



FOR IMMEDIATE RELEASE

June 8, 2005

SISTEMA ANNOUNCES FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

Moscow, Russia – June 8, 2005 – Sistema (LSE: SSA), the largest private sector consumer services company in Russia and the CIS, today announced its consolidated US GAAP financial results for the twelve months ended December 31, 2004.

HIGHLIGHTS

- Consolidated revenues grew 52% to US\$ 5.71 billion
- OIBDA¹ increased 52% to US\$ 2.46 billion
- Net income from continuing operations before effect of cumulative change in accounting principle increased by 94% to US\$ 446.7 million
- Net income grew 6% to US\$ 411 million
- Total consolidated assets increased 29% to US\$ 8.78 billion

Vladimir Evtushenkov, President and Chief Executive Officer of Sistema, commented: “2004 was a positive year for Sistema, as all of our business segments reported healthy sales growth and profitability. Despite increasing competition, our telecommunications assets were able to maintain their leading position in their existing markets, as well as to extend their footprints by entering new markets. We have consolidated our ownership in a number of subsidiaries, and the performance across the group has reinforced the breadth of our consumer services offering across Russia and the neighboring CIS states.”

“We have also made great strides within the organization, in terms of the operational integration of new businesses under our strong brands, as well as the development and application of group-wide corporate governance procedures. The successful high growth profile of our businesses, and the markets in which we operate, enabled us to refinance our debt facilities last year, and to complete an Initial Public Offering after the end of the year. The proceeds of the IPO provide us with enhanced flexibility moving forward, both in terms of investing in our existing businesses, as well as the possibility to acquire strategic new assets, in order to further build on our market-leading positions.”

¹ OIBDA is operating income before depreciation and amortization. See Appendix 1 for full definition of OIBDA and its reconciliation to operating income.

FINANCIAL SUMMARY

<i>(US\$ millions)</i>	<i>2004</i>	<i>2003</i>	<i>Change</i>
Revenues	5,711.3	3,759.9	52%
Operating income	1,664.7	1,105.7	51%
Operating Margin	29%	29%	-
Net Income	411.2	387.0	6%
OIBDA	2,464.6	1,626.7	52%
OIBDA Margin	43%	43%	-

ACQUISITIONS AND DIVESTITURES

Sistema's acquisition strategy is focused on strengthening its positions in each of its business areas and consolidating key assets. During 2004 the company acquired a number of new assets and increased the shareholdings in a number of existing assets. Major acquisitions included the purchase of 51.0% of a Ukrainian IT distributor and systems integrator Kvazar-Micro for US\$ 28.0 million, as well as 30.0% of Mezhhregionalny Transit Telecom (MTT), a nationwide transit traffic operator, for US\$ 39.9 million. As a result of the purchase, Sistema increased its shareholding in MTT to 45.0%. Our interest in insurance business ROSNO increased to 49.0% by the end of the year, following the purchase of existing and newly issued shares. ROSNO itself also acquired 100% of property insurance company Leader for US\$ 3.0 million. Finally, Sistema acquired an additional 19% of East-West United Bank for US\$ 7.0 million, and now owns 49% of the Luxembourg-based banking business.

Sistema's mobile subsidiary Mobile TeleSystems (MTS) expanded into Uzbekistan during 2004 with the acquisition of 74.0% of Uzdurobita for US\$ 121.2 million. MTS also made a number of strategic acquisitions during the final quarter of the year in order to further expand its footprint and ownership of well-positioned local wireless operators. These acquisitions included 76% of Gorizont RT (Republic of Sakha) for US\$ 53.2 million; 100% of US-based MCT Sibi Corp., which owns a 93.5% stake in Sibintertelecom (Chita region and the Aginsk-Buryatsk Autonomous District) for US\$ 37.4 million; and 52.5% of Telesot-Alania (Republic of North Ossetia) for US\$ 6.2 million.

