



**SISTEMA-HALS RELEASES UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST SIX MONTHS OF 2009**

MOSCOW, RUSSIA – September 11, 2009 – Sistema-Hals (LSE, MICEX, RTS: HALS), one of the largest real estate development companies in Russia and the CIS, today announces its unaudited consolidated financial results for the first six months of 2009 in accordance with US GAAP.

Conditions in the Russian real estate market remain depressed and expected to remain so for the foreseeable future (the market is characterized by limited transactional activity, weak and falling asset prices, limited financing availability and an increasing number of forced sales). The net loss for the first six months of 2009 was USD 110.8 million and the Company may have net PAT losses for the 3Q2009. The management of the Company continues to take measures to increase revenues and reduce expenses and losses. In these market conditions the Company remains dependant on support from its major shareholders.

“Due to the Russian real estate market there is considerable uncertainty as to the budgeting, financing, valuation and delivery of our projects, – Igor Kascheev, President of Sistema-Hals commented. - I do believe though that Sistema-Hals with its major shareholders support and management initiatives will get over the hard time and unlock its potential for further growth and development”.

FINANCIAL HIGHLIGHTS FOR THE FIRST 6 MONTHS OF 2009

- The net loss of the Group amounted to USD 110.8 million for the six months ended June 30, 2009 compared to the net income of USD 8.7 million for the same period in 2008.
- For the first six months ended June 30, 2009 the revenues of the Group amounted to USD 47.7 million compared to USD 197.8 million for the six months ended June 30, 2008.
- For the six months ended June 30, 2009 the operating expenses of the Sistema-Hals Group decreased 61.5% compared to the previous period and amounted to USD 75.1 million.
- In the first half of 2009 the Group's cost of sales decreased by 64.3% to USD 51.5 million compared to USD 144.2 million for the same period in 2008.
- The selling, general and administrative expenses of the Sistema-Hals Group decreased by 81.1% to USD 8.2 million for the first six months in 2009 compared to USD 43.4 million for the six months ended June 30, 2008.
- For the six months ended June 30, 2009 the operating loss of the Sistema-Hals Group amounted to USD 27.4 million compared to the operating income of USD 2.8 million for the six months ended June 30, 2008.
- For the six months ended June 30, 2009 the negative OIBDA amounted to USD 18.9 million compared to the positive OIBDA in the amount of USD 10.2 million for the first half of 2008.
- As of June 30, 2009 the total assets decreased by 7.5% to USD 1,753.0 million compared to the total assets in the amount of USD 1,895.7 million as of December 31, 2008.

In accordance with its announced strategy, in May 2009 Sistema-Hals exchanged its share in OJSC Mosdachtrest (assets included land plots and cottages) and ZAO Landshaft (assets included land plots) for a 100% stake in OJSC Lubyanka Development which owns the Central Detsky Mir building in Moscow. The financial results of the Asset Management business segment

are reflected separately as discontinued operations in the financial statements for the first six months of 2009.

CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008 ACCORDING TO US GAAP:

<i>(USD '000)</i>	Notes	6m 2009	6m 2008	Change, %
Revenues, incl.:	1	47,731	197,813	(75.9)
<i>Real Estate Development</i>	1.1	37,514	181,500	(79.3)
<i>Facility Management</i>	1.2	10,216	16,263	(37.2)
Operating expenses, incl.:	2	(75,101)	(195,057)	(61.5)
Cost of sales	2.1	(51,451)	(144,153)	(64.3)
Selling, general and administrative expenses	2.2	(8,196)	(43,449)	(81.1)
Impairment of long-lived assets		(6,577)	0	-
Allowance for doubtful debts		(404)	0	-
Depreciation and amortization		(8,473)	(7,456)	13.6
OIBDA	3	(18,897)	10,212	-
Operating (loss)/income	4	(27,370)	2,756	-
Other income/(expenses), net		5,181	(1,922)	-
Interest income		4,532	8,464	(46.5)
Interest expense	5	(68,907)	(22,587)	(205.1)
(Loss)/gain on foreign currency transactions	6	(19,958)	29,962	-
(Loss)/income from affiliates		(3,930)	316	-
Gain on sale of subsidiaries	7	8,052	0	100.0
(Loss)/income from continuing operations before income tax and minority interests	8	(102,400)	16,990	-
Income tax credit/(expense)	9	2,919	(13,588)	-
Minority interests		(16)	0	-
(Loss)/income from continuing operations		(99,497)	3,402	-
(Loss)/income from discontinued operations, net of income tax effect and minority interest ¹		(2,449)	5,261	-
Loss from disposal of discontinued operations, net of income tax effect ¹		(8,845)	0	(100.0)
Net (loss)/income	10	(110,791)	8,663	-

