

# **OJSC CenterTelecom**

Audit Report  
on financial statements  
for the year ending December 31, 2006

*April 2007*

**TRANSLATION OF ORIGINAL RUSSIAN VERSION**

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**INDEPENDENT AUDITOR'S REPORT  
ON FINANCIAL STATEMENTS OF  
CENTERTELECOM OJSC**

**(Translation from Statutory Auditor's Report expressed in the Russian Language)**

To the shareholders of OJSC CenterTelecom

**DETAILS OF THE AUDITING FIRM**

Name: ERNST AND YOUNG LLC

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1

Certificate of an entry made to the Uniform State Register of Legal Entities Concerning a Legal Entity Registered Before July 1, 2002;, date of entry: December 05, 2002, series 77, No. 007367150, registered by the Moscow Registration Chamber State Institution on June 20, 2002, No. 108.877, Main Registration No. 1027739707203.

Audit License No. E002138, approved by Order No. 223of the Russian Ministry of Finance dated September 30, 2002,for a term of five years.

Membership of an accredited professional auditors' association - ERNST & YOUNG LLC is a member of Non-profit Partnership «The Institute of Professional Accountants of Russia» («IPAR»).

**INFORMATION ABOUT THE ENTITY AUDITED**

Name: OJSC CenterTelecom

Address: 23 Proletarskaya str., Khimki, Moscow Region, 141400.

State Registration: No. 1025006174710 of November 01, 2002, by the Moscow Regional Registration Chamber.

## TRANSLATION OF ORIGINAL RUSSIAN VERSION

We have audited the accompanying financial statements of OJSC CenterTelecom for the period from 1 January through 31 December, 2006, which are comprised of the balance sheet and the statement of income, changes in the shareholders' equity, cash flows, and the related appendix to the balance sheet and the explanatory notes to the financial statements, inclusive of sections 3, 4, 6 – 10, 11.2 – 11.13. The management of OJSC CenterTelecom is responsible for the compliance of accounting procedures, preparation and presentation of these financial statements. Our responsibility is to express an opinion on the fairness, in all material respects, of these statements and on compliance of accounting procedures insofar as they relate to the preparation of financial statements in accordance with the legislation of the Russian Federation based on our audit.

We conducted our audit in accordance with the Federal Law on Auditing Activity, the Federal Rules (Standards) on Auditing, the Rules (Standards) for Auditing Activities, as approved by the Committee on Auditing Activity under the President of the Russian Federation, and International Standards on Auditing.

The audit was planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit was performed on a selective basis and included an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements concerning the financial and business operations of the audited entity; assessing the compliance with accounting principles and rules used in the preparation of financial statements, and significant estimates made by management of the audited entity; as well as the evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on the fairness, in all material respects, of these financial statements and on compliance of accounting procedures insofar as they relate to the preparation of financial statements in accordance with the legislation of the Russian Federation.

In our opinion, the accounting procedures at OJSC CenterTelecom insofar as they relate to preparation of financial statements in 2006 complied with the requirements of Federal Law on Accounting No. 129-FZ of November 21, 1996, in all material respects, and the aforementioned financial statements referred to above have been prepared in accordance with the aforementioned Law and present fairly, in all material respects, the financial position of OJSC CenterTelecom as of 31 December, 2006 and the results of its operations for the period from 1 January through 31 December, 2006 in accordance with regulations of the Russian Federation insofar as they relate to the preparation of financial statements.

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation. Accordingly, the accompanying financial statements are not designed for those who are not informed about accounting principles, procedures and practices in the Russian Federation.

April 12, 2007

*Signature*

Elena Chikisheva,

Partner,

Auditor's qualification certificate No. K 001489

Extended on November 06, 2002, for indefinite term.

*Signature*

Gleb Shevtsov,

Engagement manager

Auditor's qualification certificate No. K 024778

Issued on November 16, 2005, for indefinite term