MTS continued to consolidate minority stakes in the previously acquired businesses, including the remaining 47.3% of TAIF Telcom (Republic of Tatarstan) for US\$ 63.0 million, and the remaining 50.0% of Far Eastern mobile operator Primtelefon for US\$ 31.0 million. MTS acquired an additional 11% stake in SCS-900 (Siberia); the remaining 40% of FECS-900 (Khabarovsk Region); the remaining 49% of UDN-900 (Udmurtia Republic); an additional 7.5% of MSS (Omsk region); the remaining 35% of MTS-NN (Nizhny Novgorod); the remaining 49% of Novitel (handset dealer in Moscow); and the remaining shares in Astrakhan Mobile and Volgograd Mobile. The combined cost of these transactions was US\$ 31.2 million.

In 2004, Sistema disposed of 83.5% of its CDMA-800 business P-Com to Sky-Link for US\$ 16.0 million and of 100% of media subsidiary Sofora for US\$1.1 million. We also sold 33.0% of common shares of STROM telecom for a cash consideration of US\$2.0 million.

FINANCIAL AND OPERATING REVIEW

Sistema's consolidated net revenues increased by 52% year on year to US\$ 5,711.3 million (US\$ 3,759.9) in the twelve months ended December 31, 2004. This growth reflected the performance of all of the group's business segments. Revenue growth in existing businesses for the year ended December 31, 2004 was US\$ 1,536.5 million, or 41%. The consolidation of Kvazar-Micro, Primtelefon, Uzdunrobita and others contributed a total of US\$ 414.9 million to the increase. The Telecommunications segment's share of Group revenues continued to decline – from 86% to 81% year on year – as the Group benefited from continued growth across its non-telecom businesses.

Group OIBDA increased by 52% year on year to US\$ 2,464.6 million (US\$ 1,626.7 million). The Group's OIBDA margin was therefore maintained at 43%. In 2004, all of Sistema's operating segments reported positive operating income and OIBDA, except for our Corporate and Other Segment, where negative OIBDA was driven mainly by corporate center overheads.

Income from continuing operations before cumulative effect of a change in accounting principle almost doubled in 2004, increasing from US\$ 230.7 million to US\$ 446.7 million. Sistema's net income, which was positively affected in 2003 by the gain from discontinued operations of US\$ 156.4 million, and negatively affected in 2004 by the US\$ 35.5 million cumulative effect of the change in accounting principle, increased by 6% year on year to US\$ 411.2 million (US\$ 387.0 million).

Sistema's total consolidated indebtedness increased to US\$ 3,064.9 million as at December 31, 2004, compared to US\$ 2,685.4 million at the end of 2003. Over the course of 2004 the Group extended its debt maturity, with the share of long-term debt increasing from 55.0% to 81.5% of total consolidated indebtedness. At the same time, consolidated interest expense for the twelve month period ended December 31, 2004 only increased to US\$ 213.9 million (US\$ 198.3 million), reflecting a lower cost of borrowing in 2004. The Group's total debt to consolidated OIBDA ratio stood at the end of 2004 at 1.2x, compared to 1.7x as at December 31, 2003. Capital expenditures amounted to US\$ 1,627.0 million.

Telecommunications

The Telecommunications segment's revenues grew by 42% year on year to US\$ 4,616.7 million (US\$ 3,247.6 million) in the twelve month period ended December 31, 2004. MTS and MGTS continued to represent over 90% of the Telecommunications segment revenue, with both companies reporting continued revenue growth. MTS's revenues grew year on year by 48.5% to US\$ 3,918.2 million (US\$ 2,638.2 million). Sales growth reflected record subscriber intake levels and increased penetration in both Russia and neighboring CIS countries.

MGTS posted a 26.6% year on year increase in revenues to US\$ 481.6 million (US\$ 380.4 million) following tariff increases and strong dynamics in unregulated services, including wholesale ADSL Internet access. In 2004, the Group's existing unregulated fixed line operator and internet service provider businesses were operationally integrated under the Comstar United TeleSystems (Comstar UTS) brand. Combined revenues of Comstar, MTU-Inform, Telmos, MTU-Intel and Golden Line grew by 13.9% to US\$ 282.5 million (US\$ 248.0 million).

OIBDA for Sistema's telecommunications segment increased by 49.9% year on year to US\$ 2,414.0 million (US\$ 1,609.9 million) and the segment's OIBDA margin further improved to 52.3% (49.6%).

