

APPROVED

Board of Directors of the Open Joint-Stock Company North-West Telecom  
Minutes No. 9-03 of 22.04.2003

Chairperson of the Board of Directors V.N. Yashin \_\_\_\_\_  
(signature)

Official seal

**QUARTERLY REPORT**  
**OF THE ISSUER OF ISSUED SECURITIES**  
**for: the 1st quarter of 2003**

***Open Joint-Stock Company North-West Telecom***  
***Issuer's code 00119-A***

***Place of business: St. Petersburg, Russia***

***Mailing address: 14/26, ul. Gorokhovaya (26, ul. Bolshaya Morskaya), St. Petersburg,  
191186***

***The information contained in this Quarterly Report may be disclosed in compliance with  
the legislation of the Russian Federation on securities.***

General Manager A.A. Sysoyev \_\_\_\_\_

(signature)

Chief Accountant M.M. Semchenko \_\_\_\_\_

(signature)

Official seal

Contact person: Vladislav Yuryevich Smyslov  
***Shareholders and Securities Department Manager***  
Tel: (812) 312-03-81 Fax: (812) 325-83-23  
e-mail: ***odiptn@ptn.ru***

## A. Data on the Issuer

### 9. Full official name of the Issuer company

*Open Joint-Stock Company North-West Telecom*  
*OJSC North-West Telecom*

### 10. Abbreviated name

*OJSC North-West Telecom*  
*OJSC N. W. Telecom*

### 11. Data on changes in the name and organizational and legal form of the Issuer

*Petersburg Telephone Network Open Joint-Stock Company*  
*PTN OJSC*

Introduced on: *16.05.1996*

*Petersburg Telephone Network Public-Type Company*  
*PTN OTJSC*

Introduced on: *6.05.1993*

Current name introduced on: *10.12.2001*

### 12. Data on Issuer's state registration and licenses

Date of the Issuer's state registration: *6.05.1993*

No. of the certificate of registration by the state (or any other document confirming the registration of the Issuer by the state): *2717*

Authority of state registration: *Registration Chamber of St. Petersburg Mayor's Office*

Licenses:

Number: *19132*

Date of issue: *27.08.2001*

Period: *till 27.08.2006*

Authority issuing the license: *Ministry of the Russian Federation on Communication and Informatization*

Areas of activities: *Videoconferencing services (with Addendum # 1) in the territory of the Republic of Karelia, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts and Saint Petersburg*

Number: *17591*

Date of issue: *3.04.2001*

Period: *till 03.04.2006*

Authority issuing the license: *Ministry of the Russian Federation on Communication and Informatization*

Areas of activities: *mobile radiotelephone communication services (with Annex No.1) in the territory of St. Petersburg*

Number: *22791*

Date of issue: *11.07.2002*

Period: *till 11.07.2007*

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **Telematic services in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts, Nenets Autonomous District and Saint Petersburg**

Number: **22792**

Date of issue: **11.07.2002**

Period: **till 11.07.2007**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **Data transmission services in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts, Nenets Autonomous District and Saint Petersburg**

Number: **23224**

Date of issue: **1.08.2002**

Period: **till 01.08.2007**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **Leasing out communication channels in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts, Nenets Autonomous District and Saint Petersburg**

Number: **23225**

Date of issue: **1.08.2002**

Period: **till 01.08.2007**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **Long-distance and international telephone communication services in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts, Nenets Autonomous District and Saint Petersburg**

Number: **23226**

Date of issue: **14.11.2002**

Period: **till 14.11.2007**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **Telegraph communication services in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod, Pskov Oblasts, Nenets Autonomous District and Saint Petersburg**

Number: **23227**

Date of issue: **4.10.2002**

Period: **till 4.10.2012**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **provision of local and intra-zone telephone communication services in the territory of the Republic of Karelia, Komi Republic, Arkhangelsk, Vologda, Kaliningrad, Leningrad, Murmansk, Novgorod and Pskov Oblasts, Nenets Autonomous Area, and Saint Petersburg**

Number: **24074**  
Date of issue: **14.11.2002**  
Period: **till 01.02.2006**  
Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**  
Areas of activities: **provision of cellular radio telephone communication services in the 450 MHz band in the territory of Arkhangelsk Oblast**

Number: **24658**  
Date of issue: **14.11.2002**  
Period: **till 30.12.2007**  
Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**  
Areas of activities: **provision of wired network sound broadcasting in the territory of Arkhangelsk, Vologda, Kaliningrad, Murmansk, Novgorod and Pskov Oblasts, the Republic of Karelia and the Nenets Autonomous Area**

Number: **3166**  
Date of issue: **24.01.1997**  
Period: **till 01.07.2006**  
Authority issuing the license: **Ministry of Communication of the Russian Federation**  
Areas of activities: **Local and long-distance telephone communication services (with Annexes Nos.1-5) in the territory of Leningrad Oblast**

Number: **D 341184**  
Date of issue: **25.07.2002**  
Period: **till 25.07.2007**  
Authority issuing the license: **State Committee of RF for Construction and Housing and Communal Services**  
Areas of activities: **design of 1<sup>st</sup> and 2<sup>nd</sup> responsibility level buildings and facilities in compliance with the state standard in the territory of RF**

Number: **D 341156**  
Date of issue: **25.07.2002**  
Period: **till 25.07.2007**  
Authority issuing the license: **State Committee of RF for Construction and Housing and Communal Services**  
Areas of activities: **construction of 1<sup>st</sup> and 2<sup>nd</sup> responsibility level buildings and facilities in compliance with the state standard in the territory of RF**

Number: **PI #2-6254**  
Date of issue: **15.11.2002**  
Period: **not determined**  
Authority issuing the license: **Ministry of RF for Press, Telecasting, Broadcasting and Mass Media**  
Areas of activities: **Certificate of registration of the edition Ves Peterburg. A reference periodical. Distributed in St. Petersburg and Leningrad Oblast**

Number: **12972**  
Date of issue: **8.10.1999**

Period: **till 08.10.2004**

Authority issuing the license: **The State Committee of the Russian Federation on Telecommunication (Annexes - by the Ministry of the Russian Federation of Communication and Informatization)**

Areas of activities: **provision of services in telecasting and broadcasting of programmes and transmission of extra information (with addenda Nos. 1-5) in the territory of Arkhangelsk Oblast)**

Number: **12842**

Date of issue: **9.09.1999**

Period: **till 09.09.2004**

Authority issuing the license: **The State Committee of the Russian Federation on Telecommunication (Annexes - by the Ministry of the Russian Federation of Communication and Informatization)**

Areas of activities: **License for provision of cable network telecasting (with addenda Nos. 1-3) in the territory of the city of Vologda.**

Number: **14799**

Date of issue: **21.04.2000**

Period: **till 21.04.2005**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **provision of cable network telecasting (with addenda Nos. 1-3) in the territory of the city of the village of Lovozero, Murmansk Oblast**

Number: **14838**

Date of issue: **21.04.2000**

Period: **till 21.04.2005**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **provision of services in telecasting and broadcasting of programmes and transmission of extra information (with addenda Nos. 1-4) in the territory of Murmansk Oblast)**

Number: **15664**

Date of issue: **21.04.2000**

Period: **till 21.04.2005**

Authority issuing the license: **Ministry of the Russian Federation on Communication and Informatization**

Areas of activities: **provision of services in telecasting of programmes (with addenda Nos. 1-2) in the territory of Pskov Oblast**

### **13. Tax-payer's identification number**

**7808020593**

### **14. Branch to which the Issuer belongs**

OKONKh (All-Russia Classifier of National Economy Branches) codes:  
**52300/72200**

### **15. Place of business, mailing address and contact telephone Nos. of the Issuer**

Place of business: **St. Petersburg, Russia**

Mailing address: **14/26, ul. Gorokhovaya (26, ul. Bolshaya Morskaya), St. Petersburg, 191186**

Tel: (812) 315-47-06 Fax: **(812) 110-62-77**

e-mail: [office@nwtelecom.ru](mailto:office@nwtelecom.ru)

#### 16. Data on Issuer's auditor

Name: *Ernst and Jang Vneshaudit Closed Joint-Stock Company*  
Place of business: *190000, St. Petersburg, 3 Konnogvardeysky boulevard*  
TIN: *7717025097*  
Mailing address: *190000, St. Petersburg, 3 Konnogvardeysky boulevard*  
Tel: *(812) 325-8100* Fax: *(812) 3258101*  
e-mail: *none*

Data on Auditor's license:

No. of license: *E003246*

Date of issue: *17.01.2003*

Period: *till 17.01.2008*

Authority issuing the license: *Ministry of Finance of the Russian Federation*

#### 17. Data on organizations registering titles to Issuer's securities

Registrar:

Name: *Registrator-Svyaz Closed Joint-Stock Company*

Place of business: *Moscow, Russia*

Mailing address: *15A, ul. Kalanchevskaya, POB 45, Moscow, 107078*

Tel: *(095) 975-3605* Fax: *(095) 975-3605*

e-mail: [regsw@asvt.ru](mailto:regsw@asvt.ru)

License:

No. of license: *10-000-1-00258*

Date of issue: *1.10.2002*

Period: *not determined*

Authority issuing the license: *Federal Commission for the Securities Market of RF*

Date since which the Issuer's registered securities register is kept by the said registrar: *18.07.2002*

Depository providing centralized care of issuer's securities:

Name: *National Depository Centre Nonprofit Partnership*

Place of business: *12, ul. Zhitnaya, Moscow, Russia*

Mailing address: *1/13, Sredniy Kislovskiy per., Moscow, 103009, Russia*

Tel: *(095) 956-2790, (095) 956-2791* Fax: *(095) 956-2792*

e-mail: *none*

License:

No. of license: *177-03437-000010*

Date of issue: *4.12.2000*

Period: *not determined*

Authority issuing the license: *Federal Commission for Securities Market*

Date of the operation beginning: *10.04.2002*

## 18. Issuer's depository

*No depository*

## 19. Issuer's participants

Total number of shareholders(participants) **32,289**

Shareholders (participants) holding at least 5 per cent of the Issuer's authorized capital:

19.1. Name: ***Investment Communication Company Open Joint-Stock Company***

Place of business: ***str. 2, 55, Plyushchikha, Moscow, Russia***

Mailing address: ***str. 2, 55, Plyushchikha, Moscow, 119121***

Share in the Issuer's authorized capital: **39.89 %**

Shareholders (participants) holding at least 25 per cent of the authorized capital of the Issuer's shareholder (participant):

19.1.1. Name: ***MUSTCOM LIMITED***

Place of business: ***3 Themistoklis Dervis Street Julia House CY-1066 Nicosia, Cyprus***

Mailing address: ***9, Dmitrovsky per., Moscow, 103031***

Share in the authorized capital of the Issuer's shareholder (participant): **25% + 1 share**

19.1.2. Name: ***Ministry of Privity of RF***

Place of business: ***9, Nikolsky per., Moscow, 103685***

Mailing address: ***9, Nikolsky per., Moscow, 103685***

Share in the authorized capital of the Issuer's shareholder (participant): **50 % + 1 share**

19.1.3. Name: ***Russian Fund of Federal Property***

Place of business: ***9, Leninsky pr-t, Moscow, 117049***

Mailing address: ***9, Leninsky pr-t, Moscow, 117049***

Share in the authorized capital of the Issuer's shareholder (participant): **25% -2 shares**

19.2. Name: ***Brunswick UBS Warburg Nominees Private Company***

Place of business: ***52/4 Kosmodamianskaya nab., Moscow, Russia***

Mailing address: ***52/4 Kosmodamianskaya nab., Moscow, Russia, 113054***

Share in the Issuer's authorized capital: **13.54 % (nominal holder)**

Shareholders (participants) holding at least 25 per cent of the authorized capital of the Issuer's shareholder (participant):

19.2.1. Name: ***Brunswick Warburg (Russia) Ltd.***

Place of business: ***The issuer has no data***

Mailing address: ***The issuer has no data***

Share in the authorized capital of the Issuer's shareholder (participant): **100 %**

19.3. Name: ***Depository Clearing Company - Private Company***

Place of business: ***14/2 Staraya Basmannaya ul., Moscow, Russia***

Mailing address: ***14/2 Staraya Basmannaya ul., Moscow, 103064, Russia***

Share in the Issuer's authorized capital: **7.97 % (nominal holder)**

Shareholders (participants) holding at least 25 per cent of the authorized capital of the Issuer's shareholder (participant):

***no such parties***

19.4. Name: ***ZAO ING-Bank (Eurasia) Closed Joint-Stock Company***

Place of business: **31 ul. Krasnaya Presnya, Moscow, Russia**

Mailing address: **31 ul. Krasnaya Presnya, Moscow, 123022**

Share in the Issuer's authorized capital: **6.9 % (nominal holder)**

Shareholders (participants) holding at least 25 per cent of the authorized capital of the Issuer's shareholder (participant):

**no such parties**

19.5. Name: **Lindsell Enterprises Limited**

Place of business: **2-4 Arch Makarios III Avenue Capital Center, 9th Floor, 1505, Nicosia Cyprus**

Mailing address: **17-23, ul. Taganskaya, korp. C 6th floor, Moscow, 109104**

Share in the Issuer's authorized capital: **6.63 %**

Shareholders (participants) holding at least 25 per cent of the authorized capital of the Issuer's shareholder (participant):

**no such parties**

## **20. Issuer's management bodies structure**

***The Company's General Meeting of the Shareholders is the supreme management body of the Issuer.***

***The Company's Board of Directors consisting of 9 persons deals with the general management of Issuer's activities.***

***Executive bodies of the Company deal with the management of Issuer's current activities.***

***The General Manager is the sole executive authority, while the Management Board is the collegiate executive body.***

Terms of reference of the general meeting of the Issuer's shareholders (participants) according to its Articles of Association (incorporation documents):

***The terms of reference of the general meeting of the shareholders include the following issues that cannot be handed over for consideration by the Board of Directors, General Manager or Management Board of the Company:***

- 1) introducing amendments and additions to the Articles of Association or approving the Articles of Association of the Company in a new version (except for the cases provided for by the Federal Law On Joint-Stock Companies), decisions being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 2) re-organization of the Company, decisions being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 3) liquidation of the Company, appointing the liquidation committee and approval of the intermediate and final balance sheets, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 4) electing members of the Board of Directors by cumulative voting;***
- 5) early termination of the powers of Members of the Board of Directors, the decision being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;***
- 6) electing the General Manager and early termination of his powers, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 7) determining the number, face value and category of stated shares of the Company and the rights granted by those shares, the decisions being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 8) increasing the Company's authorized capital by increasing the face value of shares, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;***
- 9) increasing the authorized capital of the Company by floating extra shares through public subscription in case the number of extra floated shares is more than 25 per cent of the common***



*stock earlier floated by the Company, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*10) increasing the Company's authorized capital by floating extra shares through closed subscription, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*11) increasing the Company's authorized capital by floatation of the respective categories (types) of shares through public subscription in the amount of 25 per cent and less of the earlier floated common shares, unless the Board of Directors has reached unanimity in respect of this issue; the decision in this case is to be taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;*

*12) increasing the Company's authorized capital by floatation of extra shares within the number and categories (types) of stated shares, using the Company's assets, when extra shares are floated through their distribution among shareholders, unless the Board of Directors has reached unanimity in respect of this issue; the decision in this case is to be taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;*

*12) increasing the Company's authorized capital by conversion of shares within the number and categories (types) of stated shares in case of Company's re-organization through affiliation; the decision in this case is to be taken by the majority of votes of the shareholders holding the voting shares of the Company and taking part in the meeting;*

*14) reducing the authorized capital of the Company by:*

*- reducing the face value of shares;*

*- retiring floated shares that were acquired by the Company upon decision of the Board of Directors and were not realized during a year from the moment of their acquisition by the Company;*

*- retiring shares redeemed by the Company*

*- by acquisition of part of the shares by the Company for the purpose of reducing their total number;*

*The decision in these cases is taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*15) electing the members of the Auditing Committee of the Company and early termination of their powers, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*16) approving the auditor of the Company, the decision being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;*

*17) approving annual reports, annual accounts of the Company, including profit and loss reports (profit and loss accounts) of the Company, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*18) approving distribution of profit, including payment (statement) of dividend, and losses of the Company on the basis of the results of the fiscal year, the decisions being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*19) splitting and consolidating shares, the decisions being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;*

*20) taking a decision on approval of party-related transactions, the decision being taken in the cases and according to the procedure provided for by chapter XI of the Federal Law On Joint-Stock Companies;*

*21) taking a decision on approval of big transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is more than 50% of the balance value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions performed in the course of normal economic operation of the Company, transactions related to floatation of common stock of the Company through subscription (realization), as well as transactions related to floatation of issued securities convertible into the Company's common stock, the decision being taken by the majority of three fourths of the votes of the shareholders holding the Company's voting shares and taking*

*part in the meeting;*

*22) taking a decision on approval of big transaction according to item 2, Article 79 of the Federal Law On Joint-Stock Companies; the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*23) taking a decision on participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*24) approving by-laws regulating the operation of the Company's bodies, the decision being taken by the majority of votes of the shareholders holding the voting shares and taking part in the meeting;*

*25) floatation by the Company of bonds convertible into shares, and other issued securities convertible into shares, if the said bonds (or other issued securities) are floated through closed subscription or through public subscription, when in case of public subscription convertible bonds (or other issued securities) may be converted into common shares of the Company, making more than 25 per cent of the earlier floated common shares, the decision being taken by at least three fourths of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*26) taking a decision on making up for the Company's account expenses for preparation and holding of an extraordinary general meeting of the Company's shareholders in the case when, contrary to the requirements of the active law of the Russian Federation, the Board of Directors has not taken a decision on convoking an extraordinary meeting and the meeting is convoked by other parties. The decision is taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting;*

*27) relieving a party, who, independently or jointly with its affiliated parties, has acquired 30 and more per cent of floated common stock of the Company, from the duty of acquiring shares from other shareholders of the Company, the decision being taken by the majority of the votes of the shareholders holding the Company's voting shares and taking part in the meeting, except for the votes granted by the shares held by the said party and its affiliated parties;*

*28) taking a decision on transferring the powers of the General Manager of the Company to a managing organization or to a manager;*

*29) deciding other issues provided for by the Federal Law On Joint-Stock Companies and by the Articles of Association.*

Terms of reference of the Issuer's Board of Directors (Supervisory Board) according to its Articles of Association (incorporation documents):

*The terms of reference of the Company's Board of Directors include the following issues:*

*1) determining the priority areas of the Company's activities, including approval of the budgets, business-plans, strategies and programmes of the Company's development;*

*2) convoking the annual and extraordinary General Meetings of the Company Shareholders, except for the cases provided for by clause 8 of article 55 of the Federal Law On Joint-Stock Companies;*

*3) approving the agenda of the General Meeting of the Shareholders;*

*4) setting the date for making up the list of the shareholders entitled to participation in the General Meeting of the Shareholders, and other issues included in the terms of reference of the Board of Directors in compliance with chapter VII of the Federal Law On Joint-Stock Companies and related to preparation and holding of the General Meeting of the Shareholders;*

*5) preliminarily approving the annual report of the Company;*

*6) increasing the authorized capital of the Company by the Company floating extra shares using the Company's assets through their distribution among shareholders within the limits of the number of the stated shares as determined by the Articles of Association;*

*7) increasing the authorized capital of the Company by floating extra shares of the respective categories through public subscription within the limits of the number of stated shares in case the number of extra floated shares is 25 and less per cent of the common stock earlier floated by*

***the Company;***

***8) floatation by the Company of bonds and other issued securities in the case when, under the terms of floatation of such bonds and other issued securities, they are not convertible into Company's shares;***

***9) floatation by the Company of bonds convertible into shares, and other issued securities convertible into shares, if such bonds (other issued securities) are floated through public subscription and the convertible bonds (other issued securities) can be converted into common stock of the Company making 25 and less per cent of earlier floated common stock;***

***10) determining the price (monetary valuation) of the property, floatation and redemption price of issued securities in the cases provided for by the Federal Law On Joint-Stock Companies;***

***11) approving decisions on the issue of securities, prospectuses of securities issue, reports on the results of Company's securities issue, quarterly reports of the issuer of issued securities and changes in those;***

***12) recommendations on the size of remuneration and reimbursement paid to the members of the Auditing Committee of the Company, and determining the amount of auditor's remuneration;***

***13) recommendations on the amount of dividend on shares and on the form, procedure and terms of paying it;***

***14) recommendations on distribution of profit and losses on the basis of the results of the fiscal year;***

***15) the use of the reserve and other funds of the Company;***

***16) approving bylaws of the Company, except for the bylaws, the approval of which is included by the Federal Law or Company's Articles of Association in the terms of reference of the general meeting of the shareholders and also other documents, the approval of which is included by the Company's Articles of Association in the terms of reference of the general meeting of the shareholders and executive bodies of the Company;***

***17) approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is from 1 to 25 % of the balance value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions made in the course of normal economic operation of the Company, transactions related to floatation of shares of the Company through subscription (realization), as well as transactions related to floatation of issued securities convertible into the Company's shares;***

***18) approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of any property, the value of which is from 25 to 50 % of the balance value of the Company's assets as determined on the basis of its accounts as of the last reporting date, except for transactions made in the course of normal economic operation of the Company, transactions related to floatation of common stock of the Company through subscription (realization), as well as transactions related to floatation of issued securities convertible into the Company's common stock;***

***19) approval of party-related transactions in the cases provided for by chapter XI of the Federal Law On Joint-Stock Companies;***

***20) determining the policy and taking decisions in respect of the Company receiving and issuing loans, guarantees or sureties and making agreements of credit and agreements of loan or pledge;***

***21) acquisition of shares, bonds and other securities floated by the Company; approving reports on the results of Company's shares acquisition***

***22) taking decisions on participation (affiliation as a participant, termination of participation, change of the share of participation) of the Company in other organizations through purchasing or selling stock or shares of other organizations;***

***23) taking decisions on the issues of the agenda of general meetings of subsidiaries (supreme management bodies of other organizations), in which the Company is the only participant;***

***24) determining the procedure of the Company's interaction with organizations in which the Company participates;***

***25) approval of the Company's registrar and the terms of the contract with him, as well as terminating the contract with him;***

- 26) electing (re-electing) the Chairperson of the Board of Directors of the Company and his/her deputy;*
- 27) appointing the Secretary of the Board of Directors and determining the amount of his remuneration;*
- 28) determining the number of the members in the Management Board of the Company, electing its members, and early termination of their powers;*
- 29) agreeing upon candidates for positions of branch and representative office managers and dismissal of such managers;*
- 30) creating branches, opening and liquidating representative offices, approving Provisions on them;*
- 31) approving terms of contracts made with the General Manager, Members of the Management Board, managers of branches and representative offices, and considering issues, the decisions on which must be taken by the Board of Directors in compliance with the said contracts;*
- 32) prolonging the contracts with Members of the Management Board, managers of branches and representative offices;*
- 33) agreeing upon the structure of the Company;*
- 34) suspending the powers of the General Manager or the powers of the managing organization (manager);*
- 35) appointing a temporary General Manager;*
- 36) other issues provided for by the Federal Law On Joint-Stock Companies and by the Articles of Association.*

Terms of reference of the Issuer's sole and collegiate executive bodies according to its Articles of Association (incorporation documents):

*The terms of reference of the Company's Management Board include the following issues of managing the current activities of the Company:*

- 1) working out the technical, financial, economic and rate policy of the Company;*
- 2) developing proposals on the priority areas of the Company's activities, including draft budgets, business-plans, strategies and programmes of the Company's development;*
- 3) organization of the control over financial and economic operation of the Company;*
- 4) working out the personnel and social policy of the Company;*
- 5) approving terms of collective agreements;*
- 6) preparing materials and draft decisions on issues to be considered at the general meeting of the shareholders and the meeting of the Board of Directors, including elaboration of proposals on making transactions, the approval of which belongs to the terms of reference of the general meeting of the shareholders and the Board of Directors of the Company, on participation of the Company in other organizations, etc.;*
- 7) organizational and technical support of the Company's bodies operation;*
- 8) analysis of the results of the operation of some Company's structural divisions, including separate divisions, and working out obligatory instructions for improvement of their operation;*
- 9) approving the bylaws regulating the issues included in the terms of reference of the Company's Management Board, except for the bylaws approved by the general meeting of the shareholders and by the Board of Directors of the Company.*

## **21. Members of Issuer's Board of Directors (Supervisory Board).**

Board of Directors

Chairperson: *Valery Nikolayevich Yashin*

Members of the Board of Directors:

*Valery Nikolayevich Yashin*

Year of birth: *1941*

Posts for the recent 5 years:

Period: **1993 - 1999**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **General Manager**

Period: **1999 – till now**

Organization: **Investment Communication Company Open Joint-Stock Company**

Area of business: **Communication**

Position: **General Manager**

Period: **2000 – till now**

Organization: **Investment Communication Company Open Joint-Stock Company**

Area of business: **communication**

Position: **Chairperson of the Management Board**

Period: **2001 – till now**

Organization: **Mobitel Closed Joint-Stock Company**

Area of business: **Design, construction and operation of digital telecommunication facilities**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Moscow City Telephone Network Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **St. Petersburg Payphones Closed Joint-Stock Company**

Area of business: **payphone communication services**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Svyazinvest-Media Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities**

Position: **Chairperson of the Board of Directors**

Period: **2001 – till now**

Organization: **Rostelecom Open Joint-Stock Company**

Area of business: **communication services**

Position: **Chairperson of the Board of Directors**

Period: **2001 – till now**

Organization: **TsentrTelecom Open Joint-Stock Company**

Area of business: **communication services**

Position: **Chairperson of the Board of Directors**

Period: **2001 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **Chairperson of the Board of Directors**

Period: **2001 – till now**

Organization: **RTComm.RU Open Joint-Stock Company**

Area of business: **communication services**

Position: **Chairperson of the Board of Directors**

Period: **2001 - 2002**

Organization: **Electrosvyaz of Oryol Oblast Open Joint-Stock Company**

Area of business: **communication services**

Position: **Chairperson of the Board of Directors**

Period: **2002 – till now**

Organization: **National Payphone Network Open Joint-Stock Company**

Area of business: **telecommunication services**

Position: **Chairperson of the Board of Directors**

Share in the Issuer's authorized capital: **0.172%**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Alexandr Vyacheslavovich Ikonnikov**

Year of birth: **1971**

Posts for the recent 5 years:

Period: **2002 – till now**

Organization: **Central Telecommunication Company Open Joint-Stock Company**

Area of business: **telecommunication services**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Association for Investors' Rights Protection**

Area of business: **representation of interests of participants**

Position: **Director**

Period: **2002 – till now**

Organization: **Association of Independent Directors**

Area of business: **representation of interests of participants**

Position: **Chairperson of the Management Board**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

***This information is confidential***

***Vadim Yevgenyevich Belov***

Year of birth: ***1958***

Posts for the recent 5 years:

Period: ***1997 - 1998***

Organization: ***Joint-Stock Commercial Bank "International Financial Corporation"***

Area of business: ***investment services***

Position: ***Deputy Chairperson of the Management Board***

Period: ***1998 - 1999***

Organization: ***SPK Capital Limited***

Area of business: ***investment services***

Position: ***Managing Director of the Moscow Representative office***

Period: ***1999 - 2002***

Organization: ***Volgogradelectrosvyaz Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***member of the Board of Directors***

Period: ***1999 – till now***

Organization: ***Investment Communication Company Open Joint-Stock Company***

Area of business: ***communication***

Position: ***Deputy General Manager***

Period: ***2000 – till now***

Organization: ***Investment Communication Company Open Joint-Stock Company***

Area of business: ***communication***

Position: ***member of the Management Board***

Period: ***2001 - 2002***

Organization: ***Sibirtelecom Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***TsentrtTelecom Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***Uralsvyazinform Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***Chairperson of the Board of Directors***

Period: ***2002 – till now***

Organization: **South Telecommunication Company Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **Chairperson of the Board of Directors**

Period: **2002 – till now**  
Organization: **Rostelecom Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 - 2002**  
Organization: **Uraltelecom of Sverdlovsk Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **Chairperson of the Board of Directors**

Period: **2002 - 2002**  
Organization: **Electrosvyaz of Rostov Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **Chairperson of the Board of Directors**

Period: **2002 - 2002**  
Organization: **Svyazinform of Chelyabinsk Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 – till now**  
Organization: **Inter-Regional Commercial Bank of Communication and Information Support Development Open Joint-Stock Company**  
Area of business: **banking services**  
Position: **member of the Board of Directors**

Period: **2002 – till now**  
Organization: **Tsentrallyy Telegraf Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 – till now**  
Organization: **RTK-Invest Closed Joint-Stock Company**  
Area of business: **communication services**  
Position: **Chairperson of the Board of Directors**

Share in the Issuer's authorized capital: **no share**  
Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:  
**This information is confidential**

**Ivan Ivanovich Rodionov**  
Year of birth: **1953**



Posts for the recent 5 years:

Period: **1997 – till now**

Organization: **Brunswick Capital Management Investment Fund**

Area of business: **investment services**

Position: **Director of Analytical Department**

Period: **2001 - 2002**

Organization: **Artecom Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Electrosvyaz of the Republic of Karelia Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Sergey Vladimirovich Soldatenkov**

Year of birth: **1963**

Posts for the recent 5 years:

Period: **1994 - 1998**

Organization: **Delta Telecom Closed Joint-Stock Company**

Area of business: **cellular communication services**

Position: **General Manager**

Period: **1998 - 1999**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **Deputy General Manager**

Period: **1999 - 2000**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **First Deputy General Manager Commercial Manager (starting from December 23, 1999 acting General Manager)**

Period: **2000 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **member of the Management Board**

Period: **2001 – till now**

Organization: **MegaFon Private Company**

Area of business: **cellular mobile communication services in the GSM-900/1800 federal standard**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **General Manager**

Period: **2001 – till now**

Organization: **Lensvyaz Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **North-West Telecombank Closed Joint-Stock Company**

Area of business: **banking services**

Position: **member of the Supervisory Board**

Period: **2001 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Delta Telecom Closed Joint-Stock Company**

Area of business: **cellular communication services**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Sonik Duo Closed Joint-Stock Company**

Area of business: **cellular communication services**

Position: **member of the Board of Directors**

Period: **2003 – till now**

Organization: **Megafon Open Joint-Stock Company**

Area of business: **cellular mobile communication services in the GSM-900/1800 federal standard**

Position: **Acting General Manager**

Share in the Issuer's authorized capital: **0.0024%**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

***This information is confidential***

***Dmitry Vladimirovich Levkovsky***

Year of birth: ***1965***

Posts for the recent 5 years:

Period: ***1995 – till now***

Organization: ***"NCH Advisors, Inc"***

Area of business: ***Consulting services***

Position: ***Vice-President***

Period: ***2002 – till now***

Organization: ***Public company Firm GUM***

Area of business: ***Trade services***

Position: ***member of the Board of Directors***

Share in the Issuer's authorized capital: ***no share***

Shares in the Issuer's subsidiaries/affiliates:

***no shares***

Remuneration paid for the quarter under report:

***This information is confidential***

Irina Mikhailovna Ragozina

Year of birth: ***1950***

Posts for the recent 5 years:

Period: ***1997 - 1999***

Organization: ***Investment Communication Company Open Joint-Stock Company***

Area of business: ***communication***

Position: ***Shareholding Management Service Manager***

Period: ***1999 – till now***

Organization: ***Investment Communication Company Open Joint-Stock Company***

Area of business: ***communication***

Position: ***Corporate Management Department Director***

Period: ***2001 - 2002***

Organization: ***Svyazinform of Chelyabinsk Oblast Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***Chairperson of the Board of Directors***

Period: ***2001 - 2002***

Organization: ***Kamchatsvyazinform Open Joint-Stock Company***

Area of business: ***communication services***

Position: ***Chairperson of the Board of Directors***

Period: ***2001 – till now***

Organization: ***Moscow City Telephone Network Open Joint-Stock Company***

Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Electrosvyaz of Kurgan Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Rostelecom Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Yury Alexandrovich Bilibin**

Year of birth: **1971**

Posts for the recent 5 years:

Period: **1996 - 1998**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**  
Area of business: **local telephone communication services**  
Position: **Deputy Department Manager, Manager of the Department for Relations with Subsidiaries**

Period: **1998 - 1999**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**  
Area of business: **local telephone communication services**  
Position: **Manager of the Long-Term Investment and Securities Department**

Period: **1999 - 2000**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**  
Area of business: **local telephone communication services**  
Position: **Deputy Commercial Manager**

Period: **2000 – till now**

Organization: **Investment Communication Company Open Joint-Stock Company**  
Area of business: **communication**  
Position: **Assistant General Manager**

Period: **2001 – till now**

Organization: **North-West Telecombank Closed Joint-Stock Company**  
Area of business: **banking services**  
Position: **member of the Supervisory Board**

Period: **2001 – till now**  
Organization: **Medexpress Insurance Closed Joint-Stock Company**  
Area of business: **insurance**  
Position: **member of the Supervisory Board**

Period: **2001 – till now**  
Organization: **National Payphone Network Open Joint-Stock Company**  
Area of business: **telecommunication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**  
Organization: **Murmanelectrosvyaz Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 – till now**  
Organization: **RTComm.RU Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**  
Organization: **Svyazinform of Samara Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 – till now**  
Organization: **Uralsvyazinform Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**  
Organization: **Magadansvyazinform Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 – till now**  
Organization: **Open Joint-Stock Company Inter-Regional Commercial Bank of Communication and Information Support Development**  
Area of business: **banking services**  
Position: **member of the Board of Directors**

Period: **2001 – till now**  
Organization: **The St. Petersburg Bank of Reconstruction and Development Open Joint-Stock Company**  
Area of business: **banking services**  
Position: **Chairperson of the Board of Directors**

Period: **2001 - 2002**

Organization: ***Electrosvyaz of Oryol Oblast Open Joint-Stock Company***  
Area of business: ***communication services***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***MobiTel Private Company***  
Area of business: ***telecommunication services***  
Position: ***member of the Board of Directors***

Period: ***2002 - 2002***

Organization: ***Electrosvyaz of Kaliningrad Oblast Open Joint-Stock Company***  
Area of business: ***communication services***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***Lensvyaz Open Joint-Stock Company***  
Area of business: ***communication services***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***RTK-Leasing Closed Joint-Stock Company***  
Area of business: ***Financial lease (leasing)***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***RTK-Invest Closed Joint-Stock Company***  
Area of business: ***communication services***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***Interfax-Telecom Informational Agency Closed Joint-Stock Company***  
Area of business: ***informational service***  
Position: ***member of the Board of Directors***

Period: ***2002 – till now***

Organization: ***Svyazinvest-Media Open Joint-Stock Company***  
Area of business: ***Implementing investment programmes and projects in the field of international and domestic communication facilities***  
Position: ***Chairperson of the Board of Directors***

Share in the Issuer's authorized capital: ***no share***

Shares in the Issuer's subsidiaries/affiliates:  
***no shares***

Remuneration paid for the quarter under report:

***This information is confidential***

***Alexandr Alexandrovich Gogol***

Year of birth: ***1946***

Posts for the recent 5 years:

Period: **1998 – till now**

Organization: **Prof. M.A. Bonch-Bruyevich Saint Petersburg State University of Telecommunication**

Area of business: **education**

Position: **Rector**

Period: **2000 – till now**

Organization: **St. Petersburg Telecommunication Centre Closed Joint-Stock Company**

Area of business: **communication specialists training**

Position: **Member of the Board of Directors**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Benjamin Stefan David Vilkening**

Year of birth: **1962**

Posts for the recent 5 years:

Period: **1998 – till now**

Organization: **Representative office of the “AIG - Brunswick Capital Management Limited” Company**

Area of business: **asset management**

Position: **Managing director**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Alexandr Abramovich Sysoyev**

Year of birth: **1949**

Posts for the recent 5 years:

Period: **1995 - 1998**

Organization: **Saint Petersburg Telegraph Open Joint-Stock Company**

Area of business: **Documentary telecommunication**

Position: **General Manager**

Period: **1998 - 2002**

Organization: **Lensvyaz Open Joint-Stock Company**

Area of business: **communication services**

Position: **General Manager**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **General Manager**

Period: **2002 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Delta Telecom Closed Joint-Stock Company**

Area of business: **cellular communication services**

Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **0.0376%**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

## **22. Issuer's sole and collegiate management bodies, and managing Issuer's officials**

Issuer's sole executive body, and members of the collegiate executive body:

**Igor Nikolayevich Samylin**

Year of birth: **1957**

Posts for the recent 5 years:

Period: **1997 - 1998**

Organization: **Neda Closed Joint-Stock Company**

Area of business: **Paging communication services**

Position: **General Manager**

Period: **1998 - 1999**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **Vyborgsky Telephone Centre Manager**

Period: **1999 - 2000**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **Customers Department Manager - Customers Manager**

Period: **2000 - 2002**



Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **First Deputy General Manager - Commercial Manager, Manager of the Petersburg Telephone Network branch (starting from December 18, 2001)**

Period: **2001 – till now**

Organization: **Petersburg Transit Telecom Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **St. Petersburg Informational Company Closed Joint-Stock Company**

Area of business: **information services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Murmanelectrosvyaz Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Electrosvyaz of Kaliningrad Oblast Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Lensvyaz Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **St. Petersburg Telecommunication Centre Closed Joint-Stock Company**

Area of business: **communication specialists training**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Telecominvest Production Closed Joint-Stock Company**

Area of business: **organization of sales and post-sale servicing of telecommunication equipment**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **PeterStar Closed Joint-Stock Company**

Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager in charge of commercial affairs Regional Manager of the Petersburg Telephone Network branch**

Period: **2002 – till now**

Organization: **Giprosvyaz SPb Open Joint-Stock Company**

Area of business: **designing**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General manager - Manager for strategic policy and business development - regional manager of the Petersburg Telephone Network branch**

Period: **2002 – till now**

Organization: **TCI Telesense Closed Joint-Stock Company**

Area of business: **production, modification, adaptation and introduction of software for billing systems in the field of communication**

Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:  
**This information is confidential**

**Nikolay Gennadyevich Bredkov**

Year of birth: **1953**

Posts for the recent 5 years:

Period: **1996 - 1999**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **Deputy General Manager in charge of Economics and Finance**

Period: **1999 - 2000**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **Deputy Economics and Finance Director - Manager of the Labour Organization and Remuneration Department of the Financial Economic Service of the Central Directorate**

Period: **2000 - 2002**

Organization: **Electrosvyaz of the Republic of Karelia Open Joint-Stock Company**

Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2000 - 2002**  
Organization: **Artelecom Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**  
Organization: **Electrosvyaz of Vologda Oblast Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2001 - 2002**  
Organization: **Open Joint-Stock Company North-West Telecom**  
Area of business: **communication services**  
Position: **Manager in charge of structural reorganization**

Period: **2001 - 2002**  
Organization: **Cherepovetsectrosvyaz Open Joint-Stock Company**  
Area of business: **communication services**  
Position: **member of the Board of Directors**

Period: **2002 – till now**  
Organization: **Open Joint-Stock Company North-West Telecom**  
Area of business: **communication services**  
Position: **Deputy General Manager in charge of corporate management**

Period: **2002 - 2002**  
Organization: **Open Joint-Stock Company North-West Telecom**  
Area of business: **communication services**  
Position: **Deputy General Manager in charge of corporate management**

Share in the Issuer's authorized capital: **0.00633%**  
Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:  
**This information is confidential**

**Maya Mikhaylovna Semchenko**  
Year of birth: **1967**

Posts for the recent 5 years:  
Period: **1995 - 2000**  
Organization: **Delta Telecom Closed Joint-Stock Company**  
Area of business: **cellular communication services**  
Position: **Chief Accountant, Financial Manager**

Period: **2000 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Chief Accountant, Accounting Board Manager**

Period: **2001 – till now**

Organization: **The St. Petersburg Bank of Reconstruction and Development Open Joint-Stock Company**

Area of business: **banking services**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Chief Accountant**

Period: **2002 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager - Chief Accountant**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Vladimir Alexandrovich Akulich**

Year of birth: **1956**

Posts for the recent 5 years:

Period: **1992 - 1998**

Organization: **PeterStar Closed Joint-Stock Company**

Area of business: **communication services**

Position: **General Manager**

Period: **1998 - 2000**

Organization: **Petersburg Telephone Network Open Joint-Stock Company**

Area of business: **local telephone communication services**

Position: **Construction Manager**

Period: **2000 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Long-Distance International Communication Manager - Manager of the Long-Distance International Telephone branch**

Period: **2000 - 2000**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **Deputy General Manager**

Period: **2001 - 2002**

Organization: **St. Petersburg International Closed Joint-Stock Company**

Area of business: **international communication services**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Electrosvyaz of Pskov Oblast Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2001 - 2002**

Organization: **Novgorodtelecom Open Joint-Stock Company**

Area of business: **communication services**

Position: **member of the Board of Directors**

Period: **2002 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager in charge of strategic development and technical policy - Head of GMMTTU (City Long-Distance and International Telegraph and Telephone Centre) of the Petersburg Telephone Network branch**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager - Manager in charge of strategic development and technical policy**

Period: **2002 – till now**

Organization: **Giprosvyaz SPb Closed Joint-Stock Company**

Area of business: **designing**

Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

***This information is confidential***

***Vladimir Nikolayevich Vorozheykin***

Year of birth: ***1949***

Posts for the recent 5 years:

Period: ***1997 - 1999***

Organization: ***The Federal Service of Russia for Regulation of Natural Monopolies in the Field of Transport***

Area of business: ***government service***

Position: ***Manager of the Federal Service of Russia for Regulation of Natural Monopolies in the Field of Transport for the North-West***

Period: ***1999 - 2002***

Organization: ***The Territorial Board for St. Petersburg and Leningrad Oblast of the Ministry of RF for Antimonopoly Policy and Support of Business***

Area of business: ***government service***

Position: ***Deputy Manager of the Territorial Board***

Period: ***2002 - 2002***

Organization: ***Open Joint-Stock Company North-West Telecom***

Area of business: ***communication services***

Position: ***Personnel management Department Director***

Period: ***2002 – till now***

Organization: ***Open Joint-Stock Company North-West Telecom***

Area of business: ***communication services***

Position: ***Manager in charge of personnel***

Share in the Issuer's authorized capital: ***no share***

Shares in the Issuer's subsidiaries/affiliates:  
***no shares***

Remuneration paid for the quarter under report:

***This information is confidential***

***Alexandr Abramovich Sysoyev***

Year of birth: ***1949***

Posts for the recent 5 years:

Period: ***1995 - 1998***

Organization: ***Saint Petersburg Telegraph Open Joint-Stock Company***

Area of business: ***Documentary telecommunication***

Position: ***General Manager***

Period: ***1998 - 2002***

Organization: ***Lensvyaz Open Joint-Stock Company***

Area of business: ***communication services***

Position: **General Manager**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **General Manager**

Period: **2002 – till now**

Organization: **Telecominvest Open Joint-Stock Company**

Area of business: **implementing investment programmes and projects in the field of international and domestic communication facilities; organization of scientific and applied scientific research in the field of communication facilities.**

Position: **member of the Board of Directors**

Period: **2002 – till now**

Organization: **Delta Telecom Closed Joint-Stock Company**

Area of business: **cellular communication services**

Position: **member of the Board of Directors**

Share in the Issuer's authorized capital: **0.0376%**

Shares in the Issuer's subsidiaries/affiliates:  
**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Grigory Borisovich Chernyak**

Year of birth: **1949**

Posts for the recent 5 years:

Period: **1994 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **General Issues Manager**

Period: **2001 – till now**

Organization: **Zenith Football Club Closed Joint-Stock Company**

Area of business: **forming, training and supporting professional football teams**

Position: **member of the Board of Directors**

Period: **2001 – till now**

Organization: **Medexpress Insurance Closed Joint-Stock Company**

Area of business: **insurance**

Position: **member of the Supervisory Board**

Period: **2001 – till now**

Organization: **U Krasnogo Mosta Closed Joint-Stock Company**

Area of business: **catering**

Position: **member of the Board of Directors**

Period: **2002 - 2002**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General manager in charge of common issues**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager - manager in charge of property management**

Share in the Issuer's authorized capital: **0.04%**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

**Alexey Vladimirovich Shalagin**

Year of birth: **1958**

Posts for the recent 5 years:

Period: **1997 - 2001**

Organization: **Open Joint-Stock Company Industry and Construction Bank**

Area of business: **banking**

Position: **Deputy head of the Board**

Period: **2001 - 2002**

Organization: **Open Joint-Stock Company Industry and Construction Bank**

Area of business: **banking**

Position: **Deputy branch manager**

Period: **2002 – till now**

Organization: **Open Joint-Stock Company North-West Telecom**

Area of business: **communication services**

Position: **Deputy General Manager- Director in charge of Economics and Finance**

Share in the Issuer's authorized capital: **no share**

Shares in the Issuer's subsidiaries/affiliates:

**no shares**

Remuneration paid for the quarter under report:

**This information is confidential**

Person acting as the sole executive body of the Issuer: **Alexandr Abramovich Sysoyev**

### **23. Remuneration paid to the members of the Board of Directors (Supervisory Board) and to other Issuer's officials**

Aggregate amount of remuneration paid to all persons listed in clauses 21 and 22 for the period



under report:

Wages (roubles): **904,222**

Bonuses (roubles): **2,489,953**

Commission (roubles): **0**

Other property compensations (roubles): **0**

Total (roubles): **3,394,175**

*See also clauses 21 and 22*

#### **24. Data on corporations, in which the Issuer is a participant**

Corporations, in which the Issuer holds at least 5 per cent of the authorized capital:

Name: ***Tsentrum Limited Liability Company***

Place of business: ***Petrozavodsk, the Republic of Karelia, Russia***

Mailing address: ***22, ul. Antikainena, Petrozavodsk, 185000***

Issuer's share in the authorized capital of the corporation: ***100 %***

Name: ***AMT Limited Liability Company***

Place of business: ***3-5 ul. B. Morskaya, St. Petersburg, Russia***

Mailing address: ***k.201, d.14, Sinopskaya nab., St. Petersburg, 193167***

Issuer's share in the authorized capital of the corporation: ***100 %***

Name: ***Pagetelecom Limited Liability Company***

Place of business: ***Cherepovets, Russia***

Mailing address: ***6, pr. Stroiteley, Cherepovets, Vologda Oblast, 162627***

Issuer's share in the authorized capital of the corporation: ***100 %***

Name: ***Polycomp Limited Liability Company***

Place of business: ***20 ul. B. Morskaya, St. Petersburg, Russia***

Mailing address: ***20 ul. B. Morskaya, St. Petersburg, Russia, 191186***

Issuer's share in the authorized capital of the corporation: ***90 %***

Name: ***Arkhangelsk City Telephone Network Limited Liability Company***

Place of business: ***Arkhangelsk, Russia***

Mailing address: ***4, pr. Priorova, Arkhangelsk, 163071***

Issuer's share in the authorized capital of the corporation: ***77 %***

Name: ***Vologda Cellular Communication Open Joint-Stock Company***

Place of business: ***Vologda, Russia***

Mailing address: ***103, ul. Zosimovskaya, Vologda, 160009***

Issuer's share in the authorized capital of the corporation: ***60 %***

Name: ***St. Petersburg Telecommunication Centre Closed Joint-Stock Company***

Place of business: ***24, Bolshevikov pr., St. Petersburg, Russia***

Mailing address: ***30/32, 3-liniya, Vasilyevsky Ostrov, St. Petersburg, 199053***

Issuer's share in the authorized capital of the corporation: ***54.38 %***

Name: ***Novgorod Datacom Closed Joint-Stock Company***

Place of business: **Veliky Novgorod, Russia**

Mailing address: **22, ul. Industrialnaya, the settlement of Pankovka, Veliky Novgorod**

Issuer's share in the authorized capital of the corporation: **52 %**

Name: **Bona Limited Liability Company**

Place of business: **Arkhangelsk, Russia**

Mailing address: **45, Troitsky prospekt, Arkhangelsk, 163061**

Issuer's share in the authorized capital of the corporation: **52 %**

Name: **Kolatelecom Closed Joint-Stock Company**

Place of business: **Murmansk, Russia**

Mailing address: **43, pr. Lenina, Murmansk, 183709**

Issuer's share in the authorized capital of the corporation: **50 %**

Name: **NEVA KABEL Closed Joint-Stock Company**

Place of business: **8 proyezd, 9 kvartal, Promzona Parnas, St. Petersburg, Russia**

Mailing address: **8 proyezd, 9 kvartal, Promzona Parnas, St. Petersburg, 194292**

Issuer's share in the authorized capital of the corporation: **48.97 %**

Name: **Delta Telecom Closed Joint-Stock Company**

Place of business: **22 ul. B. Morskaya, St. Petersburg, Russia**

Mailing address: **22 ul. B. Morskaya, St. Petersburg, Russia, 191186**

Issuer's share in the authorized capital of the corporation: **43.12 %**

Name: **Commercial Television and Radio Closed Joint-Stock Company**

Place of business: **3 Academician Pavlov ul., St. Petersburg, Russia**

Mailing address: **3, Academician Pavlov ul., St. Petersburg, 197022**

Issuer's share in the authorized capital of the corporation: **40 %**

Name: **Medexpress Insurance Closed Type Joint-Stock Company**

Place of business: **2, ul. Malaya Konyushennaya, Saint Petersburg Russia**

Mailing address: **2, ul. Malaya Konyushennaya, St. Petersburg, 191186**

Issuer's share in the authorized capital of the corporation: **34.59 %**

Name: **Kaliningrad Mobile Networks Closed Joint-Stock Company**

Place of business: **Kaliningrad, Russia**

Mailing address: **2, pl. Vasilevskogo, Kaliningrad, 236016**

Issuer's share in the authorized capital of the corporation: **33.5 %**

Name: **WestBaltTelecom Closed Joint-Stock Company**

Place of business: **Kaliningrad, Russia**

Mailing address: **2, pl. Vasilevskogo, Kaliningrad, 236016**

Issuer's share in the authorized capital of the corporation: **28 %**

Name: **Octagon Technologies Closed Joint-Stock Company**

Place of business: **pom. 12-H, d. 29 Ligovsky pr., St. Petersburg, Russia**

Mailing address: **pom. 12-H, 29, Ligovsky pr., St. Petersburg, 193036**

Issuer's share in the authorized capital of the corporation: **26.4 %**

Name: **Tele-Nord Open Joint-Stock Company**  
Place of business: **Murmansk, Russia**  
Mailing address: **5, ul. Samoylovoy, Murmansk, 183038**  
Issuer's share in the authorized capital of the corporation: **25 %**

