

**Open Joint Stock Company
CenterTelecom**

**Unaudited Consolidated Financial Statements
for the 9 months ended 30 September 2009**

OJSC CenterTelecom
Unaudited Consolidated Financial Statements
for the 9 months ended 30 September 2009

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OJSC CenterTelecom
Unaudited Consolidated Balance Sheet as at 30 September 2009

(in millions of Russian Roubles)

	Notes	30 September 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	7	41 383	43 188
Intangible assets	8	5 125	5 143
Investments in equity accounted investees	10	-	1
Non-current investments	11	45	117
Other non-current assets	9	297	380
Total non-current assets		46 850	48 829
Current assets			
Inventories	12	565	485
Trade and other receivables	13	4 156	3 926
Income tax receivable		700	298
Current investments	11	499	429
Other current assets	14	694	554
Cash and cash equivalents	15	1 051	570
Total current assets		7 665	6 262
TOTAL ASSETS		54 515	55 091
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	17	6 900	6 900
Treasury shares	17	(1)	(1)
Other reserves		1	2
Retained earnings		17 770	13 659
Total equity attributable to shareholders of the Company		24 670	20 560
Non-controlling interest		-	1
Total equity		24 670	20 561
Non-current liabilities			
Loans and borrowings	18	12 752	12 758
Employee benefits	19	2 359	2 229
Other non-current liabilities	20	342	351
Deferred tax liabilities		1 408	1 269
Total non-current liabilities		16 861	16 607
Current liabilities			
Loans and borrowings	18	6 710	11 577
Accounts payable and accrued expenses	22	5 475	5 392
Income tax payable		14	12
Other current liabilities	23	670	776
Provisions	21	115	166
Total current liabilities		12 984	17 923
Total liabilities		29 845	34 530
TOTAL EQUITY AND LIABILITIES		54 515	55 091

General Director
V.A. Martirosyan



Chief Accountant
A.D. Kartashov

OJSC CenterTelecom
Unaudited Consolidated Income Statement
for the 9 months ended 30 September 2009

(in millions of Russian Roubles, except earnings per share)

	Notes	For the 9 months ended 30 September 2009	For the 3 months ended 30 September 2009
Revenues	26	27 427	9 215
Personnel costs	27	(7 161)	(2 244)
Depreciation and amortisation	7,8	(4 803)	(1 608)
Interconnection charges		(2 080)	(660)
Materials, repairs and maintenance, utilities	28	(2 669)	(933)
Other operating income	29	2 218	704
Other operating expenses	30	(4 576)	(1 609)
Operating profit		8 356	2 865
Financial income	31	(2 318)	(818)
Forex loss, net		(280)	100
Other financial expenses/income	32	392	128
Profit before income tax from continuing operations		6 150	2 275
Income tax expense		(1 394)	(446)
Profit for the period		4 756	1 829
Attributable to:			
Shareholders of the Company		4 757	1 830
Non-controlling interest		(1)	(1)
Profit for the period		4 756	1 829
Basic and diluted earnings per share (in Russian Roubles)	33	2,26	0,87

OJSC CenterTelecom
Consolidated Statement of Comprehensive Income
for the 9 months ended 30 September 2009

(in millions of Russian Roubles, except earnings per share)

Notes	For the 9 months ended 30 September 2009	For the 3 months ended 30 September 2009
Profit for the period	4 756	1 829
Revaluation of available-for-sale investments	(1)	(1)
Other Comprehensive Income	(1)	(1)
Comprehensive Income for the period	4 755	1 828
Attributable to:		
Shareholders of the Company	4 756	1 829
Non-controlling interest	(1)	(1)
Comprehensive Income for the period	4 755	1 828

OJSC CenterTelecom
Unaudited Consolidated Cash Flow Statement
for the 9 months ended 30 September 2009

(in millions of Russian Roubles)

	Notes	For the 9 months ended 30 September 2009	For the 3 months ended 30 September 2009
Cash flows from operating activities:			
Profit before income tax		6 150	<u>2 275</u>
Adjustments for:			
Depreciation and amortisation	7,8	4 803	1 608
Profit on disposal of property, plant and equipment		5	17
Reversal of impairment of inventories and other assets		(1)	-
Allowance for impairment of receivables		135	50
Financial income		2 164	767
Other financial expenses	32	(392)	(128)
Forex loss		280	(100)
Operating cash flows before changes in working capital and provisions		13 144	<u>4 489</u>
Increase in inventories		(79)	(58)
Increase in trade and other receivables		(371)	15
Increase in other current assets		(138)	(48)
Increase in provisions and employee benefits		131	47
Increase in accounts payable and accrued expenses		1 055	(514)
Decrease in provisions		(51)	(16)
Decrease in other operating assets and liabilities		(114)	1
Cash flows generated from operations before income tax and interest paid		13 577	<u>3 916</u>
Interest paid		(2 802)	(1 488)
Income tax paid		(1 649)	(1 424)
Cash flows from operating activities		9 126	<u>1 004</u>
Investing activities			
Acquisition of property, plant and equipment		(2 611)	(860)
Proceeds from sales of property, plant and equipment and constructions in progress		103	52
Acquisition of intangible assets		(491)	(63)
Acquisition of investments		(671)	(350)
Proceeds from sales of investments		334	141
Interest received		390	280
Dividends received		4	1
Cash flows utilized in investing activities		(2 942)	<u>(799)</u>

OJSC CenterTelecom
Unaudited Consolidated Cash Flow Statement (continued)
for the 9 months ended 30 September 2009

(in millions of Russian Roubles)

	Notes	For the 9 months ended 30 September 2009	For the 3 months ended 30 September 2009
Financing activities			
Proceeds from loans and borrowings		5 438	1 780
Repayment of loans and borrowings		(5 877)	(599)
Proceeds from bond issue		2 681	2 681
Repayment of bond issue		(5 623)	(5 623)
Proceeds from promissory notes		1 000	1 000
Repayment of promissory notes		(1 194)	(1 001)
Repayment of vendor financing liability		(304)	(48)
Repayment of finance lease obligations		(1 289)	(562)
Dividends paid to shareholders of the Company		(535)	(532)
Cash flows utilized in financing activities		(5 703)	(2 904)
Net increase in cash and cash equivalents		481	(2 699)
Cash and cash equivalents at beginning of year	15	570	3 750
Cash and cash equivalents at end of year	15	1 051	1 051

OJSC CenterTelecom

Unaudited Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2009

(in millions of Russian Roubles)

	Share capital				Retained earnings	Other reserves	Total equity attributed to shareholders of the Company	Non-controlling interest	Total equity
	Note	Preference shares	Ordinary shares	Treasury Shares					
Balance at 31 December 2007		1 725	5 175	(1)	10 358	12	17 269	5	17 274
Effect of errors correction	2	-	-	-	2	-	2	(2)	-
Balance at 31 December 2007 (restated)		1 725	5 175	(1)	10 360	12	17 271	3	17 274
Comprehensive Income for the 12 months 2008		-	-	-	4 222	(10)	4 212	(2)	4 210
Dividends to shareholders of the Company		-	-	-	(923)	-	(923)	-	(923)
Balance at 31 December 2008 (restated)		1 725	5 175	(1)	13 659	2	20 560	1	20 561
Comprehensive Income for the 9 months 2009		-	-	-	4 757	(1)	4 756	(1)	4 755
Dividends to shareholders of the Company	34	-	-	-	(646)	-	(646)	-	(646)
Balance at 30 September 2009		1 725	5 175	(1)	17 770	1	24 670	-	24 670