

**Open joint-stock company
“Mobile TeleSystems”**

Auditors' Report

Financial Statements for 2004
(Unofficial Translation)

AUDIT FIRM: ZAO “DELOITTE & TOUCHE CIS”

Registered office: 4/7 Vozdvizhenka str. Bld.2, Business Center “Mokhovaya”, Moscow, 125009, Russia.

Actual address: 4/7 Vozdvizhenka str. Bld.2, Business Center “Mokhovaya”, Moscow, 125009, Russia.

Tel.: +7 (095) 787 0600.

Audit License No. E 002417 issued on November 6, 2002 by resolution of the Ministry of Finance of the Russian Federation for five years.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700425444 issued by the Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow City on November 13, 2002.

State registration certificate of ZAO “Deloitte & Touche CIS” No. 018.482 issued by the Moscow Registration Chamber on October 30, 1992.

Rouble account 40702810500700961028 in ZAO “Citibank”, corr. acc. 30101810300000000202, BIC 044525202.

AUDITED ENTITY: OPEN JOINT-STOCK COMPANY “MOBILE TELESYSTEMS”

Registered office: 4 Marksistskaya street, Moscow, 109147, Russia.

Actual address: 4 Marksistskaya street, Moscow, 109147, Russia.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002. No. 1027700149124 issued by the Ministry of Taxation of Russian Federation Department for Moscow on September 2, 2002.

State registration certificate of Open joint-stock company “Mobile TeleSystems” No. 10268 issued by the Moscow Registration Chamber on March 22, 1992.

AUDITORS' OPINION

To the shareholders of Open joint-stock company "Mobile TeleSystems" (the "Company"):

We have audited the accompanying financial statements of Open joint-stock company "Mobile TeleSystems" for the year 2004. Financial statements of the Company consist of:

- Balance Sheet as of December 31, 2004;
- Statement of Profit and Loss for the year ended December 31, 2004;
- Statement of Changes in Equity for the year ended December 31, 2004;
- Statement of Cash Flows for the year ended December 31, 2004;
- Appendix to the Balance Sheet for the year ended December 31, 2004;
- Explanatory Note.

Preparation and presentation of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on whether these statements are reliable in all material respects and whether the accounting procedures comply with the legislation of the Russian Federation based on our audit.

We conducted our audit in accordance with Federal Law of the Russian Federation No. 119-FZ dated August 7, 2001 "On Auditing Activity"; federal rules (standards) of auditing; effective rules (standards) of auditing approved by Committee for Auditing Activity under President of the Russian Federation; and company standards.

The audit was planned and performed to gain reasonable assurance that the financial statements of the Company are free of material misstatement. The audit was performed on a sample basis and included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing accounting principles and rules of financial statements preparation; identifying principal accounting estimates made by the Company's management during preparation of the financial statements; as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion on reliability of the financial statements and compliance of the accounting procedures with the legislation of the Russian Federation.

In our opinion, the accompanying financial statements of Open joint-stock company "Mobile TeleSystems" present fairly, in all material respects, its financial position as of December 31, 2004 and the results of its operations for the year 2004 in accordance with the requirements of the legislation of the Russian Federation relating to the preparation of financial statements.

UNOFFICIAL TRANSLATION

According to the Company's accounting policy effective in the year 2003, the Company did not provide for doubtful accounts receivable. If such provision had been made, accounts receivable balance as at December 31, 2003 and net income for the year 2003 should have been decreased by 1,323,347 thousand roubles to 7,863,165 thousand roubles and 11,986,665 thousand roubles, respectively. In this case net income for the year 2004 should have been increased by 1,323,347 thousand roubles.

April 15, 2005

ZAO "Deloitte & Touche CIS"

BALANCE SHEET
as of December 31, 2004

Company
Taxpayer identification number
Industry (type of activity)

Legal status/form of ownership
Unit of measurement
Address

OJSC "MTS"
774000076
Telecommunication services

Open join-stock company/private
Thousand roubles
4 Marksistskaya st.,109147, Moscow

Form No. 1 OKUD
Date (year, month, day)

OKPO
INN
OKVED
OKOPF/
OKFS
OKEI

CODES	
0710001	
31.12.2004	
52686811	
7740000076	
64.20.11	
47/34	
384	

Date of approval 15.04.2005

ASSETS	Code	Opening balance	Closing balance
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	739,347	694,100
Fixed assets	120	18,783,449	23,568,889
Construction in progress	130	15,022,681	17,537,314
Lessor leases	135	528,790	637,690
Long-term investments	140	29,922,154	41,238,862
Deferred tax assets	145	154	356,345
Other non-current assets	150	2,073,243	7,237,036
Total Section I	190	67,069,818	91,270,236
II. CURRENT ASSETS			
Inventories	210	4,603,941	5,720,051
including:			
raw materials and equivalents	211	1,858,065	1,462,955
work in progress	213	1,231,077	939,401
finished goods and goods for resale	214	846,327	2,398,890
prepaid expenses	216	668,472	918,805
Value-added tax reimbursable	220	3,884,230	3,502,318
Receivables maturing within 12 months	240	9,492,385	11,796,711
including:			
trade receivables	241	8,039,598	8,360,283
Short-term investments	250	12,784,786	4,213,437
Cash and cash equivalents	260	534,025	2,504,439
Total Section II	290	31,299,367	27,736,956
TOTAL ASSETS	300	98,369,185	119,007,192

UNOFFICIAL TRANSLATION

EQUITY AND LIABILITIES	Code	Opening balance	Closing balance
1	2	3	4
III. EQUITY			
Share capital	410	199,333	199,333
Additional paid-in capital	420	17,440,082	17,440,082
Reserve capital	430	29,900	29,900
including:			
reserves created as per legislative requirements	431	29,900	29,900
Retained earnings, current year	470	X	15,209,472
Retained earnings, prior years	480	27,748,138	21,365,160
Total Section III	490	45,417,453	54,243,947
IV. LONG-TERM LIABILITIES			
Long-term loans	510	25,534,216	42,716,027
Deferred tax liabilities	515	432,865	481,113
Total Section IV	590	25,967,081	43,197,140
V. CURRENT LIABILITIES			
Short-term loans	610	18,362,233	8,849,246
Payables	620	8,509,894	12,474,490
including:			
trade payables	621	3,677,113	5,843,659
accrued wages and salaries	622	7,397	342,535
social insurance payable	623	16,583	10,655
taxes payable	624	1,144,498	1,070,507
advances received	625	3,664,303	4,848,373
other creditors	626	-	358,761
Payable to shareholders	630	108,388	6,306
Deferred revenues	640	4,136	4,136
Accrued expenses	650	-	231,927
Total Section V	690	26,984,651	21,566,105
TOTAL EQUITY AND LIABILITIES	700	98,369,185	119,007,192

OFF-BALANCE-SHEET ACCOUNTS

Description	Code	Opening balance	Closing balance
1	2	3	4
Lessee leases	910	1,400	870
Assets accepted for storage	920	36,399	3,572,438
Bad debts written off	940	505,467	76,933
Collateral and guarantees received	950	46,298	422,298
Collateral and guarantees issued	960	49,060,424	31,180,182
Depreciation of dwelling premises	970	1,165	311

**STATEMENT OF PROFIT AND LOSS
for the year 2004**

Company	<u>OJSC "MTS"</u>
Taxpayer identification number	<u>774000076</u>
Industry (type of activity)	<u>Telecommunication services</u>
Legal status/form of ownership	<u>Open joint-stock company/private</u>
Unit of measurement	<u>Thousand roubles</u>

Form No. 2 OKUD
Date (year, month, day)