Name: **Dancell Closed Type Joint-Stock Company**  
Place of business: **51, Baltiyskaya ul., St. Petersburg, Russia**  
Mailing address: **51, Baltiyskaya ul., St. Petersburg, 198092**  
Issuer's share in the authorized capital of the corporation: **23.65 %**

Name: **Non-bank crediting organization Northern Clearing Chamber Closed Joint-Stock Company**  
Place of business: **Arkhangelsk, Russia**  
Mailing address: **8, ul. Voskresenskaya, Arkhangelsk, 163061**  
Issuer's share in the authorized capital of the corporation: **19.97 %**

Name: **Open Joint-Stock Company Commercial Bank - St. Petersburg Bank of Reconstruction and Development**  
Place of business: **14, Izmailovsky pr., St. Petersburg, Russia**  
Mailing address: **14, Izmailovsky pr., St. Petersburg, 198052**  
Issuer's share in the authorized capital of the corporation: **18.3 %**

Name: **Telecominvest Open Joint-Stock Company**  
Place of business: **St. Petersburg, Russia**  
Mailing address: **24, ul. B. Morskaya, St. Petersburg, 191186**  
Issuer's share in the authorized capital of the corporation: **15 %**

Name: **North-West Telecombank Closed Joint-Stock Company**  
Place of business: **12, Baskov per., St. Petersburg, Russia**  
Mailing address: **12, Baskov per., St. Petersburg, 191014**  
Issuer's share in the authorized capital of the corporation: **14.23 %**

Name: **FORE Closed Joint-Stock Company**  
Place of business: **6 ul. Marata, St. Petersburg, Russia**  
Mailing address: **120, pr. Obukhovskoy Oborony, St. Petersburg, 193012**  
Issuer's share in the authorized capital of the corporation: **13.3 %**

Name: **Rostelegraph Closed Joint-Stock Company**  
Place of business: **7 ul. Tverskaya, Moscow, Russia**  
Mailing address: **7, ul. Tverskaya, Moscow, 103375**  
Issuer's share in the authorized capital of the corporation: **11.84 %**

Name: **VISA Closed Joint-Stock Company**  
Place of business: **11, Sapyorny per., St. Petersburg, Russia**  
Mailing address: **11, Sapyorny per., St. Petersburg, 191014**  
Issuer's share in the authorized capital of the corporation: **10 %**

Name: **Kit Closed Type Joint-Stock Company**  
Place of business: **7, ul. Pochtamtskaya, St. Petersburg, Russia**

Mailing address: **7, ul. Pochtamtskaya, St. Petersburg, 103375**  
Issuer's share in the authorized capital of the corporation: **6.97 %**

Name: **TD-Telecom Closed Joint-Stock Company**  
Place of business: **Arkhangelsk, Russia**  
Mailing address: **8, Voskresenskaya ul. 6<sup>th</sup> floor, Arkhangelsk, 163061**  
Issuer's share in the authorized capital of the corporation: **6.7 %**

**25. Participation shares of all corporations, in which the Issuer holds over 5 per cent of the authorized capital, as well as of their officials in the Issuer's authorized capital.**

25.1. Name: **Tsentrum Limited Liability Company**  
Place of business: **Petrozavodsk, Russia**  
Mailing address: **22, ul. Antikainena, Petrozavodsk, 185000**  
Issuer's share in the authorized capital of the corporation: **100 %**  
Share of the party in the Issuer's authorized capital: **no share**  
Officials:

25.1.1. **Raisa Sergeyevna Fomina**  
Duties of the official: **Sole executive body**  
Share of the party in the Issuer's authorized capital: **0 %**

25.2. Name: **AMT Limited Liability Company**  
Place of business: **3-5 ul. B. Morskaya, St. Petersburg, Russia**  
Mailing address: **k.201, d.14, Sinopskaya nab., St. Petersburg, 193167**  
Issuer's share in the authorized capital of the corporation: **100 %**  
Share of the party in the Issuer's authorized capital: **0.37 %**  
Officials:

25.2.1. **Oleg Alexandrovich Kurennoy**  
Duties of the official: **Sole executive body**  
Share of the party in the Issuer's authorized capital: **0 %**

25.3. Name: **Pagetelecom Limited Liability Company**  
Place of business: **Cherepovets, Russia**  
Mailing address: **6, pr. Stroiteley, Cherepovets, Vologda Oblast, 162627**  
Issuer's share in the authorized capital of the corporation: **100 %**  
Share of the party in the Issuer's authorized capital: **0.002 %**  
Officials:

25.3.1. **Vladimir Vasilyevich Nikandrov**  
Duties of the official: **Sole executive body**  
Share of the party in the Issuer's authorized capital: **0 %**

25.4. Name: **Polycomp Limited Liability Company**  
Place of business: **20 ul. B. Morskaya, St. Petersburg, Russia, 191186**  
Mailing address: **20 ul. B. Morskaya, St. Petersburg, Russia, 191186**  
Issuer's share in the authorized capital of the corporation: **90 %**  
Share of the party in the Issuer's authorized capital: **no share**  
Officials:

25.4.1. **Alla Antonovna Sergeeva**  
Duties of the official: **Sole executive body**  
Share of the party in the Issuer's authorized capital: **0 %**

25.5. Name: **Arkhangelsk City Telephone Network Limited Liability Company**

Place of business: **Arkhangelsk, Russia**

Mailing address: **4, proyezd Priorova, Arkhangelsk, 163071**

Issuer's share in the authorized capital of the corporation: **77 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.5.1. **S.A. Surovtsev**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.6. Name: **Vologda Cellular Communication Open Joint-Stock Company**

Place of business: **Vologda, Russia**

Mailing address: **103, ul. Zosimovskaya, Vologda, 160009**

Issuer's share in the authorized capital of the corporation: **60 %**

Share of the party in the Issuer's authorized capital: **0.0013 %**

Officials:

25.6.1. **Sergey Ivanovich Fedorin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.03 %**

25.6.2. **V.M. Bogdanov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.009 %**

25.6.3. **Evgeniy Alexandrovich Vasilchenko**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.6.4. **Evgeniy Alexandrovich Vasilchenko**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.6.5. **A.M. Tukachinsky**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.6.6. **G.V. Sviridov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.7. Name: **Novgorod Datacom Closed Joint-Stock Company**

Place of business: **the settlement of Pankovka, Veliky Novgorod, Russia**

Mailing address: **22, ul. Industrialnaya, the settlement of Pankovka, Veliky Novgorod**

Issuer's share in the authorized capital of the corporation: **52 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.7.1. **S.F. Makarov**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.8. Name: ***Bona Limited Liability Company***

Place of business: ***Arkhangelsk, Russia***

Mailing address: ***45, Troitsky prospekt, Arkhangelsk, 163061***

Issuer's share in the authorized capital of the corporation: **52 %**

Share of the party in the Issuer's authorized capital: ***no share***

***The Organization is being liquidated***

25.9. Name: ***St. Petersburg Telecommunication Centre Closed Joint-Stock Company***

Place of business: ***24, Bolshhevikov pr., St. Petersburg, Russia***

Mailing address: ***30/32, 3-liniya, Vasilyevsky Ostrov, St. Petersburg, 199053***

Issuer's share in the authorized capital of the corporation: **51.88 %**

Share of the party in the Issuer's authorized capital: ***no share***

Officials:

25.9.1. ***Oleg Vladimirovich Vorobyov***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.2. ***Yelena Vladimirovna Gorlinskaya***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0.0011 %**

25.9.3. ***Vladimir Ilyich Rusin***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0.032 %**

25.9.4. ***Alexandr Alexandrovich Vavilin***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.5. ***Nikolay Ivanovich Guk***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.6. ***Igor Nikolayevich Samylin***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.7. ***Alla Yefimovna Frid***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0.005 %**

25.9.8. ***Gunnulf Martenson***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.9. ***Alexandr Alexandrovich Gogol***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.9.10. **V.I. Danilov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.9.11. **N.I. Kalinina**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.9.12. **V.V. Selyaninov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.9.13. **I.P. Bantikova**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.10. Name: **Kolatelecom Closed Joint-Stock Company**

Place of business: **Murmansk, Russia**

Mailing address: **43, pr. Lenina, Murmansk, 183709**

Issuer's share in the authorized capital of the corporation: **50 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.10.1. **Vyacheslav Anatolyevich Zaring**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.10.2. **Alexandr Alexeyevich Khlyzov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.10.3. **Tatyana Viktorovna Rusinova**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.002 %**

25.10.4. **Alexandr Alexeyevich Khlyzov**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.11. Name: **NEVA KABEL Closed Joint-Stock Company**

Place of business: **8 proyezd, 9 kvartal, Promzona Parnas, St. Petersburg, 194292**

Mailing address: **8 proyezd, 9 kvartal, Promzona Parnas, St. Petersburg, 194292**

Issuer's share in the authorized capital of the corporation: **48.97 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.11.1. **Yury Lvovich Matveyev**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.11.2. **Stefan Vidomski**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.11.3. **Timo Puhakka**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.11.4. **Toivo Erik Victor Lindfors**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.11.5. **Alexandr Abramovich Sysoyev**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.0376 %**

25.11.6. **Yuriy Konstantinovich Rudov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12. Name: **Delta Telecom Closed Joint-Stock Company**

Place of business: **22 ul. B. Morskaya, St. Petersburg, Russia, 191186**

Mailing address: **22 ul. B. Morskaya, St. Petersburg, Russia, 191186**

Issuer's share in the authorized capital of the corporation: **43.12 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.12.1. **Victor Ivanovich Ustyuzhanin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12.2. **D.G. Kromsky**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12.3. **A.N. Volkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12.4. **Igor Fyodorovich Golikov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12.5. **Self K. Gart**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.12.6. **Krasny Mitchell G.**

Duties of the official: **member of the Board of Directors (Supervisory Board)**



Share of the party in the Issuer's authorized capital: **0 %**

25.12.7. **Sergey Vladimirovich Soldatenkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.0024 %**

25.12.8. **Victor Ivanovich Ustyuzhanin**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.13. Name: **Commercial Television and Radio Closed Joint-Stock Company**

Place of business: **3, Academician Pavlov ul., St. Petersburg, 197022**

Mailing address: **3, Academician Pavlov ul., St. Petersburg, 197022**

Issuer's share in the authorized capital of the corporation: **40 %**

Share of the party in the Issuer's authorized capital: **no share**

**The Organization is being liquidated**

25.14. Name: **Medexpress Insurance Closed Type Joint-Stock Company**

Place of business: **2, ul. Malaya Konyushennaya, Saint Petersburg Russia**

Mailing address: **2, ul. Malaya Konyushennaya, St. Petersburg, 191186**

Issuer's share in the authorized capital of the corporation: **34.59 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.14.1. **Nataliya Yuryevna Shumilova**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.2. **Vladimir Grigoryevich Kaufman**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.3. **Grigory Borisovich Chernyak**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.04 %**

25.14.4. **Frieder Booble**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.5. **Yury Alexandrovich Bilibin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.6. **Gerhard Jurka**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.7. **Lidiya Tomovna Beryozka**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.8. **Sergey Vladimirovich Zazimko**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.14.9. **Nataliya Yuryevna Shumilova**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.15. Name: **Kaliningrad Mobile Networks Closed Joint-Stock Company**

Place of business: **Kaliningrad, Russia**

Mailing address: **2, pl. Vasilevskogo, Kaliningrad, 236016**

Issuer's share in the authorized capital of the corporation: **33.5 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.15.1. **Samoil Davidovich Moldavskiy**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.15.2. **Oleg Khavshabovich Avdysh**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.15.3. **Mikhail Valentinovich Krasilnikov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.15.4. **N.S. Shkoruta**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.15.5. **Victor Abramovich Limenes**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.002 %**

25.15.6. **Jacob Gerd**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.15.7. **Samoil Davidovich Moldavskiy**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16. Name: **WestBaltTelecom Closed Joint-Stock Company**

Place of business: **Kaliningrad, Russia**

Mailing address: **2, pl. Vasilevskogo, Kaliningrad, 236016**

Issuer's share in the authorized capital of the corporation: **28 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.16.1. **Yury Alexandrovich Kornietsky**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.2. **P.V. Mikhaylevsky**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.3. **Samoil Davidovich Moldavskiy**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.4. **Olga Yakovlevna Blynskaya**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.5. **Jacob Gerd**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.6. **Samoil Davidovich Moldavskiy**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.7. **Olga Yakovlevna Blynskaya**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.8. **Yury Borisovich Goykhman**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.9. **Stanislav Vilyevich Alterman**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.16.10. **Igor Fyodorovich Vdovin**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.17. Name: **Octagon Technologies Closed Joint-Stock Company**

Place of business: **pom. 12-H, 29, Ligovsky pr., St. Petersburg, 193036**

Mailing address: **pom. 12-H, 29, Ligovsky pr., St. Petersburg, 193036**

Issuer's share in the authorized capital of the corporation: **26.4 %**

Share of the party in the Issuer's authorized capital: **no share**

**The Organization is being liquidated**

25.18. Name: **Tele-Nord Open Joint-Stock Company**

Place of business: **Murmansk, Russia**

Mailing address: **5, ul. Samoylovoy, Murmansk, 183038**

Issuer's share in the authorized capital of the corporation: **25 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.18.1. **Sergey Alexandrovich Nekrasov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.007 %**

25.18.2. **E.A. Kondratkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.18.3. **Sergey Evgenyevich Uzkiy**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.18.4. **Sergey Evgenyevich Uzkiy**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.19. Name: **Dancell Closed Type Joint-Stock Company**

Place of business: **51, Baltiyskaya ul., St. Petersburg, 198092**

Mailing address: **51, Baltiyskaya ul., St. Petersburg, 198092**

Issuer's share in the authorized capital of the corporation: **23.65 %**

Share of the party in the Issuer's authorized capital: **no share**

**The Organization is being liquidated**

25.20. Name: **Non-bank crediting organization Northern Clearing Chamber Closed Joint-Stock Company**

Place of business: **Arkhangelsk, Russia**

Mailing address: **8, ul. Voskresenskaya, Arkhangelsk, 163061**

Issuer's share in the authorized capital of the corporation: **19.97 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.20.1. **Vladimir Ivanovich Belokaminskiy**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.081 %**

25.20.2. **Alexandr Nikolayevich Preminin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.3. **Alexandr Ivanovich Gladkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.4. **Alexandr Anatolyevich Kalinin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.5. **Vladimir Alexandrovich Kolomentsev**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.6. **Vladimir Anatolyevich Strezhnev**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.7. **Vitaliy Lvovich Chebotov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.20.8. **Alexandr Nikolayevich Preminin**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.21. Name: **OJSC Commercial Bank The St. Petersburg Bank of Reconstruction and Development**

Place of business: **14, Izmailovsky pr., St. Petersburg, 198052**

Mailing address: **14, Izmailovsky pr., St. Petersburg, 198052**

Issuer's share in the authorized capital of the corporation: **18.3 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.21.1. **Dmitry Vladimirovich Pankin**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.2. **Victor Yuryevich Krotov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.3. **Yury Alexandrovich Bilibin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.4. **Igor Fyodorovich Golikov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.5. **Maya Mikhaylovna Semchenko**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.6. **Irina Vladimirovna Golovchenko**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.7. **Vera Konstantinovna Losina**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.8. **Irina Vladimirovna Malysheva**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.9. **Yuliya Olegovna Barinova**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.10. **Alexandr Borisovich Rachkov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.21.11. **Galina Nikolayevna Umarova**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22. Name: **Telecominvest Open Joint-Stock Company**

Place of business: **St. Petersburg, Russia**

Mailing address: **24, ul. B. Morskaya, St. Petersburg, 191186**

Issuer's share in the authorized capital of the corporation: **15 %**

Share of the party in the Issuer's authorized capital: **0.007 %**

Officials:

25.22.1. **Valery Nikolayevich Yashin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.172 %**

25.22.2. **Vladimir Alexandrovich Akulich**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.3. **Sergey Vladimirovich Soldatenkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.0024 %**

25.22.4. **Alexandr Abramovich Sysoyev**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.023 %**

25.22.5. **Peter Schuhardt**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.6. **Annika Christianson**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.7. **Uve Jensen**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.8. **Bo Magnusson**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.9. **Andrey Victorovich Mikhailenko**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.10. **Alexandr Nikolayevich Volkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.11. **Igor Nikolayevich Samylin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.12. **Alexandr Nikolayevich Nyago**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.13. **A.N. Nichiporenko**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.14. **Zh.I. Soboleva**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.15. **A.A.Malygayev**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.16. **A.O. Klimov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.22.17. **A.N. Volkov**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.23. Name: **North-West Telecombank Closed Joint-Stock Company**

Place of business: **12, Baskov per., St. Petersburg, 191014**

Mailing address: **12, Baskov per., St. Petersburg, 191014**

Issuer's share in the authorized capital of the corporation: **14.23 %**

Share of the party in the Issuer's authorized capital: **0.04 %**

Officials:

25.23.1. **Yury Alexandrovich Bilibin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.2. **Alexandr Nikolayevich Nyago**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.3. **Irina Vladimirovna Golovchenko**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.4. **Sergey Vladimirovich Soldatenkov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0.0024 %**

25.23.5. **Vitaly Gennadyevich Savelyev**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.6. **Yury Igorevich Novikov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.7. **Vera Konstantinovna Losina**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.8. **Galina Sergeyevna Beloglazova**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.9. **Alexey Vitalyevich Boriskin**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.10. **Roman Borisovich Ivanitsky**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.11. **Vladimir Vasilyevich Pinchuk**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.23.12. **Alexandr Petrovich Chaikin**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**



25.23.13. **Andrey Alexeyevich Gaiduk**

Duties of the official: **Member of the collegiate executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.24. Name: **FORE Closed Joint-Stock Company**

Place of business: **6 ul. Marata, St. Petersburg, Russia**

Mailing address: **120, pr. Obukhovskoy Oborony, St. Petersburg, 193012**

Issuer's share in the authorized capital of the corporation: **13.3 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.24.1. **Mikhail Izralyevich Fux**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.24.2. **Natalya Mikhailovna Puzyryova**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.24.3. **Alexandr Alexandrovich Klyushkin**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.25. Name: **VISA Closed Joint-Stock Company**

Place of business: **11, Sapyorny per., St. Petersburg, 191014**

Mailing address: **11, Sapyorny per., St. Petersburg, 191014**

Issuer's share in the authorized capital of the corporation: **10 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.25.1. **Victor Andreyevich Rozov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.25.2. **Nikolay Valeryevich Sivach**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.25.3. **Anatoly Borisovich Khrenov**

Duties of the official: **member of the Board of Directors (Supervisory Board)**

Share of the party in the Issuer's authorized capital: **0 %**

25.25.4. **Alexandr Viktorovich Rozov**

Duties of the official: **Sole executive body**

Share of the party in the Issuer's authorized capital: **0 %**

25.26. Name: **Rostelegraph Closed Joint-Stock Company**

Place of business: **7, ul. Tverskaya, Moscow, 103375**

Mailing address: **7, ul. Tverskaya, Moscow, 103375**

Issuer's share in the authorized capital of the corporation: **7.84 %**

Share of the party in the Issuer's authorized capital: **no share**

Officials:

25.26.1. ***Nikolay Alexandrovich Zhakov***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.2. ***Vaagn Artavazdovich Martirosyan***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.3. ***Alik Iosifovich Sazer***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.4. ***Valery Alexandrovich Romanov***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.5. ***Alla Yefimovna Frid***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0.005 %**

25.26.6. ***Victor Ivanovich Prilipko***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.7. ***Pavel Alexandrovich Ryazantsev***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.8. ***Nikolay Mikhailovich Snegiryov***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.26.9. ***Nikolay Nikolayevich Tarasenko***

Duties of the official: ***member of the Board of Directors (Supervisory Board)***

Share of the party in the Issuer's authorized capital: **0 %**

25.27. Name: ***Kit Closed Type Joint-Stock Company***

Place of business: ***7, ul. Pochtamtskaya, St. Petersburg, 103375***

Mailing address: ***7, ul. Pochtamtskaya, St. Petersburg, 103375***

Issuer's share in the authorized capital of the corporation: **6.97 %**

Share of the party in the Issuer's authorized capital: **no share**

***The Organization is being liquidated***

25.28. Name: ***TD-Telecom Closed Joint-Stock Company***

Place of business: ***Arkhangelsk, Russia***

Mailing address: ***8, Voskresenskaya ul. 6<sup>th</sup> floor, Arkhangelsk, 163061***

Issuer's share in the authorized capital of the corporation: **6.7 %**

Share of the party in the Issuer's authorized capital: *no share*

Officials:

25.28.1. *Vladimir Ivanovich Belokaminskiy*

Duties of the official: *member of the Board of Directors (Supervisory Board)*

Share of the party in the Issuer's authorized capital: *0.081 %*

25.28.2. *Sergey Arkadyevich Surovtsev*

Duties of the official: *member of the Board of Directors (Supervisory Board)*

Share of the party in the Issuer's authorized capital: *0.019 %*

25.28.3. *Nina Ivanovna Bakina*

Duties of the official: *member of the Board of Directors (Supervisory Board)*

Share of the party in the Issuer's authorized capital: *0 %*

25.28.4. *Nikolay Mikhaylovich Vanichev*

Duties of the official: *member of the Board of Directors (Supervisory Board)*

Share of the party in the Issuer's authorized capital: *0.00005 %*

25.28.5. *Nataliya Sergeevna Sinkova*

Duties of the official: *Sole executive body*

Share of the party in the Issuer's authorized capital: *0 %*

25.28.6. *Nataliya Sergeevna Sinkova*

Duties of the official: *member of the Board of Directors (Supervisory Board)*

Share of the party in the Issuer's authorized capital: *0 %*

## 26. Other affiliated parties of the Issuer

26.1. Name: *Dagestan Open Joint-Stock Company for Communication and Informatics*

Place of business: *1, pr-t Lenina, Makhachkala, the Republic of Dagestan, 367012*

Mailing address: *1, pr-t Lenina, Makhachkala, the Republic of Dagestan, 367012*

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.2. Name: *Mobile Telecommunications Closed Joint-Stock Company*

Place of business: *55, ul. Plyushchikha, building 2, Moscow, 119121*

Mailing address: *22, ul. Marxistskaya, building 2, Moscow, 109147*

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.3. Name: *RusLeasingSvyaz Closed Joint-Stock Company*

Place of business: *6, 2nd Spasonalivkovsky per., Moscow, GSP V-49, 119991*

Mailing address: *6, 2nd Spasonalivkovsky per., Moscow, 117909*

Issuer's share in the authorized capital of the corporation: *3.65 %*

Share of the party in the Issuer's authorized capital: *no share*

26.4. Name: *Startcom Closed Joint-Stock Company*

Place of business: *6, 2nd Spasonalivkovsky per., GSP-1, Moscow, 119991*

Mailing address: *26, ul. Zoologicheskaya, building 2, Moscow, 123242*

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.5. Name: ***VolgaTelecom Open Joint-Stock Company***

Place of business: ***The House of Communication, pl. Maxima Gorkogo, Nizhny Novgorod, 603000***

Mailing address: ***The House of Communication, pl. Maxima Gorkogo, Nizhny Novgorod, 603000***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.6. Name: ***Giprosvyaz Open Joint-Stock Company***

Place of business: ***11, ul. 3rd Khoroshevskaya, Moscow, 123298***

Mailing address: ***11, ul. 3rd Khoroshevskaya, Moscow, 123298***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.7. Name: ***Far-East Company of Electric Communication – Open Joint-Stock Company***

Place of business: ***57, ul. Svetlanskaya, Vladivostok, 690600***

Mailing address: ***57, ul. Svetlanskaya, Vladivostok, 690600***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.8. Name: ***Lensvyaz Open Joint-Stock Company***

Place of business: ***61, ul. B. Morskaya, St. Petersburg, Russia, 190000***

Mailing address: ***61, ul. B. Morskaya, St. Petersburg, Russia, 190000***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.9. Name: ***Sibirtelecom Open Joint-Stock Company***

Place of business: ***5, ul. Lenina, Novosibirsk, 630099***

Mailing address: ***5, ul. Lenina, Novosibirsk, 630099***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.10. Name: ***Uralsvyazinform Open Joint-Stock Company***

Place of business: ***68, ul. Lenina, Perm, 614096***

Mailing address: ***68, ul. Lenina, Perm, 614096***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.11. Name: ***Central Telecommunication Company - Open Joint-Stock Company***

Place of business: ***23, ul. Proletarskaya, Khimki, Moscow Oblast, 141400***

Mailing address: ***6, Degtyarny pereulok, building 2, Moscow, GSP, 103604***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *no share*

26.12. Name: ***Tsentrallyy Telegraph Open Joint-Stock Company***

Place of business: ***7, ul. Tverskaya, Moscow, 103375***

Mailing address: ***7, ul. Tverskaya, Moscow, 103375***

Issuer's share in the authorized capital of the corporation: *no share*

Share of the party in the Issuer's authorized capital: *0.0011 %*

26.13. Name: ***Southern Telecommunication Company - Open Joint-Stock Company***

Place of business: ***66, ul. Karasunskaya, Krasnodar, 350000***

Mailing address: ***66, ul. Karasunskaya, Krasnodar, 350000***

Issuer's share in the authorized capital of the corporation: ***no share***

Share of the party in the Issuer's authorized capital: ***no share***

26.14. Name: ***Rostelecom Open Joint-Stock Company for long-distance electric communication***

Place of business: ***5, ul. Delegatskaya, Moscow, 103091***

Mailing address: ***5, ul. Delegatskaya, Moscow, 103091***

Issuer's share in the authorized capital of the corporation: ***no share***

Share of the party in the Issuer's authorized capital: ***no share***

26.15. Name: ***Kostroma City Telephone Network Open Joint-Stock Company***

Place of business: ***6, ul. Gagarina, Kostroma, 156023***

Mailing address: ***6, ul. Gagarina, Kostroma, 156023***

Issuer's share in the authorized capital of the corporation: ***no share***

Share of the party in the Issuer's authorized capital: ***no share***

26.16. Name: ***Moscow City Telephone Network Open Joint-Stock Company***

Place of business: ***6/2 Degtyarny per., Moscow, 103804***

Mailing address: ***6/2 Degtyarny per., Moscow, 103804***

Issuer's share in the authorized capital of the corporation: ***no share***

Share of the party in the Issuer's authorized capital: ***no share***

26.17. Name: ***Svyaz Open Joint-Stock Company of the Komi Republic.***

Place of business: ***60, ul Lenina, Syktyvkar, Komi Republic, Russia***

Mailing address: ***60, ul Lenina, Syktyvkar, Komi Republic, Russia, GSP-1, 167981***

Issuer's share in the authorized capital of the corporation: ***no share***

Share of the party in the Issuer's authorized capital: ***no share***

**27. Share of Issuer's participation in the authorized capital of affiliated corporations**

***See clauses 24, 25, 26***

**28. Share of Issuer's affiliated parties', their promoters' and officials' participation in the authorized capital of the Issuer**

***See clauses 24, 25, 26***

**29. Parties having 5 and more per cent of votes in the supreme management body of the Issuer**

Name: ***Investment Communication Company Open Joint-Stock Company***

Share: ***50.844 %***

Name: ***Branswick UBS Warburg Nominees Closed Joint-Stock Company***

Share: ***14.42 %***

Name: ***Depository Clearing Company – Closed Joint-Stock Company***

Share: ***7.04 %***

Name: ***Lindsell Enterprises Limited***

Share: ***6.29 %***

Name: **ZAO ING-Bank (Eurasia) Closed Joint-Stock Company**

Share: **5.73 %**

### **30. Participation of the Issuer in industrial, banking and financial groups, holdings, concerns and associations.**

Organization: **Iskra - the Association of Operators of the Federal Business Servicing Network (BSN)**

Place and functions of the Issuer in the organization: **The OJSC North-West Telecom is a participant in the Iskra BSN Association from November 28, 2001 pursuant to the decision of the Extraordinary Meeting of the Company's Shareholders.**

**As a member of the Association, the Company has the following functions:**

- 1. Participation in the management of the Association**
- 2. Representing the Association in its operation regions**
- 3. Paying annual target fees in due time, the amount of the fees being determined by the General Meeting of the Members**
- 4. Providing information required to resolve issues related to the operation of the Association**

**According to the Articles of Association, the basic tasks of the Association are:**

- Facilitating the development of a Mutually Coordinated Communication Network of the Russian Federation**
- Facilitating the development of the leased Federal Business Servicing Network Iskra (hereinafter referred to as Iskra BSN)**
- Facilitating the provision of the needed volume and quality of up-to-date communication services rendered to customers in Russia**
- Facilitating the development of the research, technical, economic and organizational bases of Iskra BSN**
- Facilitating the distribution of standardized solutions in creating the Iskra BSN**
- Studying and facilitating the coordination of the interests of domestic developers, suppliers and consumers of Iskra BSN's services**
- Distributing the advanced experience of digital networks organization in Russia and abroad**
- Developing proposals on development of Iskra BSN**
- Facilitating the development of the Russian market of communication services, finding the needs of consumers, advertising the capacities and advantages of Iskra BSN**

Organization: **Association of Telecommunication Operators of the North-Western Region of the Russian Federation**

Place and functions of the Issuer in the organization: **OJSC North-West Telecom is a promoter and a permanent member of the Association. Functions of OJSC North-West Telecom in the Association:**

- 1. Making contributions to centralized and specialized funds formed by the Association to ensure the formation of funding sources and implementation of regional programmes**
- 2. Funding and crediting on favourable conditions projects and programmes adopted by the Association**
- 3. Participation on a contractual basis in affairs of joint, mixed and other ventures, and market structures established by the Association**
- 4. Assigning to the bodies of the Association the required premises, communication facilities, office facilities, furniture and other office equipment and transport necessary for the Association to achieve the goals established by the incorporation documents.**

**The Association was founded in September 1996 and includes communication operators from eight regions of Russia - Novgorodtelecom, Artelecom, Murmansktelecom, Electrosvyaz of Pskov**

***Oblast, Cherepovetskelectrosvyaz, Electrosvyaz of the Republic of Karelia, Electrosvyaz of Kaliningrad Oblast and Electrosvyaz of Vologda Oblast.***

Organization: *Association of Operators of the Federal Cellular Network NMT-450*

Place and functions of the Issuer in the organization: *The Association was established for the purpose of facilitating the development of the federal public network of mobile radio telephone communication of Russia. OJSC North-West Telecom is a member of the Association.*

### **31. Issuer's branches and representative offices**

Name: *Artelecom of Arkhangelsk oblast*

Place of business: *45, Troitsky prospekt, Arkhangelsk, 163061, Russia*

Mailing address: *45, Troitsky prospekt, Arkhangelsk, 163061, Russia*

Manager: *Vladimir Ivanovich Belokaminskiy*

Date of opening: *11.07.2002*

Period of power of attorney: *31.12.2003*

Name: *Murmanelectrosvyaz*

Place of business: *82-a, pr. Lenina, Murmansk, Russia, 183038*

Mailing address: *82-a, pr. Lenina, Murmansk, Russia, 183038*

Manager: *Vitaly Stanislavovich Vitman*

Date of opening: *11.07.2002*

Period of power of attorney: *31.12.2003*

Name: *Novgorodtelecom*

Place of business: *2, ul. Lyudogoshcha, Veliky Novgorod, 173001, Russia*

Mailing address: *2, ul. Lyudogoshcha, Veliky Novgorod, 173001, Russia*

Manager: *Nikolay Pavlovich Emelyanov*

Date of opening: *11.07.2002*

Period of power of attorney: *31.12.2003*

Name: *Petersburg Telephone Network*

Place of business: *24, ul. B. Morskaya, St. Petersburg, Russia*

Mailing address: *24, ul. B. Morskaya, St. Petersburg, Russia, 191186*

Manager: *Igor Nikolayevich Samylin*

Date of opening: *18.12.2001*

Period of power of attorney: *31.12.2003*

Name: *Cherepovetsselectrosvyaz*

Place of business: *29, ul. Kommunistov, Cherepovets, Vologda Oblast, 162602, Russia*

Mailing address: *29, ul. Kommunistov, Cherepovets, Vologda Oblast, 162602, Russia*

Manager: *Yury Alexandrovich Pochekin*

Date of opening: *11.07.2002*

Period of power of attorney: *31.12.2003*

Name: *Electrosvyaz of Vologda Oblast*

Place of business: *4, Sovetsky prospekt, Vologda, 160035, Russia*

Mailing address: *4, Sovetsky prospekt, Vologda, 160035, Russia*

Manager: *Sergey Ivanovich Fedorin*

Date of opening: *11.07.2002*

Period of power of attorney: *31.12.2003*

Name: *Electrosvyaz of Kaliningrad Oblast*  
Place of business: *24, ul. Bolnichnaya, Kaliningrad, 236024, Russia*  
Mailing address: *24, ul. Bolnichnaya, Kaliningrad, 236024, Russia*  
Manager: *Alexandr Vladimirovich Andreyev*  
Date of opening: *11.07.2002*  
Period of power of attorney: *31.12.2003*

Name: *Electrosvyaz of the Republic of Karelia*  
Place of business: *5, ul. Dzerzhinskogo, Petrozavodsk, the Republic of Karelia, 185000, Russia*  
Mailing address: *5, ul. Dzerzhinskogo, Petrozavodsk, the Republic of Karelia, 185000, Russia*  
Manager: *Sergey Mikhaylovich Gavryushev*  
Date of opening: *11.07.2002*  
Period of power of attorney: *31.12.2003*

Name: *Electrosvyaz of Pskov oblast*  
Place of business: *5, Oktyabrsky pr., Pskov, 180000, Russia*  
Mailing address: *5, Oktyabrsky pr., Pskov, 180000, Russia*  
Manager: *Nikolay Alexeyevich Shalnev*  
Date of opening: *11.07.2002*  
Period of power of attorney: *31.12.2003*

### **32. Number of Issuer's employees**

The average number of the Issuer's employees in the period under report, including the personnel of its branches and representative offices: **30,543**

### **33. Description of Issuer's basic areas of operation**

*General Trends in the Issuer's Industry (Communication).*

*In the several recent years the rapid and sustainable development of Russia's communication industry has continued. There is a continuing growth of the communication services volume against the background of general industrial growth. The main reason of the growth is the increasing physical volume of services provided.*

*Russia's communication industry structure includes local communication operators and long-distance and international communication operators.*

*Russian regional communication operators install and maintain subscriber communication lines, switch and transmit local communication signals and provide access to long-distance and international networks. Copper cables are normally used for signal transmission between subscribers and local exchanges. In about 90% of cases, communication between city exchanges and regional exchanges is maintained via coaxial conductors.*

*A typical regional communication operator company organizes the functioning and servicing of the telephone network of a particular region; it provides the services of local telephone communication for subscribers in the region; and provides long-distance and international communication services, using the Rostelecom network.*

*OJSC Rostelecom is the principal long-distance and international communication operator in Russia. OJSC Rostelecom provides long-distance and international exchange services, ensuring the access of other communication operators to the national network and to international communication channels.*



***OJSC Svyazinvest is the holding company uniting the controlling stock of most regional communication operators, and the controlling stock of OJSC Rostelecom. At the moment, 50% + 1 share of OJSC Svyazinvest belong to the state which is represented by the Ministry of State Property of the Russian Federation.***

***Starting from 01.01.1999, the rates of OJSC North-West Telecom for local telephone communication services, such as the monthly subscriber fee and the installation and re-installation fee, have been fixed by the Ministry of Antimonopoly Policy of Russia. The rates for the services of long-distance and international communication are fixed by Rostelecom. Thus, the efficiency of Issuer's business in the future largely depends on the rate policy of the government.***

#### ***Basic Trends in the Communication Industry***

***In 2002 OJSC Svyazinvest implemented inter-regional mergers of companies in the framework of the respective federal districts around the largest enterprises of the OJSC Svyazinvest holding company in districts. Such re-organization is to improve the quality of holding company management, to reduce the costs, including those of maintaining the management staff, to increase the market value of the stock and to create the conditions for new investment.***

***OJSC North-West Telecom is the base company for the merger in the North-Western federal district.***

***After the merger processes are over, the structure of the OJSC Svyazinvest holding company will be represented by seven telecommunication companies:***

***OJSC North-West Telecom, OJSC TsentTelecom, OJSC Uralsvyazinform, OJSC VolgaTelecom, OJSC Dalsvyaz, OJSC Southern Telecommunication Company, OJSC SibirTelecom.***

#### ***Communication Industry Future Development Forecast***

### ***HISTORY OF ISSUER'S FOUNDATION AND BUSINESS***

#### ***Brief Description of the History of Issuer's Foundation and Business***

***The enterprise providing telephone communication for St. Petersburg - Petrograd - Leningrad - St. Petersburg was established in 1882 when the rights of arranging and operating telephone communications in St. Petersburg were granted to the international company Bell's Telephones. In compliance with the Decree of the RF President No. 721 of July 1, 1992 On Organizational Measures for Transformation of State-Run Enterprises ... into Joint-Stock Companies, privatization of the State-Run Leningrad City Telephone Network (LGTS) started.***

***On July 14, 1992, on the basis of the Order for the LGTS, a privatization commission was formed. From July to September 1992 the foundation documents of the Company were prepared (Articles of Association, Privatization Plan, Property Evaluation Statement, etc.).***

***On April 8, 1993, Resolution No. 613-r of GKI (State Committee for Property) of RF On Privatization of LGTS was signed.***

***On May 6, 1993, the Registration Chamber of the St. Petersburg Mayor's Office issued the Certificate of Registration of the Open Type Joint-Stock Company Petersburg Telephone Network (JSC PTN), and on May 31, 1993, the Financial Board of the St. Petersburg Mayor's Office registered the issue of JSC PTN's stock.***

***In 1996 OTJSC PTN was transformed into OJSC PTN, and respective amendments were introduced to the Articles of Association.***

**On November 28, 2001, on the basis of a decision of an extraordinary General Meeting of the Shareholders, in the framework of re-organization in the form of affiliation of 8 telecommunication operators of the North-Western region with OJSC PTN, the latter was transformed into OJSC North-West Telecom, and then the respective amendments were introduced to the Articles of Association.**

**On 17<sup>th</sup> July 2002 OJSC North-West Telecom was re-registered by the Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Tsentralny District of St. Petersburg and received its basic registration No.: 1027809169849.**

**On 31<sup>st</sup> October 2002 the following companies providing telecommunication services in the territory of the North-Western Federal District were affiliated with OJSC North-West Telecom:**

- **Artelecom Open Joint-Stock Company of Arkhangelsk Oblast**
- **Murmanelectrosvyaz Open Joint-Stock Company**
- **Novgorodtelecom Open Joint-Stock Company**
- **Electrosvyaz Open Joint-Stock Company of Pskov Oblast**
- **Cherepovetsectrosvyaz Open Joint-Stock Company**
- **Public Electrosvyaz Open Joint-Stock Company of Vologda Oblast**
- **Electrosvyaz Open Joint-Stock Company of Kaliningrad Oblast**
- **Electrosvyaz Open Joint-Stock Company of the Republic of Karelia.**

**Later the affiliation of Open Joint-Stock Company Svyaz of the Komi Republic and Open Joint-Stock Company Lensvyaz is expected.**

#### **Goals of Establishing the Issuer**

**The main goals of establishing the North-West Telecom Open Joint-Stock Company are to organize and provide local telephone services and, starting from December 28, 2000, long-distance and international telephone communication services for subscribers in the territory of St. Petersburg and Leningrad Oblast and after affiliation of 8 telecommunication operators of the North-Western Federal Region, the company provides telecommunication services within all the North-Western Federal Region, excluding Leningrad Oblast and Komi Republic**

**OJSC North-West Telecom also provides accompanying communication services, such as leasing out channels for data transmission of automated control, telegraph and broadcasting systems, renders radiotelephone communication services and reference services, and Internet access services.**

#### **Other Information on Issuer's Activities**

**The Open Joint-Stock Company North-West Telecom has share holdings in the following companies of St. Petersburg:**

<b>Name</b>	<b>Share in authorised capital of the company</b>	<b>Area of activities</b>
<b>AGTS LLC</b>	<b>77.00%</b>	<b>Communication</b>
<b>Bona LLC</b>	<b>51.00%</b>	<b>Trading, purchasing, agency, marketing, repairs, construction, production of consumer goods, provision of personal services, procurement, processing and sales of wood and agricultural products</b>
<b>Northern Clearing Chamber CJSC</b>	<b>19.97%</b>	<b>Payment &amp; settlement systems using the closed electronic system</b>
<b>Arkhangelsk Television</b>	<b>0.4%</b>	<b>cable television services</b>

<b>Company OJSC</b>		
<b>Dvinskaya Zemlya OJSC</b>	<b>2.0%</b>	<b>Tourist services</b>
<b>OJSIC PSB</b>	<b>0.42%</b>	<b>banking services and transactions</b>
<b>ArkhangelskPromStroyBank</b>		
<b>TD-Telecom CJSC</b>	<b>6.7%</b>	<b>provision of telephone communication services, agency in GSM services</b>
<b>Vologda Cellular Communication OJSC</b>	<b>60%</b>	<b>cellular communication services</b>
<b>WestBaltTelecom</b>	<b>28%</b>	<b>local telephone communication</b>
<b>Kaliningrad Mobile Networks</b>	<b>33.5%</b>	<b>cellular communication, NMT-450 MHz</b>
<b>JSCB Baltica</b>	<b>0.07%</b>	<b>banking services</b>
<b>Morskoy CB</b>	<b>1.40%</b>	<b>banking services</b>
<b>Tsentrum LLC</b>	<b>100%</b>	<b>restaurant business</b>
<b>Kolatelecom CJSC</b>	<b>50.0%</b>	<b>provision of the services of long-distance and international communication via dedicated network</b>
<b>Tele-Nord OJSC</b>	<b>25%</b>	<b>electric and radio communication (cellular radio telephone communication services of the NMT-450 standard)</b>
<b>ArcticPromStroyBank</b>	<b>1.2%</b>	<b>superposed public distributed network</b>
<b>Novgorod Datacom CJSC</b>	<b>52%</b>	<b>Internet services</b>
<b>UCB Novobank</b>	<b>2%</b>	<b>banking services</b>
<b>Capital OJSC</b>	<b>4.30%</b>	<b>investment activities</b>
<b>Polycomp LLC</b>	<b>90%</b>	<b>publishing</b>
<b>AMT LLC</b>	<b>100%</b>	<b>information and financial operations</b>
<b>SPb Electric Communication Centre CJSC</b>	<b>54.38%</b>	<b>communication specialists training</b>
<b>Delta Telecom CJSC</b>	<b>43%</b>	<b>cellular communication, NMT-450 MHz</b>
<b>Medexpress Insurance JSC</b>	<b>35%</b>	<b>voluntary insurance services</b>
<b>Neva Kabel CJSC</b>	<b>49%</b>	<b>manufacture and sales of TPP telephone cable, with the capacity of 10 to 100 couples according to the technology on NOKIA equipment</b>
<b>Dancell CJSC</b>	<b>24%</b>	<b>The Company is under liquidation</b>
<b>Commercial Television and Radio CJSC</b>	<b>40%</b>	<b>The Company is under liquidation</b>
<b>Telecominvest Open Joint-Stock Company</b>	<b>15%</b>	<b>Holding, holder of blocks of shares of telecommunication companies</b>
<b>Octagon Technologies CJSC</b>	<b>26.0%</b>	<b>manufacture, development, installation, operation and sale of communication facilities, radio and TV facilities</b>
<b>SPb Bank of Reconstruction and Development OJSC</b>	<b>18.30%</b>	<b>banking services</b>
<b>Telecombank CJSC</b>	<b>14.20%</b>	<b>banking services</b>
<b>Visa CJSC</b>	<b>10.00%</b>	<b>accepting and considering applications for collective and individual business trips to foreign countries; visa support</b>
<b>Rostelegraph CJSC</b>	<b>11.84%</b>	<b>documentary communication services</b>
<b>Capitan Non-Governmental Pension Fund</b>	<b>1.59%</b>	<b>extra provision of pensions for citizens</b>
<b>Alternativa Non-Governmental Pension Fund</b>	<b>3%</b>	<b>The Company is under liquidation</b>

<i>OJSC RusLeasingSvyaz</i>	<i>3.65%</i>	<i>acquisition of communication equipment and the transfer of it to lessee companies</i>
<i>MCB Svyaz Bank</i>	<i>0.37%</i>	<i>banking services</i>
<i>SPb Teleport CJSC</i>	<i>1%</i>	<i>Creating, operating and developing the SPb Teleport</i>
<i>KIT CJSC</i>	<i>6.79%</i>	<i>The Company is under liquidation</i>
<i>FORE CJSC</i>	<i>13.30%</i>	<i>foodstuff production</i>
<i>KAD SPb OJSC</i>	<i>1.74%</i>	<i>construction of the protection facilities and the ring motor road around St. Petersburg</i>
<i>Pagetelecom LLC</i>	<i>100%</i>	<i>paging communication services</i>

### **BASIC PRODUCTS (SERVICES)**

*Description of basic products (services) that have produced over 10% of the Issuer's sales (receipts) volume*

*The basic products (services) of OJSC North-West Telecom, that have produced over 10% of the sales, are services of telephone communication for individuals and organizations in the territory of St. Petersburg and in some territories of Leningrad Oblast and since November 2002 - in the territories of the whole North-Western region.*

*The income of OJSC North-West Telecom from the basic services is formed on the basis of the monthly subscriber fee for the use of the telephone. The dynamics of income from the basic services and its share in the total volume of sales of OJSC North-West Telecom for the years 2000, 2001 and 2002 are shown below.*

	<i>2000</i>		<i>2001</i>		<i>2002</i>	
	<i>thousand roubles</i>	<i>%</i>	<i>thousand roubles</i>	<i>%</i>	<i>thousand roubles</i>	<i>%</i>
<i>Subscriber fee</i>	<i>1315950</i>	<i>72.7</i>	<i>1544916.2</i>	<i>40.3</i>		

*Exported products (services)*

*2000*

*Exported products (services) none*

*2001*

*Exported products (services) none*

*2002*

*Exported products (services) none*

*OJSC North-West Telecom does not deal with export of products (services).*

### **BASIC AREAS OF BUSINESS AND THEIR SHARE IN THE TOTAL VOLUME OF SALES**

*According to the Articles of Association of OJSC North-West Telecom, the basic areas of the Company's business are:*

1. **Providing services to the authorities and management bodies, as well as to other corporations and individuals in the field of telecommunications.**
  2. **Creating and operating backbone networks, regional (area) and local telecommunication networks, as well as control and signaling facilities.**
  3. **Design, introduction and operation of the telecommunication network for transmission of various kinds of information (voice data transmission, facsimile and cable transmission, other types), as well as organization and operation of the telematic service (Telex, Videotex, Telefax, e-mail) on the basis of digital transmission and switching systems.**
  4. **Gas facilities operation.**
  5. **Organization of warranty servicing, maintenance and after-sale servicing, as well as repair of various technical facilities, including the most sophisticated ones.**
  6. **Design, development and implementation of advanced technologies in various industrial areas.**
  7. **Production and sales of components and spare parts for various systems, mechanisms and devices.**
  8. **Design, construction, renovation, restoration and operation of production and non-production buildings and facilities, including housing, hotels, camping sites and motels.**
  9. **Production of construction materials, parts and equipment, including structures of metal, concrete, wood and other materials.**
  10. **Procurement, processing and sale of wood, production of joinery and furniture.**
  11. **Design and development of software and dataware for automated systems of various applications.**
  12. **Manufacture, processing and sale of animal and vegetable products, including wild species.**
  13. **Production and sale of consumer goods.**
  14. **Trading, purchasing and commercial agency, including consignment trade.**
  15. **Participation in organization of stock exchanges, commodity exchanges and other exchanges, as well as trading houses both in RF and abroad according to the procedures established by the law.**
  16. **Dealership and brokerage according to the procedures established by the law.**
  17. **Specialists training and further education both in RF and abroad.**
  18. **Creating a network of company shops in RF and abroad.**
  19. **Providing services in the field of:**
    - **tourism, including international and non-traditional tourism;**
    - **cargo and passenger carriages by motor road, railway, by water and by other modes of transport;**
    - **hotel servicing, including motels and camping sites;**
    - **consulting, marketing and engineering;**
    - **information activities, including those in the on-line and off-line modes in compliance with the active law;**
    - **production of advertising facilities; advertising services.**
  20. **Sale and acquisition of patents, inventions and know-hows according to the procedure established by the law.**
  21. **Organization of and participation in fairs, auctions and trade exhibitions according to the procedure established by the law.**
- Organization of cultural exchanges without currency payments.**
- Carrying out work related to the use of data considered a state secret and to provision of services to protect a state secret.**

**Basic areas of business and their share in the total volume of sales**

**For the three recent fiscal years, over 10% of receipts from OJSC North-West Telecom's sales were from services in the field of telecommunication, which is the priority area for the Company.**

**Other areas of Company's business, with which it deals in practice, are mainly auxiliary activities helping in one way or another the priority business of telecommunication services.**

<b>Areas of activities:</b>	<b>Shares in the total income, %</b>		
	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Telecommunication services</b>	<b>95.9</b>	<b>93.2</b>	<b>96.6</b>
<b>Other areas of business</b>	<b>4.1</b>	<b>6.8</b>	<b>3.4</b>