¹ In May 2009, Sistema-Hals exited the Asset Management business segment (OJSC Mosdachtrest - owns land plots and cottages, and ZAO Landshaft - owns land plots) in exchange for a 100% stake in OJSC Lubyanka Development which owns the Central Detsky Mir building in Moscow.



1. Revenues

For the six months ended June 30, 2009 the revenues of the Group were down 75.9% to USD 47.7 million compared to USD 197.8 million for the six months ended June 30, 2008.

1.1 The consolidated revenue from Real Estate Development was down 79.3% to USD 37.5 million for the six months of 2009.

The revenue was recognized from:

- sale of a 50% share of Soyuzkomint operating a land plot at Narvskaya Street, Moscow (USD 10.0 million);
- sale of land plots in the Aurora cottage community (USD 9.9 million);
- sales of the Rublevskoye residential project (USD 4.6 million);
- sales of the Michurinsky residential project (USD 4.4 million);
- sales of the Nakhimovsky residential project (USD 2.8 million);
- other projects of the Development business segment (USD 5.9 million).

The portion of the Real Estate Development business segment in the total revenues of the Sistema-Hals Group accounted for 78.6% for the first six months of 2009.

1.2 The consolidated revenues from the Facility Management business segment was down USD 6.0 million, or 37.2% to USD 10.2 million for the six months of 2009 compared to USD 16.3 million for the same period in 2008. The major reason for the lower revenue is a decrease in income from repair works and maintenance performed for AFK Sistema, MGTS and Detsky Mir.

The Facility Management business segment represented 21.4% of the total Group's revenues in the first six months of 2009.

In July 2009, Sistema-Hals sold a 100% stake in ZAO City-Hals (a Facility Management business segment) to AFK Sistema, as Sistema-Hals focused on development projects while the Facility Management business segment was mainly focused on management of AFK Sistema Group's offices.

2. Operating expenses

The operating expenses decreased by 61.5% to USD 75.1 million for the six months ended June 30, 2009 compared to USD 195.1 million for the same period in 2008 due to a 64.3% decrease in the cost of sales and a 81.1% reduction of selling, general and administrative expenses.

2.1 The cost of sales decreased by 64.3% to USD 51.5 million for the six months ended June 30, 2009 compared to USD 144.2 million for the six months ended June 30, 2008, which is almost in line with the corresponding decrease in the revenues.

2.2 In the first half of 2009, the selling, general and administrative expenses decreased by 81.1% to USD 8.2 million compared to USD 43.4 million for the six months ended June 30, 2008. The decrease is caused by cost reduction of consulting and IT expenses, repairs and maintenance, and through reduction of headcounts, lower payroll expenditures and remuneration provision.



3. OIBDA²

<i>(USD '000)</i>	6m 2009	6m 2008
Operating (loss)/income	(27,370)	2,756
Depreciation and amortization	8,473	7,456
OIBDA	(18,897)	10,212

OIBDA declined and amounted to the negative value of USD 18.9 million for the six months ended June 30, 2009 as compared with the positive OIBDA of USD 10.2 million for the first half of 2008 due to the factors explained above.

4. Operating (loss)/income

For the six months ended June 30, 2009, the operating loss of the Group amounted to USD 27.4 million compared to operating income of USD 2.8 million for the first six months in 2008.