CODES	
0710002	
31.12.2004	
OKPO	52686811
INN	7740000076
OKVED	64.20.11
OKOPF/	47/34
OKFS	
OKEI	384

Description	Code	Current year	Prior year
1	2	3	4
REVENUE AND EXPENSES FROM OPERATING ACTIVITIES			
Gross revenue from sales of goods and services (less VAT, excise and equivalent payments)	010	61,744,729	48,201,355
including:			
Telecommunication services	011	54,620,535	42,153,302
Equipment sales	012	5,939,927	4,105,815
Construction services and other	013	1,184,267	1,942,238
Cost of sales	020	(23,165,450)	(21,765,941)
including:			
Telecommunication services	021	(16,779,912)	(15,826,506)
Equipment sales	022	(5,828,618)	(4,091,805)
Construction services and other	023	(556,920)	(1,847,630)
GROSS PROFIT	029	38,579,279	26,435,414
Selling expenses	030	(7,421,582)	(1,884,077)
General and administrative expenses	040	(5,966,043)	(4,568,871)
Profit on sales	050	25,191,654	19,982,466
OTHER INCOME AND EXPENSES			
Interest income	060	580,272	462,937
Interest expense	070	(3,569,839)	(2,452,182)
Investment income	080	161,490	60,067
Other operating income	090	4,170,241	1,567,923
Other operating expenses	100	(8,183,456)	(2,665,133)
Non-operating gains	120	2,573,004	2,127,913
Non-operating losses	130	(390,616)	(673,368)
Extraordinary gains	131	517	1,038
Extraordinary losses	132	(447)	(472)
Income before tax	140	20,532,820	18,411,189
Deferred tax benefit	141	356,190	137
Deferred tax expense	142	(48,248)	(96,747)
Current income tax expense	150	(5,598,357)	(5,004,567)
Tax penalties	151	(32,933)	-
CURRENT YEAR NET INCOME (LOSS)	190	15,209,472	13,310,012
ADDITIONAL INFORMATION			
Permanent tax liabilities	200	362,538	489,272
Earnings per share, basic and diluted, roubles	210	7.80	6.68

BREAKDOWN OF CERTAIN GAINS AND LOSSES

Description	Code	Current year		Prior year	
		gains	losses	gains	losses
1	2	3	4	5	6
Fines and penalties recognized by court or debtor	810	12,132	34,562	-	4,032
Prior year adjustments	820	267,791	167,112	51,656	211,254
Reimbursement of losses caused by default or by improper fulfillment of obligations	830	2,674	572	29,696	6,799
Foreign currency exchange gains and losses	840	2,228,225	-	1,754,477	-
Provisions	850	X	2,093,489	X	X
Bad debts written off	860	317	9	15,350	505

**STATEMENT OF CHANGES IN EQUITY
for the year 2004**

Company	OJSC "MTS"
Taxpayer identification number	7740000076
Industry (type of activity)	Telecommunication services
Legal status/form of ownership	Open joint-stock company/private
Unit of measurement	Thousand roubles

	Form No. 3 OKUD	CODES
Date (year, month, day)	31.12.2004	710003
	OKPO	52686811
	INN	7740000076
	OKVED	64.20.11
	OKOPF/	47/34
	OKFS	
	OKEI	384

CHANGES IN EQUITY

Description	Code	Share capital	Additional paid-in capital	Reserve capital	Retained earnings	Total
1	2	3	4	5	6	7
Balance as of December 31, 2002	90	199,333	17,439,699	29,900	19,294,219	36,963,151
2003						
Changes in accounting policy	95	X	X	X	(336,100)	(336,100)
Balance as of January 1, 2003	100	199,333	17,439,699	29,900	18,958,119	36,627,051
Net income	105	X	X	X	13,310,012	13,310,012
Dividends	109	X	X	X	(3,382,979)	(3,382,979)
Increase in capital:						
reorganization	123	X	383	X	112,640	113,023
other		-	-	-	26,675	26,675
Decrease in capital:						
reorganization	133	X	X	X	(1,276,329)	(1,276,329)
Balance as of December 31, 2003	140	199,333	17,440,082	29,900	27,748,138	45,417,453
2004						
Balance as of January 1, 2004	100	199,333	17,440,082	29,900	27,748,138	45,417,453
Net income	105	X	X	X	15,209,472	15,209,472
Dividends	109	X	X	X	(6,382,978)	(6,382,978)
Balance as of December 31, 2004	140	199,333	17,440,082	29,900	36,574,632	54,243,947

RESERVES

Description	Code	Balance	Additions	Disposals	Balance
1	2	3	4	5	6
Reserves created as per legislative requirements					
prior year	141	29,900	-	-	29,900
current year	142	29,900	-	-	29,900
Provisions					
Provision for doubtful debts					
prior year	145	-	-	-	-
current year	146	-	1,669,172	(76,933)	1,592,239
Inventory obsolescence provision					
prior year	147	-	-	-	-
current year	148	-	501,790	-	501,790
Accrued expenses					
Unused vacation					
prior year	149	-	-	-	-
current year	150	-	174,468	-	174,468
Services					
prior year	151	-	-	-	-
current year	152	-	57,459	-	57,459
Accrued employee bonuses - current year	153	-	335,959	-	335,959

SUPPLEMENTARY INFORMATION

Description	Code	Opening balance	Closing balance
1	2	3	4
Net assets	200	45,417,453	54,243,947

STATEMENT OF CASH FLOWS
for the year 2004

Company OJSC "MTS"
 Taxpayer's identification number 7740000076
 Industry (type of activity) Telecommunication services
 Legal status/form of ownership Open joint-stock company/private
 Unit of measurement Thousand roubles

Form No. 4 OKUD
 Date (year, month, day)

CODES	
710004	
31.12.2004	
OKPO	52686811
INN	7740000076
OKVED	64.20.11
OKOPF/	47/34
OKFS	
OKEI	384

Description	Code	Current year	Prior year
1	2	3	4
Cash and equivalents at beginning of year	110	8,316,032	2,603,121
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	120	64,779,471	56,447,120
Other inflows	130	1,395,805	258,553
Cash and equivalents used:			
payments for acquired goods, services, raw materials and other current assets	150	(24,236,554)	(28,211,500)
payments to employees	160	(2,358,400)	(2,085,589)
payments of dividends, interest	170	(8,963,020)	(4,968,067)
payments of taxes	180	(11,099,649)	(12,410,862)
other payments	190	(1,457,227)	(457,419)
Net cash from operating activities	200	18,060,426	8,572,236
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales revenue from fixed assets and other non-current assets	210	14,139	1,657,749
Sales revenue from securities and other financial investments	220	1,023,759	491,423
Dividends received	230	202,426	60,242
Interest received	240	1,082,209	409,472
Proceeds from redemption of loans given to other entities	250	4,154,303	3,634,963
Acquisitions of subsidiaries	280	(10,321,669)	(19,928,179)
Purchases of fixed assets, lessor leases and intangible assets	290	(23,187,866)	(10,606,688)
Purchases of securities and other investments	300	(855,045)	(24,351)
Loans granted to other entities	310	(4,299,560)	(8,582,991)
Net cash from investing activities	340	(32,187,304)	(32,888,360)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans issued by other entities	350	32,785,377	62,919,765
Redemption of loans (excluding interest)	360	(23,071,204)	(32,890,730)
Net cash from financing activities		9,714,173	30,029,035
Net (decrease) increase in cash and equivalents	400	(4,412,705)	5,712,911
Cash and equivalents at end of year	410	3,903,327	8,316,032
Effect of changes in exchange rates		(456,299)	164,399

**APPENDIX TO THE BALANCE SHEET
for the year 2004**

Company **OJSC "MTS"**
 Taxpayer identification number **7740000076**
 Industry (type of activity) **Telecommunication services**
 Legal status/form of ownership **Open joint-stock company/private**
 Unit of measurement **Thousand roubles**

Form No. 5 OKUD
 Date (year, month, day)

CODES	
710005	
31.12.2004	
52686811	OKPO
7740000076	INN
64.20.11	OKVED
47/34	OKOPF/
	OKFS
384	OKEI

INTANGIBLE ASSETS

Description	Code	Opening balance	Additions	Disposals	Closing balance
1	2	3	4	5	6
Objects of intellectual property (exclusive rights to use of intellectual property), including:	010	472,161	27,352	-	499,513
patent rights to inventions, industrial standards, utility models	011	48,673	27,344	-	76,017
rights to use software	012	423,488	8	-	423,496
Numbering capacity and other	013	930,592	-	-	930,592

Description	Code	Opening balance	Closing balance
1	2	3	4
Amortization of intangible assets - total, including:	050	663,406	736,005
Objects of intellectual property (exclusive rights to use of intellectual property), including:			
patent rights to inventions, industrial standards, utility models	051	1,836	5,020
rights to use software	052	274,441	292,529
Numbering capacity and other	053	387,129	438,456