#### **Prevailing areas of business**

**OJSC North-West Telecom's prevailing area of business, which has the priority significance, is the business of telecommunication services provision, including provision of local telephone communication services in the territory of St. Petersburg and a number of districts of Leningrad Oblast, and since November 2002 - in the whole territory of the North-Western region.**

#### **SOURCES OF RAW MATERIALS, COMPONENTS AND SERVICES**

**Names of the suppliers, on which over 10% of all inventories supplies fall, their shares in the total volume of supplies**

**Given below are data on the suppliers, on which over 10% of all inventories fall in the years 1999, 2000 and 2001.**

##### **2000**

**Suppliers, on which over 10% of all inventories supplies fell:**

**Mitsui & Sumitomo & NEC Co. Ltd. Share in the total volume of supplies - 35.34%.**

##### **2001**

**Suppliers, on which over 10% of all inventories supplies fell:**

**Mitsui & Sumitomo & NEC Co. Ltd. Share in the total volume of supplies - 54%.**

**Elsis Share in the total volume of supplies - 21%**

**Lucent Technologies Share in the total volume of supplies - 10.32%**

##### **2002**

**Suppliers, on which over 10% of all inventories supplies fell:**

**OTJSC Elsis Share in the total volume of supplies - 18.68%**

**CJSC Alcatel Share in the total volume of supplies - 11.4%**

#### **Availability of the sources of raw materials, components and services in the future**

**Forecasts of the accessibility of material assets sources are estimated as favourable. The key sources of material assets are reliable and long-term partners of the Issuer, whose production activities are aimed at telecommunication companies who are the main consumers.**

**There are a lot of big manufactures in the market of communication equipment, who make products, provide materials and services of high quality complying with the specifications of the equipment used by the issuer at the moment.**

**Due to that, OJSC North-West Telecom does not expect any difficulties with the choice of suppliers and supplies of raw materials, components, services and equipment in the course of its further business.**

**ISSUER'S PRODUCTS (JOBS, SERVICES) SALES MARKET**

**Names of the consumers, on the turnover with which over 10% of all receipts from the sale of products (jobs, services) fall, their share in the total volume of supplies**

**St. Petersburg is the basic market of the sale of products, jobs and services of OJSC North-West Telecom, and since November 2002 also is the North-Western Federal Region, excluding Leningrad Oblast and Komi Republic**

**The basic area of OJSC North-West Telecom's business and the source of the Company's income is the provision of communication services.**

**The share of the operating income was:**

**In 2000 - 84.3% of the Company's gross operating income;**

**In 2001 -87.5% of the Company's gross operating income;**

**In 2002 -97.02% of the Company's gross operating income;**

**The basic consumers of communication services are private customers, institutions and organizations of St. Petersburg.**

**Given below are data on the consumers, on which over 10% of all receipts from the sale of products, jobs and services fall in the years 2000, 2001 and 2002.**

**2000**

**There are no consumers, on which over 10% of all receipts from the sale of products, jobs and services would fall.**

**2001**

**There are no consumers, on which over 10% of all receipts from the sale of products, jobs and services would fall.**

**2002**

**There are no consumers, on which over 10% of all receipts from the sale of products, jobs and services would fall.**

**Because of the peculiarities of OJSC North-West Telecom's business, which is done on a mass scale, there are no such consumers, on which over 10% of the sales volume would fall.**

**Negative factors that may significantly affect the sale of products, jobs or services by the Issuer**

**Negative factors that may later significantly affect the sale of products, jobs or services provided by OJSC North-West Telecom include:**

**I) reduced general solvency of the St. Petersburg's population;**

**II) deteriorated financial position of enterprises and organizations of St. Petersburg, which will result in increased accounts receivable of OJSC North-West Telecom's communication services consumers.**

**PRACTICE OF ACTIVITIES IN RESPECT OF RESERVES.**

**Issuers policy in respect of circulating capital and inventories**

*Issuer's Inventories and Reserves Policy for the year 2003 is set forth in the Provisions on Accounting Policy of OJSC North-West Telecom for the year 2003.*

*Extract from the Provisions: Records and evaluation of inventories accepted for accounting raw materials, basic and auxiliary materials, fuel, purchased semi-finished articles and components, spare parts, containers used for products (goods) packaging and transportation, and other material resources shall comply with PBU (Accounting Rules) 5/98 'Inventories Accounting', approved by the Order of the Ministry of Finance of RF, dated 15.06.98. No. 25n.*

*The inventories turnover ratio (ITR) reflecting the inventories use rate is calculated as follows:*

$$\text{ITR} = (\text{line 020} + \text{line 030} + \text{line 040 (form 2 of the accounting report)}) / ((\text{Ib} + \text{Ie})/2)$$

*where Ib is the value of inventories as of the beginning of the period (line 210 (form 1 of the accounting report)),*

*and Ie is the value of inventories as of the end of the period (line 210 (form 1 of the accounting report))*

*To calculate the duration of one cycle of inventories turnover in days, 365 days must be divided by the factor ITR.*

#### **SEASONAL NATURE OF BUSINESS**

*OJSC North-West Telecom's prevailing area of business, which has the priority significance for gaining income, is the business of local telephone communication services in the territory of St. Petersburg, and since November 2002 - in the whole territory of the North-Western region (see the 'Share of the operating income' section) with tariff income.*

*In compliance with the active Price List of OJSC North-West Telecom, the tariff income has been established and is exacted on a monthly basis, the rate amount being fixed.*

*Thus, the business of OJSC North-West Telecom and its share in the total income are not of seasonal nature.*

#### **FUTURE OBLIGATIONS**

*Issuer's future essential obligations*

*Future essential obligations of OJSC North-West Telecom are related to supplies of up-to-date digital equipment for the continuing upgrading of the St. Petersburg general-use telephone network and the forthcoming transition to time billing of local calls in the form of fulfilling the obligations under the earlier received tied credits from suppliers.*

*Given below are data on the equipment suppliers with whom OJSC North-West Telecom is bound by future obligations.*

<i>Supplier</i>	<i>Type of equipment</i>
<i>Mitsui &amp; Sumitomo &amp; NEC Co. Ltd.</i>	<i>SDH data transmission system</i>
<i>DSC Communications</i>	<i>subscriber access equipment</i>
<i>NOKIA</i>	<i>switching equipment</i>
<i>Lucent Technologies</i>	<i>telecommunication equipment</i>
<i>Elsis</i>	<i>telecommunication equipment</i>
<i>Alcatel</i>	<i>telecommunication equipment</i>

*In compliance with the contracts that have been made and the agreements that have been achieved, obligations of OJSC North-West Telecom to the said suppliers will be fulfilled in the period from 2001 to 2004 inclusive.*



***Negative effect that the said obligations may have on the Issuer***

***The basic problem is related to the risk of rouble's sharp devaluation, as all contracts are denominated in US dollars, and OJSC North-West Telecom receives in fact 100% of its income in roubles, due to which there may arise a situation when there would not be sufficient own funds to fulfil the earlier undertaken obligations.***

***PRINCIPAL COMPETITORS***

***Competitive conditions of Issuer's business***

***In compliance with the decision of the Ministry of Antimonopoly Policy of RF, OJSC North-West Telecom has been recognized a natural monopoly in the field of fixed telephone communication services provision in the territory of St. Petersburg and since November 2002 in the whole territory of the North-Western region and has been entered in the state register of natural monopolies.***

***Markets in which the Issuer operates or intends to operate***

***At the moment, OJSC North-West Telecom provides telephone communication services in the territory of St. Petersburg and since November 2002 - in the whole territory of the North-Western region.***

***Issuer's principal existing and expected competitors***

***The principal competitor in the field of fixed communication services provision in the territory of St. Petersburg is CJSC PeterStar, an operator of the digital superimposed telephone network in the city, which is connected to the city telephone network system. CJSC PeterStar provides local telephone communication services, long-distance and international communication services to customers, including commercial organizations and individuals. OJSC North-West Telecom has no other essential competitors in the field of fixed communication services provision.***

***Besides, there are telecommunication companies operating in St. Petersburg, who provide alternative communication services these are mobile communication operators (CJSC Delta Telecom, CJSC North-West GSM, CJSC St. Petersburg Telecom) providing mobile telephone communication services. At the moment, these companies cannot be considered as competitors, as they provide communication services in a different price zone; however, if and when prices of the traditional and mobile communication become closer to each other, they may become serious competitors of OJSC North-West Telecom.***

***After re-organization through affiliation of OJSC SPb MMT and OJSC SPb Telegraph with it, OJSC North-West Telecom has new competitors working in the field of long-distance and international communication, as well as data transmission services. The main competitors working in long-distance and international communication services, as well as data transmission services, are such alternative communication operators as:***

- Comincom Open Joint-Stock Company***
- St. Petersburg Teleport Closed Joint-Stock Company***
- PeterStar Closed Joint-Stock Company***
- Teleport-TP Closed Joint-Stock Company***
- North-West ATM Closed Joint-Stock Company***
- WEST CALL LTD Private Company***
- ASTELIT Limited Liability Partnership***
- RTS Open Joint-Stock Company***

- *Metrocom Closed Joint-Stock Company*
- *SCS-Sovintel Limited Liability Partnership*

*In other regions of the North-Western Federal District, the positions of the companies that could compete with OJSC NWT are much weaker and cannot have any significant influence on the competitive position of OJSC NWT.*

### **RISK FACTORS**

*Risk factors significantly affecting the business of OJSC North-West Telecom include first of all economic risks:*

- *the risk of further devaluation of the rouble, taking place at a higher rate than the growth of rates, which, with hard currency debt liabilities of OJSC North-West Telecom, will result in negative exchange rate differences that may lead to losses;*
- *competitive risks (competition of alternative superimposed network operators) and possible restrictions of the Ministry of Antimonopoly Policy the strong positions of the Issuer in the telecommunication services market of the North-Western region make it possible to consider such risks less important and less probable.*

#### *Social risks:*

*are associated with the possibility of essential changes in the political system and ownership relations in Russia, which may entail curtailment of market relations, including the stock market.*

#### *Industry risks:*

*are the lowest, as, after restructuring of the industry's enterprises included in the Syazinvest OJSC holding company, OJSC North-West Telecom united several regional operators of the RF entities in the North-Western District. After that the Issuer will become a leading enterprise in the telecommunication industry, with receipts exceeding 10 billion roubles.*

#### *Engineering risks:*

*are associated with the technical condition of Issuer's equipment. OJSC North-West Telecom pays much attention to technical re-equipment, scientific design and investment programmes dedicated to the introduction of new technologies.*

#### *Environmental risks:*

*are the lowest, as the equipment that is used does not essentially affect the natural environment*

### **34. Investment declaration. Description of Issuer's business**

*To be submitted by investment funds only.*

### **35. Plans of Issuer's future operation.**

*Plans of Issuer's future operation:*

*Brief Description of Issuer's Future Operation Plans*

*In November 2002 eight earlier independent telecommunication companies were affiliated with OJSC North-West Telecom, and the integration process started, which, until 01.11.02 took place in the situation of independent operation of the affiliated companies in compliance with the Provisions on Budgeting approved by those companies. In October the Company considered plans of future operation and basic parameters of the budget for the year 2003.*

*The united Company has become the major supplier of telecommunication services in the territory of 1.2 MIO sq. m in area with the population of about 12 MIO people, providing services to 3.3 MIO commissioned lines (as of 01.10.02).*

*At the moment, besides the up-to date digital equipment of telephone centers, digital equipment of telephone exchanges and data transmission systems, OJSC North-West Telecom has a lot of obsolete equipment. The obsolete and worn out equipment does not make it possible to make a qualitatively new step in the development of OJSC North-West Telecom's network - transition to the digital network with a wide range of new services. In this connection, OJSC North-West Telecom's strategy will be aimed at restructuring the network topology and at replacing the obsolete equipment. To solve that task, renovation and re-equipment of switching systems and line structures are planned, as well as expansion of the existing telephone exchanges, renovation of technical premises (renovation of buildings and premises, design, installation of fire-fighting systems, upgrading of gas fire-fighting systems, installation of video monitoring systems) and other operations aimed at replacement and improvement of the obsolete and worn out equipment.*

*The key tasks to be tackled by the company within the five years to come include:*

- satisfying citizens' applications for installation of telephone lines;*
- transition to the time-based call billing system throughout the North-Western District of Russia;*
- development of extra services (Internet, data transmission, complete set services to business clients);*
- increasing the company's share in the markets of new services.*

*Solving these tasks will require much effort in developing the communication networks infrastructure.*

*The key areas of developing telecommunication networks of OJSC North-West Telecom are:*

- telephone network digitalization;*
- creating intelligent networks;*
- creating multiservice networks for provision of integrated services;*
- digitalization of primary public networks.*

*OJSC North-West Telecom's financial plans provide for:*

- increasing receipts through increasing the volume of provided services;*
- reducing the specific value of expenses;*
- significantly reducing and liquidating the accounts receivable for communication services;*
- pursuing a flexible rate policy;*
- attracting new investment.*

*The Company development strategy is aimed at spreading to the telecommunication services market throughout the North-Western region of Russia.*

#### *Sources of Future Income*

*According to the business plan of OJSC North-West Telecom, the forecasted gross income of the Company in 2003 is at least 11 billion roubles.*

#### *Plans for Organizing, Expanding or Curtailing New Operating Facilities*

*There are no plans for organization of new operating facilities or their curtailment, the Company will continue its operation under the existing licenses.*

*The total amount of capital investment aimed at developing the business directly connected with the commissioning of 220,472 lines is 68% of the Investment Plan volume.*

#### *Design of New Product Types*

***No design of new product types is planned by OJSC North-West Telecom: the Company is planning to do its business in the framework of the active licenses.***

#### ***Upgrading and Renovation of Key Assets***

***To introduce new equipment, upgrade the obsolete equipment and to improve the operating processes, OJSC North-West Telecom is purchasing and installing modern digital equipment for new electronic type automatic telephone exchanges.***

#### ***Possible changes in Issuer's business field***

***OJSC North-West Telecom does not plan any changes in the field of its principal business - provision of communication services in compliance with the active licenses and the Company's Articles of Association.***

### **36. Data on Issuer's authorized capital**

The amount of the Issuer's authorized capital is **937,940,010**

Breakdown of the authorized capital by share categories:

Common stock:

Total (roubles): **735,917,222**

Share in the Issuer's authorized capital: **78.461012 %**

Preferred stock:

Total (roubles): **202,022,788**

Share in the Issuer's authorized capital: **21.538988 %**

### **37. Data on the share of the state (municipal entity) in the Issuer's authorized capital.**

Share of the Issuer's authorized capital owned by the state (municipality):

Type of ownership: ***federal***

Share: **0.00365%**

Manager of the block: ***Federal State Unitary Enterprise "All-Russia State Telecasting and Broadcasting Company"***

Issuer's stock holding fixed as state (municipality) property:

***there is no such share***

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share'):

***not applied***

### **38. Data on announced Issuer's shares.**

#### **38.1**

Stock category: ***common***

Form of shares: ***registered non-documentary***

Full name of the category/type of announced shares: ***common registered non-documentary shares***

Face value (roubles) ***1***

Number: **36,517**

Total (roubles): **36,517**

Floation conditions: ***The floatation conditions are not defined in the Articles of Association***

### 38.2

Stock category: **preferred**

Stock type: **A**

Form of shares: **registered non-documentary**

Full name of the category/type of announced shares: **preferred registered non-documentary type A shares**

Face value (roubles) **1**

Number: **64,605**

Total (roubles): **64,605**

Floataion conditions: **The floatation conditions are not defined in the Articles of Association**

### 39. Issuer's essential agreements and commitments

**none**

### 40. Issuer's commitments in the field of issuing shares and securities convertible into shares

**no such commitments**

### 41. Data on sanctions applied to the Issuer and on its participation in court proceedings and audits

**Sanctions applied to the Issuer by the state authorities and the court for the three fiscal years preceding the year of the quarter under report, and for the current year:**

Date of sanction: **17.08.2000**

Authority applying the sanction:

Grounds of applying the sanction: **Failure to comply with the property registration schedule**

Type of sanction: **fine**

Amount of sanction (roubles): **5,000**

Sanction execution progress: **executed**

Date of sanction: **20.11.2000**

Authority applying the sanction: **St. Petersburg State Tax Inspectorate**

Grounds of applying the sanction: **Extra calculations for the years 1997-2000**

Type of sanction: **penalty**

Amount of sanction (roubles): **4,199,501**

Sanction execution progress: **executed**

Date of sanction: **24.11.2000**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Decision No. 04-31/1097 on Long-Distance International Telephone Company inspection report. Understatement of the profit tax.**

Type of sanction: **arrears**

Amount of sanction (roubles): **3,305,515**

Sanction execution progress: **executed**

Date of sanction: **24.11.2000**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Decision No. 04-31/1097 on Long-Distance International**

**Telephone Company inspection report. Understatement of the profit tax.**

Type of sanction: **arrears**  
Amount of sanction (roubles): **5,709,527**  
Sanction execution progress: **executed**

Date of sanction: **30.12.2000**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Monchegorsk**  
Grounds of applying the sanction: **Failure to submit VAT returns in 2000**  
Type of sanction: **Fine on VAT**  
Amount of sanction (roubles): **100**  
Sanction execution progress: **executed**

Date of sanction: **17.10.2001**  
Authority applying the sanction: **The St. Petersburg and Leningrad Oblast Territorial Board of the Ministry of Antimonopoly Policy of RF**  
Grounds of applying the sanction: **Violation of clause 4, article 17 of the Law on Competition**  
Type of sanction: **fine**  
Amount of sanction (roubles): **2,500**  
Sanction execution progress: **executed**

Date of sanction: **26.12.2001**  
Authority applying the sanction: **The Federal Commission for Securities Market of RF**  
Grounds of applying the sanction: **Failure to comply with the schedule of submitting the quarterly report of securities Issuer for the 3rd quarter of 2001**  
Type of sanction: **fine**  
Amount of sanction (roubles): **12,000**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2002**  
Authority applying the sanction: **Interdistrict Inspectorate No.3 of the Ministry of Taxes and Fees for Vologda oblast, Interdistrict Inspectorate No.7 of the Ministry of Taxes and Fees for Vologda oblast**  
Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on income tax of individuals**  
Amount of sanction (roubles): **102**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2002**  
Authority applying the sanction: **Interdistrict inspectorate of the Ministry of Taxes and Fees on major tax-payers for Vologda Oblast**  
Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**  
Type of sanction: **Penalty on sales tax**  
Amount of sanction (roubles): **204**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2002**  
Authority applying the sanction: **Interdistrict Inspectorate No.7 of the Ministry of Taxes and Fees**

**for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **89**

Sanction execution progress: **executed**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **-70**

Sanction execution progress: **withdrawn**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.7 of the Ministry of Taxes and Fees for Vologda oblast**

Grounds of applying the sanction: **tax inspection report**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **32**

Sanction execution progress: **executed**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.3 of the Ministry of Taxes and Fees for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on the tax on environment pollution**

Amount of sanction (roubles): **176**

Sanction execution progress: **executed**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on the tax on environment pollution**

Amount of sanction (roubles): **-152**

Sanction execution progress: **withdrawn**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.7 of the Ministry of Taxes and Fees for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on the Single Social Tax to Social Insurance Fund**

Amount of sanction (roubles): **3**

Sanction execution progress: **executed**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.9 of the Ministry of Taxes and Fees**

**for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment to Pension Fund (insurance)**

Amount of sanction (roubles): **34**

Sanction execution progress: **executed**

Date of sanction: **1.01.2002**

Authority applying the sanction: **Interdistrict Inspectorate No.9 of the Ministry of Taxes and Fees for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment to Pension Fund (accumulation)**

Amount of sanction (roubles): **1**

Sanction execution progress: **executed**

Date of sanction: **8.02.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kondopoga**

Grounds of applying the sanction: **Overdue charging under VAT inspection report**

Type of sanction: **fine**

Amount of sanction (roubles): **12,089**

Sanction execution progress: **executed**

Date of sanction: **10.02.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kondopoga**

Grounds of applying the sanction: **Overdue sales tax payment**

Type of sanction: **penalty**

Amount of sanction (roubles): **20**

Sanction execution progress: **executed**

Date of sanction: **7.03.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Extra charging the profit tax under inspection report**

Type of sanction: **tax**

Amount of sanction (roubles): **93,820**

Sanction execution progress: **executed**

Date of sanction: **29.03.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Failure to observe the timing of providing a notice on opening (closing) bank accounts**

Type of sanction: **fine**

Amount of sanction (roubles): **45,000**

Sanction execution progress: **executed**

Date of sanction: **29.03.2002**



Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Petrogradskry District of St. Petersburg***

Grounds of applying the sanction: ***VAT, Sales tax on Petrogradsky Telephone Centre***

Type of sanction: ***penalty***

Amount of sanction (roubles): ***5,383***

Sanction execution progress: ***executed***

Date of sanction: ***22.04.2002***

Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Moskovsky District of St. Petersburg***

Grounds of applying the sanction: ***Decision No. 27/46 on Moskovsky Telephone Centre inspection report. Understatement of the profit tax.***

Type of sanction: ***fine***

Amount of sanction (roubles): ***15,000***

Sanction execution progress: ***executed***

Date of sanction: ***22.04.2002***

Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Moskovsky District of St. Petersburg***

Grounds of applying the sanction: ***Decision No. 27/46 on Moskovsky Telephone Centre inspection report. Understatement of the profit tax.***

Type of sanction: ***penalty***

Amount of sanction (roubles): ***1,120***

Sanction execution progress: ***executed***

Date of sanction: ***22.04.2002***

Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Moskovsky District of St. Petersburg***

Grounds of applying the sanction: ***Decision No. 27/46 on Moskovsky Telephone Centre inspection report. Understatement of VAT.***

Type of sanction: ***fine***

Amount of sanction (roubles): ***1,257***

Sanction execution progress: ***executed***

Date of sanction: ***22.04.2002***

Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Moskovsky District of St. Petersburg***

Grounds of applying the sanction: ***Decision No. 27/46 on Moskovsky Telephone Centre inspection report. Understatement of VAT.***

Type of sanction: ***penalty***

Amount of sanction (roubles): ***1,257***

Sanction execution progress: ***executed***

Date of sanction: ***22.04.2002***

Authority applying the sanction: ***Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg***

Grounds of applying the sanction: ***Decision No. 11-31/438 on inspection report. Understatement of the profit tax***

Type of sanction: ***fine***

Amount of sanction (roubles): ***614,995***

Sanction execution progress: ***executed***

Date of sanction: **22.04.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Decision No. 11-31/438 on inspection report. Understatement of the profit tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **1,461,811**

Sanction execution progress: **executed**

Date of sanction: **22.04.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Decision No. 11-31/438 on inspection report. Understatement of VAT**

Type of sanction: **fine**

Amount of sanction (roubles): **491,850**

Sanction execution progress: **executed**

Date of sanction: **22.04.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Decision No. 11-31/438 on inspection report. Understatement of VAT**

Type of sanction: **penalty**

Amount of sanction (roubles): **1,540,933**

Sanction execution progress: **executed**

Date of sanction: **25.04.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **Decision No 15-18/4189. Failure to comply with the schedule of submitting returns on tax for the maintenance of law-enforcement authorities.**

Type of sanction: **fine**

Amount of sanction (roubles): **800**

Sanction execution progress: **executed**

Date of sanction: **25.04.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **Decision No 15-18/4189. Failure to comply with the schedule of submitting returns on property tax.**

Type of sanction: **fine**

Amount of sanction (roubles): **31,366**

Sanction execution progress: **executed**

Date of sanction: **25.04.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **Decision No 15-18/4189. Failure to comply with the schedule of submitting returns on duty for territory cleaning.**

Type of sanction: **fine**

Amount of sanction (roubles): **7,090**

Sanction execution progress: **executed**

Date of sanction: **25.04.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **Decision No 15-18/4189. Failure to comply with the schedule of submitting returns on duty for needs of educational institutions.**

Type of sanction: **fine**

Amount of sanction (roubles): **644**

Sanction execution progress: **executed**

Date of sanction: **30.04.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Failure to observe the timing of providing a notice on opening (closing) bank accounts**

Type of sanction: **fine**

Amount of sanction (roubles): **15,000**

Sanction execution progress: **executed**

Date of sanction: **30.04.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Delay in payment of the profit tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **39,935**

Sanction execution progress: **executed**

Date of sanction: **17.05.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Under property tax recalculation**

Type of sanction: **penalty**

Amount of sanction (roubles): **8,181,734**

Sanction execution progress: **executed**

Date of sanction: **24.05.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Under inspection report on the Single Social Tax (medical insurance payments to federal fund)**

Type of sanction: **penalty**

Amount of sanction (roubles): **7**

Sanction execution progress: **executed**

Date of sanction: **24.05.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Under inspection report on the Single Social Tax (regarding the Pension insurance)**

Type of sanction: **fine**

Amount of sanction (roubles): **949**

Sanction execution progress: **executed**

Date of sanction: **24.05.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Under inspection report on the Single Social Tax (medical insurance payments to territorial fund)**

Type of sanction: **fine**

Amount of sanction (roubles): **115**

Sanction execution progress: **executed**

Date of sanction: **24.05.2002**

Authority applying the sanction: **Social Insurance Fund for Petrozavodsk**

Grounds of applying the sanction: **Under inspection report on the Single Social Tax (social insurance fund)**

Type of sanction: **fine**

Amount of sanction (roubles): **136**

Sanction execution progress: **executed**

Date of sanction: **30.05.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pitkyaranta**

Grounds of applying the sanction: **Delay in payment of the profit tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **8**

Sanction execution progress: **executed**

Date of sanction: **30.05.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Suoyarvi**

Grounds of applying the sanction: **Delay in payment of the profit tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **17**

Sanction execution progress: **executed**

Date of sanction: **30.06.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **VAT on PTN Company**

Type of sanction: **penalty**

Amount of sanction (roubles): **11,344**

Sanction execution progress: **executed**

Date of sanction: **30.06.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kalininsky District of St Petersburg**

Grounds of applying the sanction: **Road user tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **1,407**

Sanction execution progress: **executed**

Date of sanction: **30.06.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **Road user tax of Moskovsky Telephone Centre**

Type of sanction: **penalty**

Amount of sanction (roubles): **6,809**

Sanction execution progress: **executed**

Date of sanction: **30.06.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **Tax on income of individuals at Recreation and Disease Prevention Centre**

Type of sanction: **penalty**

Amount of sanction (roubles): **411**

Sanction execution progress: **executed**

Date of sanction: **30.06.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **VAT**

Type of sanction: **penalty**

Amount of sanction (roubles): **2,136**

Sanction execution progress: **executed**

Date of sanction: **18.07.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **Violation of the antimonopoly legislation**

Type of sanction: **fine**

Amount of sanction (roubles): **10,000**

Sanction execution progress: **executed**

Date of sanction: **8.08.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Belomorsk**

Grounds of applying the sanction: **Delay in payment of the road user tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **10,532**

Sanction execution progress: **executed**

Date of sanction: **25.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Priozersk district of Leningrad oblast**

Grounds of applying the sanction: **Failure to comply with the schedule of submitting returns on tax for the maintenance of law-enforcement authorities.**

Type of sanction: **fine**

Amount of sanction (roubles): **100**

Sanction execution progress: **executed**

Date of sanction: **25.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Priozersk district of Leningrad oblast**

Grounds of applying the sanction: **Failure to comply with the schedule of submitting returns on duty for territory cleaning**

Type of sanction: **fine**

Amount of sanction (roubles): **100**

Sanction execution progress: **executed**

Date of sanction: **25.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Priozersk district of Leningrad oblast**

Grounds of applying the sanction: **Failure to comply with the schedule of submitting returns on property tax.**

Type of sanction: **fine**

Amount of sanction (roubles): **8,295**

Sanction execution progress: **executed**

Date of sanction: **25.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **Property tax of Recreation and Disease Prevention Centre**

Type of sanction: **fine**

Amount of sanction (roubles): **2,934**

Sanction execution progress: **executed**

Date of sanction: **26.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Overdue payment of tax on environment pollution**

Type of sanction: **fine**

Amount of sanction (roubles): **81**

Sanction execution progress: **executed**

Date of sanction: **26.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Overdue payment of VAT for years 2000 - 2001**

Type of sanction: **penalty**

Amount of sanction (roubles): **2,859**

Sanction execution progress: **executed**

Date of sanction: **26.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**

Grounds of applying the sanction: **Overdue sales tax payment**

Type of sanction: **penalty**

Amount of sanction (roubles): **415**

Sanction execution progress: **executed**

Date of sanction: **30.09.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny District of St. Petersburg**

Grounds of applying the sanction: **VAT on Nekrasovsky Telephone Centre**

Type of sanction: **penalty**

Amount of sanction (roubles): **12,056**

Sanction execution progress: **executed**

Date of sanction: **1.10.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **1,343**

Sanction execution progress: **executed**

Date of sanction: **1.10.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on VAT**

Amount of sanction (roubles): **1,175**

Sanction execution progress: **executed**

Date of sanction: **31.10.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **31,927**

Sanction execution progress: **executed**

Date of sanction: **31.10.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on militia tax**

Amount of sanction (roubles): **1,624**

Sanction execution progress: **executed**

Date of sanction: **31.10.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **VAT under additional calculations**

Type of sanction: **penalty**

Amount of sanction (roubles): **268,283**

Sanction execution progress: **executed**

Date of sanction: **31.10.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Advertising tax under additional calculations**

Type of sanction: **penalty**

Amount of sanction (roubles): **32,512**

Sanction execution progress: **executed**

Date of sanction: **31.10.2002**

Authority applying the sanction: **Interdistrict Inspectorate No. 1 of the Ministry of Taxes and Fees for St. Petersburg**

Grounds of applying the sanction: **Roads user tax under additional calculations**

Type of sanction: **penalty**

Amount of sanction (roubles): **63,691**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay tax for maintenance of housing stock and social and cultural sphere objects in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **32,007**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay the Single Social Tax in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **12,767**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**



Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay for accident insurance in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **5,194**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Branch of Pension fund for Pskov, Gdov**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **1,149**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Fund of obligatory medical insurance**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **5**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov, for OPOCHKA**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **71**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for OPOCHKA**

Grounds of applying the sanction: **Failure to pay in due time and submit tax returns**

Type of sanction: **Fines and penalties on income tax**

Amount of sanction (roubles): **362**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on tax on environment pollution**

Amount of sanction (roubles): **56**

Sanction execution progress: **executed**

Date of sanction: **1.11.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on land tax**  
Amount of sanction (roubles): **73**  
Sanction execution progress: **executed**

Date of sanction: **4.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**  
Amount of sanction (roubles): **7,864**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on road user tax**  
Amount of sanction (roubles): **76,756**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Fine**  
Type of sanction: **Fine for forest offence**  
Amount of sanction (roubles): **50**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on tax on owners of motor vehicles, on property tax**  
Amount of sanction (roubles): **2,201**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on land tax**  
Amount of sanction (roubles): **4,047**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on the tax on environment pollution**  
Amount of sanction (roubles): **7,015**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **fine**  
Type of sanction: **Fine on the tax on environment pollution**  
Amount of sanction (roubles): **50**  
Sanction execution progress: **executed**

Date of sanction: **12.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on income tax**  
Amount of sanction (roubles): **17,818**  
Sanction execution progress: **executed**

Date of sanction: **20.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**  
Amount of sanction (roubles): **520**  
Sanction execution progress: **executed**

Date of sanction: **25.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Belomorsk**  
Grounds of applying the sanction: **Under inspection report to the Employment Fund**

Type of sanction: **penalty**  
Amount of sanction (roubles): **1,687**  
Sanction execution progress: **executed**

Date of sanction: **26.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **fine**  
Type of sanction: **Fine for forest offence**  
Amount of sanction (roubles): **7,414**  
Sanction execution progress: **executed**

Date of sanction: **28.11.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**  
Amount of sanction (roubles): **27,511**  
Sanction execution progress: **executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on VAT**  
Amount of sanction (roubles): **28,880**  
Sanction execution progress: **executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Severomorsk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**  
Amount of sanction (roubles): **176**  
Sanction execution progress: **not executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Olenegorsk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**  
Amount of sanction (roubles): **1,208**  
Sanction execution progress: **not executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kandalaksha**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty for the profit tax**  
Amount of sanction (roubles): **450**  
Sanction execution progress: **not executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on withdrawn taxes**  
Amount of sanction (roubles): **3,996**  
Sanction execution progress: **not executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on property tax**  
Amount of sanction (roubles): **28,962**  
Sanction execution progress: **executed**

Date of sanction: **1.12.2002**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**  
Type of sanction: **Penalty on the Single Social Tax**  
Amount of sanction (roubles): **6,872**

Sanction execution progress: **executed**

Date of sanction: **1.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov**

Grounds of applying the sanction: **Return of overcharged payments for the 1st half of 2002 (calculation collation statement)**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **-584**

Sanction execution progress: **executed**

Date of sanction: **1.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Opochka**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on land tax**

Amount of sanction (roubles): **3**

Sanction execution progress: **executed**

Date of sanction: **1.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Opochka**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **395**

Sanction execution progress: **executed**

Date of sanction: **1.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Velikye Luki, Nevel, Ostrov, Pskov**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **555**

Sanction execution progress: **executed**

Date of sanction: **11.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **342**

Sanction execution progress: **executed**

Date of sanction: **11.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **1,493**  
Sanction execution progress: ***executed***

Date of sanction: **16.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees***  
Grounds of applying the sanction: ***Overdue payment***

Type of sanction: ***Penalty on property tax***  
Amount of sanction (roubles): **4,187**  
Sanction execution progress: ***executed***

Date of sanction: **17.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Kondopoga***  
Grounds of applying the sanction: ***Inspection report for the income of individuals for the years 1999-2000***

Type of sanction: ***fine***  
Amount of sanction (roubles): **50**  
Sanction execution progress: ***executed***

Date of sanction: **23.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees for Kondopoga***  
Grounds of applying the sanction: ***Delay in payment to the Employment Fund***

Type of sanction: ***fine***  
Amount of sanction (roubles): **5**  
Sanction execution progress: ***executed***

Date of sanction: **23.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees***  
Grounds of applying the sanction: ***Overdue payment***

Type of sanction: ***Penalty on the profit tax***  
Amount of sanction (roubles): **5,425**  
Sanction execution progress: ***executed***

Date of sanction: **25.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees***  
Grounds of applying the sanction: ***Overdue payment***

Type of sanction: ***Penalty on the profit tax***  
Amount of sanction (roubles): **2,181**  
Sanction execution progress: ***executed***

Date of sanction: **25.12.2002**  
Authority applying the sanction: ***Inspectorate of the Ministry of Taxes and Fees***  
Grounds of applying the sanction: ***Overdue payment***

Type of sanction: ***Penalty on property tax***

Amount of sanction (roubles): **2,714**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate No.5 of the Ministry of Taxes and Fees for Gvardeysk**

Grounds of applying the sanction: **Delay in payment**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **1,831**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate No.5 of the Ministry of Taxes and Fees for Gvardeysk**

Grounds of applying the sanction: **Delay in payment**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **290**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate No.5 of the Ministry of Taxes and Fees for Gvardeysk**

Grounds of applying the sanction: **Delay in payment**

Type of sanction: **Penalty on tax on income of individuals**

Amount of sanction (roubles): **1,399**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate No.5 of the Ministry of Taxes and Fees for Gvardeysk**

Grounds of applying the sanction: **Delay in payment**

Type of sanction: **Penalty on the Single Social Tax**

Amount of sanction (roubles): **85**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate No.5 of the Ministry of Taxes and Fees for Gvardeysk**

Grounds of applying the sanction: **Delay in payment**

Type of sanction: **Penalty on militia tax**

Amount of sanction (roubles): **34**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **24,485**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Olenegorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **692**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Monchegorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **614**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Olenegorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **1,870**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Severomorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **618**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Polyarny**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **56,696**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Monchegorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **29**



Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the tax on environment pollution**

Amount of sanction (roubles): **4,358**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Olenegorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the tax on environment pollution**

Amount of sanction (roubles): **5,771**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Snezhnogorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **1,655**

Sanction execution progress: **executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Snezhnogorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **4,216**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Severomorsk**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **665**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kovdor**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **158**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kovdor**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**

Amount of sanction (roubles): **571**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kovdor**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on tax on environment pollution**

Amount of sanction (roubles): **5,771**

Sanction execution progress: **not executed**

Date of sanction: **30.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **22,744**

Sanction execution progress: **executed**

Date of sanction: **31.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Moskovsky District of St Petersburg**

Grounds of applying the sanction: **Tax on income of individuals of Motor depot**

Type of sanction: **penalty**

Amount of sanction (roubles): **8,048**

Sanction execution progress: **executed**

Date of sanction: **31.12.2002**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Cherepovets**

Grounds of applying the sanction: **Failure to pay tax on land in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **232**

Sanction execution progress: **executed**

Date of sanction: **1.01.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Cherepovets**

Grounds of applying the sanction: **Failure to pay road user tax in due time**

Type of sanction: **penalty**  
Amount of sanction (roubles): **180**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on the profit tax**  
Amount of sanction (roubles): **4,383**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on militia tax**  
Amount of sanction (roubles): **1,902**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**  
Amount of sanction (roubles): **35,716**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Murmansk**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on sales tax**  
Amount of sanction (roubles): **3,740**  
Sanction execution progress: **executed**

Date of sanction: **1.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Nevel**  
Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **Penalty on income tax**  
Amount of sanction (roubles): **74**  
Sanction execution progress: **executed**

Date of sanction: **2.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Cherepovets**  
Grounds of applying the sanction: **Failure to pay income tax in due time**

Type of sanction: **penalty**  
Amount of sanction (roubles): **168**  
Sanction execution progress: **executed**

Date of sanction: **3.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the Single Social Tax**  
Amount of sanction (roubles): **622**  
Sanction execution progress: **executed**

Date of sanction: **9.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on land tax**  
Amount of sanction (roubles): **272**  
Sanction execution progress: **executed**

Date of sanction: **9.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on militia tax**  
Amount of sanction (roubles): **4**  
Sanction execution progress: **executed**

Date of sanction: **9.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**  
Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on property tax**  
Amount of sanction (roubles): **1,914**  
Sanction execution progress: **executed**

Date of sanction: **14.01.2003**  
Authority applying the sanction: **Interdistrict Inspectorate No.1 of the Ministry of Taxes and Fees for Vologda oblast**  
Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on the profit tax (local budget)**  
Amount of sanction (roubles): **3,143**  
Sanction execution progress: **executed**

Date of sanction: **14.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**  
Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on land tax**  
Amount of sanction (roubles): **3,183**  
Sanction execution progress: **executed**

Date of sanction: **14.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**  
Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on single tax on imputed income**  
Amount of sanction (roubles): **2**  
Sanction execution progress: **executed**

Date of sanction: **17.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**  
Grounds of applying the sanction: **Delay in payment of the profit tax**

Type of sanction: **penalty**  
Amount of sanction (roubles): **26,152**  
Sanction execution progress: **executed**

Date of sanction: **20.01.2003**  
Authority applying the sanction: **Social Insurance Fund for Pitkyaranta**  
Grounds of applying the sanction: **Delay in payment for social insurance**

Type of sanction: **penalty**  
Amount of sanction (roubles): **9**  
Sanction execution progress: **executed**

Date of sanction: **27.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Cherepovets**  
Grounds of applying the sanction: **Failure to pay profit tax in due time**

Type of sanction: **penalty**  
Amount of sanction (roubles): **40**  
Sanction execution progress: **executed**

Date of sanction: **29.01.2003**  
Authority applying the sanction: **Interdistrict Inspectorate of the Ministry on Taxes and Duties for major tax-payers**  
Grounds of applying the sanction: **field inspection report**

Type of sanction: **Fine on VAT**  
Amount of sanction (roubles): **280**  
Sanction execution progress: **executed**

Date of sanction: **29.01.2003**  
Authority applying the sanction: **Interdistrict Inspectorate of the Ministry on Taxes and Duties for major tax-payers**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on VAT**  
Amount of sanction (roubles): **903**  
Sanction execution progress: **executed**

Date of sanction: **29.01.2003**  
Authority applying the sanction: **Interdistrict Inspectorate of the Ministry on Taxes and Duties for major tax-payers**  
Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on the profit tax (federal budget)**  
Amount of sanction (roubles): **9,843**  
Sanction execution progress: **executed**

Date of sanction: **29.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrozavodsk**  
Grounds of applying the sanction: **Delay in payment of Single Social Tax (pension insurance part)**

Type of sanction: **penalty**  
Amount of sanction (roubles): **421**  
Sanction execution progress: **executed**

Date of sanction: **30.01.2003**  
Authority applying the sanction: **Interdistrict Inspectorate of the Ministry on Taxes and Duties for major tax-payers**  
Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on the profit tax (federal budget)**  
Amount of sanction (roubles): **28,935**  
Sanction execution progress: **executed**

Date of sanction: **31.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**  
Grounds of applying the sanction: **Duty for needs of educational institutions of Oblast (Regional) Telephone Centre**

Type of sanction: **penalty**  
Amount of sanction (roubles): **1,122**  
Sanction execution progress: **executed**

Date of sanction: **31.01.2003**  
Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**  
Grounds of applying the sanction: **Duty for maintenance of law-enforcement authorities for Oblast (Regional) Telephone Centre**

Type of sanction: **penalty**  
Amount of sanction (roubles): **5**

Sanction execution progress: **executed**

Date of sanction: **31.01.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **duty on territory cleaning of Oblast (Regional) Telephone Centre**

Type of sanction: **penalty**

Amount of sanction (roubles): **12,186**

Sanction execution progress: **executed**

Date of sanction: **31.01.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Gatchina district of Leningrad oblast**

Grounds of applying the sanction: **Property tax of Oblast (Regional) Telephone Centre**

Type of sanction: **penalty**

Amount of sanction (roubles): **47,169**

Sanction execution progress: **executed**

Date of sanction: **31.01.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees of the Russian Federation for Cherepovets**

Grounds of applying the sanction: **Failure to pay profit tax in due time**

Type of sanction: **penalty**

Amount of sanction (roubles): **100**

Sanction execution progress: **executed**

Date of sanction: **1.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (property tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **305**

Sanction execution progress: **executed**

Date of sanction: **1.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pinega district**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (duty for needs of educational institutions)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **284**

Sanction execution progress: **executed**

Date of sanction: **1.02.2003**

Authority applying the sanction: **Interdistrict inspectorate of the Ministry of Taxes and Fees on**

**major tax-payers for Vologda Oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on militia tax**

Amount of sanction (roubles): **59**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on road user tax**

Amount of sanction (roubles): **16**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **28,231**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on income tax of individuals**

Amount of sanction (roubles): **15,600**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on property tax**

Amount of sanction (roubles): **41**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on tax on Housing and Communal services**

Amount of sanction (roubles): **91**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**



Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **penalty on advertising tax**

Amount of sanction (roubles): **352**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on the Single Social Tax**

Amount of sanction (roubles): **1,577**

Sanction execution progress: **executed**

Date of sanction: **13.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **according to the inspection report**

Type of sanction: **Penalty on VAT**

Amount of sanction (roubles): **259**

Sanction execution progress: **executed**

Date of sanction: **20.02.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on income tax of individuals**

Amount of sanction (roubles): **95**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **penalty on payment for land**

Amount of sanction (roubles): **2,665**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **penalty in respect of the tax on the use of the Earth's interior**

Amount of sanction (roubles): **105**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on tax on Housing and Communal services**

Amount of sanction (roubles): **4,603**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on tax on owners of motor vehicles**

Amount of sanction (roubles): **422**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **penalty on advertising tax**

Amount of sanction (roubles): **4,840**

Sanction execution progress: **executed**

Date of sanction: **21.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Leningradsky district of Kaliningrad**

Grounds of applying the sanction: **field inspection report**

Type of sanction: **Penalty on duty for needs of educational institutions**

Amount of sanction (roubles): **1,038**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **penalty on advertising tax**

Amount of sanction (roubles): **60**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on income tax of individuals**

Amount of sanction (roubles): **1,172**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **failure to submit data**

Type of sanction: **Fine on income tax of individuals**

Amount of sanction (roubles): **500**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Fine on Single Social Tax payment to Federal Fund of Obligatory Medical insurance**

Amount of sanction (roubles): **12**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment to Pension Fund (insurance)**

Amount of sanction (roubles): **523**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment to Pension Fund (accumulation)**

Amount of sanction (roubles): **270**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on Single Social Tax payment to Territorial Fund of Obligatory Medical insurance**

Amount of sanction (roubles): **381**

Sanction execution progress: **executed**

Date of sanction: **26.02.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on Single Social Tax payment to Territorial Fund of Obligatory Medical insurance**

Amount of sanction (roubles): **30**

Sanction execution progress: **executed**

Date of sanction: **27.02.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.4 of the Ministry of Taxes and Fees for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on income tax of individuals**

Amount of sanction (roubles): **592**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (tax on environment pollution)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **1,911**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (tax on owners of motor vehicles)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **691**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay taxes in due time (land tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **1,237**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (Single Social Tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **1,577**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.9 of the Ministry of Taxes and Fees of the Russian Federation for Arkhangelsk oblast**

Grounds of applying the sanction: **article 75 of the Tax Code of The Russian Federation. Failure to pay taxes in due time (duty for needs of educational institutions)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **5,095**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.9 of the Ministry of Taxes and Fees of the Russian Federation for Arkhangelsk oblast**

Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay taxes in due time (for accident insurance)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **39**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay taxes in due time (profit tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **184**

Sanction execution progress: **not executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.9 of the Ministry of Taxes and Fees of the Russian Federation for Arkhangelsk oblast**

Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay taxes in due time (road user tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **11,024**

Sanction execution progress: **executed**

Date of sanction: **1.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Arkhangelsk**

Grounds of applying the sanction: **article 75 of the Tax Code of the Russian Federation. Failure to pay taxes in due time (road user tax)**

Type of sanction: **penalty (charged by paper method)**

Amount of sanction (roubles): **101**

Sanction execution progress: **executed**

Date of sanction: **17.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Segezha**

Grounds of applying the sanction: **Delay in payment of the profit tax**

Type of sanction: **penalty**

Amount of sanction (roubles): **321**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Interdistrict inspectorate of the Ministry of Taxes and Fees on major tax-payers for Vologda Oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment of Single Social Tax to Social Insurance Fund**

Amount of sanction (roubles): **8**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment of Single Social Tax to Social Insurance Fund**

Amount of sanction (roubles): **38**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment of Single Social Tax to Social Insurance Fund**

Amount of sanction (roubles): **303**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty on payment of Single Social Tax to the Federal Fund of Obligatory Medical Insurance**

Amount of sanction (roubles): **658**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Vologda**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty to the Pension Fund**

Amount of sanction (roubles): **1,052**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Interdistrict Inspectorate No.10 of the Ministry of Taxes and Fees of the Russian Federation for Vologda oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty to the Pension Fund**

Amount of sanction (roubles): **268**

Sanction execution progress: **executed**

Date of sanction: **26.03.2003**

Authority applying the sanction: **Interdistrict inspectorate of the Ministry of Taxes and Fees on**

**major tax-payers for Vologda Oblast**

Grounds of applying the sanction: **Failure to comply with the schedule for tax payment**

Type of sanction: **Penalty to the Pension Fund**

Amount of sanction (roubles): **76**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees**

Grounds of applying the sanction: **Overdue payment**

Type of sanction: **Penalty on the profit tax**

Amount of sanction (roubles): **575**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Admiralteysky district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **27,231**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kurortny district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **1,401**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Tsentralny district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **337,909**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Petrogradsky district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **21,342**

Sanction execution progress: **executed**

Date of sanction: **31.03.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Kalininsky district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **271,382**

Sanction execution progress: **executed**

Date of sanction: **1.04.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Pskov**

Grounds of applying the sanction: **Failure to pay in due time**

Type of sanction: **penalty on advertising tax**

Amount of sanction (roubles): **2**

Sanction execution progress: **executed**

Date of sanction: **1.04.2003**

Authority applying the sanction: **Inspectorate of the Ministry of Taxes and Fees for Moskovsky district of Saint Petersburg**

Grounds of applying the sanction: **Sales tax under additional returns**

Type of sanction: **penalty**

Amount of sanction (roubles): **28,293**

Sanction execution progress: **executed**

**Description of the essence of all court proceedings, pending or finished in the quarter under report, that may seriously affect the Issuer's business:**

*There were no court proceedings in the period in question that might seriously affect the Issuer's business.*

**Description of the grounds of all inspections of the Issuer, pending or finished in the quarter under report, by state authorities, as well as audits of the Issuer carried out upon request of its participants (shareholders):**

*No such inspections have been carried out in the quarter under report.*

**42. Essential facts (events, actions) that took place in the quarter under report**

Date of fact (event, action): **14.02.2003**

Code: **0100119A14022003**

**Management body, in which the change has taken place: Sole executive body**

**Full name of the official appointed the acting Sole Executive Body of OJSC North-West Telecom and his/her share in the Authorized Capital:**

**Alexandr Abramovich Sysoyev**

**share in the Issuer's authorized capital -0.023 %**

**From the moment the acting Sole Executive Body of OJSC North-West Telecom was appointed, the powers of the Sole Executive Body were terminated in the person of**



**Alexandr Abramovich Sysoyev**

**share in the Issuer's authorized capital -0.023 %**

**Date, on which the said change took place: February 14, 2003**

**Authorized body of OJSC North-West Telecom taking the decision: Meeting of Shareholders of OJSC North-West Telecom**

Date of fact (event, action): **28.01.2003**

Code: **1300119A28012003**

**Date of the meeting of the Board of Directors: January 21, 2003**

**Form of holding the meeting: absentee**

**The following persons took part in the meeting:**

**Chairperson of the Board of Directors:**

**Valery Nikolayevich Yashin**

**Members of the Board of Directors:**

**Yury Alexandrovich Bilibin, Oleg Anatolyevich Lebedinets, Dmitry Vladimirovich Levkovsky, Irina Mikhaylovna Ragozina, Ivan Ivanovich Rodionov, Sergey Vladimirovich Soldatenkov**

**Number of participants in the meeting out of the total number of the 9 Members of the Board of Directors: 7. There is the quorum for taking decisions.**

**1. On approving related-party transactions - Contracts of Leasing with OJSC RTK-LEASING**

...