5. Interest expense

The interest expense increased to USD 68.9 million for the six months ended June 30, 2009 by comparison with USD 22.6 million for the six months ended June 30, 2008. The increase is due to the absence of interest capitalization on the projects which are no longer in the active stage of development. Furthermore, there has been an increase in the interest rates under the credit contracts and in the amount of borrowed funds during the reported period.

6. (Loss)/gain on foreign currency transactions

The loss on foreign currency transactions amounted to USD 20.0 million for the six months ended June 30, 2009 compared to the gain in the amount of USD 30.0 million for the same period last year. This change is mainly due to ruble depreciation. The increase in the foreign exchange losses arose as a result of the foreign currency denominated liabilities granted to the Group by Merrill Lynch International, Gazprombank, Alfa-Bank, Vnesheconombank and Investtorgbank.

7. Gain on sale of subsidiaries

The gain on sale of subsidiaries for the first six months in 2009 amounted to USD 8.1 million due to the sale of the Group's subsidiaries with negative net assets.

² This results statement includes financial information prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), as well as other non-GAAP financial information. The non-GAAP financial information should be considered as an addition to, but not as a substitute for, information prepared in accordance with US GAAP.

OIBDA is operating income before depreciation and amortization, and the OIBDA margin is defined as OIBDA as a percentage of net revenues. These measures are included in this results statement in order to provide additional information regarding the Group's ability to meet future debt service payments, capital expenditure and working capital requirements, and as a metric to evaluate profitability. OIBDA is not a measure of financial performance under US GAAP, and is not an alternative to operating income as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. While depreciation and amortization are considered operating costs under US GAAP, these items primarily represent the non-cash current period allocation of costs arising from the acquisition or development of long-term assets in prior periods. OIBDA is commonly used as a criterion for evaluation of operating performance by credit and equity investors and analysts. The calculation of OIBDA may be different from the calculation used by other companies and comparability may therefore be limited.

8. (Loss)/income from continuing operations before income tax and minority interests

The loss from continuing operations before income tax and minority interests amounted to USD 102.4 million for the six months ended June 30, 2009 compared to the income of USD 17.0 million for the six months ended June 30 previous year, as a result of the factors mentioned before.

9. Income tax credit/(expense)

For the first six months in 2009 the income tax credit amounted to USD 2.9 million compared to the income tax expense in the amount of USD 13.6 million for the first six months in 2008. The income tax credit is caused by the recognition of deferred tax assets relating to tax losses of the current accounting period.

10. Net (loss)/income

The net loss amounted to USD 110.8 million for the six months ended June 30, 2009 compared with the net income of USD 8.7 million for the six months ended June 30, 2008.


**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2009 AND DECEMBER 31, 2008
 ACCORDING TO US GAAP:**

(USD '000)	Notes	June 30, 2009	% of total assets	December 31, 2008	% of total assets	Change, %
ASSETS						
Cash and cash equivalents	11	6,674	0.4	57,857	3.1	(88.5)
Trade receivables, net	12	126,273	7.2	126,027	6.6	0.2
Deposits, loans receivable and investments in debt and equity securities	13	126,418	7.2	61,495	3.2	105.6
Taxes receivable		65,274	3.7	61,768	3.3	5.7
Other receivables, net	14	48,195	2.7	29,182	1.5	65.2
Costs and estimated earnings in excess of billings on uncompleted contracts	15	74,203	4.2	192,824	10.2	(61.5)
Assets from discontinued operations ³		0	0	148,668	7.8	(100.0)
REAL ESTATE						
INVESTMENTS, NET, incl.:	16	<u>1,190,550</u>	<u>67.9</u>	<u>1,087,986</u>	<u>57.4</u>	<u>9.4</u>
Real estate developed for sale		971,027	55.4	742,807	39.2	30.7
Income producing properties, net		219,523	12.5	345,179	18.2	(36.4)
Buildings used for administrative purposes, plant and equipment, net		7,044	0.4	7,182	0.4	(1.9)
Deferred tax assets		19,528	1.1	13,362	0.7	46.1
Development rights and other intangible assets, net		23,315	1.3	29,673	1.6	(21.4)
Investments in associates		64,234	3.7	78,039	4.1	(17.7)
Debt issuance costs net of accumulated amortization		<u>1,260</u>	<u>0.1</u>	<u>1,680</u>	<u>0.1</u>	<u>(25.0)</u>
TOTAL ASSETS		<u>1,752,968</u>	<u>100.0</u>	<u>1,895,742</u>	<u>100.0</u>	<u>(7.5)</u>
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Payables to suppliers and subcontractors	17	65,695	3.7	82,036	4.3	(19.9)