FIXED ASSETS

Description	Code	Opening balance	Additions	Disposals	Closing balance
1	2	3	4	5	6
Buildings	100	1,947,352	663,635	-	2,610,987
Constructions and transmission devices	101	1,045,701	725,775	(1,010)	1,770,466
Machinery and equipment	102	20,959,453	7,219,851	(245,271)	27,934,033
Vehicles	103	166,266	58,331	(5,856)	218,741
Production and household instruments	104	261,082	82,159	(16,652)	326,589
Other types of fixed assets	108	88,821	26,236	-	115,057
Land plots and natural resources	109	10,535	2,183	-	12,718
Total	120	24,479,210	8,778,170	(268,789)	32,988,591

Description	Code	Opening balance	Closing balance
1	2	3	4
Amortization of fixed assets, including:	140	5,695,761	9,419,702
buildings and structures	141	107,211	227,295
machinery, equipment and vehicles	142	5,512,274	9,110,051
other assets	143	76,276	82,356
Transferred for lease - total, including:	145	550,625	688,932
buildings and structures	146	476,818	582,552
machinery, equipment and vehicles	147	73,807	106,380
Temporarily not in use	149	149,204	64,181
Received for lease - total	150	1,400	870

INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS

Description	Code	Opening balance	Additions	Disposals	Closing balance
1	2	3	4	5	6
Lessor leases	300	550,625	138,307	-	688,932
Total	305	550,625	138,307	-	688,932

Description	Code	Opening balance	Closing balance
1	2	3	4
Amortization of lessor leases	306	21,835	51,242

RESEARCH AND DEVELOPMENT, ENGINEERING AND LAYOUT EXPENSES

Description	Code	Opening balance	Additions	Disposals	Closing balance
1	2	3	4	5	6
Non-completed research, development activities and engineering/layout activities	310	159	-	(159)	-
BY REFERENCE			Code	Opening balance	Closing balance
			2	3	4
Expenses on non-completed research, development activities and engineering/layout activities			320	159	-

FINANCIAL INVESTMENTS

Description	Code	Long-term investments		Short-term investments	
		Opening balance	Closing balance	Opening balance	Closing balance
1	2	3	4	5	6
Investments in authorized capital stock of other entities - total, including:	510	29,800,895	39,529,696	-	-
subsidiaries and associates	511	29,800,895	39,529,696	-	-
Securities of other entities - total, including:	520	115,859	19,628	-	-
debt securities (bonds, promissory notes)	521	115,859	19,628	-	-
Loans issued	525	5,400	1,689,538	4,971,856	2,826,002
Deposits	530	-	-	7,812,930	1,387,435
Total	540	29,922,154	41,238,862	12,784,786	4,213,437

RECEIVABLES AND PAYABLES

Description	Code	Opening balance	Closing balance
1	2	3	4
Receivables:	600		
short-term - total, including:	605	9,492,385	11,796,711
trade receivables	606	8,039,598	8,360,283
advances paid to suppliers	607	888,676	2,217,373
other	608	564,111	1,219,055
Total	615	9,492,385	11,796,711
Payables:	620		
short-term - total, including:	625	26,872,127	21,323,736
trade payables	626	3,677,113	5,843,659
advances received	627	3,664,303	4,848,373
taxes payable	628	1,144,498	1,070,507
bank loans	629	-	4,609,474
other loans	630	18,362,233	4,239,772
other	631	23,980	711,951
long-term - total, including:	635	25,534,216	42,716,027
bank loans	636	-	18,467,742
other loans	637	25,534,216	24,248,285
Total	640	52,406,343	64,039,763

EXPENSES RELATED TO OPERATING ACTIVITIES

Description	Code	Current year	Prior year
1	2	3	4
Materials	710	16,180,450	16,942,972
Wages	720	2,685,740	1,917,843
Social contributions	730	545,111	423,694
Depreciation and amortization	740	3,934,342	2,481,432
Other costs	750	12,871,473	6,452,948
Total for cost elements	760	36,217,116	28,218,889
Changes in balances (increase [+], decrease [-]) of:			
incomplete production	765	(291,676)	(1,488,973)
changes in prepaid expenses	766	250,333	248,216
changes in accrued expenses	767	(231,927)	-

COLLATERAL

Description	Code	Opening balance	Closing balance
1	2	3	4
Received - total, including:	800	46,298	422,298
promissory notes	805	46,298	422,298
Given - total, including:	830	49,060,424	31,180,182
issued guarantees	835	49,060,424	31,180,182

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
OF OJSC MOBILE TELESYSTEMS for the year 2004**

1. SHORT DESCRIPTION OF THE COMPANY'S ACTIVITIES

OJSC Mobile TeleSystems ("the Company" or OJSC "MTS") provides telecommunication services mainly on the territory of the Russian Federation. The Company is one of the leading mobile operators in the Russian Federation. Date of state registration is March 1, 2000.

OJSC Mobile TeleSystems has registered branches and structural divisions in the following regions of Russia:

Vladimir, Petushki, Murom, Kovrov, Alexandrov, Kolchugino, Gus-Khrustalny, Vyazniki of Vladimir region, Pskov, Velikie Luki, Ostrov, Porkhov of Pskov region, Ryazan, Kasimov, Spas-Klepiki, Skopin, Shilovo, Sasovo, Sarai settlement, Shatzk, Spassk, Ryazhsk, Rybnoye of Ryazan region, Smolensk, Vyazma, Roslavl, Gagarin, Safonovo, Desnogorsk, Yartsevo, Potchinok, Rudnya of Smolensk region, Tula, Efremov, Shchekino, Novomoskovsk, Aleksin of Tula region, Yaroslavl, Rybinsk, Pereyaslavl-Zalessky, Uglich, Rostov, Tutaev of Yaroslavl region, Syktyvkar, Ukhta, Pechora of Komi Republic, Tver, Blagoveshchensk, Kurgan, Shadrinsk of Kurgansk region, Ivanovo, Kineshma, Furmanov, Shuya of Ivanovo region, Kaluga, Obninsk, Kondrovo, Kozelsk, Kirov of Kaluga region, Kirov, Kirovo-Chepetsk of Kirov region, Kostroma, Nizhni Novgorod, Tambov, Michurinsk, Rasskazovo of Tambov region, Tyumen, Nizhnevartovsk, Surgut, Salekhard, Tobolsk, Khanty-Mansiysk, Noyabrsk of Tyumen region, Perm, Berezniki of Perm region, Chelyabinsk, Magnitogorsk, Yuryuzan of Chelyabinsk region, Pushkino, Podolsk of Moscow region, Orenburg, Orsk of Orenburg region, Kyzyl of the Republic of Tuva, Samara, Tolyatti of Samara region, Saratov, Engels of Saratov region, Yuzhno-Sakhalinsk, Elista of the Republic of Kalmykia, MR "North-West" branch in St.-Petersburg, MR "South" branch in Krasnodar, MR "Far East" in Khabarovsk, MR "Ural" branch in Ekaterinburg, MR "Syberia" branch in Novosibirsk, MR "Povolzhye NW" branch in Nizhny Novgorod, MR "Povolzhye SE" branch in Samara, Kemerovo, Novokuznetsk of Kemerovo region, Cheboksary of the Republic of Chuvash, Saransk of the Mordovian Republic, Stavropol of the Stavropol Territory, Ulyanovsk.

The average number of the Company employees including employees of the branches in 2003 and 2004 was 8,084 and 9,305, respectively.

The Company and its branches generate revenue primarily from the following services:

- mobile radiotelephone communications;
- lease of communication channels;
- local and international telephone services;
- telematic services;
- sale of handsets and accessories;
- sale of equipment;
- works under the construction license.

The Company sells mobile communication services mainly to Russian individuals and legal entities, as well as to foreign legal entities and individuals.

In the reporting period sales to each customer did not exceed individually 1% of the total sales, which allows the Company's management to expect that in the event of loss of a particular customer negative consequences will be insignificant.

Major customers of equipment and construction works are subsidiaries of OJSC Mobile TeleSystems, this being related to growing construction of base stations in Russia.

The entity recording for title to securities is Open joint-stock company "Registrar NIKoil".
Mail Address: bl. 45, 8 Pravdy street, Moscow, 125124 Russia.
License № 10-000-1-000290, issued on 17.06.2003 with no expiry date.
Issuing authority: Federal Commission for the Securities Market.

Mass media publishing information on the Company is Attachment to the Newsletter of the Federal Commission for the Securities Market.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis for financial statements preparation

The Company's financial statements are prepared on the basis of the accounting and reporting legislation requirements of the Russian Federation.

2.2. Going concern

In preparation of the accounting policy for the reporting year the Company's management assumed that the Company will continue as a going concern in the foreseeable future and has no plans to discontinue or significantly reduce its operations, therefore its obligations will be discharged appropriately.