**1. ISSUES CONSIDERED:**

**Information of Deputy General Manager in Charge of Financial and Economic Issues**

**A.V. Shalagin on making related-party transactions - Contracts of Leasing with OJSC RTK-LEASING.**

**DECISION:**

**1. The related-party transaction Contracts of Movable Property Financial Leasing No.665-204/02 with OJSC RTK-LEASING shall be approved.**

**2. The related-party transaction Contracts of Movable Property Financial Leasing No.666-204/02 with OJSC RTK-LEASING shall be approved.**

**3. The related-party transaction Contracts of Movable Property Financial Leasing No.673-204/02 with OJSC RTK-LEASING shall be approved.**

**THE DECISION HAS BEEN TAKEN BY THE MAJORITY OF VOTES**

**IN FAVOUR - 3 (I.M. Ragozina, I.I. Rodionov, V.N. Yashin)**

**AGAINST - 1 (O.A. Lebedinets)**

**ABSTENTIONS - 1 (D.V. Levkovsky)**

**Being the related parties, the following persons shall not vote on the issue:**

**as related (interested) directors:**

**Yu. A. Bilibin - Member of the Board of Directors of OJSC North-West Telecom and Member of**

***the Board of Directors of OJSC RTK-Leasing;  
as dependent directors:***

***S.V. Soldatenkov - the person that has been acting as the Sole Executive Body of OJSC NWT  
during the last year***

Date of fact (event, action): ***14.02.2003***

Code: ***0100119A14022003***

***Management body, in which the change has taken place: Management Board***

***Full names of the parties elected to the management body of OJSC North-West Telecom and  
shares of the said parties in the authorized capital:***

***Alexey Vladimirovich Shalagin***                      ***no share in the Issuer's authorized capital***

***Date, on which the said change took place: February 14, 2003***

***Authorized body of OJSC North-West Telecom taking the decision: Board of Directors of OJSC  
North-West Telecom***

Date of fact (event, action): ***14.02.2003***

Code: ***0100119A14022003***

***Management body, in which the change has taken place: Board of Directors***

***Full names of the parties elected to the management body of OJSC North-West Telecom and  
shares of the said parties in the authorized capital:***

<b><i>Alexandr Abramovich Sysoyev</i></b>	<b><i>share in the Issuer's authorized capital -0.023%</i></b>
<b><i>Sergey Vladimirovich Soldatenkov</i></b>	<b><i>share in the Issuer's authorized capital - 0.0039 %</i></b>
<b><i>Valery Nikolayevich Yashin</i></b>	<b><i>share in the Issuer's authorized capital -0.172%</i></b>
<b><i>Ivan Ivanovich Rodionov</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Irina Mikhaylovna Ragozina</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Dmitry Vladimirovich Levkovsky</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Alexandr Vyacheslavovich Ikonnikov</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Alexandr Alexandrovich Gogol</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Benjamin Stefan David Vilkening</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Yury Alexandrovich Bilibin</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>
<b><i>Vadim Yevgenyevich Belov</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>

***Chairperson of the Board of Directors - V.N. Yashin***

***From the moment of election, the powers of the following members of the former Board of  
Directors have been terminated:***

<b><i>Valery Nikolayevich Yashin</i></b>	<b><i>share in the Issuer's authorized capital- 0.172%</i></b>
<b><i>Anton Igorevich Osipchuk</i></b>	<b><i>no share in the Issuer's authorized capital</i></b>

<b>Vadim Yevgenyevich Belov</b>	<i>no share in the Issuer's authorized capital</i>
<b>Oleg Anatolyevich Lebedinets</b>	<i>no share in the Issuer's authorized capital</i>
<b>Ivan Ivanovich Rodionov</b>	<i>no share in the Issuer's authorized capital</i>
<b>Dmitry Vladimirovich Levkovsky</b>	<i>no share in the Issuer's authorized capital</i>
<b>Sergey Vladimirovich Soldatenkov</b>	<i>share in the Issuer's authorized capital - 0.0024 %</i>
<b>Irina Mikhaylovna Ragozina</b>	<i>no share in the Issuer's authorized capital</i>
<b>Yury Alexandrovich Bilibin</b>	<i>no share in the Issuer's authorized capital</i>

**Date, on which the said change took place: February 14, 2003**

**Authorized body of OJSC North-West Telecom taking the decision: Extraordinary general meeting of the shareholders of OJSC North-West Telecom**

Date of fact (event, action): **14.02.2003**

Code: **1200119A14022003**

**Type of General Meeting: joint general meeting (extraordinary)**

**Form of holding the meeting: joint presence**

**Date of holding the general meeting: February 14, 2003**

*As of 01-00 p.m., 1,187 shareholders and their authorized representatives were registered. All in all they had 654,704,106 votes; of them 925 shareholders having all in all 72,715,487 votes are taking part in the meeting by sending filled out ballots to the Company.*

*The number of votes held by Members of the Board of Directors or officials of the Company's management bodies is 1,336,131;*

*The number of votes held by the shareholders entitled to vote in respect of issues Nos. 1, 2, 4, 5, 6, 7, 8 and 9 of the agenda of the meeting is 654,704,106, or 88.96 per cent of the total number of floated voting shares of the Company, except for the voting shares acquired (redeemed) by the Company;*

*The number of votes held by the shareholders entitled to vote in respect of issue No. 3 of the agenda of the meeting (Electing the Auditing Committee of the Company) is 653,367,975, or 88.78 per cent of the total number of floated voting shares of the Company, except for the shares acquired (redeemed) by the Company and except for the voting shares held by Members of the Board of Directors or officials of the Company's management bodies.*

*The quorum for taking decisions on issues Nos. 1, 2, 4, 5, 6, 7, and 8 of the agenda of the meeting is ensured by participation of the shareholders holding all in all over 50 per cent of the total number of floated voting shares of the Company, except for the voting shares acquired (redeemed) by the Company.*

*The quorum for taking a decision on issue No. 3 (Electing the Auditing Committee of the Company) is ensured by participation of the shareholders holding all in all over 50 per cent of the total number of floated voting shares of the Company, except for the shares acquired (redeemed) by the Company and except for the voting shares held by Members of the Board of Directors or officials of the Company's management bodies.*

*Thus, there is the quorum for taking decisions on all issues of the agenda of the joint general (extraordinary) meeting of the shareholders of OJSC North-West Telecom.*

## **AGENDA**

**1. Early termination of the powers of the Company's Board of Directors and electing the Company's Board of Directors**

**2. Early termination of the powers of the Company's General Manager Alexandr Abramovich Sysoyev, appointing the Company's General Manager and establishing the term of his/her office**

- 3. Early termination of the powers of the members of the Auditing Committee of the Company and electing the Company's Auditing Committee**
- 4. Approving the Articles of Association in a new version**
- 5. Approving the Provisions on the Company's general meeting of the shareholders in a new version**
- 6. Approving the Provisions on the Board of Directors of the Company, in new version**
- 7. Approving the Provisions on the Company's Management Board, in new version**
- 8. Payment of remuneration and reimbursement to the members of Company's Board of Directors**
- 9. Payment of remuneration and reimbursement to the members of Company's Auditing Committee**

**On the first issue of the agenda:**

**Early termination of the powers of the Company's Board of Directors and electing the Company's Board of Directors**

**Put forward for voting.**

**Voting results:**

**Early termination of the powers of the Company's Board of Directors**

**IN FAVOUR -650,241,521 votes - 99.32% of the votes taking part in the meeting**

**AGAINST -72,807 votes - 0.01% of the votes taking part in the meeting**

**ABSTENTIONS -167,719 votes - 0.03% of the votes taking part in the meeting**

**DECISION:**

**1.1. The powers of the of the Company's Board of Directors shall be terminated earlier than initially planned.**

**1.2. The Board of Directors shall be elected with the following members:**

<b>Full name:</b>	<b>IN FAVOUR</b>
<b>1. Vadim Yevgenyevich Belov</b>	<b>610,825,806</b>
<b>2. Yury Alexandrovich Bilibin</b>	<b>612,129,551</b>
<b>3. Wilkening, Benjamin Stephen David</b>	<b>579,081,295</b>
<b>4. Alexandr Alexandrovich Gogol</b>	<b>12,744,773</b>
<b>5. Alexandr Vyacheslavovich Ikonnikov</b>	<b>750,798,911</b>
<b>6. Dmitry Vladimirovich Levkovsky</b>	<b>638,231,838</b>
<b>7. Irina Mikhailovna Ragozina</b>	<b>614,775,923</b>
<b>8. Ivan Ivanovich Rodionov</b>	<b>84,737,507</b>
<b>9. Sergey Vladimirovich Soldatenkov</b>	<b>614,000,086</b>
<b>10. Alexandr Abramovich Sysoyev</b>	<b>552,578,657</b>
<b>11. Valery Nikolayevich Yashin</b>	<b>628,505,547</b>

**On the second issue of the agenda:**

**Early termination of the powers of the Company's General Manager Alexandr Abramovich Sysoyev, appointing the Company's General Manager and establishing the term of his/her office**

**Put forward for voting.**

**Voting results:**

**2.1. Early termination of the powers of the Company's General Manager Alexandr Abramovich Sysoyev.**

**IN FAVOUR -640,000,238 votes - 97.75% of the votes taking part in the meeting**  
**AGAINST -322,922 votes - 0.05% of the votes taking part in the meeting**  
**ABSTENTIONS -13,716,009 votes - 2.09% of the votes taking part in the meeting**

**DECISION:**

**The powers of the Company's General Manager Alexandr Abramovich Sysoyev shall be terminated earlier than initially planned.**

**2.2. Alexandr Abramovich Sysoyev shall be appointed the Company's General Manager for a period of two years.**

**IN FAVOUR - 638,975,090 votes - 97.60% of the votes taking part in the meeting**  
**AGAINST - 857,459 votes - 0.13% of the votes taking part in the meeting**  
**ABSTENTIONS - 14,197,884 votes -2.17% of the votes taking part in the meeting**

**DECISION:**

**Alexandr Abramovich Sysoyev shall be appointed the Company's General Manager for a period of two years.**

**On the third issue of the agenda:**

**Early termination of the powers of the members of the Auditing Committee of the Company and electing the Company's Auditing Committee**

**Put forward for voting.**

**Voting results:**

**Early termination of the powers of the Auditing Committee of the Company**

**DECISION:**

**3.1. The powers of the Company's Auditing Committee shall be terminated earlier than initially planned.**

**IN FAVOUR - 639,587,920 votes -97.69% of the votes taking part in the meeting**  
**AGAINST -89,083 votes - 0.01% of the votes taking part in the meeting**  
**ABSTENTIONS - 13,960,355 votes - 2.13% of the votes taking part in the meeting**

**3.2. The Auditing committee of the company shall be elected with the following members:**

<b>Full name:</b>	<b>IN FAVOUR</b>
<b>1. Konstantin Vladimirovich Belyaev</b>	<b>637,136,384</b>
<b>2. Lyubov Alexandrovna Greseva</b>	<b>636,840,963</b>
<b>3. Elena Alexandrovna Kukina</b>	<b>636,848,110</b>
<b>4. Andrey Yakovlevich Lang</b>	<b>637,233,339</b>
<b>5. Mariya Leonidovna Pravdina</b>	<b>637,172,147</b>
<b>6. Irina Viktorovna Prokofyeva</b>	<b>637,151,790</b>
<b>7. Natalia Vladimirovna Fedorova</b>	<b>637,679,210</b>

**On the fourth issue of the agenda:**

**Approving the Articles of Association in a new version**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 252,436,034 votes - 38.56% of the votes taking part in the meeting**

**AGAINST - 376,132,069 votes - 57.45% of the votes taking part in the meeting**  
**ABSTENTIONS - 25,529,289 votes - 3.90% of the votes taking part in the meeting**

**DECISION:**

**Voting results in respect of the fourth issue of the Agenda show that the Meeting of the Shareholders HAS NOT TAKEN the decision on approving the Company's Articles of Association in the new version.**

**On the fifth issue of the agenda:**

**Approving the Provisions on the Company's general meeting of the shareholders in a new version**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 628,221,454 votes - 95.96% of the votes taking part in the meeting**  
**AGAINST - 468,676 votes - 0.07% of the votes taking part in the meeting**  
**ABSTENTIONS - 25,556,017 votes - 3.90% of the votes taking part in the meeting**

**DECISION:**

**Approving the Provisions on the Company's general meeting of the shareholders, in new version**

**On the sixth issue of the agenda:**

**Approving the Provisions on the Board of Directors of the Company in a new version**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 627,859,361 votes - 95.90% of the votes taking part in the meeting**  
**AGAINST - 799,032 votes - 0.12% of the votes taking part in the meeting**  
**ABSTENTIONS - 25,589,049 votes - 3.91% of the votes taking part in the meeting**

**DECISION:**

**Approving the Provisions on the Board of Directors of the Company in a new version**

**On the seventh issue of the agenda:**

**Approving the Provisions on the Company's Management Board in a new version**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 627,803,261 votes - 95.89% of the votes taking part in the meeting**  
**AGAINST - 550,487 votes - 0.08% of the votes taking part in the meeting**  
**ABSTENTIONS - 25,892,036 votes - 3.95% of the votes taking part in the meeting**

**DECISION:**

**Approving the Provisions on the Company's Management Board in a new version**

**On the eighth issue of the agenda:**

**Payment of remuneration and reimbursement to the members of Company's Board of Directors**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 637,472,621 votes - 97.37% of the votes taking part in the meeting**

**AGAINST - 1,514,249 votes - 0.23% of the votes taking part in the meeting**

**ABSTENTIONS - 14,388,814 votes - 2.20% of the votes taking part in the meeting**

**DECISION:**

**THE FOLLOWING SHALL BE APPROVED:**

**8.1. REMUNERATION TO THE MEMBERS OF COMPANY'S BOARD OF DIRECTORS ACCORDING TO THEIR TERM OF OFFICE:**

**QUARTERLY - TO EACH MEMBER OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.0065% (ZERO POINT DOUBLE ZERO SIXTY FIVE OF PER CENT) OF THE COMPANY'S PROCEEDS FROM SALES OF GOODS, PRODUCTS, JOBS OR SERVICES FOR THE REPORTING QUARTER ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS;**

**ANNUAL - FOR ALL MEMBERS OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.4% OF THE NET PROFIT FOR THE YEAR UNDER REPORT ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS.**

**8.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S BOARD OF DIRECTORS, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS.**

**On the ninth issue of the agenda:**

**Payment of remuneration and reimbursement to the members of Company's Auditing Committee**

**Put forward for voting.**

**Voting results:**

**IN FAVOUR - 637,615,925 votes - 97.39% of the votes taking part in the meeting**

**AGAINST - 1,499,476 votes - 0.23% of the votes taking part in the meeting**

**ABSTENTIONS - 114,396,386 votes - 2.20% of the votes taking part in the meeting**

**DECISION:**

**THE FOLLOWING SHALL BE APPROVED:**

**9.1. AMOUNT OF QUARTERLY REMUNERATION TO EACH MEMBER OF THE COMPANY'S AUDITING COMMITTEE, EQUAL TO 50% OF THE AMOUNT OF THE REMUNERATION PROVIDED FOR EACH MEMBER OF THE COMPANY'S BOARD OF DIRECTORS ON A QUARTERLY BASIS.**

**9.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S AUDITING COMMITTEE, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE AUDITING COMMITTEE.**

Date of fact (event, action): **27.03.2003**

Code: **1300119A27032003**

**Date of the meeting of the Board of Directors: March 20, 2003**

**Form of holding the meeting: by attendance**

***The following persons took part in the meeting:***

***Chairperson of the Board of Directors:***

***Valery Nikolayevich Yashin***

***Members of the Board of Directors:***

***Yury Alexandrovich Bilibin, Benjamin Stephan David Vilkening, Dmitry Vladimirovich Levkovsky, Irina Mikhaylovna Ragozina, Ivan Ivanovich Rodionov, Sergey Vladimirovich Soldatenkov, Alexandr Abramovich Sysoyev, Alexandr Vyacheslavovich Ikonnikov, Alexandr Alexandrovich Gogol. Vadim Yevgenyevich Belov***

***Number of participants in the meeting out of the total number of the 11 Members of the Board of Directors: 11. There is the quorum for taking decisions.***

...

***7. On approving the terms of Additional Agreement No. 3 to Contract No. 006/02 of 11.06.2002 with CJSC Registrator-Svyaz, in making which one party is interested.***

***ISSUES CONSIDERED:***

***The terms of Additional Agreement No. 3 to Contract No. 006/02 of 11.06.2002 with CJSC Registrator-Svyaz, in making which one party is interested.***

***DECISION:***

***The terms of Additional Agreement No. 3 to Contract No. 006/02 of 11.06.2002 with CJSC Registrator-Svyaz, in making which one party is interested shall be approved taking into account the accepted comments from the Company.***

***THE DECISION HAS BEEN TAKEN UNANIMOUSLY.***

...

***9. On rendering charity aid to the Russian Foundation of the History of Communications as a related-party transaction.***

***ISSUES CONSIDERED:***

***On rendering charity aid to the Russian Foundation of the History of Communications as a related-party transaction.***

***DECISION:***

***Rendering charity aid to the Russian Foundation of the History of Communications in 2003 for the purpose of funding the renovation and restoration of the building of the Central Museum of Communications named after A.S.Popov (7, ul. Pochtamtskaya, Saint Petersburg) shall be approved.***

***THE DECISION HAS BEEN TAKEN UNANIMOUSLY***

#### **43. Data on re-organization of the Issuer, its subsidiaries and affiliates.**

***Based on and in compliance with the decision on increasing the authorized capital of OJSC North-West Telecom by floating extra common and preferred shares, approved by the extraordinary general meeting of the shareholders of OJSC North-West Telecom of 28th November 2002, Minutes No. 1, and the Agreements of Affiliation approved by the extraordinary general meeting of the shareholders of OJSC North-West Telecom of 28th November 2002, Minutes No. 1, on 26th April 2002 a meeting of the Board of Directors of OJSC North-West Telecom took place with the following agenda:***



- 1. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Artelecom of Arkhangelsk Oblast.**
- 2. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Murmanelectrosvyaz .**
- 3. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Novgorodtelecom.**
- 4. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Electrosvyaz of Pskov Oblast.**
- 5. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Cherepovetselectrosvyaz.**
- 6. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Electrosvyaz of Vologda Oblast.**
- 7. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Electrosvyaz of Kaliningrad Oblast.**
- 8. On approving the Decisions on the Issue of Extra Common and Preferred Shares of OJSC North-West Telecom for the purpose of floating by conversion into shares of OJSC North-West Telecom the common and preferred registered shares of the Open Joint-Stock Company Electrosvyaz of the Republic of Karelia.**
- 9. On approving the Offering Circular of OJSC PTN.**

*The decisions were taken unanimously. The said documents have been transferred for state registration to the Federal Commission for the Securities Market of RF in compliance with the standards of the active law.*

*On 9th October 2002, the Federal Commission for the Securities Market of Russia registered the issues of shares of OJSC North-West Telecom floated for the conversion into them of shares of the 8 affiliated telecommunication companies of the North-Western region.*

*On 31st October 2002 the shares of 8 affiliated telecommunication companies of the North-Western region were converted into shares of OJSC North-West Telecom, and thus the process of re-organization of the 8 telecommunication operators of the North-West was completed in the form of affiliation of OJSC Artelecom of Arkhangelsk Oblast, OJSC Murmanelectrosvyaz, OJSC Novgorodtelecom, OJSC Cherepovetselectrosvyaz, OJSC Electrosvyaz of the Republic of Karelia, OJSC Electrosvyaz of Kaliningrad Oblast, OJSC Electrosvyaz of Pskov Oblast, and OJSC Electrosvyaz of Vologda Oblast to OJSC North-West Telecom.*

*On 14th February 2003 a joint general meeting of the shareholders dedicated to the results of re-organization was held, and it was the final stage of OJSC North-West Telecoms re-organization.*

**44. Extra essential general information on the Issuer**

*On 17th July 2002 the Inspectorate of the Ministry of the Russian Federation for Taxes and Fees for Tsentralny District of St. Petersburg issued the Certificate of Making an Entry in the Single State Register of Legal Entities on the Legal Entity Registered Before 1st July 2002.  
Basic state registration No. - 1027809169849*

**B. Data on Financial and Economic Operation of the Issuer**

**45. Annual accounts and reports for the three last fiscal years**

*See Appendix*

**46. Issuer's accounts and reports for the quarter under report**

*See Appendix*

**47. Facts that have resulted in an increase or decrease of Issuer's assets by more than 10 per cent for the quarter under report**

*No such facts*

Issuer's assets as of the date of the end of the quarter preceding the quarter under report: *10,622,730 thousand roubles*

Issuer's assets as of the date of the end of the quarter under report: *14,044,489 thousand roubles*

**Facts that have resulted in an increase or decrease of Issuer's assets by more than 10 per cent for the 4th quarter of the last year**

*No such facts*

Issuer's assets as of the date of the end of the 3rd quarter of the last year: *8,677,537 thousand roubles*

Issuer's assets as of the date of the end of the 4th quarter of the last year: *10,622,730 thousand roubles*

**48. Facts that have resulted in an increase of Issuer's profit (losses) in the quarter under report by more than 20 per cent as compared to the previous quarter**

*No such facts*

Issuer's profit (losses) for the quarter preceding the quarter under report: *-69,246 thousand roubles*

Issuer's profit (losses) for the quarter under report: *330,651 thousand roubles*

**Facts that have resulted in an increase of Issuer's profit (losses) in the 4th quarter of the last year by more than 20 per cent as compared to the 3rd quarter of the last year.**

*No such facts*

Issuer's profit (losses) for the 3rd quarter of the last year: *88,242 thousand roubles*

Issuer's profit (losses) for the 4th quarter of the last year: *-69,246 thousand roubles*

**49. Data on forming and using the reserve and other special funds of the Issuer**

*In 2002, for the purposes of accounting, the accounts receivable exceeding 90 days is fully reserved, while the accounts receivable with the period up to 90 days is not reserved.*

*The reserve has been calculated in the amount of 100% of doubtful debts and is 663,403 thousand roubles.*

*As of 31.03.2003, the doubtful accounts receivable reserve was reduced by 105,923 thousand*

*roubles of the claimed (written off) accounts receivable and made 557,479 thousand roubles and, at the same time, was increased by 84,264 thousand roubles of the new debt.*

*In compliance with the Federal Law On Joint-Stock Companies, a reserve of 29,375 thousand roubles was created.*

**50. Issuer's transactions in the quarter under report amounting to 10 and more per cent of Issuer's assets as of the end of the quarter preceding the quarter under report**

*No such transactions have been made*

**51. Data on allocation of funds raised by the Issuer as a result of issued securities floatation**

*There has been no such allocation of funds in the quarter under report.*

**55. Other essential information on financial and economic activities of the Issuer**

*Information on the sections "Financial Investment, "Borrowed Funds" and "Debts" is commercial classified information and, therefore, it is not provided, as its disclosure may adversely affect the Issuers competitive capacity.*

### **C. Data on Issuer's Securities**

**56. Data on Issuer's stock**

Issue No.: *1*

Category: *common*

Form of securities: *registered non-documentary*

Face value of one bond of the issue: *1*

Number of issued securities: *371,727*

Total amount of the issue: *371,727*

Data on registration of the issue by the state:

Date of registration: *31.05.1993*

Registration No.: *72-1p-471*

Authority of state registration: *finance authorities*

Floataion method: *according to the privatization plan*

Period of floatation: *from 31.05.1993 to 30.09.1996*

Current state of the issue: *all securities of the issue have been retired (cancelled)*

Number of actually floated securities in compliance with the registered report on the results of the issue: *371,727*

Data on state registration of the report on the results of the issue:

Date of registration: *9.10.1996*

Authority of state registration: *finance authorities*

Restrictions in circulation of the securities of the issue (if any):

*none*

Market information on the securities of the issue:

*There is no trade in securities of this issue, as all the securities of the issue have been cancelled*

Extra essential information on the securities of the issue:

**none**

Issue No.: **1**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **140,310**

Total amount of the issue: **140,310**

Data on registration of the issue by the state:

Date of registration: **31.05.1993**

Registration No.: **72-1p-471**

Authority of state registration: **finance authorities**

Floatation method: **according to the privatization plan**

Period of floatation: **from 31.05.1993 to 30.09.1996**

Current state of the issue: **all securities of the issue have been retired (cancelled)**

Number of actually floated securities in compliance with the registered report on the results of the issue: **140,310**

Data on state registration of the report on the results of the issue:

Date of registration: **9.10.1996**

Authority of state registration: **finance authorities**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**There is no trade in securities of this issue, as all the securities of the issue have been cancelled**

Extra essential information on the securities of the issue:

**none**

Issue No.: **1**

Category: **preferred**

Stock type: **B**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **265,421**

Total amount of the issue: **265,421**

Data on registration of the issue by the state:

Date of registration: **31.05.1993**

Registration No.: **72-1p-471**

Authority of state registration: **finance authorities**

Floataion method: **according to the privatization plan**

Period of floatation: **from 31.05.1993 to 30.09.1996**

Current state of the issue: **all securities of the issue have been retired (cancelled)**

Number of actually floated securities in compliance with the registered report on the results of the issue: **265,421**

Data on state registration of the report on the results of the issue:

Date of registration: **9.10.1996**

Authority of state registration: **finance authorities**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**There is no trade in securities of this issue, as all the securities of the issue have been cancelled**

Extra essential information on the securities of the issue:

**none**

Issue No.: **2**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **382,288,800**

Total amount of the issue: **382,288,800**

Data on registration of the issue by the state:

Date of registration: **16.09.1996**

Registration No.: **72-1-5986**

Authority of state registration: **finance authorities**

Floataion method: **closed subscription**

Period of floatation: **from 16.09.1996 to 18.02.1997**

Current state of the issue: **Floataion is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **382,288,800**

Data on state registration of the report on the results of the issue:

Date of registration: **18.02.1997**

Authority of state registration: **finance authorities**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**Common stock of OJSC PTN is traded in through the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, Section of Corporate Securities of the St. Petersburg Currency Exchange and the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**

Issue No.: **2**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **84,186,000**

Total amount of the issue: **84,186,000**

Data on registration of the issue by the state:

Date of registration: **16.09.1996**

Registration No.: **72-1-5986**

Authority of state registration: **finance authorities**

Floatation method: **closed subscription**

Period of floatation: **from 16.09.1996 to 18.02.1997**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **84,186,000**

Data on state registration of the report on the results of the issue:

Date of registration: **18.02.1997**

Authority of state registration: **finance authorities**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**Preferred stock of OJSC PTN is traded in through the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, Section of Corporate Securities of the St. Petersburg Currency Exchange and the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**

Issue No.: **3**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **43,200,000**

Total amount of the issue: **43,200,000**

Data on registration of the issue by the state:

Date of registration: **10.10.1997**

Registration No.: **2-03-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **public subscription**

Period of floatation: **from 10.10.1997 to 29.07.1998**

Current state of the issue: **the issue of securities has been recognized as invalid**

Date of taking the decision on recognizing the issue invalid: **8.02.1999**

Authority taking the decision on recognizing the issue invalid: **Federal Commission for Securities Market of Russia**

Grounds for recognizing the issue invalid: **there has been no floatation of securities**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**There is no trade in securities of this issue, as the securities issue has been recognized invalid**

Extra essential information on the securities of the issue:

**none**

Issue No.: **4**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **5,288,520**

Total amount of the issue: **5,288,520**

Data on registration of the issue by the state:

Date of registration: **7.12.2000**

Registration No.: **1-04-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 28.12.2000 to 28.12.2000**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **5,287,564**

Data on state registration of the report on the results of the issue:

Date of registration: **28.02.2001**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report, there was trade in shares of the issue in the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, in the Section of Corporate Securities of the St. Petersburg Currency Exchange and at the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**

Issue No.: **5**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **1,762,463**

Total amount of the issue: **1,762,463**

Data on registration of the issue by the state:

Date of registration: **7.12.2000**

Registration No.: **2-05-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 28.12.2000 to 28.12.2000**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **1,762,439**

Data on state registration of the report on the results of the issue:

Date of registration: **28.02.2001**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report, there was trade in shares of the issue in the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, in the Section of Corporate Securities of the St. Petersburg Currency Exchange and at the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**



Issue No.: **6**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **85,483,202**

Total amount of the issue: **85,483,202**

Data on registration of the issue by the state:

Date of registration: **7.12.2000**

Registration No.: **1-06-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 28.12.2000 to 28.12.2000**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **85,480,602**

Data on state registration of the report on the results of the issue:

Date of registration: **28.02.2001**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report, there was trade in shares of the issue in the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, in the Section of Corporate Securities of the St. Petersburg Currency Exchange and at the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**

Issue No.: **7**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **28,493,803**

Total amount of the issue: **28,493,803**

Data on registration of the issue by the state:

Date of registration: **7.12.2000**

Registration No.: **2-07-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floataion method: **conversion during re-organization**

Period of floatation: **from 28.12.2000 to 28.12.2000**

Current state of the issue: **Floataion is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **28,492,412**

Data on state registration of the report on the results of the issue:

Date of registration: **28.02.2001**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report, there was trade in shares of the issue in the Russian Trading System (RTS), at the St. Petersburg Stock Exchange, in the Section of Corporate Securities of the St. Petersburg Currency Exchange and at the Moscow Interbank Currency Exchange**

Extra essential information on the securities of the issue:

**none**

Issue No.: **8**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **55,000,200**

Total amount of the issue: **55,000,200**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **I-08-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floataion method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floataion is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **54,997,606**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

***As of the date of the report trading in securities of the issue take place only in the off-exchange market.***

Extra essential information on the securities of the issue:

***none***

Issue No.: **8**

Category: ***preferred***

Stock type: ***A***

Form of securities: ***registered non-documentary***

Face value of one bond of the issue: ***1***

Number of issued securities: ***19,338,460***

Total amount of the issue: ***19,338,460***

Data on registration of the issue by the state:

Date of registration: ***9.10.2002***

Registration No.: ***2-08-00119-A***

Authority of state registration: ***Federal Commission for Securities Market of Russia***

Floatation method: ***conversion during re-organization***

Period of floatation: ***from 31.10.2002 to 31.10.2002***

Current state of the issue: ***Floatation is over***

Number of actually floated securities in compliance with the registered report on the results of the issue: ***18,333,163***

Data on state registration of the report on the results of the issue:

Date of registration: ***27.12.2002***

Authority of state registration: ***Federal Commission for Securities Market of Russia***

Restrictions in circulation of the securities of the issue (if any):

***none***

Market information on the securities of the issue:

***As of the date of the report trading in securities of the issue take place only in the off-exchange market.***

Extra essential information on the securities of the issue:

***none***

Issue No.: **9**

Category: ***common***

Form of securities: ***registered non-documentary***

Face value of one bond of the issue: ***1***

Number of issued securities: ***62,227,264***

Total amount of the issue: ***62,227,264***

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-09-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **62,224,850**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **9**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **20,744,994**

Total amount of the issue: **20,744,994**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-09-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **20,730,266**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **10**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **23,483,244**

Total amount of the issue: **23,483,244**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-10-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **23,455,458**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **10**

Category: **preferred**

Stock type: **A**

Form of securities: **registered documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **7,828,083**

Total amount of the issue: **7,828,083**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-10-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **7,790,694**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **11**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **16,661,708**

Total amount of the issue: **16,661,708**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-11-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **16,660,997**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **11**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **5,554,954**

Total amount of the issue: **5,554,954**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-11-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **5,553,754**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **12**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **38,637,398**

Total amount of the issue: **38,637,398**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-12-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **38,636,440**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **12**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **12,880,669**

Total amount of the issue: **12,880,669**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-12-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**



Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **12,878,823**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **13**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **15,611,715**

Total amount of the issue: **15,611,715**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-13-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **15,610,781**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

***As of the date of the report trading in securities of the issue take place only in the off-exchange market.***

Extra essential information on the securities of the issue:

***none***

Issue No.: ***13***

Category: ***preferred***

Stock type: ***A***

Form of securities: ***registered non-documentary***

Face value of one bond of the issue: ***1***

Number of issued securities: ***5,206,324***

Total amount of the issue: ***5,206,324***

Data on registration of the issue by the state:

Date of registration: ***9.10.2002***

Registration No.: ***2-13-00119-A***

Authority of state registration: ***Federal Commission for Securities Market of Russia***

Floataction method: ***conversion during re-organization***

Period of floatation: ***from 31.10.2002 to 31.10.2002***

Current state of the issue: ***Floataction is over***

Number of actually floated securities in compliance with the registered report on the results of the issue: ***5,203,638***

Data on state registration of the report on the results of the issue:

Date of registration: ***27.12.2002***

Authority of state registration: ***Federal Commission for Securities Market of Russia***

Restrictions in circulation of the securities of the issue (if any):

***none***

Market information on the securities of the issue:

***As of the date of the report trading in securities of the issue take place only in the off-exchange market.***

Extra essential information on the securities of the issue:

***none***

Issue No.: ***14***

Category: ***common***

Form of securities: ***registered non-documentary***

Face value of one bond of the issue: ***1***

Number of issued securities: ***35,779,574***

Total amount of the issue: **35,779,574**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-14-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **35,779,115**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **14**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **11,927,338**

Total amount of the issue: **11,927,338**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-14-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **11,926,568**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **15**

Category: **common**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **15,495,670**

Total amount of the issue: **15,495,670**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **1-15-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floataion method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floataion is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **15,495,009**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

Issue No.: **15**

Category: **preferred**

Stock type: **A**

Form of securities: **registered non-documentary**

Face value of one bond of the issue: **1**

Number of issued securities: **5,165,720**

Total amount of the issue: **5,165,720**

Data on registration of the issue by the state:

Date of registration: **9.10.2002**

Registration No.: **2-15-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **conversion during re-organization**

Period of floatation: **from 31.10.2002 to 31.10.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **5,165,031**

Data on state registration of the report on the results of the issue:

Date of registration: **27.12.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**none**

Market information on the securities of the issue:

**As of the date of the report trading in securities of the issue take place only in the off-exchange market.**

Extra essential information on the securities of the issue:

**none**

#### **57. Data on Issuer's bonds.**

Issue No.: **1**

Series: **01**

Category: **interest-bearing**

Form of securities: **documentary, payable to bearer**

Face value of one bond of the issue: **1,000 roubles**

Number of issued securities: **300,000**

Total amount of the issue: **300,000,000**

Data on registration of the issue by the state:

Date of registration: **6.03.2002**

Registration No.: **4-01-00119-A**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Floatation method: **public subscription**

Period of floatation: **from 10.04.2002 to 24.04.2002**

Current state of the issue: **Floatation is over**

Number of actually floated securities in compliance with the registered report on the results of the issue: **300,000**

Data on state registration of the report on the results of the issue:

Date of registration: **15.05.2002**

Authority of state registration: **Federal Commission for Securities Market of Russia**

Restrictions in circulation of the securities of the issue (if any):

**There are no restrictions in the circulation of issued securities in the secondary market.**

Market information on the securities of the issue:

**Trading in securities of the issue take place at the Moscow Interbank Currency Exchange, at the St. Petersburg Currency Exchange, in the Russian Trading System (RTS) and in the off-exchange market.**

Circulation period of the issued bonds: **from 10.04.2002 to 09.04.2004**

Income on bonds of the issue:

in per cent of face value: **The aggregate amount of coupon yields charged and paid for each coupon period and the discount in the form of the difference between the redemption price (face value) and the floatation price is considered as the bond yield.**

**The Bonds have five coupons.**

**The Bonds floatation start date is considered as the date when the coupon period of the 1st coupon of the issue starts.**

**The 91st day from the day when floatation of the issued Bonds starts is considered as the date when the coupon period of the 2nd coupon starts.**

**The 182nd day from the day when floatation of the issued Bonds starts is considered as the date when the coupon period of the 3rd coupon starts.**

**The 365th day from the day when floatation of the issued Bonds starts is considered as the date when the coupon period of the 4th coupon starts.**

**The 547th day from the day when floatation of the issued Bonds starts is considered as the date when the coupon period of the 5th coupon starts.**

**The date of the each coupon payment is considered as the date when the respective coupon period ends.**

**The coupon interest rate is:**

**- 20% (twenty per cent) per annum on the first coupon;**

**-19% (nineteen per cent) per annum on the second coupon;**

**-18% (eighteen per cent) per annum on the third coupon;**

**-16% (sixteen per cent) per annum on the fourth coupon;**

**-16% (sixteen per cent) per annum on the fifth coupon.**

**The amount of payment on each coupon per Bond is calculated as follows:**

$$K_j = C_j * Nom * (T - T(j-1)) / 365 / 100 \%,$$

**where,**

**j is the No. of the coupon period, j=1,2,3,4,5;**

**K<sub>j</sub> is the amount of coupon payment on each Bond;**

**Nom is the face value of one Bond;**

***C<sub>j</sub> is the amount of the interest rate of the j-th coupon, in per cent per annum;***

***T(j-1) is the date of the beginning of the j-th coupon period;***

***T(j) is the date of the end of the j-th coupon period.***

***The amount of coupon payment is determined to one kopeck (with mathematical rounding off).***

***Procedure and time of Bond Yield payment***

***Yield on the five coupons of the Bonds of the issue is to be paid on the following dates:***

***Coupon yield on the first coupon is to be paid on the 91st day from the day when floatation of the Bonds of the issue starts.***

***Coupon yield on the 2nd coupon is to be paid on the 182nd day from the day when floatation of the Bonds of the issue starts.***

***Coupon yield on the 3rd coupon is to be paid on the 365th day from the day when floatation of the Bonds of the issue starts.***

***Coupon yield on the 4th coupon is to be paid on the 547th day from the day when floatation of the Bonds of the issue starts.***

***Coupon yield on the last coupon is to be paid simultaneously with redemption of the Bonds on the 730th day from the day when floatation of the Bonds of the issue starts.***

***Should the date of the Bonds coupon period end fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the day off. The bond holder is not entitled to demand any interest or any other compensation for such a delay in payment.***

***Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions of the Issuer (hereinafter referred to as Payment Agent) – its duties are entrusted to:***

***North-West Telecombank Closed Joint-Stock Company, Telecombank CJSC; place of business: 12, Baskov per., St. Petersburg, 191014***

***Mailing address: 12, Baskov per., St. Petersburg, 191014***

***The Issuer may appoint extra payment agents and cancel such appointments. Official announcement of the Issuer on the said actions is to be published by the Issuer within 10 (ten) working days before the date of such appointments or their cancellation in the newspapers Izvestiya (the regional St. Petersburg circulation) and/or Vedomosti.***

***Payment of the Bond yield is effected in the currency of the Russian Federation by transfer to NDC's (National Depository Centre's) depositors. A Bond owner holder, if it/he/she is not a depositor of NDC must authorize Bond holder who is a depositor of NDC to receive amounts from the Bond yield payment.***

***Payment of the Bond yield is effected NDC's (National Depository Centre's) depositors in favour of Bond Owners who are such Owners as of the end of NDC's working day preceding the seventh day before the day of Bond yield payment (hereinafter referred to as the Date of Making up the List of Bond Holders). Execution of obligations in respect of an owner included in the list of Bond Owners is considered as due and proper, including the case of Bonds alienation, after the date of Making up the List of Bond Owners.***

***Within 3 (three) working days before the date of Bond Yield payment, NDC provides the Issuer and/or the Payment Agent with the List of Bond Holders, made up by the Date of Making up the List of Bond Holders, containing the following data:***

***a) Full name of the Bond Holder.***

***b) Number of Bonds taken into account on custody accounts of the respective Bond Holder.***

***c) Location and mailing address of the Bond Holder.***

**d) Details of the Bond Holder's bank account, viz.:**

- **Holder's settlement account;**
- **Holder's individual tax No.;**
- **name of Holder's bank;**
- **correspondence account of Holder's bank;**
- **bank identification code of Holder's bank.**

**The Holder independently monitors the completeness and actuality of bank account details provided by it to NDC. Should the said details fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favour of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of NDC's data.**

**Within two working days before the date of Bond Yield payment, the Issuer transfers the appropriate money to the Payment Agent's account.**

**On the basis of the list of Bond Holders, provided by the Depositary, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond yields amounts.**

**On the date of Bond Yield payment, the Payment Agent transfers the appropriate monies to the accounts of Bond Holders in favour of Bond Owners.**

**If one person is authorized to receive Bond Yields for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.**

other property equivalent per Bond (roubles): **not applied**

other yield and rights on Bonds of the issue: **not applied**

Period of redemption: **From The 730th (seven hundred thirtieth) day from the day when placement of the issued Bonds starts is considered the day of the issued Bonds redemption start. To The dates of redemption start and completion coincide.**

Conditions and procedure of redemption: **Redemption of Bonds shall be effected by the Payment Agent upon instructions of the Issuer.**

**Bonds are redeemed in the currency of the Russian Federation by transfer to depositors of NDC (National Depository Centre) which deals with centralized care of the issued Bonds in favour of Bond Owners. A Bond Owner, if it/he/she is not a depositor of NDC must authorize a Bond holder who is a depositor of NDC to receive amounts from the Bond yield payment and Bond redemption.**

**Redemption of the Bonds is effected to NDC's (National Depository Centre's) depositors in favour of Bond Owners who are such Owners as of the and of NDC's operation day preceding the seventh day before the day of Bonds redemption (hereinafter referred to as the Date of Making up the List of Bond Holders).**

**Within 3 (three) working days before the date of Bond redemption, NDC provides the Issuer and/or the Payment Agent with the List of Bond Holders, made up by the Date of Making up the List of Bond Holders, containing the following data:**

- a) Full name of the Bond Holder.**
- b) Number of Bonds taken into account on custody accounts of the respective Bond Holder.**
- c) Location and mailing address of the Bond Holder.**
- d) Details of the Bond Holder's bank account, viz.:**
  - **Holder's settlement account;**
  - **Holder's individual tax No.;**
  - **name of Holder's bank;**



- **correspondence account of Holder's bank;**
- **bank identification code of Holder's bank.**

**The Holder independently monitors the completeness and actuality of bank account details provided by it to NDC. Should the said details fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favour of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of NDC's data.**

**Within two working days before the date of Bonds redemption, the Issuer transfers the appropriate money to the Payment Agent's account.**

**On the basis of the list of Bond Holders, provided by the Depositary, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond redemption amounts.**

**On the date of Bonds redemption, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favour of Bond Owners.**

**If one person is authorized to receive Bond redemption amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.**

**Early redemption is not provided for**

Security on bonds of the issue:

**No security is provided for**

Yield on the issued Bonds, paid in the quarter under report:

money: **0 roubles**

**none**

other property equivalent: **0 roubles**

**none**

other interests and (or) other income: **0 roubles**

**none**

Extra essential information on the securities of the issue:

**none**

## **D. Other Data on Issuer's Securities**

### **58, 59, 60. Rights of the holders of Issuer's shares. Dividend on Issuer's shares**

#### **58.1**

Stock category: **common**

Form of shares: **registered non-documentary**

Full name of the category/type of shares: **common registered non-documentary shares**

Rights of a holder of shares of this category (type):

**Each common share of the Company grants equal volumes of rights to the shareholders holding them.**

**1. Participating in the General Meeting of the Shareholders with the right of vote on all issues within its terms of reference. One common share grants the right of one vote at the meeting of the shareholders, except for cumulative voting.**

**2. Proposing candidates, electing and being elected to the management and control bodies of**

***OJSC North-West Telecom, putting forward issues to the agenda of the general meeting of the shareholders in compliance with the Company's Articles of Association.***

***3. Receiving the dividend.***

***4. The right of priority acquisition of securities in the amount proportionate to the number of voting shares held by a shareholder, if OJSC North-West Telecom places through public subscription voting shares and securities convertible into voting shares.***

***5. Getting a part of OJSC North-West Telecom's property in case of its liquidation.***

***6. Appealing in the court against decisions taken by the General Meeting of the Shareholders with a breach of the Federal Law, other enactments of the Russian Federation and the Articles of Association of OJSC North-West Telecom.***

***7. Having free access to documents of OJSC North-West Telecom and getting their copies on a paid basis.***

***8. Shareholders holding at least 10 per cent of the Company's voting shares are entitled to demand an audit (inspection) of the Company's financial and economic operation.***

***9. Other rights provided for by the active law of the Russian Federation:***

***a. Alienating shares held by him without consent of other shareholders of the Company thereto.***

***b. Shareholders holding at least 10 per cent of the Company's voting shares are entitled to demand holding an extraordinary general meeting of the shareholders of the Company.***

***c. Attending general meetings of the shareholders personally or through their authorized representatives.***

***d. Shareholders holding voting shares are entitled to demand that the Company redeem all or part of their shares in the following cases:***

***- re-organization of the Company, or a big transaction, the decision on making which is taken by the general meeting of the shareholders, if they have voted against taking a decision on its re-organization or on making the said transaction or if they have not taken part in the voting on those issues;***

***- introduction of amendments and additions to the Company's Articles of Association or approval of the Articles of Association in a new version, restricting their rights, if they have voted against taking the respective decision or if they have not taken part in the voting.***

***e. Shareholders of the Company, who have voted against or who have not taken part in voting in respect of floating through closed subscription shares and issued securities convertible into shares, have the priority right of acquiring extra shares and issued securities convertible into shares, floated through closed subscription, in the amount proportionate to the number of the shares of that category (type) held by them. The said right does not cover floatation of shares and other issued securities convertible into shares through closed subscription only among shareholders, if in such a case the shareholders have the possibility of acquiring an integral number of floated shares and other issued securities convertible into shares in proportion to the number of the shares of the respective category (type) held by them.***

***f. Getting excerpts from the shareholders register according to the procedure established by the active law.***

***g. Other rights provided for by the Federal Law On Joint-Stock Companies and other active legal acts of the Russian Federation.***

Dividend on shares of this category (type):

Period: **2000**

Amount of dividend charged on a share (roubles): **0.012**

Total amount of dividend charged on shares of this category (type) (roubles): **4,587,465.6**

Period: **2001**

Amount of dividend charged on a share (roubles): **0.119**

Total amount of dividend charged on shares of this category (type) (roubles): **56,293,778.9**

Period: **2002**

Amount of dividend charged on a share (roubles): **0.077**

Total amount of dividend charged on shares of this category (type) (roubles): **36,425,386.38**

Period: **the 1st quarter of 2003**

Amount of dividend charged on a share (roubles): **0**

Total amount of dividend charged on shares of this category (type) (roubles): **0**

Amount of dividend charged on shares of this category (type), the period of payment on which has not started yet (roubles): **0**

## 58.2

Stock category: **preferred**

Stock type: **A**

Form of shares: **registered non-documentary**

Full name of the category/type of shares: **preferred registered non-documentary type A shares**

Rights of a holder of shares of this category (type):

**Company's preferred shares of one type grant to the shareholders holding them equal volumes of rights and have equal face value.**

**1. Shareholders holding Company's preferred shares do not have the right of vote at the general meeting of the shareholders, except for the following cases when they do have the right of participation in the general meeting of the shareholders with the right of vote:**

**- when deciding the issues of re-organization and liquidation of OJSC North-West Telecom;**  
**- when introducing amendments and additions to the Articles of Association of OJSC North-West Telecom, restricting the rights of the shareholders holding preferred shares, including the cases of determining or increasing the size of the dividend and/or determining or increasing the liquidation value, paid under preferred stock of the previous turn, as well as the cases of providing privileges in the priority of paying the dividend and/or the liquidation value of OJSC North-West Telecom's property.**

**2. Shareholders holding the preferred shares, the amount of dividend for which is determined in the Articles of Association of the Company, are entitled to participate in the general meeting of the shareholders with the right of vote on all issues of its terms of reference, starting from the meeting following the annual general meeting of the shareholders, which did not take a decision on dividend payment or took a decision on incomplete payment of dividend under the preferred shares of that type. The right of the shareholders holding preferred shares to participate in the general meeting of the shareholders terminates from the moment of the first full payment of dividend under the said shares.**

**3. Appealing in the court against decisions taken by the General Meeting of the Shareholders with a breach of the Federal Law, other enactments of the Russian Federation and the Articles of Association of OJSC North-West Telecom.**

**4. Having free access to documents of OJSC North-West Telecom and getting their copies on a paid basis.**

**5. Receiving the liquidation value of shares in case of liquidation of OJSC North-West Telecom in the amount of the face value of such shares.**

**6. Receiving an annual fixed dividend according to the procedure established by the Articles of Association of OJSC North-West Telecom.**

**The amount paid as dividend on each preferred share is 10% of the Company's net profit, divided by the number of shares corresponding to 25% of the authorized capital, the net profit being determined on the basis of the results of the last fiscal year. If the total amount of dividend paid by the Company on each common share in a certain year exceeds the amount to be paid as dividend on each preferred share, then the amount of dividend paid on preferred shares must be increased to the amount of dividend paid on common shares.**