³ In May 2009, Sistema-Hals exited the Asset Management business segment (OJSC Mosdachtrest - owns land plots and cottages, and ZAO Landshaft - owns land plots) in exchange for a 100% stake in OJSC Lubyanka Development which owns the Central Detsky Mir building in Moscow.



(USD '000)	Notes	June 30, 2009	% of total assets	December 31, 2008	% of total assets	Change, %
Billings in excess of costs and estimated earnings on uncompleted contracts	18	10,829	0.6	14,387	0.8	(24.7)
Accrued expenses and other liabilities	19	106,807	6.1	76,925	4.1	38.8
Taxes payable		10,873	0.6	13,336	0.7	(18.5)
Loans and notes payable	20	1,486,833	84.8	1,465,004	77.3	1.5
Deferred tax liabilities		39,890	2.3	35,911	1.9	11.1
Liabilities from discontinued operations ⁴		0	0	16,190	0.9	(100.0)
TOTAL LIABILITIES		1,720,927	98.2	1,703,789	89.9	(1.0)
MINORITY INTERESTS		1,413	0.1	34,024	1.8	(95.8)
SHAREHOLDERS' EQUITY						
Share capital		20,492	1.2	20,492	1.1	0
Treasury stock		(1,600)	(0.1)	(1,600)	(0.1)	0
Additional paid-in capital		527,280	30.1	527,280	27.8	0
Accumulated other comprehensive expenses		(28,956)	(1.7)	(12,446)	(0.7)	132.7
Accumulated deficit		(486,589)	(27.8)	(375,798)	(19.8)	29.5
TOTAL SHAREHOLDERS' EQUITY		30,627	1.7	157,929	8.3	(80.6)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,752,968	100.0	1,895,742	100.0	(7.5)

As of June 30, 2009 the total assets decreased by 7.5% to USD 1,753.0 million compared to the total assets in the amount of USD 1,895.7 million as of December 31, 2008.

11. Cash and cash equivalents

The cash and cash equivalents decreased by 88.5% to USD 6.7 million as of June 30, 2009 compared to USD 57.9 million as of December 31, 2008. The decrease is mainly explained by the use of cash for the full repayment of the Group's Alfa-Bank credit facility and a partial repayment of USD 8.0 million from Raiffeisenbank.

12. Trade receivables, net

Due to the depressed market conditions there is a heightened risk associated with the recoverability of amounts owing to the Group. This can occur for several reasons including the credit worthiness of counterparties, counterparties' ability themselves to raise capital and, in certain instances, the amounts owing the Sistema-Hals Group can only be repaid in the event of successful physical completion of projects or successful raising of capital to finance completion of projects.

⁴ In May 2009, Sistema-Hals exited the Asset Management business segment (OJSC Mosdachtrest - owns land plots and cottages, and ZAO Landshaft - owns land plots) in exchange for a 100% stake in OJSC Lubyanka Development which owns the Central Detsky Mir building in Moscow.

Management has conducted a review of balances owing to the Group and believes there is a reasonable basis for these balances. However, given the recession in the Russian real estate and markets more broadly there is greater than normal uncertainty about the recoverability of these monies.