2.3. Fixed assets valuation policy

- Depreciation of fixed assets is calculated using the straight-line method, accelerated depreciation rates are not applied.
- Depreciation rates for fixed assets acquired before January 1, 2002 are determined in accordance with the pre-defined rates, approved by the Council of Ministers of the USSR Resolution No. 1072 dated October 22, 1990, on "Unified depreciation rates for the full replacement of fixed assets in the national economy of the USSR"; depreciation rates for fixed assets acquired after January 1, 2002 are calculated based on the asset useful life in accordance with the Fixed Assets Depreciation Groups Classification, approved with Russian Federation Government Decree No. 1 dated January 1, 2002. Useful life of fixed assets that are not included in applicable depreciation groups is determined in accordance with recommendations of manufacturers. Useful life of fixed assets that are not included in applicable depreciation groups and are not covered by recommendations of manufacturers is determined based on expert evaluation.
- Fixed assets were not revalued as at the beginning of the reporting period.

2.4. Intangible assets valuation policy

- Intangible assets are amortized using the straight-line method, based on the historical cost of intangible assets and rates calculated based on the relevant asset useful life, determined by patents, certificates, etc., or, alternatively, determined as the estimated period when such asset will be used and is expected to generate economic benefits to the Company. Intangible assets whose useful life is impossible to determine are amortized over 20 years.
- Intangible assets amortization charge is recorded in accounting books by accumulation of corresponding amounts on a separate account 05 "Amortization of intangible assets".

2.5. Inventory valuation policy

- Cost of purchased inventories is recorded using accounts 15 “Acquisition of inventories” and 16 “Variance in cost of inventories”. The planned cost of inventories is recognized on accounts 10 “Materials” and 41 “Goods” and is calculated based on the purchase price.
- In the reporting period inventory valuation policy did not change.
- Goods are recorded at their purchase cost based on actual expenses incurred for the purchase. At the end of each month these expenses are charged to cost of sales in accordance with the expense allocation methodology.
- Finished goods are recorded in the balance sheet at their actual production cost without using account 40 “Production of goods and services”.
- When transferred into production or otherwise disposed of, inventory is valued by the first-in, first-out, or FIFO method.
- Work-in-process is carried on the balance sheet at average actual direct production cost that relates to separate inventory items. Outstanding work-in-process balances under construction and installation projects are determined monthly based on the data provided by the Planning Department on direct expenses relating to projects accepted by customers. Outstanding work-in-process balances related to auxiliary production processes are determined monthly based on the data on the cost of not completed items provided by the respective departments of the Company.

2.6. Valuation of investments

- The Company’s investments comprise securities of other entities, investments in other entities’ shares, loans given, and bank deposits.
- Investments are recorded at historical cost, including any costs related to their acquisition regardless of their significance. The Company has no investments for which readily determinable market value exists; calculation of discounted value for debt securities and loans given is not performed.
- Value of investments disposed of is determined based on historical cost of each investment item.

2.7. Revenue recognition and measurement

- For financial accounting purposes revenues are recognized on an accrual basis. Revenue from connection fees is recognized at the time of subscriber connection to the network and is not deferred.
- For construction works performed by the company the percentage of completion is determined on the basis of interim acceptance acts (“KS-2”) and reports on the cost of works performed (“KS-3”).

2.8. Expenses recognition and measurement

- General, administrative and selling expenses are charged to the cost of goods (works, services) sold as incurred.
- In accordance with the accounting policy adopted by the Company starting January 1, 2004, the following provisions are accrued for:
 - bad debt provision;
 - provisions for unused vacation;
 - provision for annual performance bonuses;
 - provisions for services rendered.
- Prepaid expenses are initially recorded on account “Prepaid expenses” in the amount of costs actually incurred. Prepaid expenses are charged monthly to the debit of the expenses

account during a period defined in the respective documents (licenses, agreements, etc.). If the period cannot be determined on the basis of such documents, it is established by a commission, which members are approved by the Company executive.

2.9. Long-term and current liabilities

- Borrowings and liabilities that mature in more than 12 months are recognized as part of long-term liabilities. Long-term liabilities are reclassified to current liabilities when their maturity is equal or less than 365 days from the reporting date.
- Principal and additional debt issuance costs are expensed as incurred and included in operating expenses.

2.10. Research and development costs

- Expenses related to research and development comprise all expenses incurred in relation to performance of such activities.
- If upon completion of works related to research and development the decision is taken that the results cannot be used in Company's operations or that a certain type of research and development activity will not generate future economic benefits, respective expenses are charged to non-operating expenses.
- If technical commission takes positive decision on recognition of completed research and development works, the commission estimates useful life of such asset based on the period during which the Company expects to use the results of research and development work. Cost of capitalized research and development works is charged to operating expenses over the established period.

2.11. Changes in accounting policy

Deffered income taxes

For the purposes of comparability of financial statements when making changes to the accounting policy the Company calculated the opening balances of deferred tax assets and liabilities as of January 1, 2003 as per PBU 18/02 "Accounting for Income Tax", as if the adopted accounting policy in respect to income taxes was applied in 2002.

Total effect from application of the new income tax accounting standard is disclosed in the Statement of Changes in Equity for 2003 in the line "Changes in Accounting Policy". The opening balances were adjusted from retained earnings of the Company. In accordance with Russian legislation, no changes were made to prior year financial statements.

Such changes did not affect distribution of profit and calculation of dividends in previous reporting periods. Changes in deferred tax assets and liabilities for 2003 are reported in the income statement of the Company.

Provision expenses

Due to the changes in the accounting policy starting January 1, 2004, the Company accrues the following provisions:

- bad debt provision;
- provision for unused vacation;
- provision for annual performance bonuses;
- provision for services rendered.

If the Company had applied the same accounting policy in respect of provision expenses in 2003, its financial results should have been decreased by approximately 1,650,315 thousand roubles.

Classification of long-term and short-term debt

The Company changed classification procedure in relation to long-term and short-term borrowings and loans received for the purpose of more accurate presentation of financial statements. Effective January 1, 2004, the Company reclassifies long-term borrowings to short-term debt when 365 days remain till the maturity of the loan principal according to contractual terms.

For the purpose of comparability of financial statements the Company reclassified, as of December 31, 2003, borrowings in the amount of 18,356,774 thousand roubles with maturity less than 365 days to short-term debt.

3. LONG-TERM INVESTMENTS

As of December 31, 2003 and 2004, the carrying value of long-term investments is presented as follows:

Description	(thousand roubles)	
	At the beginning of the year	At the end of the year
Total debt securities, including:	115,859	19,628
OAO "Vekselya i Financy" promissory note	15,548	15,547
OAO "Mobile Communication Systems" promissory note	24,350	2,081
AFK "Sistema" promissory note	2,000	2,000
OAO "ReCom" bonds	73,961	-
Total loans given, including:	5,400	1,689,538
MTS Belarus	-	1,438,417
OAO "ReCom"	-	240,889
Other	5,400	10,232
Investments in stock of affiliated companies and subsidiaries, including:	29,800,895	39,529,696
ZAO "Ukrainian Mobile Communications"	11,625,862	11,625,862
ZAO "Kuban-GSM"	2,422,310	5,494,455
OAO "TAIF-Telcom"	1,979,764	3,821,779
OOO "Uzdunrobita"	-	3,527,342
OOO "Sibchallenge"	1,641,239	1,641,239
OAO "Gorizont-RT"	-	1,500,855
OOO "Tomsk Cellular Communications"	1,444,015	1,444,015
OAO "Telecom XXI"	1,436,135	1,436,135
OOO "BM Telecom"	1,347,899	1,347,899
ZAO "Syberian Cellular Systems-900"	852,374	1,110,030
ZAO "Sibintertelecom"	-	1,074,525
ZAO "Telecom-900"	1,003,477	1,003,477
ZAO "Primtelefon"	-	899,834
Vostok Mobile B.V.	879,483	879,483
ZAO "Dontelecom"	750,022	750,022
OOO "Mobile TeleSystems"	282,160	282,160
OOO "ILIT"	273,306	273,306
ZAO "Far East Cellular Systems – 900"	-	237,481
ZAO "Udmurt Digital Network – 900"	4,361	191,105
Vostok Mobile South B.V.	186,927	186,927
ZAO "Telesot-Alania"	-	172,468
OOO "PPT Telecom Kiev"	106,403	106,403
ZAO "Volgograd Mobile"	-	84,767
OAO "Firma "Novitel"	42,013	83,617
SOOO "Mobile TeleSystems"	77,827	77,827

