All figures are presented in Georgian Lari (GEL) except as indicated

Management Discussion and Analysis of Results of Operations

This Document contains preliminary financial results for MagtiCom which are subject to adjustment.

Following is a comparison of MagtiCom highlights for the 4M 2009 vs. 4M 2008.

-- Revenues of 111 million vs. 132.7 million - decrease of 16.1%

-- EBITDA of 66.9 million vs. 84 million - decrease of 20.5%

-- ARPU* of GEL 15.77 vs. Gel 19.90 - reduction of 20.8%

MagtiCom Preliminary Financial Results – 4M 2009 and 4M 2008:

In GEL	Actual 09 4M	Actual 08 4M	Deviation A09/A08	% Change
Gross Revenue	111 342 328	132 650 666	-21 308 338	-16.1%
Cost of Revenue	21 138 261	27 694 500	-6 556 239	-23.7%
OPEX	23 311 702	20 854 342	2 457 359	11.8%
EBITDA	66 892 366	84 101 824	-17 209 459	-20.5%
EBITDA Margin	60.08	63.40	-3.3	-5.2%

Note: During the first 4 months of 2009 the average $US/Lari exchange rate was 1.65

Performance Data:

	Actual 09 4M	Actual 08 4M	Deviation A09/A08	% Change
Active subscribers (a)	1 364 166	1 327 515	36 651	2.8%
ARPU (b)*	15.77	19.90	-4.13	-20.8%
Personnel Headcount	976	975	1	0.1%

(a) MagtiCom considers a subscriber to be "active" if that subscriber undertook one of the following activity within the prior 30 days: 1) made call, 2) receive call 3) Sent SMS

(b)- Average monthly revenue per subscriber is determined by dividing revenue from subscribers for the period by average subscribers during the period, and dividing that result by the number of months in the period. Revenue from subscribers excludes inbound interconnection, roaming and other revenues earned from other operators.

** excluding data from Magtifix subscribers*

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Gross Revenue		Actual 09 4M	Actual 08 4M	Deviation A09/A08	% Change
Revenue from Subscribers		87 834 311	103 340 533	(15 506 222)	(15%)
Interconnection Revenue		22 005 684	28 595 566	(6 589 881)	(23%)
Other Revenue		1 502 333	714 567	787 765	110%
Total Gross Revenue		**111 342 328**	**132 650 666**	**(21 308 338)**	**(16.1%)**

Despite difficult trading conditions driven by global economic crisis and political instability in Georgia, MagtiCom's financial performance was strong and year to date is better than the same period for 2007.

The decrease in gross revenues is driven by decreased minutes of usage; a decrease 0f 16.4% from the first four months in 2008.

On net calls decreased by 18% form the first four months of 2008.

The decrease of cost of revenue is attributable to further cost control and management whilst increase in OPEX is due to increased investment in marketing and roll our of new services including MagtiFix.

During the first four months of 2009, MagtiCom has focused on developing Magtifix a wireless in home telephony offering. The take up of the service has been very strong with approximately 58,000 subscribers. In addition to obtaining new subscribers, who may otherwise seek a fixed line, new subscribers to Magtifix presents an opportunity for cross-selling and bundling of services.

The performance of Bali, MagtiCom's lower priced brand/offering, has been strong. During he first four months of 2009 Bali On-Net revenue increased by 1.6 million (27%) over the same period in 2008. This represents a 75.4% traffic increase in Bali On-Net calls and a 27.7% average price decrease for On Net calls. Distinct subscribers using On Net Calls increased by 11.5%.

Given its MagtiCom's strong financial position vis a vis other market participants in the Georgian telecoms market, MagrtiCom is reviewing expansion outside of mobile telephony services through organic and M&A activity.

With respect to the Georgian Lari and currency risk, during the first four months of 2009 the $US/Lari exchange rate has remained stable at $US/Lari of 1.65. Unlike the development of many other emerging over the past 3-5 years, Georgia did not experience: high levels foreign currency denominated debt, high asset inflation and dependence on commodity exports. Foreign aid support from the US and other countries remains at high levels.

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