

***"Southern Telecommunications  
Company" PJSC***

Auditor's Opinion on the Financial Statements  
for the Year 2005

*April 2006*

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**AUDITOR'S OPINION  
ON THE FINANCIAL ACCOUNTS OF  
"SOUTHERN TELECOMMUNICATIONS COMPANY" PJSC  
BY AN INDEPENDENT AUDITING COMPANY**

To shareholders of "Southern Telecommunications Company" PJSC

**INFORMATION ON THE AUDITOR**

Name: LLC "ERNST AND YOUNG"

Location: Building 1, 77, Sadovnicheskaya nab., Moscow, 115035, Russia.

Certificate of making an entry in the Single State Register of Legal Entities on legal entities registered before 1<sup>st</sup> July 2002:

Date of registration: 5 December 2002

Number of the certificate: series 77 № 007367150

State registration number: 1027739707203

Name of registering authority: No. 108.877 issued by Moscow Registration Chamber on June 20, 2002.

License No. E002138 for auditing was granted for five years and approved by Order No. 2239 of the RF Ministry of Finance dated September 30, 2002.

Membership in the accredited professional association of auditors: LLC «ERNST AND YOUNG» is a member of Noncommercial partnership «Institute of professional accountants and auditors of Russia» (NP «IPB Rossii»).

**INFORMATION ON THE AUDITED PARTY**

Name: "Southern Telecommunications Company" PJSC

Location: 66, Karasunskaya Str., Krasnodar, 350000, Russia

State registration:

Certificate of making an entry in the Single State Register of Legal Entities on legal entities registered before 1<sup>st</sup> July 2002: № 186 of May 20, 1994 by the Registration Chamber of Krasnodar.

Date of registration: 2 August 2002

Number of the certificate: series 23 № 003062350

State registration number: 1022301172112

Name of registering authority: No. 186 p issued by Krasnodar City Administration on May 20, 1994.

We have performed an audit of the attached statutory accounting reports of "Southern Telecommunications Company" PJSC for the period from January 1, 2005 till December 31, 2005 inclusive. Accounting reports of "Southern Telecommunications Company" PJSC include balance sheet, profit and loss statement, statement of capital flow, statement of cash flows, appendixes to the balance sheet and sections 3, 4, 6.1 – 6.10, 6.12 – 12 of explanatory note. Preparation of these statutory accounting reports is the responsibility of the management of "Southern Telecommunications Company" PJSC. Our responsibility is to express an opinion on trustworthiness in all material aspects of these statutory accounting reports and conformity of the accounting principles with the applicable legislation of the Russian Federation, based on our audit. Audit of the financial statements of "Southern Telecommunications Company" PJSC for 2004 has been performed by CJSC «Ernst and Young Vneshaudit» which presented its positive opinion on May 6, 2005.

We carried out the audit in accordance with the Federal Law "On Auditing" and federal auditing standards, Russian Auditing Rules (Standards) approved by the Presidential Audit Committee as well as International auditing standards. .

Our audit was planned and carried out so as to ensure reasonable confidence that the financial accounts do not contain material distortions. The audit was made on a sample basis, and comprised test-based study of proofs supporting the values and disclosure of information on the business activities in the above accounts, evaluation of the accounting principles and methods, the rules of preparation of the said accounts and the important assessed values obtained by the management of the audited party, and appraisal of overall presentation of the said accounts. We believe that the performed audit provides sufficient grounds for our opinion on the reliability, in all material aspects, of the above accounts, and on the compliance of the bookkeeping procedure with the laws of the Russian Federation.

In our opinion, in 2005 the bookkeeping procedure related to preparing the Financial accounts of "Southern Telecommunications Company" PJSC complied in all material respects with the requirements of Federal Law "On Accounting" No. 129-FZ of November 21, 1996, and the above accounts prepared in compliance with the said Law reliably present, in all material respects the financial standing of "Southern Telecommunications Company" PJSC as of December 31, 2005 and its financial results for the period from January 1, 2005 till December 31, 2005 inclusive, in accordance with the requirements of the Russia laws on bookkeeping procedure.

The accompanying financial statements are not intended to present the financial standing and business results in compliance with accounting principles or methods generally accepted in other countries outside Russia. Accordingly, the appended accounting statements are not designed for those who are not informed about Russian accounting principles, procedures, and methods.

April 28, 2006

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Partner

Elena Borisovna Chikisheva

Qualification Certificate in General Auditing No. K001489 extended on November 6, 2002 for unlimited time period

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Auditor

Natalia Gennadijevna Klimenkova

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Qualification Certificate in General Auditing No. K024769 issued on November 16, 2005 for unlimited time period.