Description	At the beginning of the year	At the end of the year
ZAO "MTS-Barnaul"	75,817	75,817
OAO "Mobile Communication Systems"	9,525	72,421
ZAO "Astrakhan Mobile"	-	32,153
OAO "ReCom"	29,279	29,279
OOO "BIT"	28,720	28,720
ZAO "Mobile TeleSystems – Nizhny Novgorod"	65	15,674
ZAO "Center – Telco"	11,222	11,222
OOO "Mobile TeleSystems – Kostroma"	4,494	4,494
MOBILE TELESYSTEMS FINANCE S.A.	3,744	3,744
ZAO "Amur Cellular Communications"	2,769	2,769
OAO "Mobile Telematic Positioning Systems"	168	168
OOO "Mobile TeleSystems – T"	40	40
OOO "Mobile TeleSystems – Capital"	25	25
OOO "MTS – RTK"	25	25
OOO "Mobile TeleSystems in the Komi Republic"	13	13
OOO "Kubtelesot"	3,279,293	-
Other	119	119

4. INVENTORIES

As of December 31, 2003 and 2004, the Company had no inventory in transit or pledged as collateral.

As of December 31, 2004, inventory obsolescence provision amounted to 501,790 thousand roubles.

5. LOANS AND BORROWINGS

Maturities of main types of debt outstanding as of December 31, 2004, are presented in the table below:

(thousand roubles)

Description	Up to 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
Bank loans		487,561	3,752,211	11,589,718	11,099,480
Other loans		-	4,609,474	17,343,723	1,124,019
Promissory notes					1,559,087
Total	-	487,561	8,361,685	28,933,441	13,782,586

The accrued expenses on borrowings (interest and additional expenses) for 2003 amounted to 2,531,528 thousand roubles, including:

- 2,452,182 thousand roubles recognized as interest expense;
- 79,346 thousand roubles capitalized as part of investment assets (capital investment).

Weighted average rate for capitalized interest was not applied.

The accrued expenses on borrowings (interest and additional expenses) for 2004 amounted to 4,012,170 thousand roubles, including:

- 3,569,839 thousand roubles recognized as interest expense;
- 442,331 thousand roubles recognized as other operating expenses (debt issuance costs).

6. INCOME TAX

Current income tax expense for 2003 and 2004 comprises:

(thousand roubles)

	2004	2003
Contingent income tax expense	4,927,877	4,418,685
Permanent tax liability for:		
expenses not deductible for tax purposes	286,899	369,141
allowable expenses	10,660	8,474
other	104,517	147,348
Total	402,076	524,963
Permanent tax asset:		
non-taxable income	(38,758)	(27,210)
other	(780)	(8,481)
Total	(39,538)	(35,691)
Increase in deferred tax asset:		
prepaid expenses (on software), including due to:		
<i>different amortization periods and methods for accounting and tax purposes</i>	140,025	-
inventories, including due to:		
<i>difference in valuation for accounting and tax purposes</i>	120,300	-
bad debt provision	80,210	-
other provisions;	14,540	-
other	1,115	137
Total	356,190	137
Increase (decrease) in deferred tax liability for:		
fixed assets, including due to:		
<i>different depreciation periods and methods for accounting and tax purposes</i>	(29,570)	155,958
<i>difference in valuation for accounting and tax purposes</i>	(19,740)	-
intangible assets, including due to:		
<i>different amortization periods and methods for accounting and tax purposes</i>	-	(59,211)
other items	1,062	-
Total	(48,248)	96,747
Total current income tax	5,598,357	5,004,567

7. SHARE CAPITAL

Share capital of the Company as at December 31, 2004, consisted of:

Types of Shares	Par value, roubles	Quantity of shares	Of these, paid-up shares	Of these, treasury shares (acquired by the Company, its subsidiaries and related parties)
Ordinary shares	0,1	1,993,326,138	1,993.326,138	7,202,108
Total:	X	1,993,326,138	1,993.326,138	7,202,108

Share capital amounts to 199,333 thousand roubles, there were no changes in 2003 and 2004.

8. ADDITIONAL BREAKDOWNS OF BALANCE SHEET ITEMS

(thousand roubles)

Description	Line code	Account	2003	2004
Construction-in-progress, including:	130		15,022,681	17,537,314
equipment for installation;		07	4,664,304	2,898,505
expenditures for non-current assets		08	10,358,377	14,638,809
Other non-current assets, including:	150		2,073,243	7,237,036
numbering capacity, non-exclusive rights to use software products with useful lives over 12 months		97	1,815,005	2,574,159
advances given for acquisition of fixed assets and services in capital construction		60	258,238	4,662,877

9. ADDITIONAL PROFIT AND LOSS STATEMENT BREAKDOWNS

(thousand roubles)

Description	Line code	2004	2003
Operating expenses, including:	100	8,183,456	2,665,133
Expenses related to sale of fixed assets		13,023	1,222,183
Expenses related to sale of other assets		4,283,612	2,122
Fees for banking services		727,126	116,034
Taxes and duties		603,979	680,769
Other		2,555,716	644,025
Operating income, including:	090	4,170,241	1,567,923
Income on sale of other property		4,134,543	1,369,448
Income on sale of fixed assets		12,157	10,147
Other		23,541	188,328
Non-operating gains, including:	120	2,573,004	2,127,913
Foreign exchange gains and losses, net		2,228,225	1,754,477
Prior year income		267,791	51,656
Currency transaction gains		29,333	208,140
Other		47,655	113,640
Non-operating losses, including:	130	390,616	673,368
Prior year losses		167,112	211,254
Currency transaction losses		18,127	73,645
Expenses on transfer of assets free of charge		-	116,280
Other		205,377	272,189

10. BOARD OF DIRECTORS

As of December 31, 2004, the Board of Directors was comprised of the following members:

Full name	Position
V.S. Lagutin	Chairman of the Board
Michael Gunter	Member of the Board
A. N. Buyanov	Member of the Board
Gerlagh Friedberg	Member of the Board
A. Yu. Goncharuk	Member of the Board
Helmut Roischenbach	Member of the Board
V.V.Sidorov	President

The amount of remuneration paid to the Board of Directors and the Company's President in 2003 and 2004 totaled 210,020 and 146,622 thousand roubles, respectively.

11. MANAGEMENT BOARD

In 2003 and 2004 Management Board of the Company was not formed.

12. RELATED PARTIES***12.1. List of the parties related to the Company for the year 2004 and type of relations:*****Related party**

- 1 Name: **Alexey Nikolaevich Buyanov**
Residence: Moscow, Russian Federation
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 2 Name: **Gerlagh Friedberg**
Residence: Germany
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 3 Name: **Alexander Yurievich Goncharuk**
Residence: Moscow, Russian Federation
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 4 Name: **Michael Gunter**
Residence: Rheinbreitbach, Germany
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 5 Name: **Vladimir Sergeevich Lagutin**
Residence: Moscow, Russian Federation
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 6 Name: **Helmut Roischenbach**
Residence: Bonn, Germany
Grounds: The person is member of the Company's Board of Directors (Supervisory Council)
- 7 Name: **Vasily Vasilyevich Sidorov**
Residence: Moscow, Russian Federation
Grounds: The person executes powers of the sole executive body of the Company; the person employed by the Company jointly with other persons employed by the Company comprise more than 50 percent of the Board of Directors of other legal entity; the person is member of the Company's Board of Directors (Supervisory Council)