Technology

Sistema's technology business now accounts for 8.5% of our aggregated revenues, compared to 2.3% of revenues for the prior reporting period. The segment's revenues increased by more than five times year on year to US\$ 498.4 million (US\$ 85.9 million), and the businesses reported a considerable increase in OIBDA from negative US\$ 0.5 million to US\$ 49.4 million. This growth was both organic and acquisitive, with Strom Telecom revenues increasing 173% from US\$ 37.3 million to US\$ 101.8 million, the consumer electronics business revenues growing more than sevenfold from US\$ 7.4 million to US\$ 51.6 million, and the consolidation of Kvazar-Micro, the Ukrainian IT and systems integration business, contributing US\$ 293.5 million to the segment's revenue.

Insurance

Revenues from Sistema's Insurance business, comprised of ROSNO and its subsidiaries, increased by 60.0% year on year to US\$ 300.2 million (US\$ 187.9 million), which reflected growth of premiums in ROSNO's key business lines, such as voluntary medical insurance (VMI), property insurance and car (MOD) insurance. The company maintained its cautious approach to the obligatory motor third party liability insurance (OMTPL) and positioned itself in the higher-end niche of the market. In 2004, ROSNO also established two subsidiaries targeting potential growth areas of the Russian insurance market – Allianz-ROSNO Asset Management and Allianz-ROSNO Life Insurance. As a result of improved profitability in the core lines of business and a better performance of the investment portfolio, the segment's operating income grew by 76.6% to US\$ 30.2 million (US\$ 17.1 million), bringing the operating margin to 10% from 9.1% a year earlier.

Banking

Revenues of the Moscow Bank for Reconstruction and Development (MBRD) increased by 14% year on year in 2004 to US\$ 65.7 million (US\$ 57.5 million) as the bank continued to expand its corporate and retail banking business. In 2004, MBRD opened two new regional branches – in Krasnodar and Ekaterinburg, 11 mini-offices in Moscow, and added 68 ATMs to its cash machine network. Sistema intends to further develop the bank's retail business through partnership with Sabre Capital, a London-based private equity fund with significant expertise in rolling out retail banking networks in a number of emerging markets. The Sabre Capital transaction is expected to close in 2005. MBRD reported a more than fourfold increase in operating income to US\$ 11.7 million (US\$ 2.6 million), which was mainly driven by the interest income from the bank's corporate and retail business lines.

Other Businesses

Revenues of Sistema's Real Estate business, which is managed through Sistema-Hals, more than doubled in 2004 to US\$ 90.4 million from US\$ 39.1 million in 2003 as a result of successful completion of a number of projects, as well as higher income from leased properties. Sistema-Hals launched a number of office, residential and retail development projects, mainly in Moscow, but also in St Petersburg and other regional centers. In early 2005, Sistema engaged Cushman & Wakefield, an international appraisal firm, to perform a valuation of its real estate development portfolio. As a result, Sistema's stake in 28 development projects on various stages of completion was valued at US\$ 238.0 million.

The Retail segment, represented by Detsky Mir, Russia's largest retailer of children's goods and one of the most recognized brands, reported a 42.8% growth in revenues to US\$79.3 million from US\$55.5 million in the previous year, as the company continued to roll out its retail chain. Opening of 4 new stores in Moscow and 2 in St Petersburg led to a decline in OIBDA margin to 13.1% vs. 14.1% in 2003. In 2005, Detsky Mir has already opened 2 new stores, and is on track towards meeting its target of opening up to 15 stores by the year-end.

For Sistema's Multimedia business, 2004 was the year of planning and preparation for the launch of its pay-TV and video-on-demand offering over ADSL, which took place in May 2005. The segment's financial results were driven by the traditional media operations, which includes newspaper publishing, print distribution and advertising. Revenues in this business increased year-on-year to US\$36.2 million (US\$35.2 million in 2003).

EVENTS AFTER THE END OF THE PERIOD

After the close of the year, Sistema announced the acquisition of a further 5% of MTT for US \$6.4 million, which increased the Group's voting power in MTT to 50%. In May 2005, MTT was issued one of the first long-distance telephony licenses in the process of liberalization of the long-distance market. The company intends to start providing long-distance telephony services in the second half of 2005.