**7. Other rights provided for by the active law of the Russian Federation:**

- a. Alienating shares held by him without consent of other shareholders of the Company thereto.**
- b. Attending general meetings of the shareholders personally or through their authorized representatives.**
- c. Priority right of acquiring extra shares and issued securities convertible into shares, floated through public subscription, in the amount proportionate to the number of the shares of that category (type) held by them.**
- d. Shareholders of the Company, who have voted against or who have not taken part in voting in respect of floating through closed subscription shares and issued securities convertible into shares, have the priority right of acquiring extra shares and issued securities convertible into shares, floated through closed subscription, in the amount proportionate to the number of the shares of that category (type) held by them. The said right does not cover floatation of shares and other issued securities convertible into shares through closed subscription only among shareholders, if in such a case the shareholders have the possibility of acquiring an integral number of floated shares and other issued securities convertible into shares in proportion to the number of the shares of the respective category (type) held by them.**
- f. Getting excerpts from the shareholders register according to the procedure established by the active law.**
- g. Shareholders holding preferred shares, who have been granted the right of vote, are entitled to demand that the Company redeem all or part of their shares in the following cases:  
- re-organization of the Company, or a big transaction, the decision on making which is taken by the general meeting of the shareholders, if they have voted against taking a decision on its re-organization or on making the said transaction or if they have not taken part in the voting on those issues;  
- introduction of amendments and additions to the Company's Articles of Association or approval of the Articles of Association in a new version restricting their rights, if they have voted against taking the respective decision or if they have not taken part in the voting.**
- h. Other rights provided for by the Federal Law On Joint-Stock Companies and other active legal acts of the Russian Federation.**

Dividend on shares of this category (type):

Period: **2000**

Amount of dividend charged on a share (roubles): **0.079**

Total amount of dividend charged on shares of this category (type) (roubles): **6,650,694**

Period: **2001**

Amount of dividend charged on a share (roubles): **0.257**

Total amount of dividend charged on shares of this category (type) (roubles): **29,411,298.7**

Period: **2002**

Amount of dividend charged on a share (roubles): **0.248**

Total amount of dividend charged on shares of this category (type) (roubles): **28,381,331.05**

Period: **the 1st quarter of 2003**

Amount of dividend charged on a share (roubles): **0**

Total amount of dividend charged on shares of this category (type) (roubles): **0**

Amount of dividend charged on shares of this category (type), the period of payment on which has not started yet (roubles): **0**

**61. Restrictions in circulation of securities.**

*See clauses 56 and 57*

**62. Other essential information on Issuer's securities.**

*Total amount of dividend actually paid on common and preferred shares, including payments for previous years:*

*Period of payment: 2000*

*Paid amount of dividend, roubles: 6,929,660.29*

*Period of payment: 2001*

*Paid amount of dividend, roubles: 67,292,541.97*

*Period of payment: 2002*

*Paid amount of dividend, roubles: 60,162,069.17*

*Period of payment: the 1st quarter of 2003*

*Paid amount of dividend, roubles: 7,960,965.35*

*The nonprofit partnership National Depository Centre deals with the accounting and centralized care of the certificate of OJSC North-West Telecoms Bonds, state registration No. of the issue: 4-01-00119-A*

# **APPENDIX**

## **Accounts and Reports**

**for the year 2000**

## ACCOUNTING POLICY

### *Basic Provisions of the Issuers (OJSC PTNs) Accounting Policy*

*Accounting at the enterprise shall comply with the Federal Law of RF "On Accounting" 129-FZ dated 21.11.96; Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n; Card of Accounts for Book-Keeping in Financial and Economic Operations of Enterprises, and the Instructions on its application, approved by the Order of the Ministry of Finance of the USSR, of 1<sup>st</sup> November 1991, No. 56, and other standard documents taking into account subsequent amendments and additions to them.*

*Accounts of property, obligations and economic operations shall be kept on the basis of natural indices in monetary terms by their continuous uninterrupted, documentary and interrelated expression.*

*· The following divisions (branches, representative offices, departments or other separate units comprising the enterprise) shall have a separate balance sheet:*

*Main Board*

*Motor Depot*

*Repair and Installation Board (RMU)*

*Repair and Construction Board (RSU)*

*Recreation and Disease Prevention Centre*

*Inter-Exchange Contacts Centre*

*Data Transfer Centre*

*Vyborgsky Telephone Centre*

*Moskovsky Telephone Centre*

*Nekrasovsky Telephone Centre*

*Petrogradsky Telephone Centre*

*Tsentrалny Telephone Centre*

*Oblast (Regional) Telephone Centre*

*- A computer technology shall be used for accounting information processing.*

*· To ensure reliability of the data of accounting and reporting of the Company, an inventory of assets and financial obligations shall be carried out in compliance with the Order of the Ministry of Finance of 13.06.95 № 49.*

*An inventory shall be held in the following cases:*

- 1) leasing out, redemption, sale of property;*
- 2) prior to making up the annual accounts and reports.*
- 3) in case of replacement of officials responsible for inventories;*
- 4) if any facts of theft, abuse of or damage to the assets are revealed;*
- 5) in case of a natural calamity, fire or any other extraordinary situations caused by any extreme conditions;*
- 6) in case of re-organization or liquidation of the organization;*
- 7) in other cases provided for by the legislation of Russia.*

*· Capital investment in progress shall include the costs of construction and installation, acquisition of buildings, equipment, transport facilities, tools, implements and other durable material facilities, other capital work and costs, that have not been recorded in statements of fixed assets commissioning (design and survey, geological prospecting and drilling, expenses for land plot allotment and movement of tenants in connection with a construction, for personnel training*

*for newly built organizations, etc.).*

· *Financial investment shall be taken for accounting in the amount of the actual costs for the investor.*

· *Re-valuation of fixed assets shall be carried out once a year at the most in the following cases:*

- *upon request of legislative or executive authorities according to the procedure established by such an authority;*

- *upon decision of a manager of OJSC PTN as of the start of the year under report by direct recalculation of the replacement value of fixed assets at the market prices confirmed by appropriate documents;*

- *Depreciation deductions for a fixed assets object shall be charged starting from the first day of the month following the month when that object was accepted for accounting till complete retirement of the value of that object or writing off of that object from accounting in connection with the termination of the title or another real right.*

- *Account 04 "Intangible Assets" shall be used to record the rights used in the business for a period exceeding 12 months and bringing in return, that arise:*

- *from authorship agreements and other agreements covering works of science, literature, art and objects of neighbouring rights, for computer programmes, data bases, etc.*

- *from patents for inventions, industrial designs, selection achievements, from certificates for useful models, trademarks and service marks or from license agreements for their use*

- *from know-how rights, etc.*

*Intangible assets shall also include:*

1) *organizational expenses (expenses related to forming a legal entity, recognized in compliance with the incorporation documents as the contribution of the participants (promoters) in the authorized capital);*

2) *goodwill of the organization.*

· *Inventories – raw materials, basic and auxiliary materials, fuel, bought semi-finished products and componentry, spare parts, containers used for packaging and transportation of products (goods) and other material resources shall be recorded on the balance sheet according to their actual prime cost. The actual prime cost of material resources (raw materials, materials, fuel, componentry, spare parts, low-value and high-wear items) shall be determined based on the actually incurred expenses for their acquisition and manufacture.*

· *Accounting of bills and notes shall be arranged according to the actual prime cost (cost of acquisition). A bills and notes register shall be kept.*

*The income recorded on account 83 "Deferred Revenue" shall include the income gained (charged) in the period under report, however, related to future reporting periods, viz.:*

- *rentals received as pre-payment for future periods;*

- *forthcoming receipts of the debt in respect of shortages revealed in the period under report for previous years;*

- *differences between the amount to be exacted from guilty persons and the balance value in respect of the shortages of inventories.*

· *There shall be analytical accounting for account 83 "Deferred Revenue" by each type of revenues.*

· *Analytical accounting of bank credits shall be organized by types, banks granting credits and by*



***individual agreements.***

- ***Receipts from sales for the purposes of taxation shall be determined according to the fact of services provision (jobs performance), goods (products) shipment and invoices presentation.***
- ***Jobs (services) done (provided) by one branch of OJSC PTN for another branch shall not be recognized as receipts from sales of a job (service). The said volume of jobs (services) shall not be included in the calculation of the taxable bases for road user tax and value added tax.***
- ***Formation of special funds from net profit shall be provided for in compliance with the incorporation documents and the decision of the shareholders.***
- ***Sub-account 88-3 "Accumulation Funds" shall be used to record the availability and flow of accumulation funds, which shall mean retained profit funds reserved (assigned) according to the incorporation documents or promoters' decision as a financial security of the enterprise's production development and other similar measures to create new assets.***
- ***Sub-account 88-5 "Consumption Funds" shall be used to record the availability and flow of consumption funds, which shall mean retained profit funds reserved (assigned) according to the incorporation documents or promoters' decision for the development of the social sphere (except for capital investment) and incentives of enterprise's employees and other similar measures that do not result in creating new assets of the enterprise.***
- ***A reserve in the amount of 15% of the authorized capital shall be formed. The reserve of the Company shall be formed by obligatory annual deductions until it reaches the established size. According to the Articles of Association, 5% of the net profit shall be deducted to the reserve annually until the size established by the Articles of Association of the organization is reached. The Company's reserve is intended for covering its losses, for retirement of the Company's bonds and for redemption of the Company's shares if there are no other funds. The reserve shall not be used for other purposes.***

## BALANCE SHEET

as of **December 31, 2000**

Organization: **OJSC Petersburg Telephone Network**

Taxpayer Identification Number

Area of business: **communication**

Organizational & Legal form/Form of Ownership: **Public Company**

Unit of measurement: **thousand roubles**

Form No.1 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKDP

under OKOPF/OKFS

under OKEI

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ASSETS	Line code	As of the beginning of the period under report	As of the end of the period under report
1	2	3	4
<b>I. NON-CIRCULATING ASSETS</b>			
Intangible assets (04,05)	110	37,859	36,101
patents, licenses, trade marks (service marks), other similar rights and assets	111	6,477	32,073
organization costs	112	-	-
goodwill	113	-	-
Fixed assets (01,02,03)	120	5,204,986	5,898,106
land plots and objects of nature management	121	2,930	4,708
buildings, machinery and equipment	122	4,828,775	5,428,443
Construction-in-process (07, 08, 16, 61)	130	442,718	304,989
Profitable investments in material values (03)	135	-	-
property subject to leasing	136	-	-
hired out property	137	-	-
Long-term financial investments (06,82)	140	19,904	86,137
Investment in subsidiaries	141	57	5,633
Investment in associate companies	142	13,630	46,052
Investment in other companies	143	6,217	13,530
loans to organizations for over 12 months	144	-	20,922
other long-term financial investments	145	-	-
Other non-circulating assets	150	-	-
TOTAL Section I	190	5,705,467	6,325,333
<b>II. CURRENT ASSETS</b>			
Stock	210	50,650	96,207
raw materials, materials and other similar values (10,12,13, 16)	211	45,584	89,009
livestock in breeding and feeding (11)	212	-	-
expenditures in work-in-process (turnover costs) (20,21,23,29,30,36,44)	213	-	136
finished products and goods for resale (16,40,41)	214	2	373
shipped goods (45)	215	-	-
deferred expenses (31)	216	5,064	6,689
other stock and expenses	217	-	-
Value added tax on acquired values (19)	220	7,820	75,269
Accounts receivable (expected in over 12 months after the reporting date)	230	108,917	92,177
buyers and customers (62,76,82)	231	-	84,671
notes receivable (62)	232	-	-
debts of subsidiary and associate companies (78)	233	-	-
advances distributed (61)	234	-	770
other debtors	235	108,917	6,736
Accounts receivable (expected within 12 months after the reporting date)	240	355,839	858,466
buyers and customers (62,76,82)	241	215,657	673,194
notes receivable (62)	242	-	-
debts of subsidiary and associate companies (78)	243	-	-
debts of participants (founders) by contributions to the authorized capital (75)	244	-	-
advances distributed (61)	245	65,582	83,065

other debtors	246	74,600	102,207
Short-term financial investments (56,58,82)	250	13,535	86,630
loans to organizations for less than 12 months	251	60	5,763
own shares purchased from the shareholders	252	-	-
other short-term financial investments	253	13,475	80,867
Monetary funds	260	39,843	151,256
cash on hand (50)	261	125	622
settlement accounts (51)	262	38,922	132,635
currency accounts (52)	263	74	4,552
other monetary funds (55, 56, 57)	264	722	13,447
Other current assets	270	-	-
	271	-	-
TOTAL Section II	290	576,604	1,360,005
BALANCE (sum of lines 190 + 290)	300	6,282,071	7,685,338

LIABILITIES	Line code	As of the beginning of the period under report	As of the end of the period under report
1	2	3	4
<b>III. CAPITAL AND RESERVES</b>			
Authorized capital (85)	410	466,475	587,498
Added capital (87)	420	4,647,765	4,975,890
Reserve capital (86)	430	-	4,610
reserve funds formed in accordance with the laws	431	-	4,610
reserve funds formed in accordance with the by-laws	432	-	-
Social Fund (88)	440	52,736	55,476
Target financing and proceeds (96)	450	-	-
	451	-	-
	452	-	-
Retained profit for previous years (88)	460	91,852	-
Uncovered loss for previous years (88)	465	(470,865)	-
Expenses of previous years not covered by funding	466	(151,227)	-
Retained profit for the year under report (88)	470	-	377,271
Uncovered loss for the year under report (88)	475	-	-
	476	-	-
TOTAL Section III	490	4,787,963	6,000,745
<b>IV. LONG-TERM LIABILITIES</b>			
Loans and credits (92,95)	510	3,931	60,154
loans from banks to be repaid in over 12 months after the reporting date	511	3,599	-
borrowings to be repaid in over 12 months after the reporting date	512	332	60,154
Other long-term liabilities	520	1,301,505	1,001,155
TOTAL Section IV	590	1,305,436	1,061,309
<b>V. SHORT-TERM LIABILITIES</b>			
Loans and credits (90,94)	610	88,511	84,187
loans from banks to be repaid within 12 months after the reporting date	611	32,400	80,000
borrowings to be repaid within 12 months after the reporting date	612	56,111	4,187
Accounts payable	620	247,162	521,489
suppliers and contractors (60,76)	621	113,002	190,306
notes payable (60)	622	-	-
debts to subsidiary and associate companies (78)	623	-	-
wage arrears (70)	624	3,785	17,587
indebtedness to state out-of-the-budget funds (69)	625	3,110	9,499
budgetary indebtedness (68)	626	24,878	62,804
advances received (64)	627	24,964	66,967
other creditors	628	77,423	174,326
Indebtedness to participants (founders) on income payment (75)	630	3,124	16,084
Deferred income (83)	640	1,102	1,524
Reserves for forthcoming costs (89)	650	-	-
Other short-term liabilities	660	-	-
TOTAL Section V	690	339,899	623,284
BALANCE (sum of lines 490 +590 +690)	700	6,433,298	7,685,338

**STATEMENT OF VALUABLES ACCOUNTED ON OFF-BALANCE ACCOUNTS**

<b>Index</b>	<b>Line code</b>	<b>As of the beginning of the period under report</b>	<b>As of the end of the period under report</b>
1	2	3	4
Leased fixed assets (001)	910	487	170,625
including those under leasing	911	-	-
Inventories accepted for custody (002)	920	70	31
Goods accepted for commission (004)	930	122	32
Insolvent debtors' indebtedness written-off to loss (007)	940	958	9,216
Received liability and payment collaterals (008)	950	-	-
Collaterals of liabilities and payments issued (009)	960	-	-
Wear of residential fund (014)	970	15,557	15,557
Wear of external improvements and other similar facilities (015)	980	-	-
Strict accounting forms	990	805	1,127

## PROFIT AND LOSS REPORT

for the year **2000**

Organization: **OJSC Petersburg Telephone Network**

Taxpayer Identification Number

Area of business: **communication**

Organizational & Legal form/Form of Ownership: **Public Company**

Unit of measurement: **thousand roubles**

Form No.2 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKDP

under

OKOPF/OKFS

under OKEI

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Index	Line code	For the period under report	For the same period of the previous year
1	2	3	4
I. Income from and expenses for normal activities			
(Net) returns from sale of goods, products, works, services (less the VAT, excise taxes and similar obligatory fees)	010	1,827,768	1,370,636
Including that from communication services	011	1,791,667	1,316,126
	012		
	013		
	014		
Prime cost of sold goods, products, works and services	020	(1,248,274)	(888,630)
Including that from communication services	021	1,243,806	836,916
	022		
	023		
Gross profit	029	579,494	482,006
Commercial expenses	030	(3,791)	(9,876)
Management expenses	040	-	-
Profit (loss) from sales (lines (010-020-030-040))	050	575,703	472,130
II. Operating income and expenses			
Interest receivable	060	3,471	264
Interest payable	070	(83,812)	-
Income from participation in other organizations	080	1,293	1,311
Other operating income	090	7,432	65,357
Other operating expenses	100	(23,845)	91,365
III. Income and expenses from sources other than sales			
Income from sources other than sales	120	294,767	104,507
Expenses for purposes other than sales	130	(209,781)	(432,350)
Profit (loss) before taxes—(lines 050 + 060 - 070 + 080 + 090 - 100 + 120 - 130)	140	565,228	119,854
Tax on profit, and other similar obligatory fees	150	(187,957)	(28,002)
Profit (loss) from normal activities	160	377,271	91,852
IV. Extraordinary income and expenses			
Extraordinary income	170	-	-
Extraordinary expenses	180	-	-
Net profit (retained profit (loss) of the period under report) (lines (160 + 170 - 180))	190	377,271	91,852
For reference	201		
Dividend per share			
On preferred			
on common shares	202		
Amounts of dividend per share expected in the next year under report	203		
On preferred			
on common shares	204		

### Explanation of profit and loss items

Index	Line code	For the period under report	For the same period of the previous year
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		<b>Profit</b>	<b>Loss</b>	<b>Profit</b>	<b>Loss</b>
1	2	3	4	5	6
Fines, penalties and forfeits, acknowledged, or with a court (arbitration) recovery award	210	642	39	430	2
Profit (loss) of previous years	220	147,914	13,918	571	15,087
Indemnification for losses inflicted by failure to fulfil or to fulfil duly the obligations	230	417	84		
Exchange rates of foreign currency transactions	240	80,471	110,162	47,670	390,456
Reduction of inventory cost as of the end of the period under report	250				
Writing off accounts receivable and payable with expired limitation period	260	15,844	8,818	30	2,021

## CAPITAL CHANGES REPORT

for the year **2000**  
 Organization: **OJSC Petersburg Telephone Network**  
 Taxpayer Identification Number  
 Area of business: **communication**  
 Organizational & Legal form/Form of Ownership: **Public Company**  
 Unit of measurement: **thousand roubles**

Form No.3 under OKUD  
 Date (year, month, day)  
 under OKPO  
 TIN  
 under OKDP  
 under  
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 under OKEI

Codes		
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Index	Line code	Balance as of the start of the year	Received in the year under report	Spent (used) in the year under report	Balance as of the end of the year
1	2	3	4	5	6
I. Capital					
Authorized capital	010	466,475	121,023	-	587,498
Added capital	020	4,674,765	951,032	622,907	4,975,890
Reserve fund	030	-	4,610	-	4,610
	040				
Retained profit of previous years total	050	91,852	-	91,852	-
Social sphere fund	060	52,736	2,740	-	55,476
Target funding and receipts total	070	1,102	1,344	922	1,524
	080				
Total for section I	079	5,258,828	1,456,676	714,759	6,000,745
II. Reserves of forthcoming expenses total					
Total for section II	089				
III. Estimate reserves total					
Total for section III	099				
IV. Change of Capital					
Amount of capital as of the start of the period under report	100				
Capital increase - total	110				
including:	111				
that through: extra stock issue					
assets re-evaluation	112				
property accretion	113				
corporation re-organization (merger, affiliation)	114				
income included directly in capital increase according to the accounting rules	115				
Capital reduction total	120				
including:	121				
that through: reducing the shares face value					
reducing the number of shares	122				
corporation re-organization (separation, split-off)	123				
expenses included directly in capital decrease according to the accounting rules	124				
Amount of capital as of the end of the period under report	130				

## INFORMATION

Index	Line code	Balance as of the start of the year	Balance as of the end of the year
1	2	3	4
1) Net assets	150	4,636,736	6,000,745

		From the budget		From off-budget funds	
		for the year under report	for the previous year	for the year under report	for the previous year
		3	4	5	6
2) Received for:					
normal operation expenses total	160				
Capital investment in non-circulating assets	170				



## CASH FLOW REPORT

for the year **2000**  
Organization: **OJSC Petersburg Telephone Network**  
Taxpayer Identification Number  
Area of business: **communication**  
Organizational & Legal form/Form of Ownership: **Public Company**  
Unit of measurement: **thousand roubles**

Form No.4 under OKUD  
Date (year, month, day)  
under OKPO  
TIN  
under OKDP  
under  
OKOPF/OKFS  
under OKEI

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Index	Line code	Amount	Including		
			current operation	investment operation	financial operation
1	2	3	4	5	6
1. Cash balance as of the start of the year	010	39,125	x	x	x
2. Total received cash	020	2,610,375	2,405,362	164,009	41,004
including:					
returns from sales of goods, products, works and services	030	1,516,238	1,516,238	x	
returns from sales of fixed assets and other property	040	61,459	473	53,453	7,533
advance payments received from buyers (customers)	050	100,146	100,146	x	
budget allocations and other target funding	060	1,344	1,344	-	-
free of charge	070	-	-	-	-
received credits	080				
received loans	085				
dividends and interest on finance investment	090	4,764	x	1,293	3,471
other receipts	110	844,096	775,161	38,935	30,000
3. Total allotted cash	120	2,510,175	1,664,716	412,222	24,000
including:					
that for payment for acquired goods, works and services	130	478,627	449,185	29,442	-
for wages	140	327,853	x	x	x
deductions to state off-budget funds	150	121,035	x	x	x
for issue of imprests	160	3,651	3,651	-	-
for issue of advance payments	170	189,230	126,397	62,834	-
for payment of share participation in construction	180	-	x	-	x
for payment for machines, equipment and transport facilities	190	252,442	x	252,442	x
for finance investment	200	24,000	-	24,000	-
for payment of dividends and interest on securities	210	9,925	x	9,925	-
for settlements with the budget	220	492,110	492,110	x	-
for payment of interest and the principal amount on received credits and loans	230	91,258	40,928	50,330	-
other payments, transfers, etc.	250	521,560	514,310	7,250	-
4. Balance of cash as of the end of the period under report	260	137,809	x	x	x
For reference:	270	137,166			
from line 020: received in down payment (except for the data for line 100) - total					
including that for settlements:					
with corporations	280	44,893			
with individuals	290	92,273			
including that with the use of:					
cash registers	291	91,593			
strict accounting forms	292	680			
Available cash					
received from the bank to the cash office of the	295	22,530			

*Open Joint-Stock Company North-West Telecom*  
*INN (individual tax-payer's No.) 7808020593*

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organization		
handed over to the bank from the cash office of the organization	296	147,660

## APPENDIX TO THE ACCOUNTING BALANCE SHEET

for the year **2000**  
 Organization: **OJSC Petersburg Telephone Network**  
 Taxpayer Identification Number  
 Area of business: **communication**  
 Organizational & Legal form/Form of Ownership: **Public Company**  
 Unit of measurement: **thousand roubles**

Form No.5 under OKUD  
 Date (year, month, day)  
 under OKPO  
 TIN  
 under OKDP  
 under  
 OKOPF/OKFS  
 under OKEI

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### 1. BORROWED FUNDS FLOW

Index	Line code	Balance as of the start of the year under report	Received	Repaid	Balance as of the end of the year under report
1	2	3	4	5	6
Long-term credits,	110	3,599	6,460	10,059	-
including outstanding ones	111	-	-	-	-
Long-term loans,	120	332	77,054	17,232	60,154
including outstanding ones	121	-	-	-	-
Short-term credits,	130	32,400	83,588	35,988	80,000
including outstanding ones	131	-	-	-	-
Short-term loans	140	-	-	-	-
including outstanding ones	141	-	-	-	-

### 2. DEBTS RECEIVABLE AND ACCOUNTS PAYABLE

Index	Line code	Balance as of the start of the year under report	New liabilities	Repaid liabilities	Balance as of the end of the year under report
1	2	3	4	5	6
Debts receivable:					
short-term accounts	210	355,839	9,918,125	9,415,498	858,466
including overdue ones	211	21,485	5,612	15,150	11,947
including those in excess of 3 months	212	21,485	5,612	15,150	11,947
long-term accounts	220	108,917	163,982	180,722	92,177
including overdue ones	221	-	-	-	-
including those in excess of 3 months	222	-	-	-	-
from line 220 debts, payment under which is expected in more than 12 months after the date under report	223	108,917	163,982	180,722	92,177
Accounts payable:					
short-term accounts	230	247,162	4,977,052	4,702,725	521,489
including overdue ones	231	31,442	-	31,442	-
including those in excess of 3 months	232	-	-	-	-
long-term accounts	240	1,301,505	-	300,350	1,001,155
including overdue ones	241	-	-	-	-
including those in excess of 3 months	242	-	-	-	-
from line 240 debts, payment under which is expected in more than 12 months after the date under report	243	1,301,505	-	300,350	1,001,155
Collaterals:					

received,	250	-	-	-	-
including those from third parties	251	-	-	-	-
issued,	260	-	-	-	-
including those to third parties	261	-	-	-	-

### INFORMATION TO SECTION 2

Index	Line code	Balance as of the start of the year under report	New liabilities	Repaid liabilities	Balance as of the end of the year under report
1	2	3	4	5	6
1) Flow of bills					
Issued bills	262	-	-	-	-
including overdue ones	263	-	-	-	-
Received bills	264	-	-	-	-
including overdue ones	265	-	-	-	-
2) Debts receivable for supplied products (work or services) at the actual prime-cost	266	-	-	-	-

### 3) List of debtor organizations with the maximum debts

Organization	Line code	Balance as of the end of the year under report	
		total	including those lasting over 3 months
1	2	3	4
agricultural enterprises	270	-	-
budgetary organizations	271	32,684	432
Ministry of the Interior, Board of the Interior	272	7,681	51
individuals	273	245,816	1,232
administration	274	457	-
Federal Agency of Government Communication and Information	275	4,972	-
industry	276	92,395	2,482
institutions of the Ministry of Defence	277	12,937	-
television and radio companies	278	30,177	7,750
	279		

### 4) List of creditor organizations with the maximum debts

Organization	Line code	Balance as of the end of the year under report	
		total	including those lasting over 3 months
1	2	3	4

### 3. DEPRECIABLE PROPERTY

Index	Line code	Balance as of the start of the year under report	Received (introduced)	Withdrawn	Balance as of the end of the year under report
1	2	3	4	5	6
I. INTANGIBLE ASSETS					
Rights to objects of intellectual (industrial) property	310	11,247	33,113	3,420	40,940

including rights arising: from authorship agreements and other agreements covering works of science, literature, art and objects of neighbouring rights, for computer programmes, data bases, etc.	311	11,247	32,960	3,420	40,787
from patents for inventions, industrial designs, selection achievements, from certificates for useful models, trademarks and service marks or from license agreements for their use	312	-	153	-	153
from know-how rights	313	-	-	-	-
Rights to the use of separate natural objects	320	-	-	-	-
Re-organization expenses	330	-	-	-	-
Goodwill of the organization	340	-	-	-	-
Other	349	31,382	14,434	41,788	4,028
Total (sum of lines 310 + 320 + 330 + 340 + 349)	350	42,629	47,547	45,208	44,968
<b>II. FIXED ASSETS</b>					
Land plots and nature management sites	360	2,930	2,261	483	4,708
Buildings	361	2,547,270	344,945	24,816	2,867,399
Facilities	362	2,099,299	110,175	494	2,208,980
Machines and equipment	363	3,433,677	732,372	5,481	4,160,568
Transport facilities	364	16,326	13,196	879	28,643
Production and economic implements	365	8,272	13,804	183	21,893
Work stock	366	-	-	-	-
Productive livestock	367	-	-	-	-
Perennial plantations	368	-	-	-	-
Other types of fixed assets	369	102	10,819	17	10,904
Total (sum of lines 360 -369)	370	8,107,876	1,227,572	32,353	9,303,095
including: production assets	371	8,007,653	1,202,804	24,116	9,186,341
non-production assets	372	100,223	24,768	8,237	113,754
<b>III. PROFITABLE INVESTMENT IN STOCKS OF MATERIALS AND CAPITAL EQUIPMENT</b>					
Property for leasing out	381				
Property provided under a hire contract	382				
Other	383				
Total (sum of lines 381 - 383)	385				

### INFORMATION TO SECTION 3

Index	Line code	Balance as of the start of the year under report	Balance as of the end of the year under report
1	2	3	4
From line 371, columns 3 and 6: leased out total	387	22,117	84,284
including: buildings	388	20,499	83,340
facilities	389	944	944
	390	674	-
	391		
laid up	392	-	-
Wear of depreciable property:			
intangible assets	393	4,770	8,867
fixed assets - total	394	2,902,890	3,404,989
including: buildings and facilities	395	1,458,044	1,715,002
machines, equipment, transport facilities	396	1,441,189	1,679,867
other assets	397	3,657	10,120

profitable investment in stocks of materials and capital equipment	398		
For reference: Indexing result upon revaluation of fixed assets:			
initial (replacement) value	401	1,227,418	
depreciation	402	129,061	
Pledged property	403	-	-
Value of depreciable property, for which no depreciation is charged total,	404		
including: intangible assets	405		
fixed assets	406		

4

Index	Line code	Balance as of the start of the year under report	Charged (formed)	Used	Balance as of the end of the year under report
1	2	3	4	5	6
Own funds of the organization - total	410	7,508	226,826	224,645	9,689
including:					
profit remaining at the disposal of the organization	411				
Borrowed funds total	420	1,102	82,753	15,537	66,318
including:					
bank credits	421	-	-	-	-
loans from other organizations	422	-	70,328	15,535	54,793
share participation in construction	423	-	-	-	-
from the budget	424	1,102	425	2	1,525
from off-budget funds	425	-	-	-	-
other	426	-	-	-	-
Total own and borrowed funds (sum of lines 410 and 420)	430	8,610	297,579	240,182	66,007
For reference:					
Construction-in-progress	440	275,418	297,804	345,187	228,035
Investment in subsidiaries	450	57	5,628	52	5,633
Investment in affiliates	460	13,630	47,026	14,604	46,052

5. FINANCIAL INVESTMENT

Index	Line code	Long-term		Short-term	
		as of the start of the year under report	as of the end of the year under report	as of the start of the year under report	as of the end of the year under report
1	2	3	4	5	6
Shares of other organizations	510	19,904	59,781	-	-
Bonds and other debentures	520	-	-	13,475	80,867
Provided loans	530	-	20,922	60	5,763
Other	540	-	5,434	-	-
For reference: Bonds and other securities at the market value	550	-	-	-	-

6. NORMAL OPERATION EXPENSES

Index	Line code	For the year under report	For the previous year
1	2	3	4

Material expenses,	610	306,319	390,306
Expenses for wages	620	261,223	184,483
Deductions for social needs	630	100,971	70,728
Depreciation	640	252,144	211,063
Other expenses	650	331,408	52,371
Total for elements of expenses	660	1,252,065	908,951
Balance change (accretion [+], reduction [-]): of construction-in-progress	670		
of deferred expenses	680		
of forthcoming expenses reserves	690		

## 7. SOCIAL INDICES

Index	Line code	Due according to calculation	Spent	Transfers to funds
1	2	3	4	5
Deductions to the state off-budget funds:				
to the Social Insurance Fund	710	20,231	9,133	10,283
to the Pension Fund	720	98,976	-	95,012
to the Employment Fund	730	5,123	-	4,771
for Medical Insurance	740	12,208	-	10,969
Deduction to non-government pension funds	750		x	
Deduction to non-government pension funds	750			
Insurance premiums under voluntary pension insurance policies	755			
Average personnel number	760	9,403		
Monetary payments and incentives, not connected with manufacturing products, doing jobs or rendering services	770	66,546		
Income on shares and investment in the property of the organization	780	1,830		

**Explanatory Note to Accounts and Reports for the Year 2000**  
**EXPLANATORY NOTE TO ACCOUNTS AND REPORTS FOR THE YEAR 2000**

**1. Contents of the annual accounting report**

- 1 Form No.1 Accounting Balance Sheet**
- 2 Form No. 2 Profit and Loss Report**
- 3 Form No. 3 Capital Change Report**
- 4 Form No. 4 Cash Flow Report**
- 5 Form No. 5 Appendix to the Accounting Balance Sheet**
- 6 Explanatory Note to Accounts and Reports for the Year 2000**
- 7 Auditors' Opinion**

**2 Structure and Basic Areas of the Organization's Business**

**1 Information on the Company**

**o OPEN JOINT-STOCK COMPANY PETERSBURG TELEPHONE NETWORK**

**o OJSC PTN**

**o TIN (Taxpayers Identification Number 7808020593)**

**o Registered by the Registration Chamber of the St. Petersburg Mayor's Office on May 6th, 1993, Resolution No. 3381,**

**Certificate of State Registration No. 2717, License of the Ministry of Communication of the Russian Federation No. 3075, 3166, 3174**

**o 24 ul. Bolshaya Morskaya, St. Petersburg, 191186**

**o Register holder: The St. Petersburg branch of National Registration Company CJSC**

**26 1-ya Krasnoarmeyskaya ul., St. Petersburg, 198005, Tekhnologicheskaya underground station, 198005; Tel.: 812/251-81-38,251-76-65, 251-63-45,316-30-18**

**license No. 01014 of March 19, 1996**

**o - Auditors**

**ARTHUR ANDERSEN**

**5 Italyanskaya ul., St.Petersburg, 191011. Tel. 812/3258625 fax 812/325,8626**

**license No. 006000 of July 18, 2000**

**o The total number of Company employees as of 31.12.2000 was 9834**

**2 Company's Business for the Year under Report**

**In 2000 there were changes in the authorized capital of the Company, caused by the merger with OJSC MMT and CJSC Telegraph, which caused an increase of the authorized capital by 121023 thousand roubles.**

**Table No. 1**

<b>Full name</b>	<b>Position</b>	<b>Salary</b>	<b>Bonuses</b>	<b>Remuneration to Members of the Management Board</b>	
				<b>Other payments</b>	<b>Paid, total</b>
<b>Yu.A. Bilibin</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	-
-	<b>6000.00 roubles</b>				
<b>S.I. Kuznetsov</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	-
-	<b>6000.00 roubles</b>				
<b>D.V.Levkovsky</b>					



<b>Member of the Board of Directors</b>		-	<b>6000.00 roubles</b>	-	-
<b>6000.00 roubles</b>					
<b>A.I.Osipchuk</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	
-	<b>6000.00 roubles</b>				
<b>S.N. Panchenko</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	
-	<b>6000.00 roubles</b>				
<b>I.M.Ragozina</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	
-	<b>6000.00 roubles</b>				
<b>Yu.D.Khazarchiyev</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	
-	<b>6000.00 roubles</b>				
<b>V.N. Yashin</b>	<b>Member of the Board of Directors</b>	-	<b>6000.00 roubles</b>	-	-
	<b>6000.00 roubles</b>				
<b>S.V. Soldatenkov</b>	<b>General manager</b>	<b>333242.54 roubles</b>	<b>263,719 roubles</b>		-
	<b>242,119 roubles</b>	<b>839080.91 roubles</b>			
<b>A.L.Belyakov</b>	<b>member of the Management Board</b>	<b>82,760.82 roubles</b>	<b>92,619 roubles</b>		
-	<b>56260.88 roubles</b>	<b>231640.70 roubles</b>			
<b>I.F.Golikov</b>	<b>member of the Management Board</b>	<b>154104.81 roubles</b>	<b>211,111 roubles</b>		
-	<b>77,104.91 roubles</b>	<b>442320.72 roubles</b>			
<b>V.I. Rusin</b>	<b>member of the Management Board</b>	<b>188256.53 roubles</b>	<b>271,787 roubles</b>		
-	<b>120209.77 roubles</b>	<b>580253.30 roubles</b>			
<b>I.N.Samylin</b>	<b>member of the Management Board</b>	<b>147063.35 roubles</b>	<b>242,174 roubles</b>		
-	<b>166204.47 roubles</b>	<b>555441.82 roubles</b>			
<b>M.M. Semchenko</b>	<b>member of the Management Board</b>	<b>140504.28 roubles</b>	<b>115,309 roubles</b>		
-	<b>42601.22 roubles</b>	<b>298414.50 roubles</b>			
<b>G.B. Chernyak</b>	<b>member of the Management Board</b>	<b>173828.57 roubles</b>	<b>321,708 roubles</b>		
-	<b>123499.80 roubles</b>	<b>619036.37 roubles</b>			
<b>Total for 2000</b>			<b>3614188.32 roubles</b>		

Table No. 2

No.	Organizations with participation of OJSC PTN	Place of business:	Area of activities
	Share in authorised capital	Percentage of voting shares	
Subsidiaries (more than 50% in the authorized capital)			
1	Petroservice LLC	RPK Petrovskoye recreation center, p. Petrovskoye, Petrovskaya volost, Priozersky rayon, Leningrad Oblast, 188732	Being liquidated 100.00%
2	AMT LLC	k.201, d.14, Sinopskaya nab., St. Petersburg 193167	Consulting services 100.00% 100.00%
3	Polycomp LLC	24 ul. Bolshaya Morskaya, St. Petersburg, 191186	Printing 90.00% 90.00%
4	PJSC St. Petersburg Telecommunication Centre	24, pr. Bolshevikov, St. Petersburg, 193232	Communication specialists training 51.88% 51.88%
Affiliates (from 20% to 50% in the authorized capital)			
5	CJSC NEVA KABEL	8 proyezd, 9 kvartal, Promzona Parnas, St. Petersburg, 194292	Production and sales of telephone cables 48.97% 48.97%
6	Commercial Television and Radio CJSC	3, Academician Pavlov ul., St. Petersburg, 197022	Being liquidated 40.00% 40.00%
7	Medexpress CJSC	11 ul. Ziny Portnovoy, St. Petersburg, 191207	Voluntary insurance services 34.57% 34.57%
8	Octagon Technologies CJSC	pom. 12-H, 29, Ligovsky pr., St. Petersburg, 193036	No operations 26.40% 26.40%
9	U Krasnogo Mosta CJSC	d.71/16, nab. r. Moiky, St. Petersburg 191186	Public catering services 25.00% 25.00%
10	Telecominvest Open Joint-Stock Company	24 ul. Bolshaya Morskaya, St. Petersburg,	

191186	implementing investment programmes and projects in the field of international and domestic communication facilities	24.90%	24.90%
11	Delta Telecom CJSC 22 ul. B. Morskaya, St. Petersburg, Russia, 191186	43.12%	24.17%
12	Dancell CJSC 51, Baltiyskaya ul., St. Petersburg, 198092	23.65%	23.65%

The data have been provided taking into account the merger

Table No. 3

Shares of OJSC PTN owned by subsidiaries and affiliates

Number of shares	Type of shares	Face value of shares	Shares owned by subsidiaries	affiliates
65994	common	65,994.00	Telecominvest	Open Joint-Stock Company
260	preferred	260.00		
7050	common	7,050.00	North-West	Telecombank CJSC
0	preferred	0.00		
3,349,092	common	3,349,092.00	AMT LLC	-
216598	preferred	216598.00		

The data have been provided taking into account the merger

Table No. 4

Shares owned by the Joint-Stock Company

Type of shares	Number of shares	Face value of shares
-	-	-

- - - -

There are no shares owned by the Company itself.

### III. Basic provisions of the Company's accounting policy for the period under report.

1. The Company shall determine the method of determining the receipts from sales of jobs and provision of services for the purposes of taxation, based on the fact of provision of services (performance of jobs), shipment of goods (products) and presentation of invoices.

#### 2. Inventory of Assets and Liabilities

To ensure reliability of the data of accounting and reporting of the Company, an inventory of assets and financial obligations shall be carried out in compliance with the Order No.49 of the Ministry of Finance of 13.06.95

An inventory shall be held in the following cases:

- 1) leasing out, redemption, sale of property;
- 2) prior to making up the annual accounts and reports;
- 3) in case of replacement of officials responsible for inventories;
- 4) if any facts of theft, abuse of or damage to the assets are revealed;
- 5) in case of a natural calamity, fire or any other extraordinary situations caused by any extreme conditions;
- 6) in case of re-organization or liquidation of the organization;
- 7) in other cases provided for by the legislation of Russia.

Any disagreements between the actual availability of assets and the data of accounting, revealed in the course of the inventory, shall be recorded on accounts according to the generally accepted procedure.

A check of financial documents shall be accompanied by their full inventory with a respective

*statement made up.*

**3. Methods of charging depreciation on fixed assets (ground: clause 4.2 of PBU Accounting Rules 6/97 "Fixed Assets Accounting")**

*The linear method shall be used for retirement of the value of fixed assets objects on the basis of the depreciation charge standards established by the Resolution of the Council of Ministers of the USSR dated 22.10.90 No. 1072 "On the Unified Standards of Depreciation Charges for Full Restoration of Fixed Assets in the National Economy of the USSR".*

**4. Accounting of the expenses for repairs of fixed production assets (ground: clause 10 of the Provisions on Costs Composition; clauses 65.72 of the Provisions on Accounting).**

*To ensure a uniform inclusion of costs of especially complex and expensive repairs of fixed production assets in the prime cost of products (jobs or services), the Company shall create a fund for overhaul for 2000 and record the deductions to the repairs fund, determined based on the balance value of fixed production assets and deduction standards approved by the General Manager.*

**5. Methods of intangible assets depreciation (ground: cl. 56 of the Provisions on Accounting).**

*The value of intangible assets shall be retired by charging depreciation deductions by the uniform (linear) method on the basis of the standards established for each object of intangible assets depending on the time of use established by the contract or on the basis of an expert evaluation of obsolescence time, carried out by a commission appointed by the General Manager of OJSC PTN. If the object's efficient use period cannot be determined fairly, the period of 10 years shall be established.*

**6. Creating a reserve against depreciation of investment in securities (ground: cl. 45 of the Provisions on Accounting; cl. 3.5 of the Procedure for Recording Operations with Securities, approved by the Order of the Ministry of Finance of Russia dated 15.01.97 No. 2).**

*o The Company did not create any reserves against depreciation of investment in securities.*

**7. Evaluation of materials by their types when issuing them for production and in other kinds of withdrawal (ground: cl. 15 of PBU Accounting Rules 5/98 "Accounting of Inventories"; cl. 58 of the Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n).**

*o Materials shall be recorded on account 10 "Materials" according to the actual prime cost.*

*o When issuing materials for production and in other kinds of withdrawal, they are evaluated at the average value.*

*o A respective statement of the materials planned application shall serve as the document confirming that they are to be used in production and that it is appropriate to write off materials of general economic application to the prime cost of services.*

*o Account 10 "Materials", sub-account "Spare Parts", shall serve to record recyclable waste of low-value and high-wear items and fixed assets that become disabled in the course of operation.*

**8. Charging depreciation of low-value and high-wear items transferred to production or operation (ground: cl. 23 of PBU Accounting Rules 5/98 "Accounting of Inventories"; cl. 51 of the Provisions on Accounting).**

*o Depreciation of low-value and high-wear items transferred to production or operation shall be calculated by the percentage method of charging the wear in the amount of 100% of the value during the transfer for operation.*

**9. Creating doubtful debt reserves (ground: cl. 70 of the Provisions on Accounting).**  
*The Company does not form any doubtful debt reserves.*

**10. Making up the list of reserves of forthcoming expenses and payments (ground: cl. 72 of the Provisions on Accounting).**  
*The Company forms a reserve for repairs of fixed assets (account 89).*

#### **IV. Information on Affiliated Parties**

**Table No. 5**

**Subsidiaries and Associate Companies Controlled by the Company**

**No. Name Nature of relations**

1	Petroservice LLC	direct control, OJSC PTN is a promoter
2	AMT LLC	direct control, OJSC PTN is a promoter (assigned on a succession basis)
3	Polycomp LLC	direct control, OJSC PTN is a promoter
4	PJSC St. Petersburg Telecommunication Centre	direct control, OJSC PTN is a promoter
5	CJSC NEVA KABEL	direct control, OJSC PTN is a promoter
6	Commercial Television and Radio CJSC	direct control, OJSC PTN is a promoter
7	Medexpress CJSC	direct control, OJSC PTN is a promoter
8	Octagon Technologies CJSC	direct control, OJSC PTN is a promoter (assigned on a succession basis)
9	U Krasnogo Mosta CJSC	direct control, OJSC PTN is a promoter
10	Telecominvest Open Joint-Stock Company	direct control, OJSC PTN is a promoter
11	Delta Telecom CJSC	direct control, OJSC PTN is a promoter
12	Dancell CJSC	direct control, OJSC PTN is a promoter

**Table No. 6**

**Organizations Controlling the Company**

**No. Name Nature of relations**

1	Investment Communication Company - Open Joint-Stock Company	Direct control (over 50% of votes)
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**Table No. 7**

**Information on Affiliated Parties**

*(by types of operations)*

**No. Affiliated party Nature of relations with the affiliated party Volume of transacted operations Volume of operations, that have not been completed by the end of the year Price determination method**

**1. contribution to the authorized capital 2. sale of communication services**

1	Yury Javadovich Khazarchiyev	member of the Board of Directors	-	-	-
2	Irina Mikhailovna Ragozina	member of the Board of Directors	-	-	-
3	Anton Igorevich Osipchuk	member of the Board of Directors	-	-	-
4	Stanislav Nikolayevich Panchenko	member of the Board of Directors	-	-	-

-					
5	<b>Sergey Vladimirovich Soldatenkov</b>	<b>member of the Board of Directors</b>	-	-	-
-					
6	<b>Sergey Ivanovich Kuznetsov</b>	<b>member of the Board of Directors</b>	-	-	-
7	<b>Valery Nikolayevich Yashin</b>	<b>member of the Board of Directors</b>	-	-	-
8	<b>Yury Alexandrovich Bilibin</b>	<b>member of the Board of Directors</b>	-	-	-
9	<b>Dmitry Vladimirovich Levkovsky</b>	<b>member of the Board of Directors</b>	-	-	-
-					
10	<b>Alexandr Lvovich Belyakov</b>	<b>member of the Management Board</b>	-	-	-
11	<b>Vladimir Ilyich Rusin</b>	<b>member of the Management Board</b>	-	-	-
12	<b>Grigory Borisovich Chernyak</b>	<b>member of the Management Board</b>	-	-	-
13	<b>Igor Fyodorovich Golikov</b>	<b>member of the Management Board</b>	-	-	-
14	<b>Maya Mikhaylovna Semchenko</b>	<b>member of the Management Board</b>	-	-	-
15	<b>Igor Nikolayevich Samylin</b>	<b>member of the Management Board</b>	-	-	-
16	<b>Delta Telecom CJSC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>17,125298.82</b>	<b>-</b>	<b>2) in compliance with the contractual terms</b>
17	<b>Neva Kabel CJSC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>-</b>	<b>-</b>	<b>-</b>
18	<b>PJSC St. Petersburg Telecommunication Centre</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>1,099,687.50</b>	<b>-</b>	<b>1) shares were acquired as a result of succession</b>
19	<b>U Krasnogo Mosta CJSC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>-</b>	<b>-</b>	<b>-</b>
20	<b>Petroservice LLC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>-</b>	<b>-</b>	<b>-</b>
21	<b>Polycomp LLC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>-</b>	<b>-</b>	<b>-</b>
22	<b>Medexpress ICJSC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>20,763,063.20</b>	<b>-</b>	<b>1) market price determined as in cl. 2 of article 77 of Federal Law On Joint-Stock Companies</b>
23	<b>AMT LLC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>3,600,000.00</b>	<b>-</b>	<b>1) succession</b>
24	<b>Telecominvest Open Joint-Stock Company</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>11,999,951.00</b>	<b>-</b>	<b>1) succession</b>
25	<b>Octagon Technologies CJSC</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>2217.60-</b>	<b>-</b>	<b>1) succession</b>
26	<b>OJSC Investment Communication Company</b>	<b>OJSC PTN controls over 20% of the votes in the authorized capital of the organization</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL FOR TRANSACTIONS FROM CONTRIBUTION TO THE AUTHORIZED CAPITAL</b>				
	<b>37464919.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL FOR TRANSACTIONS FROM SALE OF COMMUNICATION SERVICES</b>				
	<b>17,125298.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL FOR TRANSACTIONS FROM OTHER SALES</b>				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**V. Information by segments**

**Table No. 8**  
**Information by Operation Segments**

**thousand roubles**

	<i>Receipts</i>		<i>Prime cost</i>		<i>Financial result</i>			<i>Assets</i>	<i>Liabilities</i>	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
<b>Information on communication services</b>										
<i>PTN</i>	1316126		1772760		836916	1230871		479210	573280	5183713
	6288085		1644233		287340					
<i>MTS</i>	-		18324	-	12543	-	5781	-	1295596	-
	1295596									
<i>Rural Telephone Networks</i>	-		-	-	-	-	-	-	-	-
	-									
<i>Other, incl.</i>	54510	36684	51714	4860	2796	433		101657		101657
<i>Social sphere</i>	878	1197	710	1193	168	3	-	-	-	-
<i>Transportation services</i>			36488	1286	34884	944	1604	342	-	-
	-									
<i>Current repairs</i>			17144	2228	16120	2331	1024	(-103)	-	-
<i>Telegraph</i>	-		583	-	392	-	191	-	101657	-
<i>Lease of property</i>	-		31364	-	-	-	-	-	-	-
<i>Agency</i>	-		26	-	-	-	-	-	-	-
<b>Information on other activity</b>										
<b>TOTAL:</b>	1370636		1827768		888630	1248274		482006	579494	5183713
	7685338		1644233		1684593					