Related party

- 8 Name: **Closed Joint-Stock Company “Invest-Svyaz-Holding”**
 Legal address: 127083, Moscow, Russian Federation
 Grounds: The entity belongs to the same group of entities as the Joint Stock Company
- 9 Name: **Closed Joint-Stock Company “Mar Mobile GSM”**
 Legal address: Ioshkar Ola, Republic of Mariy-El, 424000, Russian Federation
 Grounds: The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity
- 10 Name: **Closed Joint-Stock Company “Novitel Plus”**
 Legal address: St.- Petersburg, 191028, Russian Federation
 Grounds: The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity
- 11 Name: **Closed Joint-Stock Company “Sibintertelecom”**
 Legal address: Chita, Russian Federation
 Grounds: The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity
- 12 Name: **Closed Joint-Stock Company “Uraltel”**
 Legal address: Ekaterinburg, 620075, Russian Federation
 Grounds: The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; Individuals employed by the the Joint Stock Company comprise more than 50 percent of the Board of Directors of the given legal entity
- 13 Name: **Limited Liability Company Private Security Company “CHOP Shchittelecom”**
 Legal address: Tomsk, 634034, Russian Federation
 Grounds: The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity
- 14 Name: **Konstantin Leonidovich Boyko**
 Residence: St.-Petersburg, Russian Federation
 Grounds: The person employed by the Joint Stock Company represents at the same time the sole executive body of the related legal entity
- 15 Name: **Andrey Valentinovich Vinogradov**
 Residence: Moscow, Russian Federation
 Grounds: The person employed by the Joint Stock Company represents at the same time the sole executive body of the related legal entity; the person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more that 50 percent of the Board of Directors of the related legal entity; the person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more that 50 percent of the collective exuctive body of the related legal entity
- 16 Name: **Yuryi Alekseevich Gromakov**
 Residence: Moscow, Russian Federation
 Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more that 50 percent of the Board of Directors of the related legal entity
- 17 Name: **Tatyana Vladimirovna Evtushenkova**
 Residence: Moscow, Russian Federation
 Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more that 50 percent of the Board of Directors of the related legal entity

Related party**18 Name: Marina Viktorovna Zabolotneva**

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the collective executive body of the related legal entity.

19 Name: Maxim Alexandrovich Kalinin

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

20 Name: Alexey Valeryevich Kornya

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

21 Name: Sergey Borisovich Lipovetsky

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company represents at the same time the sole executive body of the related legal entity

22 Name: Vyacheslav Efimovich Mosckalenko

Residence: Krasnodar, Russian Federation

Grounds: The person employed by the Joint Stock Company represents at the same time the sole executive body of the related legal entity

23 Name: Pavel Evgenyevich Pavlovsky

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

24 Name: Vladimir Gennadyevich Petrov

Residence: Vladivostok, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

25 Name: Boris Gennadyevich Podolsky

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the collective executive body of the related legal entity; the person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

26 Name: Mikhail Valeryevich Susov

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

27 Name: Reiner Hennike

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Supervisory Board of the related legal entity

Related party**28 Name: Nikolai Viktorovich Tzekhomsky**

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the Board of Directors of the related legal entity

29 Name: Ilya Vitalyevich Chuprinko

Residence: Moscow, Russian Federation

Grounds: The person employed by the Joint Stock Company jointly with other persons employed by the Joint Stock Company comprise more than 50 percent of the collective executive body of the related legal entity

30 Name: Joint Stock-Company “Joint-Stock Financial Corporation “Sistema”

Legal address: Moscow, 103001, Russian Federation

Grounds: The entity has at its disposal more than 20% of the voting rights of the Joint Stock Company. At the suggestion of the given legal entity more than 50% of the Board of Directors of the Joint Stock Company was elected

31 Name: MOBILE TELESYSTEMS FINANCE S.A.

Legal address: 3 Avenue Pasteur, L-2311 Luxembourg

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given legal entity. More than 50% of the collective executive body of the given legal entity was elected at the suggestion of the Joint Stock Company. Individuals employed by the Joint Stock Company make up more than 50% of the collective executive body of the given legal entity

32 Name: MST Sibi Corp.

Legal address: 2711 Centreville Road, Suite 400, City of Wilmington, County of Newcastle, Delaware, USA

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given legal entity. The Joint Stock Company is authorized to appoint more than 50% of the Board of Directors of the given legal entity.

33 Name: Vostok Mobile B.V.

Legal address: Drentestraat 24 BG, 1083HK Amsterdam, The Netherlands

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity. More than 50% of the collective executive body of the given legal entity was elected at the suggestion of the Joint Stock Company. Individuals employed by the Joint Stock Company make up more than 50% of the collective executive body of the given legal entity.

34 Name: Vostok Mobile South B.V.

Legal address: Drentestraat 24 BG, 1083HK Amsterdam, The Netherlands

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given legal entity. The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity.

35 Name: Closed Joint-Stock Company “Amur Cellular Communications”

Legal address: Blagoveshchensk, Amur region, 675000, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

36 Name: Closed Joint-Stock Company “Astrakhan Mobile”

Legal address: Astrakhan, 414004, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more than 50% of the Board of Directors of the given legal entity.

Related party**37 Name: Closed Joint-Stock Company “Volgograd Mobile”**

Legal address: Volgograd, 400066, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more that 50% of the Board of Directors of the given legal entity.

38 Name: Closed Joint-Stock Company “Far East Cellular Systems – 900”

Legal address: Khabarovsk, 680000, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more that 50% of the Board of Directors of the given legal entity.

39 Name: Closed Joint-Stock Company “Dontelecom”

Legal address: Rostov-na-Donu, 344019, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

40 Name: Closed Joint-Stock Company “Kuban-GSM”

Legal address: Krasnodar, 350000, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity.

41 Name: Closed Joint-Stock Company “Mobile TeleSystems – Nizhny Novgorod”

Legal address: Nizhny Novgorod, 603022, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity;

42 Name: Closed Joint-Stock Company “MTS – Barnaul”

Legal address: Barnaul, Altai Territory, 656099, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

43 Name: Closed Joint-Stock Company “Primtelefon”

Legal address: Vladivostok, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more that 50% of the Board of Directors of the given legal entity

44 Name: Closed Joint-Stock Company “Russian Telephone Company”

Legal address: Moscow, 109004, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity

Related party**45 Name: Closed Joint-Stock Company “Syberian Cellular Systems – 900”**

Legal address: Novosibirsk, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company may indirectly dispose of more than 50% of the total number of votes on shares (stakes) making up the share capital of the given legal entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company

46 Name: Closed Joint-Stock Company “Telecom – 900”

Legal address: Moscow, 119034, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

47 Name: Closed Joint-Stock Company “Telesot – Alania”

Legal address: Vladikavkaz, 362031, PSO-Alania, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; Individuals employed by the Joint Stock Company at the same time comprise more than 50% of the Board of Directors of the given legal entity

48 Name: Closed Joint-Stock Company “Ukrainian Mobile Communications”

Legal address: Kiev, Ukraine

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; More than 50% of the Supervisory Board of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more than 50% of the Supervisory Board of the given legal entity

49 Name: Closed Joint-Stock Company “Udmurt Digital Network – 900”

Legal address: Izhevsk, 426000, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

50 Name: Limited Liability Company “Mobile TeleSystems – T”

Legal address: Tver, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity

51 Name: Limited Liability Company “Wireless Information Technologies”

(«Besprovodnye informatsionnye tekhnologii»)

Legal address: Moscow, 107140, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity

52 Name: Limited Liability Company “BM – Telecom”

Legal address: Ufa, Republic of Bashkortostan, 450096, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

53 Name: Limited Liability Company “ILIT”

Legal address: Moscow, 109180, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity

Related party**54 Name: Limited Liability Company “Foreign production enterprise “Uzdunrobita”**

Legal address: Tashkent, 700019, Republic of Uzbekistan

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; More than 50% of the Supervisory Board of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more than 50% of the Supervisory Board of the given legal entity

55 Name: Limited Liability Company “Mobile TeleSystems – Capital”

Legal address: Moscow, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

56 Name: Limited Liability Company “Mobile TeleSystems – Kostroma”

Legal address: Kostroma, 156005, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

57 Name: Limited Liability Company “Mobile TeleSystems in the Komi Republic”

Legal address: Syktyvkar, Komi Republic, 167610, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity

58 Name: Limited Liability Company “Mobile TeleSystems”

Legal address: Moscow, 109004, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

59 Name: Limited Liability Company “MTS – RTK”

Legal address: Moscow, 109004, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

60 Name: Limited Liability Company “PTT Telecom Kiev”

Legal address: Kiev, Ukraine

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

61 Name: Limited Liability Company “Sibchallenge”

Legal address: Krasnoyarsk, 660017, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

62 Name: Limited Liability Company “Tomsk Cellular Communications”

Legal address: Tomsk, 624021, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

Related party**63 Name: Open Joint-Stock Company “Gorizont – RT”**

Legal address: Yakutsk, Republic of Sakha (Yakutia), 677000, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint more than 50% of the Board of Directors of the given legal entity;

64 Name: Open Joint-Stock Company “Mobile Communication Systems”

Legal address: Omsk, 644001, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more that 50% of the Board of Directors of the given legal entity