13. Deposits, loans receivable and investments in debt and equity securities

The deposits, loans receivable and investments in debt and equity securities more than doubled (105.6%) to USD 126.4 million as of June 30, 2009 compared to USD 61.5 million as of December 31, 2008. The increase is explained by the purchase of short-term notes in the beginning of the period from issuers with a high level of accountability to generate income from investments of temporarily available funds.

14. Other receivables, net

As of June 30, 2009, the other receivables increased to USD 48.2 million compared to USD 29.2 million as of December 31, 2008. The main reason for the increase is that other receivables of OJSC Mosdachtrest and ZAO Landshaft, previously related parties, were reclassified as receivables of AFK Sistema' subsidiaries after the disposal.

15. Costs and estimated earnings in excess of billings on uncompleted contracts

The costs and estimated earnings in excess of billings on uncompleted contracts decreased by 61.5% to USD 74.2 million as of June 30, 2009 compared to USD 192.8 million as of December 31, 2008. Following the termination of the agreement with Siemens company the amounts related to this project were reclassified into real estate investments.

16. Real estate investments, net

The net real estate investments increased by 9.4% to USD 1,190.6 million as of June 30, 2009 compared to USD 1,088.0 million as of December 31, 2008. The ruble value grew mainly due to the increased Group's share in OOO Sib-Brok (a project company for premium apartments in Yalta) from 75% to 100% and due to the changes in the accounting of the Siemens project. The real estate investments are based on historical costs and management valuations.

The Sistema-Hals Group's real estate inventory consists principally of development, as against income producing assets. The development portfolio is at various stages of completion. A significant percentage of the portfolio is "greenfield" projects without construction having commenced. Given the difficulties in obtaining real estate financing, uncertainty as to completion dates, rental rates and exit yields the valuation of such properties requires an even greater degree of subjectivity and hence uncertainty compared to stabilized income producing properties. Management has taken the independent valuations as estimated by Cushman & Wakefield Stiles & Riabokobylko's as at January 1, 2009 and adjusted them in line with changing market conditions and individual asset plans. No independent valuations were sought as of June 30, 2009.

17. Payables to suppliers and subcontractors

The payables to suppliers and subcontractors decreased by 19.9% to USD 65.7 million as of June 30, 2009 compared to USD 82.0 million as of December 31, 2008. The decrease is mainly due to diminished operating activities and payments of liabilities by the Group.

18. Billings in excess of costs and estimated earnings on uncompleted contracts

As of June 30, 2009 billings in excess of costs and estimated earnings on uncompleted contracts decreased by 24.7% to USD 10.8 million compared to USD 14.4 million as of December 31, 2008. The change is due to a draw-down of financing for the Leto project.

19. Accrued expenses and other liabilities

The accrued expenses and other liabilities increased by 38.8% to USD 106.8 million as of June 30, 2009 compared to USD 76.9 million as of December 31, 2008. The increase is mainly due to the other payables to OJSC Mosdachtrest and ZAO Landshaft being recognized as other payables of AFK Sistema's subsidiaries after the disposal of these companies. Another reason is the increase of accrued interest expenses under the credit facilities.

20. Loans and notes payable

The loans and notes payable in USD increased marginally and amounted to USD 1,486.8 million as of June 30, 2009 compared to USD 1,465.0 million as of December 31, 2008.

In the first half of 2009 the Group followed its policy to reduce gross debt and took the following measures:

- fully paid debt to OJSC Alfa-Bank in the amount of USD 90.0 million;
- partially paid a ruble-denominated credit facility of ZAO Raiffeisenbank in the amount of USD 8.0 million; and
- partially paid a credit facility of OJSC MBRD in the amount of USD 1.9 million.

Since January 1, 2009 till June 30, 2009 the Group obtained new ruble credit facilities in the form of:

- issuance of promissory notes in the amount equivalent to USD 165.5 million;
- issuance of bonds in the amount equivalent to USD 159.8 million with coupon rates of 12% and 15%, maturing in 2014 (two series, issued in April 2009); and
- credit loans granted by OJSC VTB in the amount equivalent to USD 58.4 million. Currently the Sistema-Hals Group used USD 28.2 million.