Sistema also acquired a further 13.33% of the Moscow Bank for Reconstruction and Development for US\$ 10.0 million, which increased the Group's voting power in MBRD to 98.9%; and the remaining 20% of Moscow fixed line operator Telmos for approximately US\$ 8.5 million, which increased the Group's voting power in Telmos to 100%.

In February 2005, Sistema successfully completed the largest ever Initial Public Offering by a Russian company by offering 1,550,000 shares in the form of 77,500,000 Global Depositary Receipts to institutional investors. The GDRs were admitted to trading on the international order book of the London Stock Exchange Official List on 14 February 2005. The net proceeds from the Offering totaled US\$ 1,284.6 million, and the company's total issued and outstanding share capital consequently increased to 9,650,000 shares. Prior to the offering of GDRs, Sistema's Russian ordinary shares were listed on the Russian Trading System (RTS) and the Moscow Stock Exchange (MSE).

In February 2005, Fitch Ratings upgraded Sistema's long-term corporate credit rating to 'B+' from 'B', and in March 2005 Standard & Poor's raised Sistema's corporate rating from 'B' to 'BB-'.

OTHER INFORMATION

The Board of Directors of Sistema has proposed a cash dividend of RUR 26.0 per share (equivalent of \$0.93 as of the announcement date) to the Annual General Meeting of Shareholders, to be held on 30 June 2005 in Moscow, for the twelve months ended 31 December 2004. The total dividend payable, if approved, would therefore amount to RUR 250.9 million (US\$ 9.0 million), which is equivalent to 2.2% of the Group's consolidated net income for the twelve month period. The Group paid a dividend of RUR 18.5 per share (US\$ 0.64 per share) to shareholders in 2004 for the twelve months ended 31 December 2003, or a total amount of RUR 149.85 million (US\$ 5.2 million).

Sistema continued to enhance its corporate governance practices during 2004. The Board of Directors has formed a Corporate Governance Committee, chaired by Vyacheslav Kopiev, Deputy Chairman of the Board. Sistema also appointed a Corporate Secretary and developed a Corporate Governance Code. Throughout the year, we continued to benefit from the expertise of the International Advisory Council, which was formed in 2003 to bring together a number of highly experienced Russian and international business leaders.

Ron Sommer has been nominated for election to the Board of Directors at the Group's Annual General Meeting of Shareholders as a non-executive independent director. Dr. Sommer is the former Chief Executive of Deutsche Telekom, and is currently Chairman of the aforementioned International Advisory Council.

Until 2005, Sistema has reported its financial results under US GAAP on a semiannual basis. Starting from second half of this year, we intend to move to quarterly reporting.

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Sistema is the largest private sector consumer services company in Russia and the CIS, with over 45 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\$ 5.7 billion for the full year 2004, and total assets of US\$ 8.8 billion as at December 31, 2004. 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 "CUCT" 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.

ATTACHMENT 1 - NON-GAAP FINANCIAL MEASURES

This results statement includes financial information prepared in accordance with United States Generally Accepted Accounting Principles (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 net 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 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. OIBDA can be reconciled to the Group's consolidated statements as follows:

<i>US\$ 000s</i>	<i>2004</i>	<i>2003</i>
Operating Income	1,664,706	1,105,743
Add depreciation and amortization	799,885	520,976
OIBDA	2,464,591	1,626,719

SISTEMA
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2004 AND 2003 (AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AMOUNTS)

