

BALANCE SHEET

as of **June 30, 2006**

Organization **OJSC CenterTelecom (MRC)**

Taxpayer Identification Number **5000000970**

Type of business **telecommunications services**

Organizational-legal form/form of ownership **mixed**

Measurement unit: **RUR in thousands**

Address: **6 Degtiarny Per., Building 2, Moscow, 125993, Russia**

Form #01 by OCUD
Date (year, month, day)

CODES	
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by OCPO	01140111
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ASSETS	Notes	Item code	Line code	At the reporting period start	At the reporting period end
1	1a	2	2a	3	4
I. NON-CURRENT ASSETS					
Intangible assets		110	110	484	442
Fixed assets		120	120	31 783 017	30 253 304
Capital investments		130	130	2 026 268	2 144 517
Income bearing investments in tangible items		135	135	1 434	1 448
Long-term financial investments		140	140	1 639 211	1 639 211
including:					
investments in daughter companies			141	1 604 137	1 604 137
investments in affiliates/associates			142	2 840	25
investments in other organizations			143	25 362	28 177
other long-term financial investments			144	6 872	6 872
Deferred tax assets		145	145	224 296	352 348
Other non-current assets		150	150	3 428 746	3 597 987
Total for section I		190	190	39 103 456	37 989 257

ASSETS	Notes	Item code	Line code	At the reporting period start	At the reporting period end
1	1a	2	2a	3	4
II.CURRENT ASSETS					
Inventories		210	210	1 152 747	953 241
<i>including:</i>					
raw material, auxiliaries and other similar items		211	211	537 544	486 330
expenses of production in progress (circulation expenses)		213	213	516	300
finished products and goods intended for resale		214	214	16 049	15 850
shipped products		215	215	55	436
deferred expenses		216	216	598 583	450 325
other inventories and expenses		217	217		
VAT on purchased items		220	220	1 720 958	1 086 866
Accounts receivable (payments expected later than 12 months after the reporting date)		230	230	17 824	10 838
<i>including:</i>					
buyers and customer accounts		231	231		
advance payments made			232		
other debtors			233	17 824	10 838
Accounts receivable (payments expected within 12 months from the reporting date)		240	240	2 220 105	3 460 450
<i>including:</i>					
buyers and customer accounts		241	241	1 705 214	2 572 546
advance payments made			242	146 786	146 139
other debtors			243	368 105	741 765
Short-term financial investments		250	250	4 200	
Cash and equivalents		260	260	952 823	817 567
Other current assets		270	270	2 008	5 518
Total on section II		290	290	6 070 665	6 334 480
Grand total (sum of lines 190+290)		300	300	45 174 121	44 323 737

LIABILITIES	Notes	Item code	Line code	At the reporting period start	At the reporting period end
1	1a	2	2a	3	4
III. CAPITAL AND RESERVES					
Charter (legal) capital		410	410	6 311 999	6 311 999
Additional capital		420	420	646 822	646 822
Reserves		430	430	31 560	64 985
Shares bought-out from shareholders		411	440		
Undistributed profit (not covered loss) of previous years		470	460	8 623 963	8 414 402
Undistributed profit (not covered loss) of the reporting year		470	470	X	1 085 423
Total on section III		490	490	15 614 344	16 523 631
IV. LONG-TERM LIABILITIES					
Loans and credits <i>including:</i>		510	510	6 633 498	4 370 597
credit facilities			511	3 992 576	4 250 341
loans			512	2 640 922	120 256
Deferred tax liabilities		515	515	741 179	820 602
Other long-term liabilities		520	520	2 548 782	1 939 760
Total on section IV		590	590	9 923 459	7 130 959
V. SHORT-TERM LIABILITIES					
Loans and credits <i>including:</i>		610	610	14 336 842	14 687 295
credit facilities			611	3 931 458	3 783 728
loans			612	10 405 384	10 903 567
Accounts payable, <i>including:</i>		620	620	4 641 556	5 138 624
suppliers and contractors		621	621	2 739 946	2 123 377
advance payments received		625	622	426 437	394 790
debt to employees		622	623	2 332	292 181
debt to government out-of-budget funds		623	624	10 644	124 899
debt in respect of tax and duties		624	625	526 140	424 087
other creditors		625	626	936 057	1 779 290
Debt to participants (founders) for income payments		630	630	7 916	178 260
Deferred revenue		640	640	499 438	485 650
Deferred expense provisions		650	650	150 566	179 318
Other short-term liabilities		660	660		
Total on section V		690	690	19 636 318	20 669 147
GRAND TOTAL (sum of lines 490+590+690)		700	700	45 174 121	44 323 737