The cash received was used to restructure the current debt of the Group. Moreover in March 2009, the Sistema-Hals Group obtained a new USD credit facility from OJSC Investorgbank in the amount of USD 3.5 million to fund the Gorki-8 project.

The Company negotiated a grace period so that all interest accrued under the credit facilities granted by OJSC VTB for the period since February 2009 till February 2010 will become payable not earlier than in February 2010.

As of June 30, 2009 the short-term debt of the Group stood at USD 293.8 million, whereas the long-term debt amounted to USD 1,193.0 million. The short-term to gross debt ratio was 19.8%.

The table below shows the Group's currency debt break down as of June 30, 2009. The portion of ruble denominated credit facilities increased compared to the previous periods and amounted to 84.2% of the gross debt.



Currency	Amount (USD '000)	% of total
Ruble	1,252,227	84.2
USD	234,606	15.8
Total	1,486,833	100.0

SUBSEQUENT EVENTS

In July 2009, the Company sold a 100% stake in ZAO City-Hals to AFK Sistema Group. The Facility Management business segment was mainly focused on the management of AFK Sistema Group's offices while Sistema-Hals strategy is focused on the development business.

In July 2009, Sistema-Hals Group sold the remaining land plots in cottage community Aurora and completed the project in accordance with the production program.

In July 2009, the Sistema-Hals Group, the seller, terminated the share purchase agreement which was concluded in 2008 for Aviatsionnaya and Lomonosovsky office centers, two MGTS properties, with the BVT Group, the buyer. To settle its liabilities arising from the contract termination the Sistema-Hals Group set off its payables to the BVT Group against the accounts receivable from OOO MIRAX GROUP.

In July-August 2009, the Group made a regular payment under the credit agreement with ZAO Raiffeisenbank, and the parties agreed to prolong the payment period of the remaining portion of debt up to December 2010.

In 1Q2008, the Sistema-Hals Group sold buildings on 8th of March Street to RTI Radio, an AFK Sistema subsidiary, for USD 54 million. Due to the failure of the purchases to settle on the sale, the agreement was terminated in August, 2009. The Sistema-Hals Group received the buildings back. The Company will be paid the rental income that RTI Radio received in the period since the initial agreement (USD 3 million). The Sistema-Hals Group intends to write-down the trade receivable to USD 40 million.

Sistema-Hals ("the Company") is a leading diversified company in the Russian and CIS real estate market. The core business of Sistema-Hals is development.

The Company was the first Russian property developer to list its shares on the main market of the London Stock Exchange. The Company's shares are also listed on the Moscow Interbank Currency Exchange and the Moscow Stock Exchange and in the Russian Trading System Stock Exchange.

Starting operations in 1994, Sistema-Hals has successfully completed about 40 projects with a total area in the region of 340,000 square metres, including the headquarters of DaimlerChrysler, the Hals Tower office building, the headquarters of Trubnaya Metallurgical Company and a hotel for the MaMaison chain (Orco Property Group).

Sistema-Hals has assembled a balanced and diversified portfolio of assets in fast-growing sectors of the market. The Company's strategy is focused on building Class A and B office space, mixed-use retail and office complexes, business-class residential buildings.

For further information, please contact:

Ulyana Denga
Director for Investor Relations
Tel. +7 (495) 785-7742 (1275)
Cell +7 (903) 2626-529
denga@sistema-hals.ru

Anna Zavialova
Director
PR Department
Tel. +7 (495) 785-7764
zavialova@sistema-hals.ru



The information contained in the press release may contain forward-looking statements regarding future events or the future financial performance of Sistema-Hals. 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 thereof or to reflect the occurrence of unanticipated events.

Investors should note that VTB has an option to acquire a further 31.5% shares from AFK Sistema after the receipt of all necessary permissions of regulatory bodies, making it the controlling shareholder of the Company. This may lead to changes in key personnel, policies and strategy, the implications of which the Directors and management of Sistema-Hals are not in a position to predict.