Table No. 9

**Information by Geographic Segments**

thousand roubles

	<i>RETURNS</i>		<i>PTN</i>		<i>MTS</i>		<i>Rural Telephone Networks</i>		<i>Information on other activity</i>	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
<b>TOTAL</b>										
	1370636		1827768		888630	1248274		482006	579494	5183713
<b>Northern region</b>										
<i>North-Western region</i>			1316126		1772760		-	18324	-	-
	54510	36684	1370636		1827768					
<i>Central region</i>	-		-	-	-	-	-	-	-	-
<i>Volgo-Vyatsky region</i>	-		-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-
<i>Central-Chernozemny region</i>	-		-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-
<i>Povolzhsky region</i>	-		-	-	-	-	-	-	-	-
<i>North-Caucasian region</i>	-		-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-
<i>Ural region</i>	-		-	-	-	-	-	-	-	-
<i>West-Siberian region</i>	-		-	-	-	-	-	-	-	-
<i>East-Siberian region</i>	-		-	-	-	-	-	-	-	-
<i>Far-Eastern region</i>	-		-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-
<i>External market</i>	-		-	-	-	-	-	-	-	-
<b>TOTAL:</b>	1316126		1772760		-	18324	-	-	54510	36684
	1370636		1827768							

**Table No. 10**

<i>Information by Geographic Segments</i>						<i>thousand roubles</i>			
<i>Prime cost</i>	<i>PTN</i>	<i>MTS</i>	<i>Rural Telephone Networks</i>		<i>Information on other activity</i>				
<i>TOTAL</i>									
<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>
<i>Northern region</i>	-	-	-	-	-	-	-	-	-
<i>North-Western region</i>			836916	1230871	-	12543	-	-	51714
	4860	888630	1248274						
<i>Central region</i>	-	-	-	-	-	-	-	-	-
<i>Volgo-Vyatsky region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Central-Chernozemny region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Povolzhsky region</i>	-	-	-	-	-	-	-	-	-
<i>North-Caucasian region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Ural region</i>	-	-	-	-	-	-	-	-	-
<i>West-Siberian region</i>	-	-	-	-	-	-	-	-	-
<i>East-Siberian region</i>	-	-	-	-	-	-	-	-	-
<i>Far-Eastern region</i>	-	-	-	-	-	-	-	-	-
<i>External market</i>	-	-	-	-	-	-	-	-	-
<b>TOTAL:</b>	836916	1230871			12543	-	-	51714	4860 888630
	1248274								

**Table No. 11**

<i>Information by Geographic Segments</i>						<i>thousand roubles</i>			
<i>FINANCIAL RESULT</i>	<i>PTN</i>	<i>MTS</i>	<i>Rural Telephone Networks</i>		<i>Information on other activity</i>				
<i>TOTAL</i>									
<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>
<i>Northern region</i>	-	-	-	-	-	-	-	-	-
<i>North-Western region</i>			479210	541889	-	5781	-	-	2796 31824
	482006	579494							
<i>Central region</i>	-	-	-	-	-	-	-	-	-
<i>Volgo-Vyatsky region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Central-Chernozemny region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Povolzhsky region</i>	-	-	-	-	-	-	-	-	-
<i>North-Caucasian region</i>	-	-	-	-	-	-	-	-	-
-									
<i>Ural region</i>	-	-	-	-	-	-	-	-	-
<i>West-Siberian region</i>	-	-	-	-	-	-	-	-	-
<i>East-Siberian region</i>	-	-	-	-	-	-	-	-	-
<i>Far-Eastern region</i>	-	-	-	-	-	-	-	-	-
<i>External market</i>	-	-	-	-	-	-	-	-	-
<b>TOTAL:</b>	479210	541889	-	5781	-	-	2796	31824	482006 579494

*In compliance with PBU Accounting Rules 7/98 "Event after the Reporting Date" OJSC PTN made entries in its accounts, that essentially influenced the results of financial activities, viz.:*

*1. The authorized capital was increased by 121,023 thousand roubles as a result of shares conversion, and the reports on the results of the securities issue were registered in compliance with the order of the Federal Commission for Securities Market of Russia dated 28.02.2001,*

**No. 175-r.**

**2. The redeemed shares of OJSC MMT worth of 6,000 roubles, transferred to OJSC PTN during the merger, have been retired using the added capital on 15.03.01.**

**VI. Accounts receivable for communication services**

**Table No. 12**

**Volumes of Accounts Receivable for Communication Services by Industry Branches for Consumer Groups**

*thousand roubles*

	<i>budget</i>	<i>population</i>	<i>Self-supporting enterprises</i>		<i>other (explain)</i>	<i>TOTAL</i>
<i>City Telephone Networks</i>	34281	396865	106168	-	537314	
<i>MTS</i>	16015	103251	86803	agric.-18	206087	
<i>Rural Telephone Networks</i>	-	-	-	-	-	
<i>Other</i>	7005	2188	5118	-	14311	
<i>including Telegraph</i>	7005	2188	5118	-	14311	
<b>TOTAL:</b>	<b>57301</b>	<b>502304</b>	<b>198089</b>	<b>18</b>	<b>757712</b>	

**VII. Explanations of Certain Items of Reporting Forms**

**1. 1 Form No.1 Accounting Balance Sheet**

**Table No. 13**

**Re-evaluation of fixed assets**

*thousand roubles*

<i>Index</i>	<i>Amount</i>
<i>Replacement value of fixed assets as of 01.01.99. Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	6723821
<i>Accumulated depreciation Buildings, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	2586434
<i>Fixed assets, received Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	194040
<i>Fixed assets, withdrawn Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	37403
<i>Depreciation charged Buildings, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	187396
<i>Cost of fixed assets as of 31.12.99 Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	4106628
<i>Re-evaluation Buildings, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	1227418
<i>Replacement value of fixed assets as of 01.01.2000. Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	8107876
<i>Accumulated depreciation Buildings, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	2902890
<i>Fixed assets, received Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</i>	



<b>assets</b>	<b>1227572</b>
<b>Fixed assets, withdrawn</b>	<b>Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</b>
	<b>32353</b>
<b>Depreciation charged</b>	<b>Buildings, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</b>
	<b>502099</b>
<b>Cost of fixed assets as of 31.12.2000</b>	<b>Land plots and objects of nature management, facilities, machinery and equipment, transport facilities, production and economic implements and other types of fixed assets</b>
	<b>5898106</b>

**Table No. 14**

**Construction-in-progress**  
**thousand roubles**

	<b>For the beginning of the year</b>	<b>For the end of the year</b>	<b>Changes</b>	<b>Explanations</b>
<b>Account 07</b>	<b>167300</b>	<b>79227</b>	<b>169573</b>	<b>76954</b>
<b>Account 08</b>	<b>275418</b>	<b>380195</b>	<b>427578</b>	<b>228035</b>
<b>Account 16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Account 61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>442718</b>	<b>459422</b>	<b>597151</b>	<b>304989</b>

**Table No. 15**

**Profitable investment in stocks of materials and capital equipment**  
**thousand roubles**

<b>Name</b>	<b>Rent</b>	<b>Leasing</b>	<b>Hired out</b>
<b>As of 01.01.2000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Received</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Withdrawn</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of 31.12.2000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table No. 16**

**Long-term financial investments**  
**thousand roubles**

<b>The list of the long-term financial investments</b>	<b>Balance as of the start of the year</b>	<b>Balance as of the end of the year</b>	<b>Share in the Issuer's authorized capital. %</b>
<b>Received</b>	<b>Withdrawn</b>		

**Subsidiaries**

<b>Polycomp Limited Liability Partnership</b>	<b>4,492</b>	<b>-</b>	<b>-</b>	<b>4,492</b>	<b>90</b>
<b>AMT LLC</b>	<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>3,600,000</b>	<b>100</b>
<b>SPb Electric Communication Centre CJSC</b>	<b>-</b>	<b>2028,313</b>	<b>-</b>	<b>2028,313</b>	<b>51,88</b>
<b>Delta Telecom CJSC</b>	<b>52,495</b>	<b>-</b>	<b>52,495</b>	<b>-</b>	<b>-</b>
<b>TOTAL:</b>	<b>56,987</b>	<b>5,628,313</b>	<b>52,495</b>	<b>5,632,805</b>	

**Affiliates**

<b>Delta Telecom CJSC</b>	<b>-</b>	<b>52,495</b>	<b>-</b>	<b>52,495</b>	<b>43.12</b>
<b>Medexpress Insurance JSC</b>	<b>-</b>	<b>21,361,473</b>	<b>-</b>	<b>21,361,473</b>	<b>34,57</b>
<b>Neva Kabel CJSC</b>	<b>95,000</b>	<b>-</b>	<b>-</b>	<b>95,000</b>	<b>48.97</b>
<b>U Krasnogo Mosta CJSC</b>	<b>37,500</b>	<b>-</b>	<b>-</b>	<b>37,500</b>	<b>25</b>
<b>Dancell CJSC</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>3,500</b>	<b>23.65</b>
<b>Com TV CJSC</b>	<b>0,200</b>	<b>-</b>	<b>-</b>	<b>0,200</b>	<b>40</b>
<b>Telecominvest Open Joint-Stock Company</b>	<b>12489,950</b>	<b>24,509,901</b>	<b>24,509,901</b>	<b>12499,950</b>	
	<b>24499,901</b>	<b>24.9</b>			
<b>Octagon Technologies CJSC</b>	<b>-</b>	<b>2,217</b>	<b>2,217</b>	<b>26.4</b>	

<b>SPb Electric Communication Centre CJSC</b>	<b>928,6251,099,688</b>	<b>2028,313</b>	<b>-</b>	<b>-</b>
<b>Bazis LLC</b>	<b>75,000 - 75,000 - -</b>			
<b>SPb International CJSC</b>	<b>0,006 - 0,006 - -</b>			
<b>TOTAL:</b>	<b>13,629,781 47025,774 14,603,269 46,052,286 -</b>			
<b>Other organizations</b>				
<b>SPb Bank of Reconstruction and Development OJSC</b>	<b>2,959,950</b>	<b>-</b>	<b>-</b>	<b>2,959,950</b>
<b>18.3</b>				
<b>Telecombank CJSC</b>	<b>1,360,850 710,000-</b>	<b>2,070,850</b>	<b>19.94</b>	
<b>FKB Zenith CJSC</b>	<b>1,200,000 - -</b>	<b>1,200,000</b>	<b>14.63</b>	
<b>Rostelegraph CJSC</b>	<b>- 32,000 - 32,000</b>	<b>7.84</b>		
<b>Capitan Non-Governmental Pension Fund</b>	<b>52,500 - -</b>	<b>52,500</b>	<b>1.6</b>	
<b>Alternativa Non-Governmental Pension Fund</b>	<b>45,000 - -</b>	<b>45,000</b>	<b>3</b>	
<b>St. Petersburg Stock Exchange JSC of closed type</b>	<b>0,250 - -</b>	<b>0,250</b>	<b>0.,22</b>	
<b>Visa-Business CJSC</b>	<b>0,050 - - 0,050</b>	<b>10</b>		
<b>RusLeasingSvyaz OJSC</b>	<b>- 1,424,000 -</b>	<b>1,424,000</b>	<b>3.65</b>	
<b>MCB Svyaz Bank</b>	<b>- 32,252 - 32,252</b>	<b>0.06</b>		
<b>Telecominvest Open Joint-Stock Company</b>	<b>-</b>	<b>12499,950</b>	<b>12499,950</b>	<b>- -</b>
<b>Medexpress Insurance JSC</b>	<b>598,41020,763,063</b>	<b>21,361,473</b>	<b>- -</b>	
<b>SPb Teleport CJSC</b>	<b>- 10,000 - 10,000</b>	<b>10</b>		
<b>Nevsky Sindikat OJSC</b>	<b>- 60,000 - 60,000</b>	<b>5</b>		
<b>KIT CJSC</b>	<b>- 8,049 - 8,049</b>	<b>6.97</b>		
<b>FORE CJSC</b>	<b>- 1,087 - 1,087</b>	<b>1.08</b>		
<b>KAD St-Petersburg OJSC</b>	<b>- 200,000- 200,000</b>	<b>1.74</b>		
<b>TOTAL:</b>	<b>6,217,010 35,740,401 33,861,423 8,095,988</b>			
<b>Other</b>				
<b>FORE CJSC</b>	<b>- 4,054,939 - 4,054,939</b>	<b>-</b>		
<b>RMS-Centre of Development and Management CJSC</b>	<b>1,379,141 -</b>	<b>1,379,141</b>	<b>-</b>	
<b>TOTAL:</b>	<b>- 5,434,080 - 5434,080</b>			
<b>Provided loans:</b>				
<b>FORE CJSC</b>	<b>- 2,000,000 - 2,000,000</b>	<b>-</b>		
<b>Westlink</b>	<b>- 615,881- 615,881-</b>			
<b>AMT LLC</b>	<b>- 18000,000 - 18000,000</b>	<b>-</b>		
<b>Internal currency loan bonds for frozen currency</b>		<b>306,114</b>	<b>306,114</b>	
<b>SPb Telegraph (retired during merger)</b>	<b>-</b>	<b>15599,600</b>	<b>15599,600</b>	<b>- -</b>
<b>TOTAL:</b>	<b>- 36,527,595 15,599,600 20,921,995 -</b>			

**TOTAL 19904 130350 64117 86137**

**Table No. 17**

**Short-term financial investments**

**thousand roubles**

**The list of short-term financial investments** **Balance as of the start of the year** **Received**  
**Withdrawn** **Balance as of the end of the year** **Share in the Issuer's authorized**  
**capital**

**loans 60 32750 27047 5763 -**

**Government short-term obligations: 54 45746 37383 8417 -**

**notes 13421 67212 18183 62450 -**

**Other deposits 40000 30000 10000 -**

**TOTAL: 13,535 185708 112613 86630 -**

**Table No. 18**

**Line 235 "Other debtors"**

thousand roubles

No.	Name	Account	Amount			
			1999	2000		
1.	Settlements with personnel under other transactions (loans to employees)				Acc. 73	65
	48					
2.	Settlements with various debtors and creditors including				Acc. 76	108852
	6688					
	Peterstar		108852			
	Central Complex			22		
	MTR tokens		70			
	CJSC Rakad, netting			72		
	Incombank		528			
	courts		5874			
	rent of premises			122		
3.	Shortages and losses from damage of valuables				Acc. 84	-
4.	Claim settlements	Acc. 63	-	-		
5.	other (explain)		-	-		
	<b>TOTAL:</b>		<b>108917</b>	<b>6736</b>		

Table No. 19

**Line 246 "Other debtors"**

thousand roubles

No.	Name	Account	Amount			
			1999	2000		
1	Settlements with budget	Acc. 68	41,889	9675		
2	Claim settlements	Acc. 63	357	44		
3	Settlements in off-budget payments	Acc. 67	9	5433		
4	Settlements in social insurance and security	Acc. 69	25	44		
5	Settlements with personnel under other transactions (loans to employees)				Acc. 73	
	999	31622				
6	Settlements with advance holders	Acc. 71	67	85		
7	Settlements with suppliers and contractors	Acc. 60	128	-		
8	Settlements with various debtors and					
	creditors for services other than communication, including:	Acc. 76			28940	
	54341					
	Electrical power		2	-		
	Motor transport		55	-		
	Rent of premises		54	-		
	Rent	140	-			
	Services of outside organizations		945	-		
	Security	33	-			
	GP Trest GRII	14	-			
	Geostroy CJSC	18	-			
	Stroipanel LLC	17	-			
	SPb MMT	54	-			
	Alimony	43	-			
	Baltinvest	1,347	-			
	Leasing-Telecom	3965	-			
	Maintenance of					
	leased out premises	13	-			

<b>Delta Telecom CJSC</b>	<b>788</b>	<b>1,219</b>	
<b>SZIC Brokerage Office</b>	<b>1,013</b>	<b>-</b>	
<b>Telecominvest CJSC</b>	<b>7429</b>	<b>-</b>	
<b>Svyazinvest</b>	<b>662</b>	<b>-</b>	
<b>SPb Reference Books</b>	<b>1,434</b>	<b>1,434</b>	
<b>Neva-Line CJSC</b>	<b>2481</b>	<b>1,588</b>	
<b>North-West GSM</b>	<b>1,600</b>	<b>-</b>	
<b>and others</b>	<b>6833</b>	<b>-</b>	
<b>CJSC Amfibifon-Service</b>	<b>-</b>	<b>139</b>	
<b>OESZRRF Association</b>	<b>-</b>	<b>112</b>	
<b>Presscom Publishing House Ltd.</b>	<b>-</b>	<b>230</b>	
<b>Smena Publishing House CJSC</b>	<b>-</b>	<b>60</b>	
<b>Neva Kabel JSC</b>	<b>-</b>	<b>392</b>	
<b>Nevskaya Industrial</b>	<b>-</b>	<b>-</b>	
<b>comm.. Company</b>	<b>-</b>	<b>90</b>	
<b>Neda CJSC</b>	<b>-</b>	<b>125</b>	
<b>PeterStar CJSC</b>	<b>-</b>	<b>1,374</b>	
<b>Peterstroy-21 LLC</b>	<b>-</b>	<b>77</b>	
<b>Company representative office</b>			
<b>Directories Oy</b>	<b>-</b>	<b>369</b>	
<b>SBS Agro AKB</b>	<b>-</b>	<b>177</b>	
<b>Samson Firm</b>	<b>-</b>	<b>163</b>	
<b>Non-departmental Security Unit at the Board of the Interior of Krasnoselsky District</b>	<b>-</b>	<b>108</b>	
<b>Non-departmental Security Unit at the Board of the Interior of Kirovsky District</b>	<b>-</b>	<b>99</b>	
<b>9 Shortages and losses from damage of valuables Acc.</b>	<b>84 688</b>	<b>944</b>	
<b>10 other (explain)</b>			
<b>-Settlements with personnel Acc.</b>	<b>70 90</b>	<b>-</b>	
<b>-Deferred expenses Acc.</b>	<b>83 1,408</b>	<b>-</b>	
<b>-Property insurance settlements Acc.</b>	<b>65 -</b>	<b>19</b>	
<b>TOTAL:</b>	<b>74600</b>	<b>102207</b>	

**Table No. 20**

**Other monetary funds**

**thousand roubles**

<b>Account No.</b>	<b>Balance as of the start of the year</b>	<b>Received</b>	<b>Withdrawn</b>	<b>Balance as of the end of the year</b>
<b>Account 55 - special bank accounts</b>	<b>545 44689</b>	<b>39420</b>	<b>5814</b>	
<b>Acc. 56 - vouchers</b>	<b>76 3484 3515</b>	<b>45</b>		
<b>Account 57</b>	<b>101 742487</b>	<b>735000</b>	<b>7588</b>	
<b>TOTAL:</b>	<b>722 790660 777935</b>	<b>13447</b>		

**Table No. 21**

**Authorized capital**

**thousand roubles**

<b>Balance as of the start of the year</b>	<b>Received</b>	<b>Withdrawn</b>	<b>Balance as of the end of the year</b>
<b>Increase (reduction) of the face value of a share</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cancelled shares have been written off to reduction of authorized capital</b>			

**Use of reserve capital for increase of authorized capital**

<b>Other (conversion to increase the number of shares)</b>	<b>466475</b>	<b>121023</b>	<b>587498</b>
<b>TOTAL:</b>	<b>466475</b>	<b>-</b>	<b>587498</b>

**Table No. 22**

**Added capital  
thousand roubles**

<b>Balance as of the start of the year end of the year</b>	<b>Received</b>	<b>Withdrawn</b>	<b>Balance as of the</b>
<b>Property cost growth upon re-evaluation</b>	<b>3470988</b>	<b>-</b>	<b>3470988</b>
<b>Issue income 217</b>	<b>-</b>	<b>-</b>	<b>217</b>
<b>Values received free of charge</b>	<b>3106</b>	<b>-</b>	<b>779 2327</b>
<b>Part of retained profit in the amount used for capital investment</b>			
<b>Other, incl.:</b>	<b>1173454</b>	<b>951,032622,1281502358</b>	
<b>-exchange rate difference</b>	<b>167</b>	<b>-</b>	<b>167</b>
<b>- introduced new assets</b>	<b>1173287</b>	<b>30</b>	<b>622122 551195</b>
<b>- affiliation</b>	<b>-</b>	<b>951,0026</b>	<b>950996</b>
<b>TOTAL:</b>	<b>4647765</b>	<b>951,032622,9074975890</b>	

**Line 440 of the Balance Sheet - Social Sphere Fund**

**The balance as of 01.12.1999 was 62,460 thousand roubles**

**Re-evaluation - (9724) thousand roubles**

**Total balance as of 01.01.2000 52736 thousand roubles**

**Assigned from retained profit: -2740 thousand roubles**

**Balance as of 01.01.01: 55476 thousand roubles**

**Total of balance lines 465 and 465 losses of past years -(622092) thousand roubles covered through**

**added capital according to the decision of the meeting of the shareholders of OJSC PTN.**

**Table No. 23**

**Long-term credits,  
thousand roubles**

<b>Name of the credit organization</b>	<b>Currency</b>	<b>Purpose of credit</b>	<b>Re-payment timing</b>
<b>Balance as of the start of the year</b>	<b>Received</b>	<b>Repaid</b>	<b>Balance as of the end of the year</b>
<b>TOTAL</b>	<b>3599</b>	<b>3356</b>	<b>6955 -</b>

**Including:**

<b>Dresden Bank</b>	<b>USD</b>	<b>24.07.00</b>	<b>3599</b>	<b>3356</b>	<b>6955</b>	<b>-</b>
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**Table No. 24**

**Long-term loans,  
thousand roubles**

<b>Organization</b>	<b>Currency</b>	<b>Purpose of loan</b>	<b>Re-payment timing</b>	<b>Balance as of the start of the year</b>	<b>Received</b>	<b>Repaid</b>	<b>Balance as of the end of the year</b>
<b>TOTAL</b>	<b>RUR</b>	<b>-</b>	<b>332</b>	<b>77054</b>	<b>17232</b>	<b>60154</b>	

**Including: RUR**

<b>Svyazinvest</b>	<b>RUR</b>	<b>19.02.02</b>	<b>-</b>	<b>57200</b>	<b>-</b>	<b>57200</b>
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<b>Lensvyaz</b>	<b>RUR</b>	<b>18.05.05</b>	<b>-</b>	<b>2954</b>	<b>-</b>	<b>2954</b>
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<b>Delta Telecom</b>	<b>RUR</b>	<b>-</b>	<b>332</b>	<b>1300</b>	<b>1632</b>	<b>-</b>
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<b>MMTs loan to Telegraph (repaid by the date of affiliation)</b>	<b>RUR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15600</b>	<b>15600</b>	<b>-</b>				

**Table No. 25**

**Other long-term liabilities**

thousand roubles

Name of the supplier Received	Payment date Repaid	Currency	Balance as of the start of the year			
			Balance as of the end of the year			
Lusent RRU502-9711		NLG	76075	8493	84568	-
Lusent RRU502-9712		NLG	110132	12296	122428	-
Lusent JRU225-96005	25.06.02	NLG	33909	18272	19643	32538
Lusent JRU225-96006	25.06.02	NLG	33792	18208	19575	32425
Mitsui PMN-02/96	31.12.04	USD	272297	77353	65654	283996
Mitsui PMN-04/96	31.12.04	USD	625997	202468	191986	636479
Lusent RRU502-9711(%)		NLG	6068	3821	9889	-
Lusent RRU502-9711(%)		NLG	8688	5464	14152	-
Mitsui PMN-02/96(%)		USD	27880	43463	66617	4726
Mitsui PMN-04/96(%)		USD	106667	77329	173005	10991
<b>TOTAL:</b>			<b>1301505</b>	<b>467167</b>	<b>767517</b>	<b>1001155</b>

**Table No. 26**

**Other creditors**

thousand roubles

No.	Name	Account	Amount	
			1999	2000
<b>TOTAL</b>				
1	VAT	Acc. 68	-	-
2	Settlements with non-budgetary funds	Acc. 67	36630	39785
3	Settlements with various debtors and creditors	Acc. 76	28081	134007
4	Settlements with advance holders	Acc. 71	116	33
5	Property insurance settlements	Acc. 65	-	2
6	Leasing settlements	Acc. 76	-	-
7	Other, incl.			
8	- Claim settlements	Acc. 63	192	212
9	Settlements with personnel under other transactions	Acc. 73	12404	287
<b>TOTAL</b>			<b>77423</b>	<b>174326</b>

**Table No. 27**

**Deferred income**

thousand roubles

Name	Balance as of the start of the year	Received	Withdrawn	Balance as of the end of the year
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Difference between the amount to be exacted from guilty persons for shortage of stocks of materials and capital equipment and the balance value of such stocks - - -

Getting the rental several months in advance	-	-	-	-
Target financing	1102	1344	922	1524
Getting assets on a gratuitous basis	-	-	-	-
other (explain)	-	-	-	-
<b>TOTAL:</b>	<b>1102</b>	<b>1344</b>	<b>922</b>	<b>1524</b>

No. Line	Col. 3 of f. 1 for 2000 Explanations	Column 4 of form 1 for the year 1999	Discrepancies
1	Fixed assets	5204986 4106628 1098358	re-evaluation
2	Raw materials, components, low-value and high-wear objects	45584 34173 11411	line 213 of balance sheet + line 211
3	Loans granted to organizations for a period exceeding 12 months highlight from line 253	60 - 60	
4	Other short-term financial investment	13475 13535 60	transfer to line 251
5	Losses of past years line 310	- 470865 470865	balance sheet line 465
6	Expenses for cross financing	- 151227 151227	balance sheet line 466
7	Added capital	4647765 3539683 1108082	re-evaluation
8	Loss for previous years (470865)	- (470865)	from line 310
9	Expenses of past years for non-cross financing (151227) from balance sheet line 321		(151227)
10	Social sphere fund 52736 62460 (9724) Re-evaluation of non-production sphere OJSC PTN carried out an inventory of fixed assets as of the start of the year under report in compliance with the Order of the Ministry of Finance of RF dated 13.06.95 No. 49 by direct recalculation of the replacement value of fixed assets at the market prices confirmed by appropriate documents; however, due to certain circumstances (prolonged submission of documents by branches), the re-valuation was recorded in the accounts and reports for 6 and 9 months of the year 2000 in turnovers only, while in the 4th quarter of 2000 the re-valuation was recorded as required as of the start of the year.		

**2. Form No. 2 Profit and Loss Report**

Table No. 28

thousand roubles

No.	Line	Col. 4 of form 2 for 2000	Col. 3 of f. 2 for 1999	Discrepancies
	Explanations			
1	Prime cost	888630 899075 -10445	Bank services	
2	Gross profit	482006 - 482006	Line 029 had not been there earlier	
3	Sale profit	472130 461685 +10445	Bank services	
4	Other operating income	65357 112983 -47626	Precious metals, copying machine + 44, exchange rate difference - 47670	
5	Other operating expenses	91365 471376 -380011	exchange rate difference - 390456, bank services +10445	
6	Income from sources other than sales	104507 56881 +47626	Precious metals, copying machine -44, exchange rate difference 47670	
7	Expenses for purposes other than sales	432350 41894 +390456	exchange rate difference	

Changes for lines of Form 2 "Profit and Loss Report" have been made on the basis of PBU (Accounting Rules) 9 and 10.

Table No. 29

Proceeds (net) from sales of goods, products, jobs and services (less the VAT, excise taxes and similar obligatory fees)

thousand roubles

Area of activities	Line code	Proceeds for the period under report	Proceeds for the same period of the previous year
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<b>Sale of communication services</b>	<b>011</b>	<b>1791667</b>	<b>1316126</b>
<b>Commercial operations</b>	<b>012</b>	-	-
<b>Social sphere services</b>	<b>013</b>	<b>1197</b>	<b>878</b>
<b>Leasing out property</b>	<b>014</b>	<b>31364</b>	
<b>Design</b>	<b>015</b>	-	-
<b>Agency</b>	<b>016</b>	<b>26</b>	-
<b>Transportation services</b>	<b>017</b>	<b>1286</b>	<b>36488</b>
<b>Other (current repair income)</b>	<b>018</b>	<b>2228</b>	<b>17144</b>
<b>TOTAL:</b>	<b>020</b>	<b>1,827,768</b>	<b>1,370,636</b>

Table No. 30

*Prime cost of sold goods, products, jobs and services  
thousand roubles*

<i>Area of activities</i>	<i>Line code</i>	<i>Prime cost for the period under report</i>		<i>Prime cost of the same period of the last year</i>
<b>Sale of communication services</b>	<b>021</b>	<b>1243806</b>	<b>836916</b>	
<b>Commercial operations</b>	<b>022</b>	-	-	
<b>Social sphere services</b>	<b>023</b>	<b>1193</b>	<b>710</b>	
<b>Leasing out property</b>	<b>024</b>	-	-	
<b>Design</b>	<b>025</b>	-	-	
<b>Agency</b>	<b>026</b>	-	-	
<b>Transportation services</b>	<b>027</b>	<b>944</b>	<b>34884</b>	
<b>Other, incl.: - current repairs</b>	<b>028</b>	<b>2331</b>	<b>16120</b>	
<b>TOTAL:</b>	<b>029</b>	<b>1248274</b>	<b>888630</b>	

Table No. 31

*thousand roubles*

<i>Type of sales</i>	<i>Settlements in the monetary form</i>				<i>Settlements in the non-monetary form</i>			
	<i>by barter</i>		<i>by clearing</i>					
	<i>amount</i>	<i>%</i>	<i>amount</i>	<i>%</i>	<i>amount</i>	<i>%</i>	<i>amount</i>	<i>%</i>
<b>Sale of communication services</b>	<b>1745612</b>	<b>97.4</b>	-	-	<b>46055</b>	<b>2.6</b>		
<b>Commercial operations</b>	-	-	-	-	-	-	-	-
<b>Social sphere services</b>	<b>1197</b>	<b>100</b>	-	-	-	-	-	-
<b>Leasing out property</b>	<b>31364</b>	<b>100</b>	-	-	-	-	-	-
<b>Design</b>	-	-	-	-	-	-	-	-
<b>Agency</b>	<b>26</b>	<b>100</b>	-	-	-	-	-	-
<b>Transportation services</b>	<b>1286</b>	<b>100</b>	-	-	-	-	-	-
<b>Other (current repairs)</b>	<b>2228</b>	<b>100</b>	-	-	-	-	-	-
<b>TOTAL:</b>	<b>1781713</b>	<b>97.4</b>	-	-	<b>46055</b>	<b>2.6</b>		

Table No. 32

*Interest receivable  
thousand roubles*

<i>Name</i>	<i>Line code</i>	<i>For the year 2000</i>		<i>For the year 1999</i>	
<b>Interest received for lending monetary funds of the organization</b>	<b>061</b>				
<b>Interest for credit organization's use of monetary funds deposited on an organization's account with such a bank</b>	<b>062</b>	<b>3282</b>	<b>264</b>		
<b>Interest on bonds due under contracts</b>	<b>063</b>	-	-		
<b>Interest on deposit accounts</b>	<b>064</b>	<b>189</b>	-		
<b>other (explain)</b>	<b>065</b>	-	-		
<b>TOTAL:</b>	<b>066</b>	<b>3471</b>	<b>264</b>		

Table No. 33



**Interest payable**

thousand roubles

Name	Line code	For the year 2000	For the year 1999
<b>Interest paid by the organization for borrowing monetary funds (credits, loans) – MMT + Management Board</b>			
	071 83812	0	
Interest on bonds	072	-	0
Interest on commercial credit	073	-	0
Interest on shares	074	-	0
other (explain)	075	-	0
<b>TOTAL:</b>	<b>076 83812</b>	<b>0</b>	

Table No. 34

**Income from participation in other organizations**

thousand roubles

Name	Line code	For the year 2000	For the year 1999
<b>Receipts related to participation in authorized capitals of other organizations</b>			
	1,293 1,311		081
other (explain)	082	-	-
<b>TOTAL:</b>	<b>083 1,293 1,311</b>		

Table No. 35

**Other operating income**

thousand roubles

Name	Line code	For the year 2000	For the year 1999
Sale of fixed assets	91	2450	21,023
Sale of other property	92	1390	14076
Residual value of sold fixed assets items	93	1168	-
Residual value of other depreciable assets	94	-	-
Trading margin	95	-	-
<b>Receipts related to granting on a paid basis of rights arising out of patents for inventions and other types of intellectual property</b>			
	96		
<b>Profit from joint activities (under a contract of special partnership)</b>			
	97	-	-
other (explain)	-	-	-
- profit from photocopying	98	1	2
- income from precious metals	99	122	42
- profit from buying currency	100	163	1517
- profit on bills and other securities	101	422	1370
- profit from lease of premises, engineering networks, repairs of flats	102	467	26869
- profit from re-evaluation	103	280	458
- nontaxable profit from securities	104	969	-
<b>TOTAL:</b>	<b>105 7432 65357</b>		

Table No. 36

**Other operating expenses**

thousand roubles

Name	Line code	For the year 2000	For the year 1999
Sale of fixed assets	101	2654	7700
Expenses related to sale of fixed assets	102	-	-
Sale of other property	103	-	12098
Residual value of sold fixed assets items	104	-	-
Residual value of other depreciable assets	105	-	-
Costs of buying currency	106	1036	155

<b>Taxes and fees on account of financial results</b>	<b>107</b>	<b>1410</b>	<b>60213</b>
<b>Expenses for maintenance of laid up production facilities and sites, and mobilization facilities</b>	<b>108</b>		
<b>Expenses related to payment for services provided by credit organizations (bank services)</b>	<b>109</b>		
	<b>15365</b>	<b>10445</b>	
<b>Securities servicing expenses</b>	<b>110</b>	<b>2819</b>	<b>17</b>
<b>Other (loss from operation of engineering networks)</b>	<b>111</b>	<b>561</b>	<b>737</b>
<b>TOTAL:</b>	<b>112</b>	<b>23845</b>	<b>91365</b>

**Table No. 37**

**Other non-core income**  
 thousand roubles

**Name**      **Line code**      **For 2000**  
**For 1999**

<b>Fines, penalties or forfeits for breaking contractual terms</b>	<b>121</b>	<b>642</b>	<b>430</b>
<b>Assets received on the gratuitous basis, including those under donation contracts</b>	<b>122</b>		
	<b>11216</b>	<b>-</b>	
<b>Receipts for indemnification for losses inflicted to the organization</b>	<b>123</b>	<b>417</b>	<b>70</b>
<b>Value of property revealed after stock-taking</b>	<b>124</b>		
	<b>4970</b>		
	<b>106</b>		
<b>Profit of past years, revealed in the year under report</b>	<b>125</b>	<b>147914</b>	<b>571</b>
<b>Accounts payable and depositor debts, for which the limitation period has expired</b>	<b>126</b>		<b>9</b>
	<b>39</b>		
<b>Positive exchange rate difference</b>	<b>127</b>	<b>80471</b>	<b>47670</b>
<b>Accounts receivable, for which the limitation period has expired; other debts unlikely to be exacted</b>	<b>128</b>	<b>15844</b>	<b>-</b>
<b>Extra payment to the budget based on the amounts of extra payments of the profit tax and advance payments of the profit tax adjusted by the Central Bank's discount rate</b>	<b>129</b>		
	<b>2628</b>		
<b>Positive amount differences under received credits and loans</b>	<b>130</b>	<b>30625</b>	<b>51,416</b>
<b>Other, incl.</b>	<b>31</b>	<b>4205</b>	
<b>- adjustment for overhaul (Acc. 89)</b>	<b>131</b>	<b>-</b>	<b>4205</b>
<b>-state duty</b>	<b>132</b>	<b>31</b>	<b>-</b>
<b>TOTAL:</b>	<b>133</b>	<b>294,767104,507</b>	

**Table No. 38**

**Other non-core income**  
 thousand roubles

<b>Name</b>	<b>Line code</b>	<b>For the year 2000</b>	<b>For the year 1999</b>
<b>Fines, penalties or forfeits for breaking contractual terms</b>	<b>131</b>	<b>39</b>	<b>2</b>
<b>Value of property revealed after stock-taking</b>	<b>132</b>	<b>3</b>	<b>-</b>
<b>Loss of past years, revealed in the year under report</b>	<b>133</b>	<b>13918</b>	<b>15087</b>
<b>Accounts payable and depositor debts, for which the limitation period has expired</b>	<b>134</b>		
<b>Negative exchange rate</b>	<b>135</b>	<b>110162</b>	<b>390456</b>
<b>Litigation costs</b>	<b>136</b>	<b>9</b>	<b>60</b>
<b>Debts unlikely to be exacted</b>	<b>137</b>	<b>84</b>	<b>72</b>
<b>Accounts receivable, for which the limitation period has expired; other debts unlikely to be exacted</b>	<b>138</b>	<b>8818</b>	<b>2021</b>

<b>Negative amount difference under received credits and loans</b>	<b>139</b>	<b>24370</b>	<b>20737</b>
<b>Extra payment to the budget based on the amounts of extra payments of the profit tax and advance payments of the profit tax adjusted by the Central Bank's discount rate</b>		<b>140</b>	
	<b>9207</b>	<b>3371</b>	
<b>Moneyed assistance</b>	<b>141</b>	<b>41838</b>	<b>-</b>
<b>Expenses for maintenance of the Board of Directors</b>	<b>142</b>	<b>-</b>	<b>-</b>
<b>Other (to explain) including</b>	<b>143</b>	<b>1333</b>	<b>544</b>
- free transfer of fixed assets		<b>1317</b>	<b>-</b>
- VAT on losses of past years		<b>8</b>	<b>161</b>
- VAT not presented to the budget		<b>-</b>	<b>383</b>
-state duty		<b>8</b>	<b>-</b>
<b>TOTAL:</b>	<b>144</b>	<b>209781</b>	<b>432350</b>

**Table No. 39**

**Profit tax and other similar obligatory fees  
 thousand roubles**

<b>Name</b>	<b>2000</b>	<b>1999</b>
<b>Profit tax</b>	<b>180998</b>	<b>27693</b>
<b>Penalties to the budget</b>	<b>6861</b>	<b>309</b>
<b>Penalties to non-budgetary funds</b>	<b>98</b>	<b>-</b>
<b>other (explain)</b>	<b>-</b>	<b>-</b>
<b>TOTAL:</b>	<b>187957</b>	<b>28002</b>

**Table No. 40**

**Extraordinary income  
 thousand roubles**

<b>Name</b>	<b>2000</b>	<b>1999</b>
<b>Insurance indemnity for natural calamity</b>	<b>-</b>	<b>-</b>
<b>other (explain)</b>	<b>-</b>	<b>-</b>

**Table No. 41**

**Extraordinary expenses  
 thousand roubles**

<b>Name</b>	<b>2000</b>	<b>1999</b>
<b>Insurance indemnity for natural calamity</b>	<b>-</b>	<b>-</b>
<b>Cost of lost inventories</b>	<b>-</b>	<b>-</b>
<b>Losses from writing off fixed assets that have been disabled as a result of fires, accidents and other emergency circumstances and cannot be further used</b>		
<b>other (explain)</b>	<b>-</b>	<b>-</b>
<b>TOTAL:</b>	<b>-</b>	<b>-</b>

**By its decision of April 13th, 2001, the Board of Directors came up with a proposal to put forward the following profit distribution for approval by the Meeting of the Shareholders on May 25th, 2001:**

- o 18864 thousand roubles to form the reserve fund;**
- o 85705 thousand roubles to pay the dividends;**
- o 152209 thousand roubles funds used by the Company as the financial security of production development;**
- o 11500 thousand roubles total other expenses, including:**
  - 10000 thousand roubles allotment of funds related to charity activities of the Company;**

- 1500 thousand roubles - sporting events, commission contracts, agency contracts;
- o 108993 thousand roubles remaining retained profit, including:
- 95000 thousand roubles - replenishment of circulating assets.

*Calculation of the data for lines 201, 202, 203 and 204 of Form No. 2 'Profits and Losses Report' has been made in compliance with the order of the Ministry of Finance of RF of March 21st, 2000, No. 29n "On Approving the Methodological Recommendations on Disclosing Information on Profit per Share"; this is profit per share. Besides, calculation for preferred shares has been performed in compliance with the Articles of Association.*

*Profit per share expected in the next year under report has been calculated according to the approved business plan for the year 2001.*

*Watered profit per share is not calculated, as the Company has no convertible securities, and no new contracts of purchase or sale of own shares are expected in the year 2001.*

### **3. Form No. 3**

#### **Table No. 42**

*Use of the profit of past years  
thousand roubles*

*Use of profit Amount*

*Payment of dividends 11238*

*Charging the reserve fund 4610*

*Use of profit for investment funding -*

*Deductions for charity 5627*

*other (explain) 70350*

**TOTAL: 91852**

*The 'other' line includes: 24,069 social sphere; 24,708 consumption fund; -21,573 other, including: 1228 - hostel maintenance; 878 - deductions to the trade union committee; 1800 - social sphere overhaul; 347 - personnel training; 868 - wear of non-production low-value and high-wear objects; 725 - pin-card servicing; 4477 VAT that is not related to calculations for the budget; 112 fines and penalties; 2850 - information services; 183 - wear of non-production sphere fixed assets;*

*163 - non-production sphere materials; 923 - rise in the cost of non-production sphere fixed assets; 382 legal services; 219 installation and adjustment of equipment; 6418 interest on credits.*

*Column 3 of line 079 is not equal to line 490 of form No. 1, as line 465 "Uncovered Loss of Past Years" in the amount of (470,865) thousand roubles and line 466 "Expenses of Past Years, Not Covered by Funding" in the amount of (151,227) thousand roubles of form No. 1 are shown in Form No. 3, column 5, by turnovers of the current year.*

### **4. Form No. 4 Cash Flow Report**

*1. The cash balance as of the start of the year (line 010 of the report form for the year 2000) has changed as compared to the cash balance as of the end of the previous year (line 260 of the report form for the year 1999) as a result of the growth in the USD exchange rate.*

**Table No. 46**

*thousand roubles*

<i>Currency</i>	<i>Amount after conversion according to the exchange rate of the Central Bank of RF as of 31.12.99</i>		<i>Amount after conversion according to the exchange rate of the Central Bank of RF as of 31.12.2000</i>		<i>Changes</i>
<i>USD</i>	73.62	76.79	3.16		
<i>NLG</i>	0.25	0.24	-0.01		
<i>Total:</i>	73.87	77.02	3.15		

2. The discrepancy in the data of line 030 of form No.4 and the data of line 010 of form No. 2 is due to the accounts receivable for communication services provided in the year 2000, as form No.2 shows the calculated proceeds, while form No. 4 shows the actually received money.

3. Line 090, column 5, shows the amount of received dividend, while column 6 shows the amount of received interest on bank accounts and deposits.

4. Data on payment of interest and the principal amount on received credits and loans.

Table No. 43

*thousand roubles*

<i>Name</i>	<i>Currency</i>	<i>Purpose of credit, loan</i>	<i>Re-payment timing</i>	<i>Amount of credit</i>
	<i>Amount of charged %</i>	<i>Amount of paid %</i>		

**CREDITS**

<i>PSB OJSC contr. 262/00 of 12.10.00</i>	<i>RUR</i>	<i>Replenishment of circulating assets</i>	<i>09.04.01</i>
120000	1,635	1,635	

<i>BNP Dresdner Bank CJSC contract 2 of 10.04.98</i>	<i>USD</i>	<i>Acquisition of equipment</i>	
23.01.01	105,1303,064	3064	

<i>Total:</i>		225,1304699	4699
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**LOANS**

<i>Mitsui – loan agreement of 14.07.98</i>	<i>USD</i>	<i>Replenishment of circulating assets</i>	<i>19.05.00</i>
140800	555	555	

<i>Total:</i>		140,800555	555
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5. Credits, loans

Table No. 44

*thousand roubles*

<i>Area of activities</i>	<i>Line code</i>	<i>Purpose of credit, loan</i>		<i>Received</i>	<i>Repaid</i>	<i>TOTAL</i>
		<i>In the monetary form</i>	<i>In the non-monetary form</i>	<i>In the monetary form</i>	<i>In the non-monetary form</i>	<i>In the monetary form</i>

<i>Current operation</i>	<i>010</i>	<i>Replenishment of circulating assets</i>	<i>12000</i>	<i>97,131</i>	<i>38739</i>	
34663						

<i>Investment activities</i>	<i>011</i>	<i>Construction of communication facilities in rural areas, introduction of the time billing system, acquisition of fixed assets items</i>		<i>70328</i>	<i>-</i>	
47266	10000					

<i>Financial activities</i>	<i>012</i>	-	-	-	-	-
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<i>TOTAL:</i>	<i>013</i>	<i>82328</i>	<i>97131</i>	<i>86004</i>	<i>44663</i>	<i>-</i>
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6. Line 110 Other Receipts

Table No. 45

*thousand roubles*

*Amount including:*

	<i>current operation</i>		<i>investment operation</i>	<i>financial operation</i>
<i>Account 68</i>	<i>378453</i>	<i>367788</i>	<i>10665</i>	-
<i>Account 76</i>	<i>15,116</i>	<i>15,116</i>	-	-
<i>Account 60</i>	<i>32014</i>	<i>3,744</i>	<i>28270</i>	-
<i>Account 80</i>	<i>87</i>	<i>87</i>	-	-
<i>Account 71</i>	<i>515</i>	<i>515</i>	-	-
<i>Account 73</i>	<i>16966</i>	<i>16966</i>	-	-
<i>Account 55</i>	<i>30000</i>	-	-	<i>30000</i>
<i>Account 57</i>	<i>339900</i>	<i>339900</i>	-	-
<i>Initial balance of MMT as of 28.12.00</i>			<i>33502</i>	<i>27403</i>
<i>Initial balance of Telegraph as of 28.12.00</i>			<i>3642</i>	<i>3642</i>
<b>TOTAL</b>	<b>844,096775,</b>	<b>16138935</b>	<b>30000</b>	

#### 7. Other payments and deductions

**Table No. 46**  
 thousand roubles

	<i>Amount</i>	<i>including:</i>		
		<i>current operation</i>	<i>investment operation</i>	<i>financial operation</i>
<i>Account 68</i>	<i>100563</i>	<i>93,313</i>	<i>7250</i>	-
<i>Account 67</i>	<i>50256</i>	<i>50256</i>	-	-
<i>Account 76</i>	<i>26870</i>	<i>20771</i>	-	-
<i>Account 80</i>	<i>177</i>	<i>177</i>	-	-
<i>Account 62</i>	<i>623</i>	<i>623</i>	-	-
<i>Account 58</i>	<i>4000</i>	<i>4000</i>	-	-
<i>Account 88</i>	<i>5680</i>	<i>5680</i>	-	-
<i>Account 57</i>	<i>339490</i>	<i>339,490-</i>	-	-
<b>TOTAL</b>	<b>521,560514310</b>	<b>7250</b>	-	-

8. Line 210 shows the amount allocated for dividend payment. The transfer amount is less than the amount of calculated dividends, as OJSC PTN mainly pays dividends through the payment agent (Brokerage Office North-West Investment Centre Ltd.), not directly.

The following dividend payment method is used:

1. OJSC PTN transfers dividend payment funds from its account to the payment agent (transaction D76 – C51).
2. The payment agent pays the dividend as shareholders apply, and provides a report on all paid dividends. Transaction D 75 - C 76 is made on the basis of the report.
3. It is impossible to separate a tax on line 211, as PTN transfers funds to Brokerage Office North-West Investment Centre Ltd. by means of planned payment without separating the amount of tax.
4. For table 31: the difference between the total of table 31 and line 030 of form No.4 in the amount of 265,475 thousand roubles is the accounts receivable for services of the year 2000, as table 31 shows the distribution of the receipts by types of settlements.
9. The column for the year 1999 is given for information only and contains the data on the exchange rate of the Central Bank of RF for conversion as of the end of 1999.

#### 5. Form No. 5

Line 407 of form No. 5 shows the change in the cost of equipment (computing facilities and the fire station) due to their upgrading, worth of the total of 597 thousand roubles.

#### VII. Financial indices

**Table No. 47**

No.	Indices Formula	Standard value	As of 01.01.99	As of 01.01.2000
<b>Profitability evaluation</b>				
1.	Total profitability of property	$\Pi/(AB1+AB2)/2$		8.09%
2.	Net profitability of property	$\Pi\text{ч}/(AB1+AB2)/2$		5.40%
3.	Total profitability of own capital	$\Pi/(CK1+CK2)/2$		10.63%
4.	Net profitability of own capital	$\Pi\text{ч}/(CK1+CK2)/2$		7.09%
6.	Total profitability of production assets	$\Pi/(OC1OC2)/2+(M31+M32)/2$		10.05%
<b>Estimation of business activity</b>				
7.	Own capital turnover	$P/(CK1+CK2)/2$	0.34	
8.	Turnover rate of accounts receivable	$P/(\text{Д}31+\text{Д}32)/2$		2.58
9.	Turnover rate of accounts payable	$P/(K31+K32)/2$		4.76
10.	Turnover rate of fixed assets and intangible assets	$P/(OC1+OC2)/2+(HA1+HA2)/2$	0.33	
<b>Market stability assessment</b>				
11.	Ownership (autonomy) ratio	$CK/\text{ПБ}$	0.78	
12.	Borrowed to own funds ratio	$3K/CK$	0.28	
13.	Own capital mobility (manoeuvrability) ratio	$COC/CK$		0.12
14.	Net proceeds ratio	$(\text{Пч}+CA)/P$	0.34	
<b>Assessment of liquidity and solvency</b>				
15.	Absolute liquidity ratio	$\text{ДC}/KO$	Minimum value 0.2-0.25	0.25
16.	Current liquidity factor	$OA/KO$	At least 2	2.19
17.	Own funds index	$(IV \text{ П} - I A)/IIA$	At least 0.1	0.54

A notable fact in analysing the profitability indices is that the profit gained by each company separately before the affiliation of OJSC MMT and OJSC Telegraph with OJSC PTN has not been shown in form No.2 of the accounts and reports it was used for increasing the authorized capital. If the said profits had been included in the calculation of profitability indices, their level could have been higher than the actual level.