65 Name: Open Joint-Stock Company “Mobile Telematic Positioning Systems”

Legal address: Moscow, 103051, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity

66 Name: Open Joint-Stock Company “ReCom”

Legal address: Orel, 302027, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; More than 50% of the Board of Directors of the given legal entity was elected at the suggestion of the Joint Stock Company; Individuals employed by the Joint Stock Company at the same time comprise more that 50% of the Board of Directors of the given legal entity

67 Name: Open Joint-Stock Company “TAIF-Telcom”

Legal address: Kazan, Republic of Tatarstan, 420066, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

68 Name: Open Joint-Stock Company “Telecom XXI”

Legal address: St.-Petersburg, 193015, Russian Federation

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity; An individual employed by the Joint Stock Company is at the same time the sole executive body of the given legal entity

69 Name: Open Joint-Stock Company "Firma “NOVITEL”

Legal address: Zelenograd, Moscow 103460

Grounds: The Joint Stock Company has at its disposal more than 50% of the total number of votes on shares (stakes) making up the share capital of the given entity; The Joint Stock Company is authorized to appoint the sole executive body of the given legal entity

70 Name: Joint venture limited liability company “Mobile TeleSystems”

Legal address: Minsk, 220043, Republic of Belarus

Grounds: The Joint Stock Company has at its disposal more than 20% of the total number of votes on shares (stakes) making up the share capital of the given entity.

12.2. Operations with related parties in 2003 and 2004 included:**Purchase of equipment, goods, works and services; interest expense**

(thousand roubles)

Description	Purchase of equipment, goods, works and services		Interest expense	
	2004	2003	2004	2003
OOO "MTS-Kostroma"	54,086	25,874	-	-
OOO "MTS-T"	142,478	79,963	-	-
OAO "ReCom"	260,785	200,985	-	-
OAO "Telecom-XXI"	721,019	628,900	-	-
OOO "MTS in the Komi Republic"	143,474	75,671	-	-
ZAO "MTS-Nizhny Novgorod"	100,649	104,477	-	-
OAO "TAIF-Telcom"	79,973	67,820	-	-
ZAO "Udmurt Digital Network"	39,883	26,926	-	-
OOO "BM Telecom"	56,899	29,673	2,178	-
ZAO "Kuban-GSM"	371,211	214,639	29,534	-
ZAO "Dontelecom"	124,145	42,460	-	-
ZAO "MTS-Barnaul"	21,126	2,989	-	-
OOO "Sibchallenge"	23,924	3,331	-	-
ZAO "Primtelephone"	46,777	17,202	1,891	-
SOOO "MTS"	32,549	-	-	-
OOO "Firma "Novitel"	587,167	126,253	-	-
ZAO "Ukrainian Mobile Communications"	235,811	141,799	-	-
ZAO "Telecom-900" ¹	237,292	132,934	-	-
Mobile Telesystems Finance S.A.	-	138,418	3,341,356	2,393,670
OAO "Rosno"	411,797	387,494	-	-
OAO "RA Maxima"	1,422,021	721,133	-	-
ZAO "Telmos"	47,076	49,100	-	-
OAO "MGTS"	167,512	159,959	-	-
ZAO "Company "MTU-Inform"	695,265	740,239	-	-
ZAO "Comstar"	204,895	111,226	-	-
Strom Telecom S. R. O.	308,510	452,716	-	-
T-Mobile	147,480	30,474	-	-
OOO "Kvazar Micro"	115,861	-	-	-
OAO "Interregional Transit Telecom" ²	336,095	-	-	-
ZAO "Metro-telecom"	43,705	-	-	-
Other	55,926	15,528	8,999	4,607
Total	7,235,391	4,728,183	3,383,958	2,398,277

¹ Including operations with the subsidiaries of ZAO "Telecom-900": ZAO "Uraltel", ZAO "Far East Cellular Systems-900" and ZAO "Syberian Cellular Systems-900".

² A related entity since 2004.

Sales of equipment, goods, services, construction and installation works; interest income

(thousand roubles)

Name	Sale of equipment, goods, services, construction and installation works		Interest income	
	2004	2003	2004	2003
ОАО "ReCom"	512,429	773,056	29,731	15,940
ОАО "Telecom XXI"	1,573,231	4,876,505	116,255	4,444
ООО "MTS in the Komi Republic"	930,775	3,284	-	-
ОАО "ТАИФ-Telcom"	254,138	187,556	-	3,693
ЗАО "Udmurt Digital Network-900"	355,018	263,884	8,391	-
ООО "BM Telecom "	383,181	136,081	-	-
ЗАО "Volgograd Mobile"	339,330	-	3,343	126
ЗАО "Astrakhan Mobile"	74,052	2,285	1,608	7
ЗАО "Kuban-GSM"	135,583	134,369	-	-
ЗАО "Dontelecom"	463,579	289,958	4,381	-
ЗАО "MTS-Barnaul"	777,744	62,157	12,271	-
ООО "Sibchallenge"	287,348	3,926	-	-
ОАО "Mobile Communication Systems"	158,519	123,761	2,207	-
ООО "Tomsk Cellular Communications"	166,598	-	-	-
ЗАО "Amur Cellular Communcations"	89,297	121,330	424	-
ЗАО "Primtelefon"	253,825	8,376	-	-
ЗАО "Mar Mobile GSM"	64,779	-	341	-
СООО "MTS"	47,580	21,882	174,601	-
ЗАО "Ukranian Mobile Communications"	51,632	34,683	-	-
ООО "BIT"	173,464	44,106	-	162
ЗАО "Telecom – 900" ¹	1,208,658	384,454	9,791	-
MST SibiCorp.	44,269	-	-	-
AKB "Moscow Bank for Reconstruction and Development"	-	-	195,000	303,813
T-Mobile	188,667	147,302	-	-
ОАО "Interregional Transit Telecom" ²	44,164	-	-	-
Other	32,743	38,451	2,041	145
Total	8,610,603	7,657,406	560,385	328,330

¹ Including operations with the subsidiaries of ЗАО "Telecom-900": ЗАО "Uraltel", ЗАО "Far East Cellular Systems" and ЗАО "Syberian Cellular Systems-900".

² A related entity since 2004.

Accounts receivable, accounts payable, loans receivable and borrowings

(thousand roubles)

Name	Accounts receivable		Accounts payable		Loans receivable		Loans payable	
	December 31		December 31		December 31		December 31	
	2003	2004	2003	2004	2003	2004	2003	2004
OAO "ReCom"	46,296	205,590	2,504	44,742	241,351	240,755	-	-
OAO "Telecom XXI"	4,024,932	3,003,813	86,895	533,227	1,680,825	882,400	-	-
ZAO "MTS-Nizhny Novgorod"	7,478	48,177	37,823	-	2,880	-	-	-
OAO "TAIF-Telcom"	4,568	129,467	719	121,325	-	-	-	-
ZAO "Udmurt Digital Network-900"	57,973	32,995	5,703	14,214	-	104,245	-	-
OOO "BM Telecom"	4,931	15,777	-	40,956	-	-	-	182,178
ZAO "Volgograd Mobile"	13	77,379	-	1,563	6,000	175,412	-	-
ZAO "Astrakhan Mobile"	2,292	83,921	-	15,409	891	61,799	-	-
ZAO "Kuban-GSM"	6,700	50,682	19,907	226,588	-	-	-	1,794,534
ZAO "Dontelecom"	243,894	547,161	10,094	8,478	-	-	-	-
ZAO "MTS-Barnaul"	67,246	331,979	17,159	10,632	132,796	118,224	-	-
OOO "Sibchallenge"	-	38,171	143	9,557	-	-	-	-
OAO "Mobile Communication Systems"	21,149	26,954	13,663	33,951	-	88,135	-	-
OOO "Tomsk Cellular Communications"	-	10,496	-	21,348	-	-	-	90,000
ZAO "Amur Cellular Communications"	227,520	68,181	14,210	3,672	15,640	-	-	-
ZAO "Primtelefon"	-	40,030	6,973	63,639	-	-	-	189,546
ZAO "Mar Mobile GSM"	-	3,538	-	20	-	30,389	-	-
SOOO "MTS"	21,206	3,028	-	2,889	1,494,253	1,429,541	-	-
OOO "BIT"	44,313	-	-	-	13,979	-	-	-
OOO "MTS"	18	-	-	-	69,505	-	-	81,130
ZAO "Telecom-900" ¹	71,210	514,259	68,268	351,437	1,111,313	1,111,343	-	997,863
Vostok Mobile B.V.	126	-	-	-	202,424	203,541	-	-
Mobile Telesystems Finance S. A.	-	-	-	-	100,145	-	41,916,698	23,169,166
OOO "MTS-RTK"	-	69,980	-	38,201	-	8,520	-	-
AKB "Moscow Bank for Reconstruction and Development"	-	-	-	-	-	1,387,435	-	-
OAO "RA Maxima"	2,541	26,831	-	5,053	-	-	-	-
ZAO "Company "MTU-Inform"	-	-	70,549	66,547	-	-	-	-
AFK "Sistema"	-	-	-	-	-	-	1,281,381	1,559,087
Strom Telecom S. R. O.	31,622	1,674,626	-	162,017	-	-	-	-
T-Mobile	25,116	29,155	2,337	36,055	-	-	-	-
OOO "Kvazar Micro"	-	203,371	-	10,774	-	-	-	-
OAO "Interregional Transit Telecom" ²	-	35,431	-	52,092	-	-	-	-
ZAO "Mosdachrest"	-	58,024	-	-	-	-	-	-
Other	42,801	33,703	44,319	79,768	-	5,564	-	8,230
Total	4,953,945	7,362,719	401,266	1,954,154	5,072,002	5,847,303	43,198,079	28,071,734

