprises Ltd. (“WaveCrest”), the international telecommunications service provider, for a total cash consideration of GBP 20 million. The acquisition is being effected by means of a directed new share issue by WaveCrest.

WaveCrest is a global communications service provider offering wholesale (operator) and retail (residential) telephony services, using conventional circuit-switched and Internet protocol (IP) telephony. WaveCrest has an established switching presence in cities across Europe, USA and Asia including London, Paris, Amsterdam, Frankfurt, New York, Brussels, Milan and Hong Kong, and provides services to more than 300 leading international telecommunications operators. WaveCrest’s residential services enable customers to terminate international voice, fax, mobile and modem traffic via the company’s international network. The company carries more than 300 million minutes of voice traffic per month and is also a leader in the UK and Republic of Ireland pre-paid calling cards markets. The company generated approximately US\$ 280 million of revenue in 2005.

The acquisition was approved by Sistema’s Board of Directors in March 2006 and is to be completed in the second quarter of 2006, subject to the applicable regulatory approvals. On completion of the transaction, WaveCrest would be fully consolidated in Sistema’s financial results.

The proceeds from WaveCrest’s additional share issue will be used for the general development and expansion of the company and its services.

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

Sistema Investor Relations  
Alexei Kurach  
Tel: +7 495 6292741  
[kurach@sistema.ru](mailto:kurach@sistema.ru)

Shared Value Limited  
Matthew Hooper  
Tel. +44 (0) 20 7321 5023  
[sistema@sharedvalue.net](mailto:sistema@sharedvalue.net)

**Sistema is the largest private sector consumer services company in Russia and the CIS, with over 50 million customers. Sistema develops and manages market-leading businesses in selected service-based industries, including telecommunications, technology, insurance, banking, real estate, retail and media. Founded in 1993, the company reported revenues of US\$ 5.4 billion for the first nine months of 2005, and total assets of US\$ 12.1 billion as at September 30, 2005. Sistema's shares are listed under the symbol "SSA" on the London Stock Exchange, under the symbol "AFKS" on the Russian Trading System (RTS), and under the symbol "SIST" on the Moscow Stock Exchange (MSE).**

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.