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 503,747	\$ 283,165
Short-term investments	207,293	278,850
Loans to customers and banks, net	379,310	364,982
Insurance-related receivables	130,278	96,309
Accounts receivable, net	327,921	182,251
Other receivables and prepaid expenses, net	583,074	567,125
Inventories	276,832	166,203
Deferred tax assets, current portion	73,592	53,964
Total current assets	<u>2,482,047</u>	<u>1,992,849</u>
Property, plant and equipment, net	4,435,215	3,368,121
Advance payments for non-current assets	181,281	52,969
Long-term receivables	4,513	1,223
Long-term investments	45,911	41,393
Investments in affiliated companies	206,520	150,936
Goodwill	174,341	71,998
Licenses, net	750,933	669,988
Other intangible assets, net	467,160	446,381
Debt issuance costs, net	27,267	17,251
Deferred tax assets	3,482	5,575
TOTAL ASSETS	\$ <u>8,778,670</u>	\$ <u>6,818,684</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 361,016	\$ 234,871
Bank deposits and notes issued	326,861	173,748
Insurance-related liabilities	344,460	207,440
Taxes payable	117,888	117,142
Deferred tax liabilities, current portion	22,071	508
Accrued expenses, subscriber prepayments and other current liabilities	737,394	607,083
Short-term notes payable	221,103	349,083
Current portion of long-term debt	340,938	844,106
Total current liabilities	<u>2,471,731</u>	<u>2,533,981</u>
LONG-TERM LIABILITIES:		
Capital lease obligations	3,412	4,943
Long-term debt	2,494,522	1,475,921
Subscriber prepayments, net of current portion	156,233	103,059
Deferred tax liabilities	218,620	230,986
Postretirement benefit obligation	16,226	8,590
Total long-term liabilities	<u>2,889,013</u>	<u>1,823,499</u>
Deferred revenue	130,913	115,363
TOTAL LIABILITIES	<u>5,491,657</u>	<u>4,472,843</u>
Minority interests in equity of subsidiaries	1,851,027	1,356,557
Commitments and contingencies	-	-
SHAREHOLDERS' EQUITY:		
Share capital (68,325,000 shares authorized, 8,100,000 shares issued and outstanding with par value of 90 RUR and 0.1 RUR as of December 31, 2004 and 2003, respectively)	25,090	171
Additional paid-in capital	198,882	189,934
Retained earnings	1,164,404	783,258
Accumulated other comprehensive income	47,610	15,921
TOTAL SHAREHOLDERS' EQUITY	<u>1,435,986</u>	<u>989,284</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>8,778,670</u>	\$ <u>6,818,684</u>

SISTEMA
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER
31, 2004 and 2003 (Amounts in thousands of U.S. dollars, except share and per share amounts)

	2004	2003
Sales	\$ 5,392,827	\$ 3,543,154
Revenues from financial services	318,459	216,761
TOTAL REVENUES	<u>5,711,286</u>	<u>3,759,915</u>
Cost of sales, exclusive of depreciation and amortization shown separately below	(2,020,124)	(1,256,494)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(201,631)	(131,533)
TOTAL COST OF SALES	<u>(2,221,755)</u>	<u>(1,388,027)</u>
Selling, general and administrative expenses	(1,009,716)	(689,057)
Depreciation and amortization	(799,885)	(520,976)
Goodwill impairment	-	(19,251)
Other operating expenses, net	(44,529)	(37,326)
Equity in net income of investees	27,121	465
Gain on disposal of interests in subsidiaries	2,184	-
OPERATING INCOME	<u>1,664,706</u>	<u>1,105,743</u>
Interest income	18,061	19,341
Interest expense, net of amounts capitalized	(213,943)	(198,346)
Currency exchange and translation gain/(loss)	12,620	(3,015)
Income from continuing operations before income tax, minority interests and cumulative effect of a change in accounting principle	<u>1,481,444</u>	<u>923,723</u>
Income tax expense	(445,731)	(290,933)
Income from continuing operations before minority interests and cumulative effect of a change in accounting principle	<u>\$ 1,035,713</u>	<u>\$ 632,790</u>
Minority interests	<u>\$ (589,014)</u>	<u>\$ (402,120)</u>
Income from continuing operations before cumulative effect of a change in accounting principle	<u>446,699</u>	<u>230,670</u>
Gain from discontinued operations (net of income tax effect of \$3,248)	-	12,810
Gain on disposal of discontinued operations (net of income tax effect of nil)	-	143,567
Cumulative effect of a change in accounting principle (net of income tax effect of nil)	(35,472)	-
NET INCOME	<u>\$ 411,227</u>	<u>\$ 387,047</u>
Other comprehensive income/(loss):		
Unrealized gain on securities available for sale, net of income tax effect of nil	1,967	5,582
Change in fair value of interest rate swaps, net of taxes	(257)	-
Translation adjustment, net of minority interest of \$28,582 and \$24,426, respectively, and income tax effect of nil	29,979	35,321
Income tax effect of changes in the functional currency, net of minority interest of \$17,184	-	(22,449)
Comprehensive income	<u>\$ 442,916</u>	<u>\$ 405,501</u>
Weighted average number of common shares outstanding	8,100,000	8,100,000
Earnings (loss) per share, basic and diluted:		
Income from continuing operations before cumulative effect of a change in accounting principle	\$ 55.1	\$ 28.5
Gain from discontinued operations	-	19.3
Cumulative effect of a change in accounting principle	(4.38)	-
Net income	50.77	47.8

