

**Open Joint Stock Company  
CenterTelecom**

**Unaudited Consolidated Financial Statements  
for the 6 months ended 30 June 2009**

**OJSC CenterTelecom**  
**Unaudited Consolidated Financial Statements**  
**for the 6 months ended 30 June 2009**

**Contents**

Consolidated Financial Statements

Consolidated Balance Sheet .....	3
Consolidated Income Statement .....	4
Consolidated Statement of Comprehensive Income.....	5
Consolidated Statement of Cash Flows .....	6
Consolidated Statement of Changes in Equity .....	8
Notes to the Consolidated Financial Statements .....	9

**OJSC CenterTelecom**  
**Unaudited Consolidated Balance Sheet as at 30 June 2009**

(in millions of Russian Roubles)

	Notes	30 June 2009	31 December 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	41 808	43 188
Intangible assets and goodwill	8	5 117	5 143
Investments in equity accounted investees	10	-	1
Non-current investments	11	62	117
Other non-current assets	9	452	380
<b>Total non-current assets</b>		<b>47 439</b>	<b>48 829</b>
<b>Current assets</b>			
Inventories	12	506	485
Trade and other receivables	13	6 904	3 926
Income tax receivable		440	298
Current investments	11	234	429
Other current assets	14	644	554
Cash and cash equivalents	15	3 750	570
<b>Total current assets</b>		<b>12 478</b>	<b>6 262</b>
<b>TOTAL ASSETS</b>		<b>59 917</b>	<b>55 091</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	17	6 900	6 900
Treasury shares	17	(1)	(1)
Other reserves		2	2
Retained earnings		15 940	13 659
<b>Total equity attributable to shareholders of the Company</b>		<b>22 841</b>	<b>20 560</b>
<b>Non-controlling interest</b>		<b>1</b>	<b>1</b>
<b>Total equity</b>		<b>22 842</b>	<b>20 561</b>
<b>Non-current liabilities</b>			
Loans and borrowings	18	14 461	12 758
Employee benefits	19	2 312	2 229
Other non-current liabilities	20	346	351
Deferred tax liabilities		1 326	1 269
<b>Total non-current liabilities</b>		<b>18 445</b>	<b>16 607</b>
<b>Current liabilities</b>			
Loans and borrowings	18	10 653	11 577
Accounts payable and accrued expenses	22	6 382	5 392
Income tax payable		807	12
Other current liabilities	23	657	776
Provisions	21	131	166
<b>Total current liabilities</b>		<b>18 630</b>	<b>17 923</b>
<b>Total liabilities</b>		<b>37 075</b>	<b>34 530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59 917</b>	<b>55 091</b>

General Director  
V.A. Martirosyan



Chief Accountant  
A.D. Kartashov

**OJSC CenterTelecom**  
**Unaudited Consolidated Income Statement**  
**for the 6 months ended 30 June 2009**

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

	Notes	For the 6 months ended 30 June	
		2009	2008
<b>Revenues</b>	26	<b>18 212</b>	<b>16 937</b>
Personnel costs	27	(4 917)	(4 844)
Depreciation and amortisation	7, 8	(3 195)	(2 229)
Interconnection charges		(1 420)	(1 572)
Materials, repairs and maintenance, utilities	28	(1 736)	(1 299)
Other operating income	29	1 514	249
Other operating expenses	30	(2 967)	(2 857)
<b>Operating profit</b>		<b>5 491</b>	<b>4 385</b>
Financial income	31	(1 500)	(1 180)
Forex (loss)/ gain, net		(380)	114
Other financial expenses/income	32	264	89
<b>Profit before income tax from continuing operations</b>		<b>3 875</b>	<b>3 408</b>
Income tax expense		(948)	(977)
<b>Profit for the period</b>		<b>2 927</b>	<b>2 431</b>
Attributable to:			
Shareholders of the Company		2 927	2 432
Non-controlling interest		-	(1)
<b>Profit for the period</b>		<b>2 927</b>	<b>2 431</b>
<b>Basic and diluted earnings per share (in Russian Roubles)</b>	33	<b>1,391</b>	<b>1,156</b>

