

OJSC Rostelecom's Annual Financial Statements for 2004
(the balance sheet and the profit and loss statement)

BALANCE SHEET

as at **December 31, 2004**

Organization: **OJSC Rostelecom**

Taxpayer Identification Number:

Type of Activity: **Telecommunications**

Organizational and legal form/ form of ownership:

Unit of measure: **Thousand rubles**

| | | |
|-------------------------|------------|--|
| OKUD Form No. 1 | Codes | |
| Date (year, month, day) | 0710001 | |
| OKPO code | 01.01.2005 | |
| TIN | 17514186 | |
| OKPD | 7707049388 | |
| OKOPF/ OKFS | 52300 | |
| OKEI code | 47 | |
| | 384 | |

| ASSETS | Note | Line code | Index code | At the beginning of the reporting period | At the end of the reporting period |
|---|------------|------------|------------|--|------------------------------------|
| 1 | 2 | 3 | 3a | 4 | 5 |
| I. NON-CURRENT ASSETS | | | | | |
| Intangible assets: | | 110 | 110 | 19 | 18 |
| Patents, licenses, trademarks (service marks), other similar rights and assets | | 111 | | 19 | 18 |
| Organization expenses | | 112 | | X | X |
| Goodwill | | 113 | | X | X |
| Fixed assets: | 6.1 | 120 | 120 | 15,143,300 | 18,109,844 |
| Land plots and natural resources | | 121 | | 586 | 586 |
| Buildings, plant and equipment | | 122 | | 7,535,853 | 11,873,804 |
| Construction in progress | 6.1 | 130 | 130 | 4,515,418 | 2,981,201 |
| Profitable investments in tangible assets: | | 135 | 135 | 0 | 0 |
| Property for leasing | | 136 | | 0 | 0 |
| Property provided under lease contract | | 137 | | 0 | 0 |
| Long-term financial investments: | 6.2 | 140 | 140 | 3,971,405 | 3,727,905 |
| Investments | | 141 | | 3,908,539 | 3,609,124 |
| Other long-term financial investments | | 144 | | 62,866 | 118,781 |
| Differed tax assets | | 145 | 145 | 0 | 0 |
| Other non-current assets | 6.3 | 150 | 150 | 398,925 | 1,523,394 |
| TOTAL for Section I | | 190 | 190 | 24,029,067 | 26,342,362 |
| II. CURRENT ASSETS | | | | | |
| Inventories: | | 210 | 210 | 730,211 | 798,000 |
| Raw materials, consumables, and other assets | 6.4 | 211 | 211 | 566,245 | 590,406 |
| Work in progress costs (distribution costs) | 6.4 | 213 | 213 | 11,226 | - |
| Finished products and goods for resale | 6.4 | 214 | 214 | 4,520 | 4,613 |
| Shipped goods | | 215 | 215 | - | - |
| Deferred expenses | 6.3 | 216 | 216 | 148,220 | 202,981 |
| Other reserves and expenses | | 217 | 217 | - | - |
| Value-added tax on acquired assets | | 220 | 220 | 1,870,176 | 1,540,008 |
| Accounts receivable (payment expected more than 12 months after the reporting date): | | 230 | 230 | 18,739 | 17,443 |
| Buyers and customers | | 231 | 231 | - | - |
| Bills of exchange receivable | | | | - | - |
| Accounts receivable from subsidiaries and associates | | | | - | - |
| Advances issued | | 232 | | 18,219 | 17,302 |
| Other debtors | | 233 | | 520 | 141 |
| Accounts receivable (payment expected within 12 months after the reporting date): | | 240 | 240 | 8,808,024 | 6,737,711 |
| Buyers and customers | 6.5 | 241 | 241 | 7,225,171 | 5,856,506 |
| Bills of exchange receivable | | | | - | - |
| Accounts receivable of subsidiaries and associates | | | | - | - |
| Advances issued | 6.6 | 242 | | 469,112 | 348,679 |
| Other debtors | 6.6 | 243 | | 1,113,741 | 532,526 |
| Amounts owed by participants (founders) in respect of contributions to charter capital | | 244 | | X | - |

| | | | | | |
|---|------------|------------|------------|-------------------|-------------------|
| Short-term financial investments: | 6.2 | 250 | 250 | 6,627,502 | 8,756,148 |
| Loans to organizations payable in less than 12 months | | 251 | | - | - |
| Other short-term financial investments | | 253 | | 6,627,502 | 8,756,148 |
| Monetary assets: | | 260 | 260 | 1,835,117 | 404,200 |
| Cash | | 261 | | 1,546 | 1,401 |
| Settlement accounts | | 262 | | 1,595,083 | 345,678 |
| Foreign-currency accounts | | 263 | | 235,746 | 20,767 |
| Other monetary assets | | 264 | | 2,742 | 36,354 |
| Other current assets | | 270 | 270 | 22 | 221 |
| TOTAL for Section II | | 290 | 290 | 19,889,791 | 18,253,731 |
| BALANCE (sum of lines 190+290) | | 300 | 300 | 43,918,858 | 44,596,093 |

