

**Open Joint Stock Company
CenterTelecom**

**Unaudited Consolidated Financial Statements
for the 9 months ended 30 September 2010**

OJSC CenterTelecom
Unaudited Consolidated Financial Statements
for the 9 months ended 30 September 2010

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OJSC CenterTelecom
Unaudited Consolidated Statement of Comprehensive Income
for the 9 months ended 30 September 2010

(in millions of Russian Roubles)

	Notes	For the 9 months ended 30 September 2010	For the 9 months ended 30 September 2009
Revenues	25	30 039	27 427
Personnel costs	26	(7 571)	(7 161)
Depreciation and amortization	7, 8	(4 994)	(4 803)
Interconnection charges		(2 308)	(2 080)
Materials, repairs and maintenance, utilities	27	(2 973)	(2 669)
Other operating income	28	2 305	2 218
Other operating expenses	29	(5 327)	(4 576)
Operating profit		9 171	8 356
Interest expense	30	(1 406)	(2 318)
Other financial income and expense	31	80	392
Forex loss, net		2	(280)
Profit before income tax		7 847	6 150
Income tax expense		(1 679)	(1 394)
Profit for the period		6 168	4 756
Total comprehensive income for the period		6 168	4 756
Profit for the period attributable to:			
OJSC "CenterTelecom" shareholders		6 169	4 757
Non-controlling shareholders of subsidiaries		(1)	(1)
Comprehensive income for the period attributable to:			
OJSC "CenterTelecom" shareholders		6 169	4 757
Non-controlling shareholders of subsidiaries		(1)	(1)

OJSC CenterTelecom
Unaudited Consolidated Cash Flow Statement
for the 9 months ended 30 September 2010

(in millions of Russian Roubles)

	Notes	For the 9 months ended 30 September 2010	For the 9 months ended 30 September 2009
Cash flows from operating activities			
Profit before income tax		7 847	6 150
Adjustments for			
Depreciation and amortization	7, 8	4 994	4 803
(Profit) losses on disposal of property, plant and equipment		(15)	5
Reversal of impairment of inventories and other assets		(8)	(1)
Allowance for impairment of receivables	12	70	135
Interest expenses	30	1 271	2 164
Other financial income and expenses	31	(80)	(392)
Foreign exchange losses, net		(2)	280
Operating cash flows before changes in working capital and provisions		14 077	13 144
Increase in inventories		(84)	(79)
Increase in trade and other receivables		(803)	(371)
Increase in employee benefits		65	131
Increase (decrease) in trade and other payables		(112)	917
Decrease in provisions		(67)	(51)
Decrease in other operating assets and liabilities		(2)	(114)
Cash flows generated from operating activities before interest and income tax paid		13 074	13 577
Interest paid		(1 921)	(2 802)
Income tax paid		(816)	(1 649)
Cash flows from operating activities		10 337	9 126
Investing activities			
Acquisition of property, plant and equipment and constructions in progress		(3 915)	(2 611)
Proceeds from sales of property, plant and equipment and constructions in progress		103	103
Acquisition of intangible assets		(292)	(491)
Acquisition of investments		(1 528)	(671)
Proceeds from sales of investments		587	334
Financial income received		78	390
Dividends received		-	4
Cash flows utilized in investing activities		(4 967)	(2 942)

OJSC CenterTelecom
Unaudited Consolidated Cash Flow Statement (continued)
for the 9 months ended 30 September 2010

(in millions of Russian Roubles)

Notes	For the 9 months ended 30 September 2010	For the 9 months ended 30 September 2009
Financing activities		
Acquisition of treasury shares	(1 293)	-
Proceeds from bank and corporate loans	15 210	5 438
Repayment of bank and corporate loans	(12 403)	(5 877)
Proceeds from bonds	-	2 681
Repayment of bonds	(900)	(5 623)
Proceeds from promissory notes	-	1 000
Repayment of promissory notes	(1 225)	(1 194)
Repayment of vendor financing liabilities	(345)	(304)
Repayment of finance lease liabilities	(1 552)	(1 289)
Dividends paid to shareholders of OJSC "CenterTelecom"	(729)	(535)
Cash flows utilized in financing activities	(3 237)	(5 703)
Net increase in cash and cash equivalents	2 133	481
Cash and cash equivalents as at the beginning of the reporting period	900	570
Cash and cash equivalents as at the end of the reporting period	3 033	1 051

OJSC CenterTelecom

Unaudited Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2010

(in millions of Russian Roubles)

		Equity attributable to shareholders of OJSC "CenterTelecom"						Total equity attributable to shareholders of "CenterTelecom"	Non-controlling interest	Total equity
		Share capital						OJSC		
Note	Preference shares	Ordinary shares	Treasury shares	Other reserves	Retained earnings					
	1 725	5 175	(1)	2	13 657		20 558	3	20 561	
Balance as at 31 December 2008	-	-	-	(1)	4 757		4 756	(1)	4 755	
Profit for the period	-	-	-	(1)	4 757		4 756	(1)	4 755	
Total comprehensive income	-	-	-	-	(646)		(646)	-	(646)	
Dividends to shareholders of OJSC "CenterTelecom"	1 725	5 175	(1)	1	17 768		24 668	2	24 670	
Balance as at 30 September 2009	1 725	5 175	(1)	1	18 878		25 778	4	25 782	
Profit for the period	-	-	-	-	6 169		6 169	(1)	6 168	
Total comprehensive income	-	-	-	-	6 169		6 169	(1)	6 168	
Dividends to shareholders of OJSC "CenterTelecom"	-	-	-	-	(1 265)		(1 265)	-	(1 265)	
Acquisition of treasury shares	-	-	(1 293)	-	-		(1 293)	-	(1 293)	
Balance as at 30 September 2010	1 725	5 175	(1 294)	1	23 782		29 389	3	29 392	