Commenting on the values of the accounts receivable and payable turnover ratio, it should be noted that the rather low level of the said indices is caused by the existing significant debt for communication services provided to categories of people enjoying privileges under the Federal Laws 'On Veterans' and 'On Invalids' The amount of the federal budget's debt in connection with reimbursement for expenses related to the servicing of privileged subscriber categories was 332,722,670.51 roubles as of 01.01.01. It is obvious that the situation unfavourably affects the value of accounts receivable, there is a deficiency of monetary funds, the payment discipline is getting worse. Besides, the structure of the Profits and Losses Report for the year 2000, on the basis of which the said indices were calculated, was formed without taking into account the proceeds received by OJSC MMT and OJSC Telegraph before the affiliation with OJSC PTN. This also affects the adequacy of the turnover ratios evaluation.

To conclude, we would like to note that the presented financial indices do not fully show the adequate assessment of OJSC PTN activities for the year 2000, and this is first of all caused by the process of structural re-organization of the Company and by affiliation of two independent telecommunication operators with the Company at the end of the year 2000: OJSC MMT and OJSC Telegraph.

\*\* when own capital in circulation was calculated, loans and credits received against non-circulation assets were added to own sources of property formation.

**Other Information on Accounting for the Year 2000**

*none*



## **Auditing Company's (Auditor's) Opinion on Accounts and Reports for 2000**

### **Conclusion of the Independent Auditing Company Arthur Andersen CJSC**

- 1. We have carried out an audit of the enclosed accounts of OJSC Petersburg Telephone Network for the year ending on 31<sup>st</sup> December 2000. These reports and accounts were prepared by the executive body of OJSC North-West Telecom in compliance with the Federal Law No.129-FZ of 21st November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n. Reports and accounts prepared in compliance with the Federal Law No.129-FZ of 21st November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n, essentially differ from reports and accounts prepared in compliance with the International Accounting Standards.**
- 2. The responsibility for preparation of the reports rests with the executive body of OJSC Petersburg Telephone Network. Our duty is to express our opinion on reliability of these reports in all essential aspects on the basis of the audit that has been carried out.**
- 3. We have carried out the audit in compliance with the Decree of the President of RF No. 2263 of 22<sup>nd</sup> December 1993 "On Auditing in the Russian Federation" and the Rules (Standards) of Auditing approved by the Commission for Auditing at the President of the Russian Federation. The audit was planned and carried out in such a way as to obtain sufficient confidence that the reports and accounts had been prepared in all essential aspects in compliance with the Federal Law No.129-FZ of 21st November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n. The audit included a selective check of the proof of numeric data and explanations contained in the accounts and reports. We believe that the audit that has been carried out provides sufficient grounds to express an opinion on reliability of these reports and accounts.**
- 4. At the moment, the Company is holding talks on payment of a number of considerable amounts of accounts receivable. The management of the Company believes that the talks will be completed successfully and that the accounts receivable will be fully repaid. Nevertheless, at the moment there is a considerable uncertainty in respect of the results of the talks. The financial reports of OJSC PTN do not include any corrective accounting entries that could have become a result of such uncertainty.**
- 5. In our opinion, taking into account amendments that could have been a consequence of resolving the uncertainty mentioned above in para. 4, the reports and accounts enclosed to this Opinion are reliable, i.e. were prepared in such a way as to ensure that the assets and liabilities of OJSC Petersburg Telephone Network as of 31st December 2000 and the financial results of its operation for the year ending on 31st December 2000 were shown in all essential aspects in compliance with the Federal Law No.129-FZ of 21st November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n.**
- 6. Without introducing any reservations to our opinion, we would like to draw your attention to the fact that the Company's income from principal operations is expressed in roubles and the rates for provided communication services are to be agreed upon with and approved by the Ministry of Antimonopoly Policy of the Russian Federation. At the same time, the Company has a considerable debt expressed in foreign currency. This situation, together with the continuing structural crisis in the Russian Federation, adversely affects the Company's capability of fulfilling all its financial obligations. When the Accounts and Reports enclosed to this Opinion**

*were being prepared, the executive body proceeded from the assumption that OJSC Petersburg Telephone Network would continue its operations in the foreseeable future and it had no intention or need of liquidating or essentially reducing the operations, and, therefore, the obligations would be repaid in due time according to the established order.*

*Partner*

*Haime Pudge Sakares*

*Auditor*

*Alexandr Yuryevich Grebenyuk*

# **APPENDIX**

## **Accounts and Reports**

**for the year 2001**

*none*

## ACCOUNTING POLICY

### **ORDER on accounting policy of OJSC PETERSBURG TELEPHONE NETWORK for the year 2001**

**Based on:**

- 1. The Federal Law of RF "On Accounting" 129-FZ dated 21.11.96,**
- 2. The Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n,**
- 3. The Provisions on Accounting "Accounting Policy of an Enterprise Accounting Rules 1/98, approved by the Order of the Ministry of Finance of RF, of 09.12.98 No. 60n,**
- 4. Card of Accounts for Book-Keeping in Financial and Economic Operations of Enterprises, and the Instructions on its application, approved by the Order of the Ministry of Finance of the USSR, of 1st November 1991, No. 56,**

**I ORDER the following:**

**Accounting and reporting in 2001 shall comply with the Accounting Policy.**

### **ACCOUNTING POLICY for the year 2001**

#### **ORGANIZATIONAL ASPECT**

**Responsibility for the organization of accounting and observance of legislation in performance of economic operations shall rest with the General Manager of the Company.**

**The Chief Accountant shall ensure control over and recording of all economic operations on accounts and prompt provision of effective information within the established time.**

**Accounting at the enterprise shall comply with the Federal Law of RF "On Accounting" 129-FZ dated 21.11.96; Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n; Card of Accounts for Book-Keeping in Financial and Economic Operations of Enterprises, and the Instructions on its application, approved by the Order of the Ministry of Finance of the USSR, of 1<sup>st</sup> November 1991, No. 56, and other standard documents taking into account subsequent amendments and additions to them.**

**Accounts of property, obligations and economic operations shall be kept on the basis of natural indices in monetary terms by their continuous uninterrupted, documentary and interrelated expression.**

**Accounts of property, obligations and economic operations shall be kept:**

**§ by the dual recording method**

**§ according to the working card of accounts containing synthetic and analytical accounts, developed on the basis of the Card of Accounts for Book-Keeping, approved by the Order of the Ministry of Finance of Russia, of 1st November 1994 No. 56, taking into account subsequent amendments and additions, and approved by the order of the General Manager.**

**Accounting and tax records shall be kept by the Company. Document turnover and accounting information processing technology shall be established by orders of the General Manager.**

**Accounting shall be the responsibility of the Company's accountants' office. The structure of the accountants' service and the number of employees of individual accountants' divisions shall**

*be established by the bylaws and job descriptions of the Company, approved by the General Manager.*

*To ensure control over economic operations and safety of property, observance of legislation and advisability of financial and economic activities, as well as reliability of accounting data, a system of internal control has been created in the Company (separation of accounting functions, establishing the responsibility of each employee of the Company, a system of approvals, the use of strict accounting forms, values storage organization, inspections, employees' skills improvement).*

*The following divisions (branches, representative offices, departments or other separate units comprising the enterprise) shall have a separate balance sheet:*

- 1. Main Board*
- 2. Motor Depot*
- 3. Repair and Installation Board (RMU)*
- 4. Repair and Construction Board (RSU)*
- 5. Recreation and Disease Prevention Centre*
- 6. Inter-Exchange Contacts Centre*
- 7. Vyborgsky Telephone Centre*
- 8. Moskovsky Telephone Centre*
- 9. Nekrasovsky Telephone Centre*
- 10. Petrogradsky Telephone Centre*
- 11. Tsentralny Telephone Centre*
- 12. Oblast (Regional) Telephone Centre*
- 13. Telegraph*
- 14. Long-Distance International Telephone*

#### **ACCOUNTING INFORMATION PROCESSING TECHNOLOGY**

*A computer technology shall be used for accounting information processing.*

*Source accounting documents recording the fact of an economic operation, as well as calculations (certificates) of the accountants' office, shall serve as the ground for entries in accounting registers.*

*Source accounting documents used to record facts of economic operations shall be made up according to the forms contained in the albums of unified forms of source accounting documentation (approved by the resolution of the State Statistics Committee No. 71a of 30.10.97 and No. 88 of 18.08.98), while documents, the form of which is not stipulated by such albums, shall contain the following obligatory details:*

- name of document;*
- date of making up the document;*
- name of organization, on behalf of which the document was made up;*
- contents of the economic operation;*
- indices of the economic operation in kind and in monetary terms;*
- positions of officials responsible for an economic operation and for correctly recording it;*
- signatures of said officials.*

*The list of persons entitled to sign source accounting documents shall be approved by the General Manager upon agreement with the Chief Accountant.*

*Accounting registers with the synthetic and analytical accounts of shipment and sales of communication services shall be made up using computer facilities and shall be stored in the electronic form.*

#### **PROCEDURE OF ORGANIZATION'S ASSETS AND LIABILITIES INVENTORY**

*· To ensure reliability of the data of accounting and reporting of the Company, an inventory of assets and financial obligations shall be carried out in compliance with the Order of the Ministry*

## **ASSETS AND LIABILITIES VALUATION METHODS**

### **CAPITAL INVESTMENT**

*Capital investment in progress shall include the costs of construction and installation, acquisition of buildings, equipment, transport facilities, tools, implements and other durable material facilities, other capital work and costs, that have not been recorded in statements of fixed assets commissioning (design and survey, geological prospecting and drilling, expenses for land plot allotment and movement of tenants in connection with a construction, for personnel training for newly built organizations, etc.).*

*Capital investment in progress shall be reported in the balance sheet according to the actual costs for the developer (investor).*

*Long-term investment shall be recorded on account 08 "Capital Investment". Analytical accounting shall be by types of investment.*

*Expenses for maintenance of the management personnel shall be included in the increase of the value of facilities under construction according to the procedure provided for by the Letter of the Ministry of Finance of 30<sup>th</sup> December 1993 No. 160 "Provisions on Accounting of Long-Term Investment". If the said expenses refer to several objects, their value shall be distributed among separate objects in proportion to their value at the suppliers' prices (in case of construction on the contract basis) or in proportion to the prime cost of objects (in case of construction by the economic method).*

### **FINANCIAL INVESTMENT**

*Investment of the organization in state securities, bonds and other securities of other organizations, in authorized capitals of other organizations, and loans provided to other organizations shall be recorded on financial investment accounts.*

*Financial investment shall be taken for accounting in the amount of the actual costs for the investor.*

*For debt securities, the difference between the amount of actual costs of acquisition and the face value during their circulation period shall be included in the financial results of the organization as the income due on them is charged.*

### **FIXED ASSETS**

*Fixed assets as the aggregate of physical values used as labour means in the manufacture of products, performance of jobs or provision of services, or for the management of the organization during a period exceeding 12 months, or the normal operation cycle, if it exceeds 12 months, shall include buildings, facilities, working and power machines and equipment, measurement and regulation devices and instruments, computing facilities, transport facilities, tools, production and economic implements and accessories, plough cattle and productive cattle, perennial plantations, internal roads and other fixed assets.*

*Fixed assets shall also include capital investment in radical improvement of lands (drainage, irrigation and other reclamation work) and in leased fixed asset facilities.*

*An inventory object shall be the unit of fixed assets accounting.*

*In analytical accounting, fixed assets shall be classified in compliance with the adopted classification of fixed assets according to the All-Russia Classifier of Fixed Assets.*

*Fixed assets accepted for accounting shall be evaluated in compliance with PBU (Accounting Rules) No. 6/97 "Accounting of Fixed Assets", approved by the Order of the Ministry of Finance of RF of 03.09.97 No. 65n.*

*Re-valuation of fixed assets shall be carried out once a year at the most in the following cases:  
- upon request of legislative or executive authorities according to the procedure established by*

*such an authority;*

*- upon decision of a manager of OJSC PTN as of the start of the year under report by direct recalculation of the replacement value of fixed assets at the market prices confirmed by appropriate documents;*

*Leased out fixed assets shall be recorded depending on the terms of the contract of lease. Lease facilities shall be separated in a special group in accounting registers.*

*Leased fixed assets shall be recorded on off-balance account 001 "Leased Fixed Assets" Analytical accounting shall be organized by each object of leased fixed assets (by inventory numbers of the lessor).*

*Costs of equipment dismantling shall be included in the expenses related to sale and other kinds of fixed assets objects withdrawal. Profit from sale of an object of fixed assets shall be adjusted for the purposes of taxation by the amount of the indicated expenses.*

*In case of repairs of an object of fixed assets, costs of dismantling shall be included in the expenses for normal operation.*

### **CHARGING DEPRECIATION DEDUCTIONS**

*The linear method shall be used for retirement of the value of fixed assets objects on the basis of the depreciation charge standards established by the Resolution of the Council of Ministers of the USSR dated 22.10.90 No. 1072 "On the Unified Standards of Depreciation Charges for Full Restoration of Fixed Assets in the National Economy of the USSR".*

### **REPAIRS OF FIXED ASSETS**

*To ensure a uniform inclusion of costs for especially complex and expensive repairs of fixed production assets in the prime cost of products (jobs or services), the Company has created a fund for overhaul for 2000 and has recorded the deductions to the repairs fund, determined based on the balance value of fixed production assets and deduction standards approved by the General Manager.*

*Expenses for current repairs shall be included in the expenses for normal activities.*

*The unused balance of the repairs fund shall be added to the taxable profit of the current year in the Main Board of OJSC PTN.*

*For determining the taxable profit in respect of the actual use of the repairs fund, the calendar year from January to December shall be considered as the current period.*

### **INTANGIBLE ASSETS**

*Intangible assets accepted for accounting shall be evaluated and recorded in compliance with PBU (Accounting Rules) No. 14/2000 "Accounting of Intangible Assets", approved by the Order of the Ministry of Finance of RF of 16.10.2000 No. 91n.*

*Intangible assets acquired by other methods than for monetary funds shall be evaluated by a specially formed commission, the members of which shall be approved by the General Manager, based on the price, at which similar intangible assets are acquired in comparable circumstances.*

*The value of intangible assets shall be retired by charging depreciation deductions by the uniform (linear) method on the basis of the standards established for each object of intangible assets depending on the time of use established by the contract or on the basis of an expert evaluation of obsolescence time, carried out by a commission appointed by the General Manager of OJSC PTN. If the object's efficient use period cannot be determined fairly, the period of 20 years shall be established.*

*Depreciation deductions for intangible assets shall be recorded in accounts by accumulating respective amounts on the separate account 05 "Wear of Intangible Assets".*

### **ACCOUNTING OF INVENTORIES**

*Records and evaluation of inventories accepted for accounting raw materials, basic and auxiliary*

*materials, fuel, purchased semi-finished articles and components, spare parts, containers used for products (goods) packaging and transportation, and other material resources shall comply with PBU (Accounting Rules) 5/98 'Inventories Accounting', approved by the Order of the Ministry of Finance of RF, dated 15.06.98. No. 25n.*

#### **LOW-VALUE AND HIGH-WEAR OBJECTS**

*Account 12 "Low-Value and High-Wear Objects" shall be used to record objects used as labour means for a period less than 12 months irrespective of their value, and objects used as labour means and having the value not exceeding 100 minimum salaries per unit as of the date of acquisition, irrespective of their efficient use period.*

*Wear of low-value and high-wear objects shall be recorded on account 13 "Wear of low-value and high-wear objects".*

*Depreciation of low-value and high-wear items transferred to production or operation shall be calculated by the percentage method of charging the wear in the amount of 100% of the value during the transfer for operation.*

*Low-price and high-wear objects with the value lower than 1/20 of the established standard of the fixed assets value shall be written off as they are released for operation without charging the wear.*

*Low-value and high-wear objects commissioned before 01.01.98, the wear for which has been charged in the amount of 50% of the value on a separate sub-account, shall be taken into account.*

*Analytical accounting on account 12 "Low-Value and High-Wear Items" shall be by homogeneous groups of low-value and high-wear items according to the established grouping.*

*Worn low-value and high-wear objects shall be recorded in a retirement statement, which shall make a ground for writing them off from materially responsible employees.*

#### **MATERIALS**

*Materials shall be recorded on account 10 "Materials" according to the actual prime cost on respective sub-accounts.*

*When issuing inventories for production and in other kinds of withdrawal, they are evaluated at the average prime cost.*

*A respective statement of the materials planned application shall serve as the document confirming that they are to be used in production and that it is appropriate to write off materials of general economic application to the prime cost of services.*

*Account 10 "Materials", sub-account "Spare Parts", shall serve to record recyclable waste of low-value and high-wear items and fixed assets that become disabled in the course of operation.*

*Account 10 "Materials", sub-account "Materials Transferred for Processing to other Companies", shall serve to record cable handed over to the contractor for performance of jobs.*

#### **ACCOUNTING OF FINISHED PRODUCTS**

*Finished products of own manufacture shall be recorded on account 40 "Finished Products"*

#### **ACCOUNTING OF PRECIOUS METALS**

*Precious metals shall be recorded according to the Instructions of the Ministry of Finance of Russia No. 67 of 04.08.92 "On the Procedure of Receiving, Spending, Accounting and Storing Precious Metals and Precious Stones at Enterprises, Institutions and in Organizations" (with amendments and additions dated 4<sup>th</sup> December 1995).*



## **EXPENSES OF THE ORGANIZATION**

*Expenses of an organization mean a reduction of economic benefits as a result of a withdrawal of assets (money or other property) and/or emergence of obligations, leading to a reduction of the capital of such an organization, except for reduction of contributions upon decision of the participants (owners of property).*

### **NORMAL OPERATION EXPENSES**

*Normal operation expenses are expenses related to provision of services in the field of telecommunication, leasing out digital channels, telephone channeling, premises, provision of information services on the paid basis, fee for the use of a code, issue of specifications, other communication services, jobs and services of auxiliary production facilities.*

*Normal operation expenses also include indemnification for the value of fixed assets, intangible assets and other depreciable assets, implemented in the form of depreciation deductions.*

*Normal operation expenses consist of:*

*expenses related to acquisition of raw materials, materials, goods and other inventories; expenses arising directly in the course of processing (finishing) of inventories for the purposes of the production, performance of jobs and provision of services and their sale, as well as sale (resale) of goods (expenses for maintenance and operation of fixed assets and other non-circulating assets, as well as for maintaining them in the good working condition, commercial expenses, management expenses, etc.).*

*Normal operation expenses shall be accepted for accounting in the amount calculated in the monetary terms and equal to the payment in the monetary or other form or the value of accounts payable.*

*The payment amount shall be determined (decreased or increased) taking into account the sum differences arising in the cases when payment is effected in roubles in the amount equivalent to the sum in foreign currency (conventional monetary units). The sum difference means the difference between the rouble valuation of the actually effected payment, expressed in a foreign currency (conventional monetary units) and calculated according to the official or any other agreed exchange rate as of the date of accepting the respective accounts payable for accounting, and the rouble valuation of such accounts payable calculated according to the official or any other agreed exchange rate as of the date of recognizing the expense in the accounting.*

*The costs of the manufacture of products (jobs or services) shall be included in the prime cost of products (jobs or services) of the period under report, to which they refer, irrespective of the time of their payment - preliminary or subsequent.*

*Depending on the method of including them in the prime cost of products (jobs, services), normal operation expenses shall be subdivided into direct expenses related to the production, which can be directly and immediately included in the prime cost of products (jobs, services) for respective accounting objects, indirect (overhead) expenses related to organization and management and to the work of the organization on the whole, and expenses of auxiliary production facilities.*

*Direct expenses shall be recorded on account 20 "Basic Production" intended for providing information on basic production costs. Production costs shall be taken into account analytically by cost items.*

*Auxiliary production costs shall be recorded on account 23 "Auxiliary Production" intended for generalization of information on costs of the production facilities that are auxiliary (secondary) for the basic production or the principal activity of the enterprise (branches of OJSC PTN – RSU, RMU, UMS, Motor Depot). Analytical accounting of auxiliary production costs shall be by types of production, branches and cost items. Indirect costs shall be recorded on accounts according to the actual prime cost with a monthly closure to account 20 "Basic Production".*

*In the accounting of centers, analytical accounting shall be organized on account 23 by types of*

**auxiliary production, using sub-accounts “RSU”, “RMU”, “UMS” and “Motor Depot”.**

**Calculation objects for auxiliary production are:**

- **UMS (Altay section) prime cost of servicing one radio station;**
- **UMS (other) prime cost of servicing one kilometer of cable facilities;**
- **RSU (capital investment) prime cost of an inventory object;**
- **RSU (repairs) prime cost of an order;**
- **RMU (capital investment) prime cost of an inventory object;**
- **RMU (repairs) prime cost of an order;**
- **Motor Depot prime cost of one machine-hour by groups of machines.**

**Prime cost of auxiliary production shall be brought to the actual cost at the end of the period under report according to the data of accountants' offices of auxiliary production units, and any deviation of the actual prime cost from the planned figures shall be conveyed to the accountants' office of the Main Board.**

**Indirect expenses shall be recorded on account 26 “General Economic Expenses” intended for generalization of information on managerial and economic expenses that are not directly related to the production process. Analytical accounting for account 26 shall be by general economic expenses items. Indirect costs shall be recorded on accounts according to the actual prime cost with a monthly closure to account 20 “Basic Production”.**

#### **OPERATING EXPENSES**

**The following costs shall be considered as operating expenses:**

- **expenses related to provision on the paid basis for temporary use (temporary ownership and use) of organization's assets;**
- **expenses related to granting on a paid basis of rights arising out of patents for inventions, industrial designs and other types of intellectual property;**
- **expenses related to participation in authorized capitals of other organizations;**
- **expenses related to sale, withdrawal and other kinds of writing off fixed assets and other assets other than money (except for foreign currency), goods or products;**
- **interest paid by the organization for borrowing monetary funds (credits, loans);**
- **expenses related to payment for services provided by credit organizations;**
- **other operating expenses.**

#### **EXPENSES NOT RELATED TO REALIZATION**

**The following costs shall be considered as expenses not related to realization:**

- **finances, penalties or forfeits for breaking contractual terms;**
- **indemnification for damages caused by the organization;**
- **losses of past years, recognized in the year under report;**
- **accounts receivable, for which the limitation period has expired; other debts unlikely to be exacted;**
- **exchange rate differences;**
- **assets discount (except for non-circulating assets);**
- **other expenses for purposes other than realization.**

**The amount of expenses for purposes other than realization is determined according to the following procedure:**

- **Fines, penalties or forfeits for breaking contractual terms, and indemnification for damages caused by the organization shall be accepted for accounting in the amounts awarded by the court or recognized by the organization.**
- **Accounts receivable, for which the limitation period has expired and other debts unlikely to be exacted shall be included in the expenses of the organization in the amount, in which the debt**

*was recorded in the accounts of the organization.*

*- Assets discounts (except for non-circulating assets) shall be determined according to the rules established for re-valuation of assets.*

*- Other expenses are to be recorded on the profit and loss account of the organization, except for the cases when the legislation or the accounting rules provide for another procedure.*

*Separate accounting of expenses not related to realization shall be organized by cost items on account 80 "Profits and Losses".*

*Extraordinary expenses shall include expenses arising as consequences of emergency circumstances in the business (natural calamity, fire, accidents, property nationalization, etc.).*

### **DEFERRALS**

*Expenses recorded on account 31 "Deferrals" shall include the costs incurred by the organization in the period under report, however, related to subsequent reporting periods:*

*expenses for forthcoming leaves;*

*insurance expenses;*

*advertising expenses;*

*cost of trademarks and licenses with the service life up to 1 year;*

*fees for the granted right of use of intellectual property in the form of a fixed payment, including author's remuneration;*

*other expenses.*

*Deferrals shall be retired by uniformly recording on respective accounts for each separate object.*

### **EXCHANGE RATE DIFFERENCE ACCOUNTING**

*Accounting of the value of assets and liabilities expressed in a foreign currency shall comply with the Provisions on Accounting "Accounting of Assets and Liabilities, the Value of Which is Expressed in a Foreign Currency" PBU – Accounting Rules 3/2000 (approved by the Ministry of Finance of RF dated 10 January 2000 No. 2n.)*

*Exchange rate differences shall be included in the profit or loss of the organization as they are accepted for accounting on account 80 "Profits and Losses" intended for generalization of information on forming the final financial result of the enterprise's business in the year under report.*

*Debit of account 80 "Profits and Losses" shall be used to record during the period under report negative exchange rate differences for currency accounts and for operations in a foreign currency – in correspondence with the accounts of monetary funds and respective settlements.*

*Credit of account 80 "Profits and Losses" shall be used to record during the period under report positive exchange rate differences for currency accounts and for operations in foreign currencies in correspondence with the accounts of monetary funds or respective settlements.*

### **MONETARY INSTRUMENTS**

*Account 56 "Monetary Instruments" shall be used to record:*

*1) tickets to health resorts and holiday centers,*

*2) postage stamps,*

*3) transport tickets,*

*4) own shares purchased from the shareholders,*

*5) shares of other enterprises,*

- 6) *state duty stamps,*
- 7) *bill or note stamps,*
- 8) *acquired air tickets,*
- 9) *strict accounting forms for order jobs,*
- 10) *other documents.*

*Monetary instruments shall be taken into account according to the face value. Analytical accounting shall be maintained by types in the monetary instruments flow book.*

#### **ACCOUNTING OF OPERATIONS WITH BILLS AND NOTES**

*Accounting of bills and notes shall be arranged according to the actual prime cost (cost of acquisition). A bills and notes register shall be kept.*

#### **ACCOUNTING OF SETTLEMENTS WITH ADVANCE HOLDERS**

*Accounting of settlements with advance holders shall comply with the accounting rules and cash operation rules.*

*The procedure of issuing monetary advances to advance holders for economic expenses and for business trip costs shall be regulated by orders of the General Manager of OJSC PTN.*

*The amount of business trip and representation (entertainment) expenses shall be determined by orders of the General Manager in the framework of the Company's budget approved by the Board of Directors and the Meeting of the Shareholders, by decisions of the Board of Directors and minutes of Meetings of the Shareholders, and by other documents.*

#### **ACCOUNTING OF INTERNAL SETTLEMENTS**

*Internal settlements shall be taken into account in compliance with the standards of the active laws and internal standards of the company.*

*Internal business reports shall be made up and presented in compliance with the bylaws on making up and presenting the reports and according to the methods of document turnover and accounting information processing technology.*

#### **INCOME OF THE ORGANIZATION**

*Income of the organization mean an increase of economic benefits as a result of receipt of assets (money or other property) and/or retirement of obligations, leading to an increase in the capital of such an organization, except for contributions of the participants (owners of property).*

*The following receipts from other legal entities or individuals shall not be considered as income of the organization:*

- *value added tax amounts, excise taxes, sale tax, export duties and other similar obligatory fees;*
- *receipts under contracts of commission, agency and other similar contracts in favour of the committent, principal, etc.*
- *receipts in the framework of pre-payment for products, goods, jobs or services;*
- *advances as payment for products, goods, jobs or services;*
- *earnest money;*
- *received as a deposit, if a contract provides for transfer of pledged property to the holder of pledge;*
- *received as re-payment of a credit or loan provided to the borrower.*

#### **NORMAL OPERATION INCOME**

**Normal operation income means income from provision of such services in the field of telecommunication as: subscriber fee from legal entities and individuals, payment for traffic, for leasing of digital channels, telephone channeling, for provision of information services on the paid basis, fee for the use of a code, issue of specifications, other communication services, jobs and services of auxiliary production facilities, income from leasing of premises, etc.**

**Normal operation income shall be recorded on account 46 "Sale of products (jobs, services)".**

**Income other than normal operation income shall be considered as other receipts. Other receipts also include extraordinary income.**

**Extraordinary income means receipts arising as consequences of emergency circumstances in the business (natural calamity, fire, accidents, nationalization, etc.), insurance indemnity, value of the stocks of materials and capital equipment remaining from writing off of assets that cannot be restored or further used, etc.**

## **OPERATING INCOME**

**Operating income shall include:**

- receipts related to provision on the paid basis for temporary use (temporary ownership and use) of organization's assets;
- receipts related to granting on a paid basis of rights arising out of patents for inventions, industrial designs and other types of intellectual property;
- receipts related to participation in authorized capitals of other organizations (including interest and other income on securities);
- profit gained by the organization as a result of joint business (under an agreement of special partnership);
- receipts from sale of fixed assets and other assets other than monetary funds (except for foreign currency), products or goods;
- interest received for lending monetary funds of the organization, and interest for the use by a bank of monetary funds on the organization's account with such a bank.

## **INCOME OTHER THAN FROM REALIZATION**

**Income other than from realization shall include:**

- fines, penalties or forfeits for breaking contractual terms;
- assets received on the gratuitous basis, including those under donation contracts;
- receipts for indemnification for losses inflicted to the organization;
- profit of past years, revealed in the year under report;
- accounts payable and depositor debts, for which the limitation period has expired;
- exchange rate differences;
- assets extra valuation (except for non-circulating assets);
- other income from sources other than sales.

**Receipts shall be accepted for accounting in the amount calculated in monetary terms and equal to the amount of received monetary funds and other property and the amount of accounts receivable.**

**Fines, penalties or forfeits for breaking contractual terms, and indemnification for damages caused to the organization shall be accepted for accounting in the amounts awarded by the court or recognized by the debtor.**

**Assets received on the gratuitous basis shall be accepted for accounting at the market value. The market value of assets received on the gratuitous basis shall be determined by the organization on the basis of the prices of the asset type in question or similar asset type, effective as of the date they are accepted for accounting. Data on the prices effective as of the date of accepting for accounting shall be confirmed by appropriate documents or by an expert examination.**

*Accounts payable, for which the limitation period has expired, shall be included in the income of the organization in the amount, in which such debt was recorded in the accounts of the organization.*

*Assets extra valuation amounts shall be determined in compliance with the rules established for assets re-valuation.*

*Other receipts shall be accepted for accounting in actual amounts.*

*Operating income and income from sources other than sale are to be recorded on the profit and loss account of the organization, except for the cases when the accounting rules provide for another procedure.*

#### **DEFERRED REVENUE**

*The income recorded on account 83 "Deferred Revenue" shall include the income gained (charged) in the period under report, however, related to future reporting periods, viz.:*

- rentals received as pre-payment for future periods;*
- forthcoming receipts of the debt in respect of shortages revealed in the period under report for previous years;*
- differences between the amount to be exacted from guilty persons and the balance value in respect of the shortages of inventories.*

*There shall be analytical accounting for account 83 "Deferred Revenues" by each type of revenues.*

*Deferred revenue shall be included in the financial result of economic operations of the reporting period to which they refer.*

#### **ACCOUNTING OF LOANS AND BANK CREDITS**

*Bank credits shall be recorded:*

*on account 90 "Short-Term Bank Credits" (up to 1 year);*

*on account 92 "Long-Term Bank Credits" (over 1 year).*

*Credit interest rates shall be charged according to the credit agreements.*

*Analytical accounting of bank credits shall be organized by types, banks granting credits and by individual agreements.*

*To include in the prime cost the interest paid to banks for credits received from them, the active standard documents shall be taken as the guidelines.*

*The debt in respect of received loans and credits shall be shown taking into account the interest due as of the end of the period under report.*

#### **TAXATION**

*Receipts from sales shall be determined for the purposes of taxation as buyers (customers) are effecting payments under payment documents, i.e. as money is received for goods, jobs or services to bank accounts or to the cash office of OJSC PTN.*

*When an operation of goods (jobs, services) sale is transacted, invoices shall be made up in compliance with the Resolution of the Government of RF of 29.07.96 No. 914, and sale books and purchase books shall be kept.*

*The number of sale books and purchase books shall be established by the appropriate order of the General Manager taking into account the peculiarities of the production process. An invoice shall be made up using a computer; however, it may also be filled out manually.*

*The list of those entitled to sign invoices shall be established by the order of the General Manager. Sale books and purchase books shall be made up using computing facilities.*

*An accumulation rating period equal to a calendar month (starting from the 1<sup>st</sup> day of the month) shall be established for receipts recognition. The issue of invoices shall take place not later than the 5<sup>th</sup> day upon expiry of the accumulation period.*

*Jobs (services) done (provided) by one branch of OJSC PTN for another branch shall not be recognized as receipts from sales of a job (service).*

*Value added tax on inventory holdings (jobs, services) acquired by branches of OJSC PTN shall be transferred to the balance sheet of the Main Board for presenting for compensation from the budget.*

*Value added tax shall be paid on a centralized basis (for OJSC PTN on the whole, including all branches) in the location of the Main Board of OJSC PTN.*

*Accounting of sum differences shall comply with the Order of Ministry of Finance of RF of 6<sup>th</sup> May 1999 No. 33n "On Approving the Provisions on Accounting "Expenses of an Organization" PBU 10/99 (with amendments and additions dated 30<sup>th</sup> December 1999) For the purposes of taxation, accounting of sum differences shall comply with the Law of RF of 27<sup>th</sup> December 1991 No. 2116-I "On the Profit Tax for Enterprises and Organizations" with subsequent amendments and additions.*

## **PROFITS AND LOSSES**

*The information on forming the final financial result of the organization's activities shall be generalized on account 80 "Profits and Losses".*

*Upon expiry of the period under report, when the annual accounting report is made up, account 80 "Profits and Losses" shall be closed.*

*There shall be analytical accounting on account 80 "Profits and Losses" for each item of profits and losses in compliance with the working card of accounts.*

## **FUNDS AND RESERVES**

*· The balance sheet shall be re-formed and funds shall be created in compliance with the Federal Law On Joint-Stock Companies dated 24.11.95 not later than the 1<sup>st</sup> of July of the year following the year under report.*

*Formation of special funds from net profit shall be provided for in compliance with the incorporation documents and the decision of the shareholders.*

*All created funds shall be recorded on sub-accounts opened to account 88 "Retained Profit (Uncovered Loss)".*

## **DIVIDEND**

*Dividend shall be charged and paid to shareholders from net profit of the year under report in compliance with the incorporation documents and the decision of the Meeting of the Shareholders.*

*Chief accountant*

*M.M. Semchenko*

*OJSC PTN would like to advise you that in connection with re-organization of the Company and on the basis of order No. 01-7/498 of 29.12.00 on approving the accounting policy for the year 2001, starting from 01.01.01, receipts from sales for the purposes of taxation will be determined as buyers (customers) are effecting payments under payment documents (in case of wire transfers - as money is received for goods (jobs or services) to bank accounts or, in case of cash settlements, to the cash office).*





## BALANCE SHEET

as of December 31, 2001

Organization: **OJSC North-West Telecom**

Taxpayer Identification Number

Area of business: **communication**

Organizational & Legal form/Form of Ownership: **Public Company**

Unit of measurement: **thousand roubles**

Form No.1 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKDP

under OKOPF/OKFS

under OKEI

Codes		
0710001		
01166228		
7808020593		
52300/72200		
-		

ASSETS	Line code	As of the beginning of the period under report	As of the end of the period under report
1	2	3	4
<b>I. NON-CIRCULATING ASSETS</b>			
Intangible assets (04,05)	110	36,101	41,934
patents, licenses, trade marks (service marks), other similar rights and assets	111	32,073	41,934
organization costs	112	-	-
goodwill	113	-	-
Fixed assets (01,02,03)	120	5,898,106	6,127,121
land plots and objects of nature management	121	4,708	4,534
buildings, machinery and equipment	122	5,428,443	5,116,656
Construction-in-process (07, 08, 16, 61)	130	304,989	541,489
Profitable investments in material values (03)	135	-	-
property subject to leasing	136	-	-
hired out property	137	-	-
Long-term financial investments (06,82)	140	86,137	84,590
Investment in subsidiaries	141	5,633	13,633
Investment in associate companies	142	46,052	46,015
Investment in other companies	143	13,530	8,036
loans to organizations for over 12 months	144	20,922	12,851
other long-term financial investments	145	-	4,055
Other non-circulating assets	150	-	-
TOTAL Section I	190	6,325,333	6,795,134
<b>II. CURRENT ASSETS</b>			
Stock	210	96,207	103,041
raw materials, materials and other similar values (10,12,13, 16)	211	89,009	77,265
livestock in breeding and feeding (11)	212	-	-
expenditures in work-in-process (turnover costs) (20,21,23,29,30,36,44)	213	136	11
finished products and goods for resale (16,40,41)	214	373	554
shipped goods (45)	215	-	-
deferred expenses (31)	216	6,689	25,211
other stock and expenses	217	-	-
Value added tax on acquired values (19)	220	75,269	143,809
Accounts receivable (expected in over 12 months after the reporting date)	230	92,177	37
buyers and customers (62,76,82)	231	84,671	-
notes receivable (62)	232	-	-
debts of subsidiary and associate companies (78)	233	-	-
advances distributed (61)	234	770	-
other debtors	235	6,736	37
Accounts receivable (expected within 12 months after the reporting date)	240	858,466	967,321
buyers and customers (62,76,82)	241	673,194	857,258
notes receivable (62)	242	-	-
debts of subsidiary and associate companies (78)	243	-	-
debts of participants (founders) by contributions to the authorized capital (75)	244	-	-
advances distributed (61)	245	83,065	22,941

other debtors	246	102,207	87,122
Short-term financial investments (56,58,82)	250	86,630	5,836
loans to organizations for less than 12 months	251	5,763	1,700
own shares purchased from the shareholders	252	-	-
other short-term financial investments	253	80,867	4,136
Monetary funds	260	151,256	107,577
cash on hand (50)	261	622	976
settlement accounts (51)	262	132,635	97,933
currency accounts (52)	263	4,552	246
other monetary funds (55, 56, 57)	264	13,447	8,422
Other current assets	270	-	-
	271	-	-
TOTAL Section II	290	1,360,005	1,327,621
BALANCE (sum of lines 190 + 290)	300	7,685,338	8,122,755

<b>LIABILITIES</b>	<b>Line code</b>	<b>As of the beginning of the period under report</b>	<b>As of the end of the period under report</b>
1	2	3	4
<b>III. CAPITAL AND RESERVES</b>			
Authorized capital (85)	410	587,498	587,498
Added capital (87)	420	4,975,890	4,966,187
Reserve capital (86)	430	4,610	23,474
reserve funds formed in accordance with the laws	431	4,610	23,474
reserve funds formed in accordance with the by-laws	432	-	-
Social Fund (88)	440	55,476	-
Target financing and proceeds (96)	450	-	-
	451	-	-
	452	-	-
Retained profit for previous years (88)	460	377,271	337,902
Uncovered loss for previous years (88)	465	-	-
Expenses of previous years not covered by funding	466	-	-
Retained profit for the year under report (88)	470	-	364,112
Uncovered loss for the year under report (88)	475	-	-
	476	-	-
TOTAL Section III	490	6,000,745	6,279,173
<b>IV. LONG-TERM LIABILITIES</b>			
Loans and credits (92,95)	510	60,154	2,954
loans from banks to be repaid in over 12 months after the reporting date	511	-	-
borrowings to be repaid in over 12 months after the reporting date	512	60,154	2,954
Other long-term liabilities	520	1,001,155	910,175
TOTAL Section IV	590	1,061,309	913,129
<b>V. SHORT-TERM LIABILITIES</b>			
Loans and credits (90,94)	610	84,187	107,200
loans from banks to be repaid within 12 months after the reporting date	611	80,000	50,000
borrowings to be repaid within 12 months after the reporting date	612	4,187	57,200
Accounts payable	620	521,489	803,704
suppliers and contractors (60,76)	621	190,306	297,066
notes payable (60)	622	-	-
debts to subsidiary and associate companies (78)	623	-	-
wage arrears (70)	624	17,587	4,866
indebtedness to state out-of-the-budget funds (69)	625	9,499	5,714
budgetary indebtedness (68)	626	62,804	94,715
advances received (64)	627	66,967	90,249
other creditors	628	174,326	311,094
Indebtedness to participants (founders) on income payment (75)	630	16,084	17,553
Deferred income (83)	640	1,524	1,996
Reserves for forthcoming costs (89)	650	-	-
Other short-term liabilities	660	-	-
TOTAL Section V	690	623,284	930,453
BALANCE (sum of lines 490 +590 +690)	700	7,685,338	8,122,755

**STATEMENT OF VALUABLES ACCOUNTED ON OFF-BALANCE ACCOUNTS**

<b>Index</b>	<b>Line code</b>	<b>As of the beginning of the period under report</b>	<b>As of the end of the period under report</b>
1	2	3	4
Leased fixed assets (001)	910	170,625	298,884
including those under leasing	911	-	127,682
Inventories accepted for custody (002)	920	31	44
Goods accepted for commission (004)	930	32	-
Insolvent debtors' indebtedness written-off to loss (007)	940	9,216	64,588
Received liability and payment collaterals (008)	950	-	-
Collaterals of liabilities and payments issued (009)	960	-	-
Wear of residential fund (014)	970	15,557	2,007
Wear of external improvements and other similar facilities (015)	980	-	-
Strict accounting forms	990	1,127	6

## PROFIT AND LOSS REPORT

for the year **2001**

Organization: **OJSC North-West Telecom**

Taxpayer Identification Number

Area of business: **communication**

Organizational & Legal form/Form of Ownership: **Public Company**

Unit of measurement: **thousand roubles**

Form No.2 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKDP

under

OKOPF/OKFS

under OKEI

Codes		
0710002		
01166228		
7808020593		
52300/72200		
-		
-		

“on shipment”

Index	Line code	For the period under report	For the same period of the previous year
1	2	3	4
I. Income from and expenses for normal activities			
(Net) returns from sale of goods, products, works, services (less the VAT, excise taxes and similar obligatory fees)	010	3,951,387	1,827,839
including: from communication services	011	3,875,845	1,791,667
from lease	012	54,969	
from agency	013	733	
other	014	19,840	
Prime cost of sold goods, products, works and services	020	(2,713,943)	(1,236,826)
including: from communication services	021	(2,704,279)	(1,232,358)
from lease	022	(9)	
from agency	023	-	
other	024	(9,654)	
Gross profit	029	1,237,444	591,013
Commercial expenses	030	(40,696)	(3,791)
Management expenses	040	-	-
Profit (loss) from sales (lines (010-020-030-040))	050	1,196,748	587,222
II. Operating income and expenses			
Interest receivable	060	4,988	3,471
Interest payable	070	(12,784)	(83,812)
Income from participation in other organizations	080	2,532	1,293
Other operating income	090	35,592	7,361
Other operating expenses	100	(277,943)	(35,293)
III. Income and expenses from sources other than sales			
Income from sources other than sales	120	89,409	294,767
Expenses for purposes other than sales	130	(347,262)	(353,921)
Profit (loss) before taxes=(lines 050 + 060 - 070 + 080 + 090 - 100 +120 -130)	140	691,280	421,088
Tax on profit, and other similar obligatory fees	150	(327,168)	187,957
Profit (loss) from normal activities	160	364,112	233,131
IV. Extraordinary income and expenses			
Extraordinary income	170	-	
Extraordinary expenses	180	-	
Net profit (retained profit (loss) of the period under report) (lines (160 + 170 - 180))	190	364,112	233,131
For reference	201	0.000248	0.000079
Dividend per share			
On preferred			
on common shares	202	0.000071	0.000012
Amounts of dividend per share expected in the next year under report	203		
On preferred			
on common shares	204		

### Explanation of profit and loss items

Index	Line	For the period under report	For the same period of the
-------	------	-----------------------------	----------------------------

	code			previous year	
		Profit	Loss	Profit	Loss
1	2	3	4	5	6
Fines, penalties and forfeits, acknowledged, or with a court (arbitration) recovery award	210	1,798	2,227	642	39
Profit (loss) of previous years	220	37,048	12,727	147,914	13,918
Indemnification for losses inflicted by failure to fulfil or to fulfil duly the obligations	230	243	38	417	84
Exchange rates of foreign currency transactions	240	18,181	78,536	80,471	110,162
Reduction of inventory cost as of the end of the period under report	250	-	-	-	-
Writing off accounts receivable and payable with expired limitation period	260	2,372	55,561	15,844	8,818

## CAPITAL CHANGES REPORT

for the year **2001**  
 Organization: **OJSC North-West Telecom**  
 Taxpayer Identification Number  
 Area of business: **communication**  
 Organizational & Legal form/Form of Ownership: **Public Company**  
 Unit of measurement: **thousand roubles**

Form No.3 under OKUD  
 Date (year, month, day)  
 under OKPO  
 TIN  
 under OKDP  
 under  
 OKOPF/OKFS  
 under OKEI

Codes		
0710003		
01166228		
7808020593		
52300/72200		
-		

Index	Line code	Balance as of the start of the year	Received in the year under report	Spent (used) in the year under report	Balance as of the end of the year
1	2	3	4	5	6
I. Capital					
Authorized capital	010	587,498			
Added capital	020	4,975,890	10,986	(20,689)	4,966,187
Reserve fund	030	3,470,988			3,470,988
Reserves formed in compliance with the incorporation documents	040				
Retained profit of previous years total	050	377,271	65,200	(104,569)	337,902
including: sources of production investment funding	051		152,209		152,209
Uncovered loss of previous years	052				
retained profit (uncovered loss) of the period under report total	055		364,112		364,112
Social sphere fund	060	55,476		(55,476)	
Target funding and receipts total	070				
	080				
Total for section I	079	6,000,745	459,162	(180,734)	6,279,173
II. Reserves of forthcoming expenses total	080				
Reserves of forthcoming expenses total	080		118,972	(118,972)	
including: those for vacations	081				
those for repair of fixed assets	082		118,972	(118,972)	
those for insurance	083				
those for remuneration on the basis of the results of the year	084				
other (explain)	085				
Total for section II	089		118,972	(118,972)	
III. Estimate reserves total	090				
including: those for doubtful debts	091				
those for securities	092				
Total for section III	099				
IV. Change of Capital					
Amount of capital as of the start of the period under report	100	5,258,828			6,000,745
Capital increase - total	110	1,449,326			364,135
including:	111	121,023			
that through: extra stock issue					
assets re-evaluation	112				
property accretion	113				
corporation re-organization (merger, affiliation)	114	951,002			
income included directly in capital increase according to the accounting rules	115				
other receipts	116	377,301			364,135
Capital reduction total	120	(707,409)			(85,707)
including:	121				
that through: reducing the shares face value					

reducing the number of shares	122	6			
corporation re-organization (separation, split-off)	123				
expenses included directly in capital decrease according to the accounting rules	124				
other kinds of withdrawal	125	707,403			85,707
Amount of capital as of the end of the period under report	130	6,000,745			6,279,173
Target funding and receipts total:	140	1,524	258	(1,784)	(2)
including: from the budget	141	1,524	98	(1,624)	(2)
off-budget funds	142		160	(160)	
corporations	143				
individuals	144				
other (explain)	145				

### INFORMATION

Index	Line code	Balance as of the start of the year		Balance as of the end of the year	
		3	4	5	6
1) Net assets	150	6,000,745		6,281,169	
		<b>From the budget</b>		<b>From off-budget funds</b>	
		<b>for the year under report</b>	<b>for the previous year</b>	<b>for the year under report</b>	<b>for the previous year</b>
		3	4	5	6
2) Received for:					
normal operation expenses total	160	23	22	160	806
including: those for persons enjoying benefits	161				
other (explain)	162	23	22	160	806
Capital investment in non-circulating assets	170	75	425		
including: site construction	171	75			
equipment acquisition	172		425		
other (explain)	173				
For extraordinary purposes	180				

## CASH FLOW REPORT

for the year **2001**  
 Organization: **OJSC North-West Telecom**  
 Taxpayer Identification Number  
 Area of business: **communication**  
 Organizational & Legal form/Form of Ownership: **Public Company**  
 Unit of measurement: **thousand roubles**

Form No.4 under OKUD  
 Date (year, month, day)  
 under OKPO  
 TIN  
 under OKDP  
 under  
 OKOPF/OKFS  
 under OKEI

Codes		
0710004		
01166228		
7808020593		
52300/72200		
-		

Index	Line code	Amount	Including		
			current operation	investment operation	financial operation
1	2	3	4	5	6
1. Cash balance as of the start of the year	010	137,814	x	x	x
2. Total received cash	020	5,682,262	5,331,430	168,755	182,077
including:					
returns from sales of goods, products, works and services	030	3,651,589	1,516,238	x	
returns from sales of fixed assets and other property	040	195,420	28,488	166,932	
advance payments received from buyers (customers)	050	382,933	100,146	x	
budget allocations and other target funding	060	98	98		
free of charge	070				
received credits	080	171,401			171,401
received loans	085				
dividends and interest on finance investment	090	821	x	312	509
other receipts	110	1,280,000	1,268,322	1,511	10,167
3. Total allotted cash	120	(5,720,827)	3,813,390	883,122	252,671
including:					
that for payment for acquired goods, works and services	130	21,889,560	1,930,589	258,971	
for wages	140	573,657	x	x	x
deductions to state off-budget funds	150	197,987	x	x	x
for issue of imprests	160	6,983	6,983		
for issue of advance payments	170	119,596	119,596		
for payment of share participation in construction	180		x		x
for payment for machines, equipment and transport facilities	190	216,501	x	206,760	x
for finance investment	200	27,017		27,017	
for payment of dividends and interest on securities	210	75,955	x		75,955
for settlements with the budget	220	1,031,925	1,031,925	x	
for payment of interest and the principal amount on received credits and loans	230	597,807	112,237	309,982	175,588
other payments, transfers, etc.	250	683,839	602,319	80,392	1,128
4. Balance of cash as of the end of the period under report	260	99,249	x	x	x
For reference:	270	469,760			
from line 020: received in down payment (except for the data for line 100) - total					
including that for settlements:					
with corporations	280	151,250			
with individuals	290	318,510			
including that with the use of:					
cash registers	291	318,364			
strict accounting forms	292				
Available cash					
received from the bank to the cash office of the	295	18,164			



*Open Joint-Stock Company North-West Telecom*  
*INN (individual tax-payer's No.) 7808020593*

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organization		
handed over to the bank from the cash office of the organization	296	140,173