¹ Including operations with the subsidiaries of ZAO "Telecom-900": ZAO "Uraltel", ZAO "Far East Cellular Systems" and ZAO "Syberian Cellular Systems-900".

² A related entity since 2004.

Dividends received and dividends paid

(thousand roubles)

Name	Dividends received		Dividends paid	
	2004	2003	2004	2003
OAO "ReCom"	93,864	32,008	-	-
OAO "TAIF-Telcom"	64,667	-	-	-
ZAO "Udmurt Digital Network-900"	2,958	-	-	-
ZAO "Kuban GSM"	-	18,990	-	-
OOO "Firma "Novitel"	-	6,810	-	-
OOO "MTS-Kostroma"	-	337	-	-
OOO "MTS-Komi"	-	1,422	-	-
OOO "MTS"	-	-	31,795	16,915
T-Mobile	-	-	1,525,065	850,826
OAO AFK "Sistema" ¹	-	-	3,117,985	1,754,520
Other, including shareholders – private individuals	-	-	1,218,954	760,718
Total	161,489	59,567	5,893,799	3,382,979

13. FOREIGN EXCHANGE DIFFERENCES

The rates of the Central bank of the Russian Federation effective at the reporting date were as follows:

As of December 31, 2003:

USD 1 = RUR 29.4545;

EUR 1 = RUR 36.8240.

As of December 31, 2004:

USD 1 = RUR 27.7487;

EUR 1 = RUR 37.8104.

14. INFORMATION ABOUT REPORTING SEGMENTS

The Company's management determined that in 2003 and 2004 the Company operated within one reportable segment. Therefore, there is no grounds for disclosing information by reporting segments. The Company maintains no analytical records for reporting segments.

¹ Including subsidiaries of OAO AFK "SISTEMA".

15. GUARANTEES ISSUED AS AT DECEMBER 31, 2004

Debtor's name	Creditor's name	Origination date of off-balance sheet liability	Termination date of off-balance sheet liability	Contract currency	Contract value (thousand US dollars)	Contract value (thousand roubles) ¹
ZAO "Invest-Svyaz-Holding"	ZAO "Commetzbank (Eurasia)"	11/08/2003	12/08/2005	USD	5,000	138,744
ZAO "Invest-Svyaz-Holding"	ZAO "Commetzbank (Eurasia)"	08/04/2002	06/04/2005	USD	6,000	166,492
MOBILE TELESYSTEMS FINANCE S.A.	bondholders of MOBILE TELESYSTEMS FINANCE S.A.	30/01/2003	28/01/2008	USD	400,000	11,099,480
MOBILE TELESYSTEMS FINANCE S.A.	bondholders of MOBILE TELESYSTEMS FINANCE S.A.	14/10/2003	08/10/2010	USD	400,000	11,099,480
ZAO "Invest-Svyaz-Holding"	Commerzbank (Frankfurt)	13/02/2003	13/05/2006	USD	3,550	98,508
ZAO "Invest-Svyaz-Holding"	ZAO "Commetzbank (Eurasia)"	04/07/2003	06/04/2005	USD	7,000	194,241
MTS Belarus	Citibank International plc	05/11/2003	01/04/2007	USD	15,028	417,007
ZAO "Ukrainian Mobile Communications"	ZAO "ING Bank (Eurasia)"	19/09/2003	12/09/2006	USD	46,667	1,294,949
MTS Belarus	ABN AMRO Bank A.O.	01/09/2003	28/04/2005	USD	10,000	277,487
OAO "TAIF-Telcom"	" HCBC Bank (RR)"(OOO)	03/11/2003	29/09/2006	USD	17,500	485,602
ZAO "Ukrainian Mobile Communications"	ING BHF-BANK; Commerzbank (Frankfurt)	30/12/2003	31/01/2009	EUR	46,936	1,774,681
ZAO "Printelefon"	Nordea Bank Sweden AB	20/11/2003	31/10/2006	USD	6,499	180,339
MTS Belarus	ZAO KB "CITIBANK"	09/11/2004	X ² +364 days	USD	-	-
MOBILE TELESYSTEMS FINANCE S.A.	CREDIT SUISSE FIRST BOSTON, LONDON BRANCH	28/10/2004	28/04/2005	USD	140,000	3,884,818
MOBILE TELESYSTEMS FINANCE S.A.	HSBC Bank plc	02/12/2004	27/07/2007	USD	2,465	68,402
Total, thousand roubles						31,180,182

16. SUBSEQUENT EVENTS**16.1. Loan from MOBILE TELESYSTEMS FINANCE S.A.**

In January 2005, MOBILE TELESYSTEMS FINANCE S.A., a subsidiary of OJSC "MTS," issued 400,000 thousand US dollars 8% Notes maturing in 2012, at 94,74% of par. The Notes are guaranteed by OJSC "MTS". MOBILE TELESYSTEMS FINANCE S.A. lended funds received from Notes issuance in the amount of 11,201,000 thousand roubles to OJSC "MTS" under a long-term loan maturing in 2012. The loan bears interest at 8.03%. Debt issuance costs incurred by MOBILE TELESYSTEMS FINANCE S.A. in the amount of 3,572 thousands US dollars (100,025 thousand roubles) were reimbursed by OJSC "MTS".

16.2. Acquisition of 74% of OOO "Mobile TeleSystems in the Komi Republic"

In January 2005, the Company aquired a 74% additional stake in its affiliated company "Mobile TeleSystems in the Komi Republic" for a cash considiration that approximates 1,100 thousand US dollars.

16.3. Tax audit results

In March 2005 tax authorities have audited Company's compliance with tax legislation in 2002. Based on this audit results, tax authorities believe that the additional taxes should be accrued in the amount of 297,136 thousand roubles, including:

Income tax – 42,945 thousand roubles;
Income tax on foreign legal entities for activities not related to operations in the Russian Federation – 200,851 thousand roubles;
Value added tax – 53,142 thousand roubles;
Value added tax retained by tax agent – 121 thousand roubles;

¹ Recalculated at the exchange rate as of December 31, 2004.

² X – date of loan origination.

Personal income tax – 66 thousand roubles;
Land tax – 11 thousand roubles.

Assessed tax penalties amount to 20,831 thousand roubles, including:

Income tax – 7,800 thousand roubles;
Value added tax – 12,990 thousand roubles;
Personal income tax – 29 thousand roubles;
Land tax – 6 thousand roubles;
Sales tax – 6 thousand roubles.

Assessed tax fines amount to 54,186 thousand roubles.

Total amount of additional taxes, penalties and fines imposed equals 372,152 thousand roubles.

Legal department of the Company has prepared and filed with the Arbitrary Court of Moscow a petition to recognize the tax authorities' resolution to be partially invalid. The amount of disputed taxes and fines equals 281,504 thousand roubles. Currently, the petition is under review. The Company's management estimates the risk that the dispute will result in significant negative impact on the Company's financial position to be possible.

President of Open joint-stock company "MobileTeleSystems"

V.V. Sidorov

Chief Accountant of Open joint-stock company "MobileTeleSystems"

R.M. Kolomiets

April 15, 2005