

**Audit Commission report  
on the results of the check of the  
annual accounting statements of JSC Central Telecommunication Company  
- upon the results of the check of financial and business activities  
of JSC Central Telecommunication Company in 2002;  
- upon the results of the financial statements for 2002; - on the credibility of data contained in the  
annual report, accounting statements for 2002**

April 7, 2003

Moscow

Based on the Regulations on the Audit Commission of Joint-Stock Central Telecommunication Company the Audit Commission of JSC CenterTelecom, including:

- I. Prokofieva
- K. Belyaev
- K. Frolov
- A. Plyusnin
- K. Kravchenko

conducted a check of the annual accounting reports (financial statements) for 2002.

The check was carried out from April 1, 2003 through April 4, 2003 along the following lines:

- test of data contained in the annual report and accounting reports for 2002;
- accounting and bookkeeping, and provision of financial reporting data in 2002.

In the reporting period checks of entities joined to JSC CenterTelecom as wholly owned regional subsidiaries were conducted by respective audit commissions. Results of the checks were submitted for review by Boards of Directors of respective companies.

**General reference information**

Full name of the company: Joint-Stock Central Telecommunication Company.

Legal address: 23 Proletarskaya Street, Khimki, Moscow region, 141400, Russia.

Head office location: 6 Degtiarny Pereulok, Building 2, GSP 3, Moscow, 125993, Russia.

Date of the company's state registration: July 23, 1997. Basic state registration number: 1025006174710 (with additions of November 30, 2002).

Persons responsible for the financial and business activity of the Company in the reporting period are:

R. Amaryan, General Director

R. Konstantiniva, Chief Accountant.

The general meeting of shareholders is the supreme governing body of the Company; in between the meetings the Board of Directors chaired by the Chairman is the supreme governing body. The Management Board headed by the General Director is the Company's executive body.

**The check established the following:**

The Company in its financial and business activity is guided by provisions of the Civil Code, Tax Code, and other applicable legislation of the Russian Federation.

Accounting reports (financial statements) are prepared based on the requirements of the Federal law of November 21, 1996 #129-FZ On bookkeeping and accounting reports (as subsequently amended and altered), regulations on bookkeeping and accounting reports, approved by Order #34n of July 29, 1998, Order #43n of July 6, 1999 On approval of regulations on accounting – "Accounting of organizations" (PBU 4/99), Order #60n of June 28, 2000 On guidelines for organizations to calculate accounting data (as amended and supplemented), all issued by the Ministry of Finance (MoF) of the Russian Federation.

The check included verification on a selective test basis of figures and numbers, and explanations contained in the accounting reports.

In the opinion of the Audit Commission the accounting data do not make it possible to obtain reliable information with respect to reflection of operations related to sales of services by Lyuberetski local branch of the Company. Neither is it possible to confirm the moment when accounts receivable with

respect to settlements with subscribers started to build-up; due to this and other violations of accounting for billing, it appeared impossible to confirm allocations to cover doubtful debt provisions and their total amount.

Apart from some reservations, the Company's Audit Commission found no material breaches of rules and regulations governing bookkeeping and accounting that might significantly affect credibility of the accounting reports.

The accounting reports of JSC Central Telecommunication Company present comprehensive and objective information on the financial and business processes and results of the Company's activities required for day-to-day running and management of the Company, and for using this information by investors, suppliers, purchasers, creditors, tax and financial authorities, banks and other interested parties.

#### **Statement of opinion**

In the opinion of the Audit Commission members, apart from some reservations, the accounting reports are prepared in such a manner as to ensure reflection of assets and liabilities of the Company as at December 31, 2002 and results of its financial activities in 2002 based on provisions of statutory acts issued by the MoF of the Russian Federation (Orders #34n of July 29, 1998, #43n of July 6, 1999, #60n of June 28, 2000 as amended and altered.

Chairperson of the Audit Commission

Members of the Audit Commission

Secretary of the Audit Commission

I. Prokofieva

K. Belyaev

K. Frolov

K. Kravchenko

A. Plyusnin

*(signatures)*