Summary of items accounted for using off-the-balance sheet accounts

Item description	Notes	Item code	Line code	At the reporting period start	At the reporting period end
1	1a	2	2a	3	4
Rented fixed items		910	901	2 486 213	2 696 656
including those under leasing terms		911	911	478 543	1 982 686
Goods and tangible items accepted for safe storage		920	902	97 513	113 391
Goods accepted for commission		930	903	8 233	6 008
Debt of insolvent debtors written off as a loss		940	904	445 898	536 682
Security received in respect of payments and obligations		950	905	8 006 514	7 994 777
Security provided to other parties in respect of payments and obligations		960	906	17 881 929	17 201 325
Housing facilities depreciation		970	907	18 425	17 791
Depreciation of external improvement items and other similar facilities		980	908	2 084	694
Means of payment in respect of telecommunications services			909	142 058	147 832

Summary of net asset value

Item description	Notes	Item code	Line code	At the reporting period start	At the reporting period end
1	1a	2	2a	3	4
Net assets			1000	16 113 782	17 009 281

Chief Executive _____ S. V. Pridantsev
(signature) (name)

Chief Accountant _____ A. D. Kartashov
(signature) (name)

July 26, 2006

PROFIT AND LOSS ACCOUNT

for **the 1st half of 2006**

Organization **OJSC CenterTelecom (MRC)**

Taxpayer Identification Number **5000000970**

Type of business **telecommunications services**

Organizational-legal form/form of ownership **mixed**

Measurement unit: **RUR in thousands**

Form #02 by OCUD

Date (year, month, day)

by OCPO

INN

by OCVED

by OCOPF/OCFS

by OCEI

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Item description	Notes	Item code	Line code	Over the reporting period	Over the same period previous year
1	1a	2	2a	3	4
I. Operating revenues and expenses on ordinary activities					
Revenue (net) from sales of goods, products, works, services (net of VAT, excise duties and other mandatory payments)		010	010	13 366 103	13 089 495
including from sales of telecommunication services			011	12 462 892	12 907 593
Costs of sold goods, products, works, services		020	020	(9 494 614)	(10 116 576)
including: telecom services			021	(9 124 432)	(10 030 293)
Profit (loss) from sales (line 010 less line 020)		050	050	3 871 489	2 972 919
II. OPERATING REVENUE AND EXPENSES					
Interest to receive		060	060	8 084	907
Interest payable		070	070	(1 157 168)	(1 132 526)
Income from participation in other organizations		080	080	62	355
Other operating revenue		090	090	156 837	27 214
Other operating expenses		100	100	(653 101)	(726 998)
III. NON-SALES REVENUE AND EXPENSES					
Non-sales revenue		120	120	106 248	189 742
Non-sales revenue		130	130	(682 611)	(635 627)
Pre-tax profit (loss) (lines 050+060-070+080+090-100+120-130)		140	140	1 649 840	695 986
Profit tax expenses (lines -151+152-153), including:			150	(564 296)	(310 357)
deferred tax liabilities		142	151	(79 152)	(99 816)
deferred tax assets		141	152	128 052	119 488
Current profit tax		150	153	(613 196)	(330 029)
Operating profit (loss) (line 140- less line 150)			160	1 085 544	385 629

Item description	Notes	Item code	Line code	Over the reporting period	Over the same period previous year
1	1a	2	2a	3	4
IV. EXTRAORDINARY INCOME AND EXPENSES					
Extraordinary income			170	176	2 209
Extraordinary income			180	(297)	(552)
Earnings (undistributed profit (loss) in the reporting period) (lines 160+170-less line 180)		190	190	1 085 423	387 286
FOR REFERENCE					
Conditional profit tax expense/income			201	(395 933)	(167 434)
Permanent tax liabilities		200	202	(168 363)	(142 923)
Permanent tax assets		200	203		

Item description	Notes	Item code	Line code	Over the reporting period	Over the same period previous year
1	1a	2	2a	3	4
Basic profit (loss) per share			301	X	X
Diluted profit (loss) per share			302	X	X

* to be filled out in annual financial statements

Explanation of some profit and loss items

Item description	Item code	Line code	Over the reporting period		Over the same period previous year	
			profit	loss	profit	loss
1	1a	2	3	4	5	6
Fines, damages and late payment charges accepted or for recovery of which relevant court (arbitration court) rulings were handed down		401	5 572	(14 684)	8 923	(14 144)
Profit (loss) of previous years		402	32 885	(26 760)	20 651	(36 467)
Indemnity of damages caused by non-performance or undue performance of obligations		403	2 524	(573)	2 239	(800)
Foreign currency translation adjustments (exchange rate differences)		404	27 739	(19 337)	77 920	(17 333)
Allocations to assessed reserves		405	154 416	(67 901)	22 368	(273 711)
Written-off accounts receivable and payable		406	3 096	(5 382)	2 399	(7 539)

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July 26, 2006