SISTEMA
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (AMOUNTS
IN THOUSANDS OF U.S. DOLLARS)

	2004	2003
OPERATING ACTIVITIES:		
Net income	\$ 411,227	\$ 387,047
Adjustments to reconcile net income to net cash provided by operations:		
Gain from discontinued operations	-	(12,810)
Depreciation and amortization	799,885	520,976
Goodwill impairment	-	19,251
Loss on disposal of property, plant and equipment	1,551	15,048
Long-term investments impairment	3,070	-
Gain on disposal of discontinued operations	-	(143,567)
Loss on disposal of interests in subsidiaries	1,862	-
Cumulative effect of a change in accounting principle	35,472	-
Minority interests	589,014	402,120
Equity in net income of investees	(27,121)	(465)
Deferred income tax benefit	(58,903)	(42,601)
Provision for doubtful accounts receivable	29,809	9,972
Allowance for loan losses	13,810	9,902
Inventory obsolescence charge	5,868	(797)
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	27,142	(38,988)
Loans to banks	(25,661)	(121,444)
Insurance-related receivables	31,111	(19,715)
Accounts receivable	(101,567)	(47,005)
Other receivables and prepaid expenses	(3,929)	(101,632)
Inventories	(112,269)	(54,406)
Accounts payable	54,110	(1,600)
Insurance-related liabilities	51,985	43,877
Taxes payable	(1,997)	24,694
Accrued expenses, subscriber prepayments and other liabilities	171,966	136,567
Postretirement benefit obligation	7,636	1,978
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Net cash provided by operations	1,904,071	986,402
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,498,098)	(1,024,870)
Purchase of intangible assets	(164,577)	(134,424)
Purchase of businesses, net of cash acquired	(338,906)	(1,005,451)
Proceeds from disposal of subsidiaries, net of cash disposed	649	71,417
Purchase of long-term investments	(76,217)	(88,281)
Proceeds from sale of long-term investments	-	6,538
Purchase of short-term investments	(142,696)	(102,165)
Proceeds from sale of short-term investments	187,500	312
Proceeds from sale of property, plant and equipment	7,807	4,384
Net increase in loans to customers	(39,898)	(92,696)
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Net cash used in investing activities	(2,064,436)	(2,365,236)

FINANCING ACTIVITIES:

(Principal payments on)/proceeds from short-term borrowings, net	(263,981)	120,772
Net increase/(decrease) in deposits from customers	150,876	(15,294)
Net increase in bank promissory notes issued	12,838	56,449
Proceeds from grants	3,285	7,390
Proceeds from capital transactions of subsidiaries	9,445	-
Proceeds from long-term borrowings, net of debt issuance costs	1,458,082	2,182,802
Principal payments on long-term borrowings	(868,347)	(758,784)
Principal payments on capital lease obligations	(7,924)	(25,534)
Payments to shareholders of subsidiaries	(108,165)	(63,069)
Dividends paid	(5,162)	
	<u>380,947</u>	<u>1,504,732</u>
Net cash provided by financing activities	\$ 380,947	\$ 1,504,732
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 220,582	\$ 125,898
CASH AND CASH EQUIVALENTS, beginning of the year	<u>283,165</u>	<u>157,267</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 503,747</u>	<u>\$ 283,165</u>
CASH PAID DURING THE YEAR FOR:		
Interest, net of amounts capitalized	\$ (265,779)	\$ (146,863)
Income taxes	(487,447)	(335,636)
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property, plant and equipment contributed free of charge	\$ 13,597	\$ 18,793
Equipment acquired through vendor financing	20,714	17,093
Equipment acquired under capital leases	6,393	17,709