| LIABILITIES | Note | Line code | Index code | At the beginning of the reporting period | At the end of the reporting period |
|---|-------------|------------------|-------------------|---|---|
| 1 | 2 | 3 | 3a | 4 | 5 |
| III. CAPITAL AND RESERVES | | | | | |
| Charter capital | 6.7 | 410 | 410 | 2,429 | 2,429 |
| Own shares redeemed from shareholders | 6.8 | 440 | 411 | - | - |
| Additional capital | | 420 | 420 | 12,009,157 | 11,338,295 |
| Reserve capital: | | 430 | 430 | 364 | 364 |
| Statutory reserves | | 431 | 431 | 364 | 364 |
| Reserves formed in accordance with foundation documents | | 432 | 432 | - | - |
| Social fund | | 450 | | X | X |
| Undistributed profit of previous years | | 460 | | 14,451,852 | 13,022,073 |
| Uncovered losses of previous years | | 465 | | - | - |
| Undistributed profit of the reporting year | | 470 | 470 | - | 7,647,735 |
| Uncovered losses of the reporting year | | 475 | | - | - |
| TOTAL for Section III | | 490 | 490 | 26,463,802 | 32,010,896 |
| IV. LONG-TERM LIABILITIES | | | | | |
| Loans and credits | 6.10 | 510 | 510 | 2,124,030 | 3,167,643 |
| Bank credits repayable more than 12 months after the reporting date | | 511 | | 173,104 | 354,396 |
| Loans repayable more than 12 months after the reporting date | | 512 | | 1,950,926 | 2,813,247 |
| Deferred tax liabilities | 6.11 | 515 | 515 | 588,505 | 271,523 |
| Other long-term liabilities | 6.12 | 520 | 520 | 2,488,443 | 600,853 |
| TOTAL for Section IV | | 590 | 590 | 5,200,978 | 4,040,019 |
| V. SHORT-TERM LIABILITIES | | | | | |
| Loans and credits | 6.10 | 610 | 610 | 1,715,661 | 1,286,468 |
| Bank credits repayable within 12 months of the reporting date | | 611 | | 75,526 | 151,758 |
| Loans repayable within 12 months of the reporting date | | 612 | | 1,640,135 | 1,134,710 |
| Accounts payable | | 620 | 620 | 10,221,799 | 6,468,373 |
| Suppliers and contractors | | 621 | 621 | 8,791,898 | 5,142,329 |
| Bills of exchange payable | | | | - | - |
| Accounts payable to subsidiaries and associates | | | | - | - |
| Advances received | | 622 | 622 | 96,170 | 97,166 |
| Amounts owed to employees | | 623 | 623 | 74,829 | 500 |
| Amounts owed to state extrabudgetary fund | | 624 | 624 | 57,687 | 57,776 |
| Amounts owed to the budget | 6.13.1 | 625 | 625 | 362,312 | 333,012 |
| Other creditors | 6.13.2 | 626 | 626 | 838,903 | 837,590 |
| Income payable to participants (founders) | | 630 | 630 | 48,518 | 119,579 |
| Deferred income | 6.14 | 640 | 640 | 268,100 | 231,464 |
| Provisions for expenses | 6.15 | 650 | 650 | - | 439,294 |
| Other short-term liabilities | | 660 | 660 | - | - |
| TOTAL for Section V | | 690 | 690 | 12,254,078 | 8,545,178 |
| BALANCE (sum of lines 490 + 590 + 690) | | 700 | 700 | 43,918,858 | 44,596,093 |

**STATEMENT
OF ASSETS ON OFF-BALANCE ACCOUNTS**

| Item | Note | Line code | Index code | At the beginning of the reporting period | At the end of the reporting period |
|--|------|-----------|------------|--|------------------------------------|
| 1 | | | 2 | 3 | 4 |
| Rented fixed assets | | 910 | 910 | 2,881 | 81,388 |
| including leased assets | | 911 | 911 | 1,908 | 1,980 |
| Valuables in custody | | 920 | 920 | 3,475 | 1,616 |
| Materials accepted for processing | | 921 | | - | - |
| Equipment accepted for assembly | | 922 | | 170 | 160 |
| Consigned goods | | 930 | 930 | 311 | 549 |
| Bad debts written off as losses | | 940 | 940 | 39,194 | 152,105 |
| Received security for obligations and payments | | 950 | 950 | 391 | 3,078 |
| Issued security for obligations and payments | | 960 | 960 | 200,229 | 2,766,626 |
| Depreciation of housing | | 970 | 970 | 189,620 | 128,296 |
| Depreciation of amenities and similar facilities | | 980 | 980 | 1,089 | 1,089 |
| Strict accountability forms | | 990 | 990 | 91 | 87 |
| Leased fixed assets | | 991 | | 3,461 | - |
| Implements and economic accessories | | 992 | | 192,292 | 197,046 |
| Funds to pay for communications services | | 993 | | - | - |
| Intangible assets received for use | | 994 | | - | - |