**OJSC CenterTelecom**  
**Consolidated Statement of Comprehensive Income**  
**for the 6 months ended 30 June 2009**

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

	Notes	For the 6 months ended 30 June	
		2009	2008
<b>Profit for the period</b>		<b>2 927</b>	<b>2 431</b>
Disposal of available-for-sale investments		-	(9)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>(9)</b>
<b>Comprehensive Income for the period</b>		<b>2 927</b>	<b>2 422</b>
Attributable to:			
Shareholders of the Company		2 927	2 423
Non-controlling interest		-	(1)
<b>Comprehensive Income for the period</b>		<b>2 927</b>	<b>2 422</b>

**OJSC CenterTelecom**  
**Unaudited Consolidated Cash Flow Statement**  
**for the 6 months ended 30 June 2009**

*(in millions of Russian Roubles)*

	<u>For the 6 months ended 30 June</u>		
	<u>Notes</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>			
Profit before income tax		<b>3 875</b>	<b>3 408</b>
<b>Adjustments for:</b>			
Depreciation and amortisation	7, 8	3 195	2 229
Profit on disposal of property, plant and equipment		(12)	(47)
(Reversal of) allowance for impairment of inventories and other assets		(1)	(2)
(Reversal of) allowance for impairment of receivables	13	85	45
Financial income		1 397	1 088
Other financial expenses		(264)	(89)
Forex (loss)/ gain		380	(114)
<b>Operating cash flows before changes in working capital and provisions</b>		<b>8 655</b>	<b>6 518</b>
Increase in inventories		(21)	(454)
(Increase)/decrease in trade and other receivables		(386)	19
(Increase)/decrease in other current assets		(90)	9
(Decrease)/increase in provisions and employee benefits		84	(29)
Increase in accounts payable and accrued expenses		1 569	498
Decrease in provisions		(35)	(180)
Decrease in other operating assets and liabilities		(115)	(3)
<b>Cash flows generated from operations before income tax and interest paid</b>		<b>9 661</b>	<b>6 378</b>
Interest paid		(1 314)	(1 052)
Income tax paid		(225)	(793)
<b>Cash flows from operating activities</b>		<b>8 122</b>	<b>4 533</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(1 751)	(2 503)
Proceeds from sales of property, plant and equipment and constructions in progress		51	61
Acquisition of intangible assets		(428)	(565)
Acquisition of investments		(321)	-
Proceeds from sales of investments		193	425
Interest received		110	73
Dividends received		3	-
<b>Cash flows utilized in investing activities</b>		<b>(2 143)</b>	<b>(2 509)</b>

**OJSC CenterTelecom**  
**Unaudited Consolidated Cash Flow Statement (continued)**  
**for the 6 months ended 30 June 2009**

*(in millions of Russian Roubles)*

	Notes	<b>For the 6 months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		3 658	110
Repayment of loans and borrowings		(5 278)	(532)
Repayment of bond issue		(193)	(231)
Repayment of promissory notes		(256)	-
Repayment of finance lease obligations		(727)	(909)
Dividends paid to shareholders of the Company		(3)	(19)
<b>Cash flows utilized in financing activities</b>		<b>(2 799)</b>	<b>(1 581)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3 180</b>	<b>443</b>
<b>Cash and cash equivalents at beginning of year</b>	15	<b>570</b>	<b>569</b>
<b>Cash and cash equivalents at end of year</b>	15	<b>3 750</b>	<b>1 012</b>

Unaudited Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2009

(in millions of Russian Roubles)

	Share capital		Treasury Shares	Retained earnings	Other reserves	Total equity attributed to shareholders of the Company	Non-controlling interest	Total equity
	Preference shares	Ordinary shares						
<b>Balance at 31 December 2007</b>	1 725	5 175	(1)	10 358	12	17 269	5	17 274
Comprehensive Income for the period	-	-	-	2 432	(9)	2 423	(1)	2 422
Dividends to shareholders of the Company	-	-	-	(923)	-	(923)	-	(923)
<b>Balance at 30 June 2008</b>	1 725	5 175	(1)	11 867	3	18 769	4	18 773
<b>Balance at 31 December 2008</b>	1 725	5 175	(1)	13 657	2	20 558	3	20 561
Effect of errors correction	-	-	-	2	-	2	(2)	-
<b>Balance at 31 December 2008 (restated)</b>	1 725	5 175	(1)	13 659	2	20 560	1	20 561
Comprehensive Income for the period	-	-	-	2 927	-	2 927	-	2 927
Dividends to shareholders of the Company	-	-	-	(646)	-	(646)	-	(646)
<b>Balance at 30 June 2009</b>	1 725	5 175	(1)	15 940	2	22 841	1	22 842