

OPINION OF THE AUDITING COMMISSION
based on the results of the audit of Mobile TeleSystems OJSC
financial and business activities in 2008

05 May, 2009

Moscow

In compliance with the provisions of Federal Law № 208-FZ “On Joint Stock Companies” Dated 26.12.95 and Mobile TeleSystems OJSC’ Charter, the Auditing Commission consisting of V.V. Platoshin, A.E. Popov and M.V. Tokun carried out during the period from 15 April, 2009 to 5 May, 2009 the audit of Mobile TeleSystems OJSC financial and business activities in 2008.

The main objectives of the audit were to make sure that:

- the main financial indicators of the Company activities reflected in the financial statements were valid;
- the decisions and instructions of the management were implemented and the material business processes were conducted in conformity with all applicable material requirements;
- the financial and business operations were carried out in favour of the company and its shareholders;
- the internal risk management procedures were developed and applied with sufficient efficiency.

The Management of the Company shall be responsible for preparation of true data and statements, being in conformity with the relevant requirements and implementation of Company’s management instructions, carrying-out of financial & economic activities in favour of Company and its participants as well as for development and operation of an efficient internal controlling system.

The following persons were responsible for financial and economic activity of the Company during the period under review:

- L.A. Melamed, the President of the Company from 01.01.08 to 25.05.08
- M.V. Shamolin, the President of the Company from 26.05.08 to the present day
- I.P. Borisenkova, the Chief Accountant of the Company for the whole period

This Opinion was based on the results of the selective audit of the financial and business operations carried out in 2008 with the use of the following submitted documents:

- Minutes of the Board of Directors meetings;
- Company’s Budget approved for 2008;
- Form №1 “Accounting Balance Sheet as of 31.12.2008”, Form №2 “Profit and Loss Report for 2008”, annexes to the annual financial statements (Forms №№3 – 5), Explanatory Note to the Balance Sheet for 2008;
- Accounting Statements for 2008 (Trial Balance for 2008, Analytic Accounting Statements, etc.);
- Tax declarations for 2008;
- Business contracts, primary documents, etc.

In 2008, the core business of Mobile TeleSystems OJSC was provision of telecommunication services.

The major source of the Company’s income was revenue from the provision of the following services:

- cellular radio phone communication services;
- communication channel leasing;
- national and international telephone communication services;
- telematic services;
- sales of handsets and accessories;
- sales of equipment;
- works under the construction license.

The major Mobile TeleSystems OJSC's financial and economic indicators for 2008:

Revenue from service sales (exclusive of VAT) was RUR 188 580 221 000, in comparison with 2007 the revenue was increased by RUR 41 277 396 000, i.e. by 28%. In particular, increase in revenue and prime cost was the result of addition in subscriber base including subscriber base of the merged subsidiaries Primtelephone CJSC and MCC OJSC.

The prime cost of the services sold constituted RUR 75 097 646 000 therefore vs. 2007 the prime cost increased by RUR 17 862 282 000 or by 31.2%. The prime cost includes the following expenses:

- | | |
|---|---------------------|
| • prime cost of communication services | RUR 71 917 276 000; |
| • sales | RUR 3 168 809 000; |
| • construction & installation works, etc. | RUR 11 561 000; |

<i>Selling expenses</i> were	RUR 21 371 255 000;
<i>Administrative expenses</i> were	RUR 17 350 059 000.

Based on the results of Mobile TeleSystems OJSC financial and business activities in 2008, the *net profit* in 2008 achieved RUR 39 778 176 000, i.e. RUR 2 752 582 000 more vs. the previous year (7.4%).

As of 31 December, 2008, Mobile TeleSystems OJSC' assets include:

Fixed assets	RUR 211 214 367 000;
Current assets	RUR 69 545 981 000.

According to Form No. 1 *The Balance Sheet*, as of 31.12.2008, vs. the beginning of the year the assets value increased by RUR 61 349 338 000 and achieved RUR 280 760 348 000.

The accounts receivable, as of 31.12.2008, vs. the beginning of the year, increased by RUR 4 991 546 000 and constituted RUR 23 376 218 000. The trade receivable decreased by RUR 211 488 000 in 2008 and was RUR 9 400 897 000, as of 31.12.2008.

The main major debtors, as of 31.12. 2008, were:

Advertising Agency Maxima OJSC	RUR 245 207 000;
Moscow City Electric Network Company OJSC	RUR 197 088 000;
PSO Sistema-HALS CJSC	RUR 344 375 000;
Gigant LLC	RUR 132 781 000;
Sviaznoy Logistics CJSC	RUR 2 018 595 000;
Trade House Euronet LLC	RUR 345 713 000;
	(taking into account set-off of advances)

As of 31.12 2008 Mobile TeleSystems OJSC had *short-term borrowings* in the amount of RUR 36 961 466 000.

Due to the insolvency claim filed by Beta Link CJSC in the Arbitration Court, MTS OJSC established the provision in the amount of RUR 826 867 000 for depreciation of the loan granted to Beta Link CJSC in October, 2008.

The amount of *accounts payable*, as of 31.12.2008, vs. the beginning of the year increased by 62.8% and totaled RUR 39 422 615 000, including:

- liabilities to the supplies and contractors – RUR 25 420 547 000;
- liabilities to the staff of the organization – RUR 1 891 412 000 and is current liability;
- liabilities to state extra-budgetary funds – RUR 167 341 000 and is a current liability;
- liabilities on taxes and dues – RUR 1 904 646 000 and is a current liability;
- liabilities to other creditors – RUR 10 038 669 000, including liabilities to buyers and customers on advance payments received – RUR 9 975 077 000.

The main major creditors, as of 31.12 2008:

• AB Ericsson	RUR 2 270 515 000;
• SITRONICS Telecom Solutions (Chech Republik)	RUR 24 419 000;
• SITRONICS Telecom Solutions CJSC	RUR 1 474 825 000;
• Motorola LTD	RUR 840 437 000;
• Nokia Siemens Networks GmbH&Co. KG	RUR 365 532 000;
• Acatel-Lucent Deutschland AG	RUR 423 463 000;
• HUAWEI TECH. INVESTMENT CJ., LTD	RUR 581 624 000;
• Akku Vertrieb CJSC	RUR 242 741 000;
• Vostok Mobile B.V. and Vostok Mobile South	RUR 2 572 109 000;
• TechnoServ AC LLC	RUR 144 706 000;
• Scandinavian House OJSC	RUR 265 354 000;
• NEC Infocommunications CJSC	RUR 310 536 000;
• SMF TVSviaz CJSC	RUR 146 890 000;
• Adv. Agency Maxima	RUR 346 610 000;
• Quazar-Micro.RU LLC	RUR 805 973 000.

The net assets value for 2008 increased by 2.3% and, as of 31.12.2008, constituted RUR 102 157 636 000 (the equity capital, as of 31.12.2008, was RUR 199 333 000).

On the basis of the selective audit the Auditing Commission came to the conclusion that the annual report and financial statements of Mobile TeleSystems OJSC for 2008 comply generally with the legislative and normative documents.

The Auditing Commission members:

V.V. Platoshin _____
Chief Accountant
AFK Sistema OJSC

A.E. Popov _____
Project Manager
Financial Planning & Budget Department
AFK Sistema OJSC

M.V. Tokun _____
Chief Manager
Department of Audits & Interaction with Outside Auditors
AFK Sistema OJSC