General Director

 s&s **Dmitry Ye. Yerokhin**

Chief Accountant

 s&s **Alexander A. Lutsky**

STATEMENT OF PROFIT AND LOSSES

as at **2004** year

Organization: **OJSC Rostelecom**

Taxpayer Identification Number:

Type of Activity: **Telecommunications**

Organizational and legal form/ form of ownership:

Unit of measure: **Thousand rubles**

OKUD Form No. 2

Date (year, month, day)

OKPO code

TIN

OKPD

OKOPF/ OKFS

OKEI code

Codes

0710002

01.01.2005

17514186

7707049388

52300

47

384

| Item | Note | Line code | Index code | For the reporting period | For the same period of the preceding year |
|--|--------------|------------|------------|--------------------------|---|
| 1 | 2 | 3 | 3a | 4 | 5 |
| I. Income and expenses for usual activities | | | | | |
| Proceeds (net) from sale of goods, products, work, services (less the VAT, excises, and similar obligatory payment): | 7.1 | 010 | 010 | 37,470,471 | 29,927,943 |
| Sale of telecommunication services | | 011 | | 37,008,916 | 29,463,456 |
| Cost price of goods, products, work, and service sold | 7.2 | 020 | 020 | (25,550,210) | (20,978,635) |
| Including telecommunication services | | 021 | | (25,101,591) | (20,549,372) |
| Gross profit | | 029 | 029 | 11,920,261 | 8,949,308 |
| Trading costs | | 030 | | X | X |
| Management costs | | 040 | | X | X |
| Profit (loss) from sales | | 050 | 050 | 11,920,261 | 8,949,308 |
| II. Operating income and expenses | | | | | |
| Interest receivable | 7.3.1 | 060 | 060 | 491,982 | 425,194 |
| Interest payable | 7.3.2 | 070 | 070 | (138,924) | (208,699) |
| Income from participation in other organizations | 7.3.1 | 080 | 080 | 73,698 | 31,005 |
| Other operating income | 7.3.1 | 090 | 090 | 22,887,538 | 17,802,848 |
| Other operating expenses | 7.3.2 | 100 | 100 | (24,527,872) | (16,872,864) |
| III. Non-sales income and expenses | | | | | |
| Non-sales income | 7.4.1 | 120 | 120 | 1,082,473 | 4,473,281 |
| Non-sales expenses | 7.4.2 | 130 | 130 | (2,008,225) | (3,907,908) |
| Profit (loss) before tax | | 140 | 140 | 9,780,931 | 10,692,165 |
| Effective tax on profit | 7.6 | 150 | 150 | (2,875,600) | (2,093,901) |
| Income (expenses) for deferred tax assets (liabilities) | 7.6 | 151 | 142 | 316,982 | (691,185) |
| Profit (loss) from usual activities | 7.4.1 | 160 | | 7,222,313 | 7,907,079 |
| IV. Extraordinary income and expenses | | | | | |
| Extraordinary income | 7.5 | 170 | | 1,084 | - |
| Extraordinary expenses | 7.5 | 180 | | (2,128) | (7,755) |
| Net profit (undistributed profit (loss) for the reporting period) | | 190 | 190 | 7,221,269 | 7,899,324 |
| FOR INFORMATION | | | | | |
| Permanent tax obligations | 7.6 | 191 | 200 | 192,828 | 238,516 |
| Basic income (loss) per share | 7.7 | 192 | | 8.9189 | 9.7563 |
| Diluted income (loss) per share | 7.7 | 193 | | 8.9189 | 9.7563 |

INDIVIDUAL INCOME AND EXPENSE ITEMS

| Item | Line code | For the reporting period | | For the same period of the preceding year | |
|--|-----------|--------------------------|---------|---|-----------|
| | | profit | loss | profit | loss |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Fines, penalties, and charges acknowledged by payer or payable pursuant to the decision of a court (arbitral tribunal) | 401 | 8,358 | 1,391 | 273,668 | 515 |
| Accumulated income (loss) | 402 | 149,187 | 821,100 | 407,901 | 624,495 |
| Compensation for losses caused by nonperformance or undue performance of obligations | 403 | 3,874 | 151 | 6,436 | 480 |
| Exchange-rate differences in foreign-exchange operations | 404 | 223 | 521 | 25,565 | - |
| Provision expenses | 405 | 40,247 | 648,034 | - | 1,567,789 |
| Write-off of receivables and payables upon expiration of limitation period | 406 | 4,977 | - | 288 | 26,556 |

General Director

 s&s **Dmitry Ye. Yerokhin**

Chief Accountant

 s&s **Alexander A. Lutsky**