## APPENDIX TO THE ACCOUNTING BALANCE SHEET

for the year **2001**  
 Organization: **OJSC North-West Telecom**  
 Taxpayer Identification Number  
 Area of business: **communication**  
 Organizational & Legal form/Form of Ownership: **Public Company**  
 Unit of measurement: **thousand roubles**

Form No.5 under OKUD  
 Date (year, month, day)  
 under OKPO  
 TIN  
 under OKDP  
 under  
 OKOPF/OKFS  
 under OKEI

Codes
0710005
01166228
7808020593
52300/72200
-

### 1. BORROWED FUNDS FLOW

Index	Line code	Balance as of the start of the year under report	Received	Repaid	Balance as of the end of the year under report
1	2	3	4	5	6
Long-term credits,	110				
including outstanding ones	111				
Long-term loans,	120	60,154		(57,200)	2,954
including outstanding ones	121				
Short-term credits,	130	80,000	207,394	(237,394)	50,000
including outstanding ones	131				
Short-term loans	140	4,187	62,200	(9,187)	57,200
including outstanding ones	141				

### 2. DEBTS RECEIVABLE AND ACCOUNTS PAYABLE

Index	Line code	Balance as of the start of the year under report	New liabilities	Repaid liabilities	Balance as of the end of the year under report
1	2	3	4	5	6
Debts receivable:					
short-term accounts	210	858,466	8,862,644	(8,753,789)	967,321
including overdue ones	211	11,947	7,561	(19,293)	215
including those in excess of 3 months	212	8,710	82	(8,577)	215
long-term accounts	220	92,177	1,128	(93,268)	37
including overdue ones	221	15,590		(15,590)	
including those in excess of 3 months	222				
from line 220 debts, payment under which is expected in more than 12 months after the date under report	223	92,177	1,128	(93,267)	38
Accounts payable:					
short-term accounts	230	521,489	4,725,535	(4,443,320)	803,704
including overdue ones	231				
including those in excess of 3 months	232				
long-term accounts	240	1,001,155	1,026,555	(1,117,535)	910,175
including overdue ones	241				
including those in excess of 3 months	242				
from line 240 debts, payment under which is expected in more than 12 months after the date under report	243	1,001,155	1,026,555	(1,117,535)	910,175
Collaterals:					

received,	250				
including those from third parties	251				
issued,	260				
including those to third parties	261				

### INFORMATION TO SECTION 2

Index	Line code	Balance as of the start of the year under report	New liabilities	Repaid liabilities	Balance as of the end of the year under report
1	2	3	4	5	6
1) Flow of bills					
Issued bills	262				
including overdue ones	263				
Received bills	264				
including overdue ones	265				
2) Debts receivable for supplied products (work or services) at the actual prime-cost	266				

### 3) List of debtor organizations with the maximum debts

Organization	Line code	Balance as of the end of the year under report	
		total	including those lasting over 3 months
1	2	3	4
budgetary organizations	270	20,904	
agricultural enterprises	271	75	
Ministry of the Interior, Board of the Interior	272	4,573	239
individuals	273	617,521	82,005
administration	274	639	
Federal Agency of Government Communication and Information	275	14,021	
industry	276	92,600	
institutions of the Ministry of Defence	277	10,574	761
television and radio companies	278	1,374	

### 4) List of creditor organizations with the maximum debts

Organization	Line code	Balance as of the end of the year under report	
		total	including those lasting over 3 months
1	2	3	4
Settlements with Rostelecom OJSC	280		
Under equipment contracts	281		
Settlements for equipment	282		
VAT settlements (acc. 76)	283		
With off-budget funds (acc. 67)	284		
Leasing settlements	285		

### 3. DEPRECIABLE PROPERTY

Index	Line code	Balance as of the start of the year under report	Received (introduced)	Withdrawn	Balance as of the end of the year under report
1	2	3	4	5	6
<b>I. INTANGIBLE ASSETS</b>					
Rights to objects of intellectual (industrial) property	310	40,940	19,140	(9,856)	50,224
including rights arising: from authorship agreements and other agreements covering works of science, literature, art and objects of neighbouring rights, for computer programmes, data bases, etc.	311	40,787	19,140	(9,703)	50,224
from patents for inventions, industrial designs, selection achievements, from certificates for useful models, trademarks and service marks or from license agreements for their use	312	153		(153)	
from know-how rights	313				
Rights to the use of separate natural objects	320				
Re-organization expenses	330				
Goodwill of the organization	340				
Other	349	4,028	962	(1,373)	3,617
Total (sum of lines 310 + 320 + 330 + 340 + 349)	350	44,968	20,102	(11,229)	53,841
<b>II. FIXED ASSETS</b>					
Land plots and nature management sites	360	4,708		(174)	4,534
Buildings	361	2,867,399	105,453	(9,821)	2,963,031
Facilities	362	2,208,980	84,482	(694)	2,292,768
Machines and equipment	363	4,160,568	334,231	(69,508)	4,425,291
Transport facilities	364	28,643	3,281	(2,614)	29,310
Production and economic implements	365	21,893	5,519	(854)	26,558
Work stock	366				
Productive livestock	367				
Perennial plantations	368				
Other types of fixed assets	369	10,904	767	(5,556)	6,115
Total (sum of lines 360 -369)	370	9,303,095	533,733	(89,221)	9,747,607
including: production assets	371	9,186,341	527,494	(80,741)	9,633,094
non-production assets	372	116,754	6,239	(8,480)	114,513
<b>III. PROFITABLE INVESTMENT IN STOCKS OF MATERIALS AND CAPITAL EQUIPMENT</b>					
Property for leasing out	381				
Property provided under a hire contract	382				
Other	383				
Total (sum of lines 381 - 383)	385				

### INFORMATION TO SECTION 3

Index	Line code	Balance as of the start of the year under report	Balance as of the end of the year under report
1	2	3	4
From line 371, columns 3 and 6: leased out total	387		11,992
including: buildings	388		11,993
facilities	389		944

	390		-
	391		
laid up	392	-	-
Wear of depreciable property:			
intangible assets	393	8,867	11,907
fixed assets - total	394	3,404,989	3,620,486
including:	395	1,715,002	1,936,998
buildings and facilities			
machines, equipment, transport facilities	396	1,679,867	1,682,347
other assets	397	10,120	11,141
profitable investment in stocks of materials and capital equipment	398		
For reference:			
Indexing result upon revaluation of fixed assets:			
initial (replacement) value	401		
depreciation	402		
Pledged property	403		
Value of depreciable property, for which no depreciation is charged total,	404	330,800	1,161,424
including:	405	3,303	245
intangible assets			
fixed assets	406	327,497	1,161,179

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Index	Line code	Balance as of the start of the year under report	Charged (formed)	Used	Balance as of the end of the year under report
1	2	3	4	5	6
Own funds of the organization - total	410	9,689	690,812	(700,501)	
including:					
profit remaining at the disposal of the organization	411		152,209	(152,209)	
depreciation of fixed assets	412		272,674	(272,674)	
other (explain)	413	9,689	265,929	(275,618)	
Borrowed funds total	420	56,318	75	(56,393)	
including:					
bank credits	421				
loans from other organizations	422	54,793		(54,793)	
share participation in construction	423				
from the budget	424	1,525	75	1,600	
from off-budget funds	425				
other	426				
Total own and borrowed funds (sum of lines 410 and 420)	430	66,007	690,887	(756,894)	
For reference:					
Construction-in-progress	440	228,035	851,058	(546,655)	532,438
Investment in subsidiaries	450	5,633	8,000		13,633
Investment in affiliates	460	46,052	2	(39)	46,015

### 5. FINANCIAL INVESTMENT

Index	Line code	Long-term		Short-term	
		as of the start of the year under report	as of the end of the year under report	as of the start of the year under report	as of the end of the year under report
1	2	3	4	5	6
Shares of other organizations	510	59,781	67,684		
Bonds and other debentures	520			80,867	3,786
Provided loans	530	20,922	12,851	5,763	1,700
Other	540	5,434	4,055		350
For reference: Bonds and other securities at the market value	550				

### 6. NORMAL OPERATION EXPENSES

Index	Line code	For the year under report	For the previous year
1	2	3	4
Material expenses,	610	1,089,256	306,319
including: raw materials	611	53,334	48,676
fuel and energy	612	73,125	64,798
spare parts	613	59,802	17,387
Expenses for wages	620	573,708	261,223
Deductions for social needs	630	204,470	100,971
Depreciation	640	268,343	252,144
Other expenses	650	618,862	319,960
including: taxes included in expenses	651	39,904	37,709
rental	652	44,352	26,677
personnel training and further training	653	7,190	1,734
Total for elements of expenses	660	2,754,639	1,240,617
Balance change (accretion [+], reduction [-]):	670	(125)	136
of construction-in-progress			
of deferred expenses	680	18,522	1,625
of forthcoming expenses reserves	690		

### 7. SOCIAL INDICES

Index	Line code	Due according to calculation	Spent	Transfers to funds
1	2	3	4	5
Deductions to the state off-budget funds:				
to the Social Insurance Fund	710	27,596	(11,568)	9,791
to the Pension Fund	720	176,364		178,165
to the Employment Fund	730			
for Medical Insurance	740	22,678		23,483
Deduction to non-government pension funds	750		x	
Deduction to non-government pension funds	750			
Insurance premiums under voluntary pension insurance policies	755			
Average personnel number	760	9,559		
Monetary payments and incentives, not connected with manufacturing products, doing jobs or rendering services	770	12,007		
Income on shares and investment in the property of the organization	780			

## **Explanatory Note to Accounts and Reports for the Year 2001**

### **EXPLANATORY NOTE**

#### **to Accounts and Reports of the Open Joint-Stock Company OJSC North-West Telecom for the Year 2001**

*This Explanatory Note is an integral part of the accounts and reports of the Open Joint-Stock Company North-West Telecom (hereinafter referred to as the Company) for the year 2001, prepared in compliance with the active laws of the Russian Federation.*

#### **1. Organization and Areas of Business**

*· The Company was incorporated in the form of Open Joint-Stock Company and registered by the Registration Chamber of the St. Petersburg Mayor's Office on May 6th, 1993, Resolution No. 3381, Certificate on state registration No. 2717. In compliance with the decision of the General Meeting of the Shareholders of November 28th, 2001, Minutes No.1, the name OAO PTN was changed to OJSC North-West Telecom*

*- INN (individual tax-payer's No.) 7808020593*

*- OJSC PTN provides communication services on the basis of the following licenses:*

*- license No. 3166 for provision of local telephone communication services in the territory of Leningrad Oblast;*

*- license No. 3075 for provision of local telephone communication and long-distance international communication services (Addendum No. 2) in the territory of St. Petersburg*

*- license No. 17591 for provision of mobile radiotelephone communication services in the territory of St. Petersburg.*

*· Place of business and mailing address: 24, ul. Bolshaya Morskaya, St. Petersburg, 191186*

*· Register holder: The St. Petersburg branch of National Registration Company CJSC, 26 1-ya Krasnoarmeyskaya ul., St. Petersburg, 198005, license No. 01014 of March 19th, 1996.*

*- Auditors: ANDERSEN CJSC, 5 Italyanskaya ul., St. Petersburg, 191011, license No. 006000 of July 19th, 2000.*

*- OJSC North-West Telecom has a branch, the Petersburg Telephone Network, in St. Petersburg.*

*- The General Meeting of the Shareholders (Minutes No.1 of November 28, 2001) took the decision to re-organize OJSC PTN (in compliance with the decision of the General Meeting of the Shareholders of November 28, 2001, Minutes No.1, the name OJSC PTN was changed to OJSC North-West Telecom) in the form of affiliation of the following organizations with OJSC PTN:*

*- OJSC ARTELECOM of Arkhangelsk Oblast;*

*- OJSC MURMANELECTROSVYAZ;*

*- OJSC NOVGORODTELECOM;*

*- OJSC ELECTROSVYAZ of Pskov oblast;*

*- OJSC CHEREPOVETSELECTROSVYAZ;*

*- OJSC ELECTROSVYAZ of Vologda oblast;*

*- OJSC ELECTROSVYAZ of Kaliningrad oblast;*

*- OJSC ELECTROSVYAZ of the Republic of Karelia.*

*- The average number of employees in 2001 was 9,559.*

*The principal area of the Company and its branches business is provision of local, long-distance/international and documentary communication services to private customers, enterprises and organizations of St. Petersburg, as well as provision and development of extra communication services.*

*The analysis of proceeds from sales of products (jobs, services) for the years 2001 and 2000 looks as follows:*

*(thousand roubles)*

**Index**

**2001**

**2000**

<b>Returns from sales from primary areas of business</b>	<b>3,951,386.6</b>	<b>1,827,768.0</b>
<b>Income from services all types</b>	<b>3,833,525.3</b>	<b>1,599,945.0</b>
<b>including:</b>		
<b>Long-distance and international telephone communication</b>	<b>1,819,461.1</b>	<b>18,000.0</b>
<b>Income from long-distance connections</b>	<b>1,015,158.5</b>	<b>18,000.0</b>
<b>Income from international connections</b>	<b>787,994.2</b>	
<b>Income from leasing out telephone channels</b>	<b>16,308.4</b>	
<b>Documentary telecommunication</b>	<b>54,603.5</b>	<b>6,942.1</b>
<b>From telegrams</b>	<b>11,977.6</b>	
<b>From channels lease</b>	<b>218.7</b>	
<b>From subscriber telegraphy</b>	<b>21,930.7</b>	
<b>From data transmission</b>	<b>9,048.3</b>	<b>6,942.1</b>
<b>From telematic services and aids</b>	<b>2,656.8</b>	
<b>From transmission of newspaper pages</b>	<b>229.1</b>	
<b>Other income from telecommunications</b>	<b>8,542.3</b>	
<b>Income from city telephone communication</b>	<b>1,892,863.8</b>	<b>1,571,353.0</b>
<b>Subscriber fee</b>	<b>1,544,916.2</b>	<b>1,315,950.1</b>
<b>Access to the city telephone network</b>	<b>107,226.0</b>	<b>89,432.9</b>
<b>Income from extra services</b>	<b>240,721.6</b>	<b>165,970.0</b>
<b>ALTAY radio communication with mobile objects</b>	<b>5,244.3</b>	<b>3,649.9</b>
<b>INCOME FROM NEW COMMUNICATION SERVICES</b>	<b>61,352.6</b>	
<b>From intelligent network services</b>	<b>11,884.6</b>	
<b>Internet</b>	<b>49,471.2</b>	
<b>Income from secondary areas of business</b>	<b>117,861.4</b>	<b>227,823.0</b>

**2. Analysis of the results of economic operation for the year 2001**

**In 2001 the growth of income from all kinds of services as compared to 2000 was 239.6%, while under comparable conditions, taking into account the income of the affiliated companies, it was 115.8%.**

**Causes of the income growth:**

- Reduction of the privileged exposure for long-distance and international calls starting from 01.07.01**
- increased rates for calls to CIS countries starting from 15.07.01.**
- Increased volume of services provided to leased networks operators, increased volume of telematic services and income from Internet which is the most rapidly developing segment of the telecommunication services market today. The income from the Internet services for 2001 were 49,471 thousand roubles;**
- The increase of subscriber fee rates for private customers from 60 to 73.50 roubles and from 110 to 145 roubles for budgetary organizations starting from 15.03.2001**
- The increase of the fee rates for installation of basic telephone sets for private customers, self-supporting and budgetary organizations twice during the year (starting from 15.03.01 and 15.11.01)**
- The change of the subscriber fee for bussing and direct lines for self-supporting and budgetary organizations**
- The change of rates for non-regulated communication services during the year 2001, among other things, the rates for 'Extra Services of the city telephone communication.**



**The significant reduction of income from secondary businesses is connected with the fact that in the year 2000 this item included the income from mutual settlements for communication services between the re-organized Companies (OJSC PTN, OJSC SPb MMT and OJSC SPbTelegraph). As the re-organization process is over, starting from the year 2001, mutual settlements for communication services were stopped.**

**The Company is constantly developing a market of new communication services. Thus, in the year 2001 the Company obtained a confirmation of the certificate of compliance of the service "Data Transmission in the Internet" with the requirements of the recommendations of the International Telecommunications Union, the Law of RF "On Communications" and the standard documents of the Ministry of Communications of RF, issued by the Central Authority for Certification of Communication Services (Research Institute of Economics and Information Science Intercoms).**

**During the recent years, in the framework of the Company's market strategy, work has been done aimed at developing the telematic and data transmission services (expanded fax servicing, e-mail SPT-400, data transmission, Telex off line, Internet) with their simultaneous integration with traditional telegraph services.**

**In the year 2001, the work of replacing the software of telephone exchange TLX.25 of the Regional International Centre was completed, which makes it possible to improve the quality of services provided to the subscribers of the AT/Telex network and, which is most important, to build a united centre for the provision of integrated communication services. Trunk telegraph directions St. Petersburg Cherepovets and St. Petersburg Veliky Novgorod have been switched over from channeling equipment to operation according to the X.25 protocol, which is a constituent of the work to create a single network of document telecommunications in Russia on the basis of data transmission networks. The construction of the Russian Message Processing System (RSOS) ROSTELEMAIL makes possible the transition of telegraph traffic to data transmission networks (minutes X.25 and X.400), and document telecommunication operators will be able to unite the technical facilities used for providing telegraph and telematic services into service integration centres operating in a single transport medium.**

**Last year the Company actively developed the Internet centre. Extra equipment was put into operation, which has made it possible to increase the capacity of the centre and the quality of provided services. A twofold (to 4 Mb/s) increase in the throughput of external Internet channels and an extension of the modem pool by 150 lines was ensured. The said measures have made it possible for the Company to significantly increase the sales of Internet services. As compared to the year 2000, the amount of the sales of dial-up access to the Internet increased 7.4 times. As the Internet services market is expanding at the moment, the Company plans to continue developing this service and considers this area of operation a priority.**

**As a result of the successful operation of the Company, the profit from principal operation increased by 207.9%, and under comparable conditions, taking into account the profit of affiliated companies it increased by 111.7%. In 2001 the planned index of profit from sales of products was surpassed by 21.3%.**

**The Company is also curtailing the costs of products manufacture and sales. However, in spite of the measures taken for the efficient use of material resources, provision of incentives for energy saving, introduction of new technologies, etc., the prime cost of a unit of products has increased from 68.50 roubles per thousand roubles of proceeds from sales in the year 2000 to 69.71 roubles in 2001 (under the comparable conditions, taking into account the affiliation of companies, there was a reduction from 69.96 roubles to 69.71 roubles).**

**The growth of the prime cost of a unit of products per unit of proceeds from sales was partially a result of the change in the accounting rules, without which that figure in 2001 would be 67.85 roubles.**

**Besides, the inflation processes in Russia also adversely affected the prime cost they led to an increase in the prices of raw stuff and materials; thus, the price of cable products increased by 20%; the rates for electric power were constantly growing during the year 2001, and by the end of the year the figure was 140%.**

**In connection with the growth of traffic in regions and several increases in the integral tariff, payments to Rostelecom increased by 112.83%.**

### **3. Basic provisions of the accounting policy**

**Accounts are kept by the Company in compliance with the Federal Law No. 129-FZ of 21st November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n, as well as other active provisions on accounting.**

**The basic provisions of the enterprises accounting policy for the year 2001 are set forth below:**

**· Fixed assets as the aggregate of physical values used as labour means in the manufacture of products, performance of jobs or provision of services, or for the management of the organization during a period exceeding 12 months, or the normal operation cycle, if it exceeds 12 months, shall include buildings, facilities, working and power machines and equipment, measurement and regulation devices and instruments, computing facilities, transport facilities, tools, production and economic implements and accessories, perennial plantations, internal roads and other fixed assets.**

**Fixed assets shall also include capital investment in radical improvement of lands (drainage, irrigation and other reclamation work) and in leased fixed asset facilities.**

**Fixed assets accepted for accounting shall be evaluated in compliance with PBU (Accounting Rules) No. 6/97 "Accounting of Fixed Assets", approved by the Order of the Ministry of Finance of RF of 03.09.97 No. 65n.**

**Re-valuation of fixed assets shall be carried out once a year at the most in the following cases:**

**- upon request of legislative or executive authorities according to the procedure established by such an authority;**

**- upon decision of a manager of OJSC PTN as of the start of the year under report by direct recalculation of the replacement value of fixed assets at the market prices confirmed by appropriate documents;**

**The linear method shall be used for depreciation charge for retirement of the value of fixed assets objects on the basis of the depreciation deduction standards established by the Resolution of the Council of Ministers of the USSR dated 22.10.90 No. 1072 "On the Unified Standards of Depreciation Charges for Full Restoration of Fixed Assets in the National Economy of the USSR".**

**· To ensure a uniform inclusion of costs of especially complex and expensive repairs of fixed production assets in the prime cost of products (jobs or services), the Company shall create a fund for overhaul for 2001 and record the deductions to the repairs fund, determined based on the balance value of fixed production assets and deduction standards approved by the General Manager.**

**The unused balance of the repairs fund shall be added to the taxable profit of the current year in the Main Board of OJSC PTN.**

**For determining the taxable profit in respect of the actual use of the repairs fund, the calendar year from January to December shall be considered as the current period.**

**· Intangible assets accepted for accounting shall be evaluated and recorded in compliance with PBU (Accounting Rules) No. 14/2000 "Accounting of Fixed Assets", approved by the Order of the Ministry of Finance of RF of 16.10.2000, No.91n.**

**Intangible assets acquired by other methods than for monetary funds shall be evaluated by a specially formed commission, the members of which shall be approved by the General Manager, based on the price, at which similar intangible assets are acquired in comparable circumstances.**

**The value of intangible assets shall be retired by charging depreciation deductions by the uniform (linear) method on the basis of the standards established for each object of intangible assets depending on the time of use established by the contract or on the basis of an expert evaluation of obsolescence time, carried out by a commission appointed by the General Manager of OJSC PTN. If the object's efficient use period cannot be determined fairly, the period of 20 years shall be established.**

**-Records and evaluation of inventories accepted for accounting raw materials, basic and auxiliary materials, fuel, purchased semi-finished articles and components, spare parts, containers used for products (goods) packaging and transportation, and other material resources**

**shall comply with PBU (Accounting Rules) 5/98 'Inventories Accounting', approved by the Order of the Ministry of Finance of RF, dated 15.06.98, No.25n.**

**- Materials shall be recorded on account 10 "Materials" according to the actual prime cost.**

**When issuing inventories for production and in other kinds of withdrawal, they are evaluated at the average prime cost.**

**- Accounting of the value of assets and liabilities expressed in a foreign currency shall comply with the Provisions on Accounting "Accounting of Assets and Liabilities, the Value of Which is Expressed in a Foreign Currency" PBU Accounting Rules 3/2000 (approved by the Ministry of Finance of RF dated 10 January 2000 No. 2n.)**

**Exchange rate differences shall be included in the profit or loss of the organization as they are accepted for accounting on account 80 "Profits and Losses" intended for generalization of information on forming the final financial result of the enterprise's business in the year under report.**

**- Accounting of sum differences shall comply with the Order of Ministry of Finance of RF of 6<sup>th</sup> May 1999 No. 33n "On Approving the Provisions on Accounting "Expenses of an Organization" PBU 10/99. For the purposes of taxation, accounting of sum differences shall comply with the Law of RF of 27th December 1991 No. 2116-I "On the Profit Tax for Enterprises and Organizations".**

**- Expenses of an organization mean a reduction of economic benefits as a result of a withdrawal of assets (money or other property) and/or emergence of obligations, leading to a reduction of the capital of such an organization, except for reduction of contributions upon decision of the participants (owners of property).**

**- Normal operation expenses are expenses related to provision of services in the field of telecommunication, leasing out digital channels, telephone channeling, premises, provision of information services on the paid basis, fee for the use of a code, issue of specifications, other communication services, jobs and services of auxiliary production facilities.**

**Normal operation expenses also include indemnification for the value of fixed assets, intangible assets and other depreciable assets, implemented in the form of depreciation deductions.**

**Depending on the method of including them in the prime cost of products (jobs, services), normal operation expenses shall be subdivided into direct expenses related to the production, which can be directly and immediately included in the prime cost of products (jobs, services) for respective accounting objects, indirect (overhead) expenses related to organization and management and to the work of the organization on the whole, and expenses of auxiliary production facilities.**

**Direct expenses shall be recorded on account 20 "Basic Production" intended for providing information on basic production costs.**

**Auxiliary production costs shall be recorded on account 23 "Auxiliary Production" intended for generalization of information on costs of the production facilities that are auxiliary (secondary) for the basic production or the principal activity of the enterprise (branches of OJSC PTN – RSU, RMU, UMS, Motor Depot). Indirect costs shall be recorded on accounts according to the actual prime cost with a monthly closure to account 20 "Basic Production".**

**Prime cost of auxiliary production shall be brought to the actual cost at the end of the period under report according to the data of accountants' offices of auxiliary production units, and any deviation of the actual prime cost from the planned figures shall be conveyed to the accountants' office of the Main Board.**

**Indirect expenses shall be recorded on account 26 "General Economic Expenses" intended for generalization of information on managerial and economic expenses that are not directly related to the production process. Indirect costs shall be recorded on accounts according to the actual prime cost with a monthly closure to account 20 "Basic Production".**

**· The following costs shall be considered as operating expenses:**

**- expenses related to provision on the paid basis for temporary use (temporary ownership and use) of organization's assets;**

**- expenses related to granting on a paid basis of rights arising out of patents for inventions, industrial designs and other types of intellectual property;**

**- expenses related to participation in authorized capitals of other organizations;**

- expenses related to sale, withdrawal and other kinds of writing off fixed assets and other assets other than money (except for foreign currency), goods or products;
  - interest paid by the organization for borrowing monetary funds (credits, loans);
  - expenses related to payment for services provided by credit organizations;
  - other operating expenses.
  - The following costs shall be considered as expenses not related to realization:
    - fines, penalties or forfeits for breaking contractual terms;
    - indemnification for damages caused by the organization;
    - losses of past years, recognized in the year under report;
    - accounts receivable, for which the limitation period has expired; other debts unlikely to be exacted;
    - exchange rate differences;
    - assets discount (except for non-circulating assets);
    - other expenses for purposes other than realization.
  - Extraordinary expenses shall include expenses arising as consequences of emergency circumstances in the business (natural calamity, fire, accidents, property nationalization, etc.).
  - Expenses recorded as deferrals shall include the costs incurred by the organization in the period under report, however, related to subsequent reporting periods:
    - expenses for forthcoming leaves;
    - insurance expenses;
    - advertising expenses;
    - cost of trademarks and licenses with the service life up to 1 year;
    - fees for the granted right of use of intellectual property in the form of a fixed payment, including authors remuneration;
    - other expenses.
  - Accounting of settlements with advance holders shall comply with the accounting rules and cash operation rules.
- The procedure of issuing monetary advances to advance holders for economic expenses and for business trip costs shall be regulated by orders of the General Manager of OJSC PTN.*
- The amount of business trip and representation (entertainment) expenses shall be determined by orders of the General Manager in the framework of the Company's budget approved by the Board of Directors and the Meeting of the Shareholders, by decisions of the Board of Directors and minutes of Meetings of the Shareholders, and by other documents.*
- Income of the organization mean an increase of economic benefits as a result of receipt of assets (money or other property) and/or retirement of obligations, leading to an increase in the capital of such an organization, except for contributions of the participants (owners of property).
  - Normal operation income means income from provision of such services in the field of telecommunication as: subscriber fee from legal entities and individuals, payment for traffic, for leasing of digital channels, telephone channeling, for provision of information services on the paid basis, fee for the use of a code, issue of specifications, other communication services, jobs and services of auxiliary production facilities, income from leasing of premises, etc.
  - Income other than normal operation income shall be considered as other receipts. Other receipts also include extraordinary income.
  - Extraordinary income means receipts arising as consequences of emergency circumstances in the business (natural calamity, fire, accidents, nationalization, etc.), insurance indemnity, value of the stocks of materials and capital equipment remaining from writing off of assets that cannot be restored or further used, etc.
  - Operating income shall include:
    - receipts related to provision on the paid basis for temporary use (temporary ownership and use) of organization's assets;
    - receipts related to granting on a paid basis of rights arising out of patents for inventions, industrial designs and other types of intellectual property;

- receipts related to participation in authorized capitals of other organizations (including interest and other income on securities);
- profit gained by the organization as a result of joint business (under an agreement of special partnership);
- receipts from sale of fixed assets and other assets other than monetary funds (except for foreign currency), products or goods;
- interest received for lending monetary funds of the organization, and interest for the use by a bank of monetary funds on the organization's account with such a bank.
- Income other than from realization shall include:
  - fines, penalties or forfeits for breaking contractual terms;
  - assets received on the gratuitous basis, including those under donation contracts;
  - receipts for indemnification for losses inflicted to the organization;
  - profit of past years, revealed in the year under report;
  - accounts payable and depositor debts, for which the limitation period has expired;
  - exchange rate differences;
  - assets extra valuation (except for non-circulating assets);
  - other income from sources other than sales.

Operating income and income from sources other than sale are to be recorded on the profit and loss account of the organization, except for the cases when the accounting rules provide for another procedure.

- The income recorded as deferred revenue shall include the income gained (charged) in the period under report, however, related to future reporting periods, viz.:
  - rentals received as pre-payment for future periods;
  - forthcoming receipts of the debt in respect of shortages revealed in the period under report for previous years;
  - differences between the amount to be exacted from guilty persons and the balance value in respect of the shortages of inventories.

Deferred revenue shall be included in the financial result of economic operations of the reporting period to which they refer.

· Receipts from sales for the purposes of accounting shall be determined according to the fact of services provision (jobs performance), goods (products) shipment and invoices presentation, and for the purposes of taxation - as buyers (customers) are effecting payments under payment documents, i.e. as money is received for goods, jobs or services to bank accounts or to the cash office.

In connection with this, there are the following differences in the taxes charged:

(thousand roubles)

#### Tax

	Amount of tax calculated for the period under report for 2000	Deviation for 2000 for tax calculations for 2000	Deviation for 2001 for tax calculations for 2001	Deviation for 2001 by the calculation method
		by the calculation method for 2000	by the calculation method for 2001	by the calculation method Col.3 – col.5 Col.4 – col.6
VAT	434,206763,701434,206799,073		-35,372	
Profit tax	180,998324,221180,998358,637		-34,416	
Road user tax	45,252 37,591 45,252 39,360			-1,769

:

- Bank credits shall be recorded:
    - on account 90 "Short-Term Bank Credits" (up to 1 year);
    - on account 92 "Long-Term Bank Credits" (over 1 year).
- Credit interest rates shall be charged according to the credit agreements.

**To include in the prime cost the interest paid to banks for credits received from them, the active standard documents shall be taken as the guidelines.**

**The debt in respect of received loans and credits shall be shown taking into account the interest due as of the end of the period under report.**

**· It had not been planned to create reserves of forthcoming expenses and payments, evaluation reserves or doubtful debt reserve.**

**· The balance sheet shall be re-formed and funds shall be created in compliance with the Federal Law On Joint-Stock Companies dated 24.11.95 not later than the 1st of July of the year following the year under report.**

**Formation of special funds from net profit shall be provided for in compliance with the incorporation documents and the decision of the shareholders.**

**All created funds shall be recorded on sub-accounts opened to account 88 "Retained Profit (Uncovered Loss)".**

**· Dividend shall be charged and paid to shareholders from net profit of the year under report in compliance with the incorporation documents and the decision of the Meeting of the Shareholders.**

**Essential differences in accounting policy of the Company for the years 2001 and 2000 are generalized in the following table:**

**Provision of the accounting policy**

**for the year 2001**

**for the year 2000**

**The method of determining the receipts from sales o for the purposes of taxation**

**"on payment"**

**"on shipment"**

**If the objects efficient use period cannot be determined fairly, the period shall be established which equals to:**

**20 years**

**10 years**

**The creation of the special-purpose funds is provided for: accumulation fund, social sphere fund, consumption fund and reserve fund.**

**-**

**+**

**Main amendments introduced to the accounting policy for the year 2002 as compared with the accounting policy for 2001:**

**I. METHODOLOGICAL ASPECTS**

**1. Fixed Assets Accounting Procedure**

**1.1. Fixed assets shall include Company's assets, provided the following conditions are simultaneously observed:**

**- they are used for the manufacture of products, performance of jobs or provision of services or for managerial needs of the Company;**

- they have a long useful life, i.e. a life exceeding 12 months, or the normal operation cycle, if it exceeds 12 months;
- no further resale of them by the organization is expected;
- they may bring economic benefit (income) to the Company in the future.

1.2. On a regular basis, at least once a year, the organization carries out revaluation by groups of homogeneous objects of fixed assets at the current (replacement) value by direct recalculation according to the market prices confirmed by documents.

1.3. Depreciation by objects of fixed assets shall be charged by the linear method, based on the initial value or current (replacement) value (in case of any revaluations taking place) of an object of fixed assets and the standard depreciation calculated proceeding from the useful life of such an object.

The useful life by groups of homogeneous objects of fixed assets is determined according to recommendations of the methodological council, considered by the Board of Directors and approved by the General Manager of the Company.

For acquired fixed assets that have been already operated, the Organization shall determine the depreciation standard, taking into account the useful life less the number of years (months) of actual operation of the object by the previous owner.

For fixed assets received under contracts of leasing, the accelerated depreciation coefficient provided for by the terms of the contract shall be used.

1.4. Expenses for all kinds of repairs shall be included in the prime cost of the period under report, in which they were incurred. No reserve of future expenses for fixed assets repairs is formed.

## 2. Inventories Accounting Procedure

2.1. The actual prime cost of inventories shall be formed in the accounts and reports of the Company using accounts 15 "Procurement and Acquisition of Stocks of Materials and Capital Equipment" and 16 "Deviation in the Value of Stocks of Materials and Capital Equipment".

2.2. Accounting of inventories on accounts 10 "Materials" and 41 "Goods" shall be based on Accounting Prices.

2.3. Finished products shall be taken into account according to the actual prime cost of manufacture without using account 40 "Output of Products (Jobs, Services)".

2.4. Retiring inventories shall be valued by the following methods:

According to the average prime cost: raw stuff, materials, finished products, goods for resale.  
According to the prime cost of each unit: precious metals.

## 3. Income Formation Procedure

3.1. Systematic character of receipts and the possibility of planning the volumes of receipt are additional criteria of including income in the income gained from normal operation.

3.2. For income accounting purposes, the normal areas on the Company's operation shall be subdivided into primary and secondary activities.

Primary activities mean the operations directly related to communication services provision. All other activities are secondary.

## 4. Expenditure Formation Procedure

For expenses accounting purposes, the normal areas on the Company's operation shall be subdivided into primary and secondary activities.

## 5. Production Costs Accounting Procedure and Products (Jobs, Services) Prime Cost Calculation

There shall be separate accounting of costs by types of services, jobs and products being the objects of calculation.

For the purposes of distributing the costs by primary areas of activities among calculation objects, the Company uses the method of cost accounting by production processes.

Actual natural figures of the Company's production operation, the composition of which is determined in the provisions on expenses accounting, shall be the bases for costs distribution.

All costs related to primary activities are indirect costs, i.e. they are distributed among

**calculation objects, and shall be taken into account by production processes.**

**For the purposes of calculating the prime cost of services, jobs or products of secondary areas of operation, actual expenses for provided services, completed jobs and made products transferred to the warehouse, collected on accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" shall be written off to account 43 "Finished Products" (in case of finished products manufacture), to the respective accounts of production processes (in case of services provision or performance of jobs for primary areas of operation) or to account 90 "Sales", control account 90-04 "Prime Cost of Sales in Secondary Areas of Operation" (in case of services provision or performance of jobs for outside organizations).**

**At the end of the period under report, costs related to the provision of communication services, collected by types of services on account 20 "Basic Production", shall be written off completely to account 90 "Sales", control account 90-02 "Prime Cost of Sales (by Primary Areas of Operation" with analysis by calculation objects (services).**

**Account 26 "General Economic Expenses" is of intermediate nature and is used by the Company until the calculation is obtained without distribution of costs among production processes. After the data on the actual natural characteristics of the production activities are obtained, all costs of the Company recorded on account 26 are distributed by production processes, and later account 26 "General Economic Expenses" is not used. The use of account 26 "General Economic Expenses" shall cease simultaneously by all units on the basis of the appropriate order of the Company's Chief Accountant.**

#### **6. Procedure of Accounting Production in Progress (for secondary areas of business)**

**Production in progress includes products (jobs) of secondary areas of business, that have not undergone all stages (phases) provided for by the production process, as well as incomplete products and those that have not passed testing and technical acceptance.**

**Construction-in-progress shall be evaluated according to the actually incurred costs**

#### **7. Deferrals Accounting Procedure**

**Deferrals include the expenses that have been recognized in the period under report, but that cannot be included in the prime cost of sold products, jobs or services of such a period under report, e.g.:**

- expenses related to the development of new production facilities or product types before the facts of their sale;**
- expenses related to payment for leaves of future periods;**
- expenses related to acquisition of licenses;**
- property insurance expenses;**
- other expenses.**

**Deferrals shall be written off uniformly through respective cover sources during the period, to which they refer. If it is impossible to determine reliably the period, during which incurred expenses must be written off, the calculation period shall be established by a specially formed commission and shall be approved by the appropriate order of the General Manager.**

#### **8. Received Credits and Loans Accounting Procedure**

**The Company shall transfer the long-term debt in respect of received credits and loans to the short-term debt 365 days before the principal debt amount re-payment according to the contract of loan and/or credit.**

**Extra expenses related to receiving loans or credits, or floating loan obligations, shall be included in the reporting period, in which the said costs were incurred.**

#### **9. Special-Purpose Funds Formation Procedure**

**The Company shall not create any funds from profit remaining at its disposal, except for the cases when creating such funds is provided for by the legislation or by the incorporation documents of the Company (the reserve). In such a case the procedure of creating and using them shall be determined on the basis of the decision of the General Meeting of the Shareholders.**

#### **10. Reserves Formation Procedure**

**The Company may create the following reserves:**

- securities investment devaluation reserve. The reserve is formed for the difference between the**



*actual prime cost of the Company's investments in stock of other organizations, quoted at the stock exchange, the quotations of which are regularly published, and the market value as of the end of the year under report, if the latter is lower than the value accepted for accounting;*

- those for doubtful debts. The amount of the reserve is determined separately for each debt based on an inventory, depending on debtors solvency and debt repayment probability;*
- reserve for reduction of the value of stocks of materials and capital equipment. The reserve is formed from Company's financial results for the difference between the current market value and the actual prime cost of inventories, if the latter cost is higher than the current market value.*

*The procedure of reserves formation is regulated by the methodological instructions on formation of reserves.*

#### **11. State Aid Accounting Procedure (for Budgetary Funds)**

*Budgetary funds (subventions, subsidies) shall be recognized in accounting as monetary funds and resources other than monetary funds are actually received.*

*The Company shall accept budgetary funds, including resources, other than monetary funds, for accounting, provided the following conditions are ensured:*

- one can be confident that the terms of providing such funds by the organization will be met. Contracts made by the Company, taken and publicly announced decisions, feasibility studies, approved design and cost-estimate documentation, etc., may serve as a proof;*
- one can be confident that the said funds will be received. A bank's statement on entering such funds to the Company's account or a resources transfer and acceptance certificate shall serve as a proof of receipt.*

*The budgetary funds accounting procedure does not depend on the type of resources provided to the Company (monetary funds, assets other than monetary funds) or on the method of providing them (actual transfer, reduction of the obligations to the state).*

## **II. TAXATION ASPECTS**

### **1. Tax Records Organization**

*Tax records shall be the responsibility of the accountants service at all management levels of the Organization (Main Board of the Company, board of a branch and a structural unit of a branch).*

*The Main Board shall calculate taxes and other obligatory fees transferred to the federal budget, as well as those distributed to budgets of various levels for the Company on the whole. It shall determine which part of taxes distributed to budgets of various levels is to be paid to each budget. Except for the cases when branches and structural units of branches act as the fiscal agent calculating and retaining the income tax from individuals and the single social tax.*

*The profit tax shall be calculated by the Main Board. The Main Board shall present a summary tax return in its location, as well as tax returns to tax authorities in the locations of their separate units.*

*The value added tax shall be calculated by the Main Board for the Company on the whole, a tax return being submitted in its location. If the Law on the budget of the Russian Federation provides for distribution of VAT between the federal budget and budgets of other levels, the tax shall be paid and the tax return shall be submitted by the Main Board to the budgets, in whose territories the Company operates.*

*VAT deducted from income paid to non-resident organizations that are not on the tax records of the Russian Federation shall be deducted by the unit paying the income and shall be included in the general VAT return.*

*Motor road user tax for the Company on the whole shall be calculated by the Main Board with submission of the tax return.*

*The sales tax shall be calculated by branches. The tax return shall be submitted to tax authorities by branches in their location. If the Main Board transacts operations subject to the sales tax, the Main Board shall independently calculate the tax in respect of such operations in its location and shall submit a tax return.*

*For the land tax (land fee), the tax shall be calculated and tax returns shall be submitted by the Main Board, and by regional branches in respect of the land plots used by them.*

*For the property tax, the tax shall be calculated and tax returns shall be submitted by the Main Board, and by branches in respect of the property in their balance sheet. The Main Board shall*

**calculate the amount of tax for the Company on the whole, shall make up the summary tax return and shall pay the tax in the amount of the difference between the total calculated tax and the amount of tax paid by the branches.**

**The tax on the income of individuals, the single social tax, the single tax on imputed earnings for certain areas of activities, the motor vehicle owner tax and the environment pollution fee shall be calculated by the Main Board and by the branches independently, with tax returns submitted to tax authorities in their location, and the summary tax return for the environment pollution fee shall be submitted by the directorate.**

**Income taxes deducted and paid by the Company as the fiscal agent shall be calculated and paid to the federal budget:**

- by the directorate when dividend is paid;**
- by the unit of the Company, effecting settlements with a non-resident when income is paid to a non-resident.**

**Local taxes shall be calculated by the Main Board and the branches in compliance with the active law.**

**Taxes to the federal budget and the budgets of entities of the Russian Federation shall be paid by the Main Board and taxes to local budgets by the branches. Taxes to local budgets in respect of payments of the Company's Main Board shall be paid by the Main Board itself.**

**Inventory of liabilities related to settlements in respect of taxes and fees and comparison of debts with the tax authorities shall be the responsibility of the Company's Main Board, branches and structural units of branches in respect of their payments in the location where they act as tax-payers.**

#### **1. Procedure of Determining Proceeds from Sales of Goods, Products, Jobs and Services**

**For the purposes of taxation, proceeds from sales of products, jobs and services shall be determined as follows:**

- for the profit tax, when the taxation base is determined, the proceeds from sales of services, goods and jobs shall be determined by the method of "charging", i.e. on the basis of the fact of the provision of services (performance of jobs), shipment of goods (products) and presentation of respective invoices.**
- when the taxation base is determined for the value added tax, motor road user tax, sales tax and other taxes, the proceeds from sales of services, goods and jobs shall be determined by the "as paid" method, i.e. as money for the services, goods and jobs is received to settlement accounts with banks or to the cash desk of OJSC North-West Telecom.**

#### **3. Methods for Determining Costs for the Purposes of Calculating the Profit Tax, the Profit Tax Distribution Index and the Value Added Tax for Payment of the Taxes to Budgets of Various Levels; Profit Tax Payment Method**

##### **3.1. For the purposes of profit tax calculation:**

- when the amount of material expenses is determined in writing off the materials used in the production (manufacture) of goods (performance of jobs or provision of services), the method of evaluation by the average prime cost is applied;**
- depreciation amounts for all groups of fixed assets are charged by the linear method;**
- for depreciated fixed assets used for the work in an aggressive medium and/or with many shifts, the Organization is entitled to apply a special coefficient to the basic depreciation rate; however, the coefficient shall not exceed 2;**
- the coefficient established in the contract shall be applied to the basic depreciation rates of fixed assets being the subject of a contract of leasing;**

**Under the contracts made before 01.01.02, the Organization shall charge depreciation for leased property, using the methods and standards that existed at the moment of transferring (receiving) the property and applying a special coefficient not exceeding 3.**

**For cars and passenger minibuses having the initial value of more than 300 thousand roubles and 400 thousand roubles respectively and received on the basis of leasing, the basic depreciation rate with the special coefficient 0.5 shall be applied;**

- withdrawn securities shall be written off to expenses at the prime cost of those that were acquired first (by the FIFO method).**

3.2. For distribution of the profit tax for payment of the tax to budgets of various levels, the average official number of employees and the residual value of the depreciated property of the directorate, branches and structural units of branches shall be used.

3.3. For distribution of the value added tax for payment of the tax to budgets of various levels, the average official number of employees of units and the residual value of the fixed assets of the directorate, branches and structural units of branches shall be used.

3.4. The Organization shall pay the profit tax in monthly advance payments in equal installments in the amount of one third of the actually paid quarterly advance payment for the quarter preceding the quarter, in which monthly advance payments are effected.

#### 4. Analysis and Evaluation of Financial Results and Financial Standing

All characteristics analyzed in this section have been calculated based on comparable data of the Profit and Loss Report for the year 2000, that has been corrected according to the requirements of the Methodological Recommendations on the Procedure of Forming the Figures of Accounts and Reports of an Organization, approved by the order of the Ministry of Finance of RF of 28.06.00 No. 60n and described in clause 9 of this Explanatory Note.

##### 4.1. Figures of Financial Results and Financial Standing Evaluation

As of 31st December 2001, the structure of the balance sheet can be described by the following figures:

##### Index

##### Calculation formula

2000

2001 Economic interpretation of the index value

Net profit (thousand roubles) Profit of the year under report payments to the budget 233,131  
364,112

Profitability of principal activity Services sale profit /

Costs of services production and sale 0.33 0.25 This factor shows that each rouble spent for provision of services has yielded a profit of 25 kopecks to the enterprise.

Profitability of own capital Net profit / average own capital 0.04 0.0593 The net profit ratio of own capital shows that each rouble of own capital yields 6 kopecks of profit

Current liquidity factor Ratio of the actual cost of the enterprise's available circulating assets (total of section II of the balance sheet assets) and the most urgent liabilities of the enterprise (total of section V of the balance sheet liabilities).

2.18 1.43 > 2 (\*)

Own funds index Ratio of the difference between the volumes of the sources of own funds (total of section III of liabilities in the balance sheet) and the actual value of the fixed assets and other non-circulating assets (total of section I of assets in the balance sheet) to the actual value of the circulating assets held by the enterprise (total of section II of assets in the balance sheet).

-0.04 -0.389 The own funds availability coefficient does not take into account that the Company has been actively increasing its non-circulating funds both through the equity capital and through long-term liabilities.

\*) The standard shows the satisfactory balance structure.

(The figures are calculated in compliance with the System of Criteria for Determining the Unsatisfactory Balance Structure, approved by the Resolution of the Government of RF of 20.05.94 No. 498).

#### 4.2. Figures of Business Activity Evaluation

##### Index

##### Calculation formula

2000

2001 Economic interpretation of the index value

##### Receipts from sales

1,927,839 thousand roubles      3,951,387 thousand roubles

Average number of employees      9,403 persons      9,559 persons

Working efficiency      Receipts from sales / Average number of employees      194,389 thousand / persons per year      413,368 thousand / persons per year      I.e. there are daily proceeds in the amount of 1.13 thousand roubles per employee of the company.

Capital productivity      Receipts from sales / average value of fixed assets and intangible assets      0.21  
0.41      0.41 rouble of receipts from sales fall per rouble of fixed assets

Own capital turnover      Receipts from sales / average own capital      0.34      0.64      64  
kopecks of receipts from sales fall per rouble of own capital

#### 4.3. Indices describing the composition and efficiency of fixed assets use.

##### Index

##### Calculation formula

2000

2001 Economic interpretation of the index value

##### Fixed assets wear factor as of the year start and end      Wear of fixed assets:

Initial value of fixed assets      0.36      0.37      The wear factor shows that the share of the worn part of the fixed assets as of the end of the year 2001 was 37%.

Fixed assets renewal factor      Initial value of fixed assets received for the period / Initial value of fixed assets as of the start of the period.      0.151      0.057      The fixed assets renewal factor shows that as of the end of the year 2001 the received fixed assets made 5.7% of the initial value

Fixed assets productivity      Returns from the sale of products / average cost of fixed assets  
0.210      0.415      This means that the enterprise received proceeds from sale of services in the amount of 0.415 roubles per rouble of the average annual basic production assets.

##### Profitability of fixed assets      Profit of the period under report

Average value of fixed assets      0.048      0.073      This factor shows that each rouble invested in the fixed assets yields to the enterprise a profit in the amount of 0.073 roubles.

#### 5. Changes in the Initial Balance Sheet as of 01.01.2001

There have been no changes in the initial balance sheet as of 01.01.2001

(thousand roubles)

##### Name

**As of the end of 2000**

**As of the start of 2001**

**Discrepancies (col.4 - col.3)**

**Explanations**

**Line 110 of Form 1 36,101 36,101**

**Line 111 of Form 1 32,073 32,073**

**Line 112 of Form 1**

**Line 113 of Form 1**

**Line 120 of Form 1 5,898,106 5,898,106**

**Line 121 of Form 1 4,708 4,708**

**Line 122 of Form 1 5,428,443 5,428,443**

**Line 130 of Form 1 304,989304,989**

**Line 135 of Form 1**

**Line 136 of Form 1**

**Line 137 of Form 1**

**Line 140 of Form 1 86,137 86,137**

**Line 141 of Form 1 5,633 5,633**

**Line 142 of Form 1 46,052 46,052**

**Line 143 of Form 1 13,530 13,530**

**Line 144 of Form 1 20,922 20,922**

**Line 145 of Form 1**

**Line 150 of Form 1**

**Line 190 of Form 1 6,325,333 6,325,333**

**Line 210 of Form 1 96,207 96,207**

**Line 211 of Form 1 89,009 89,009**

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**Line 213 of Form 1 136 136**

**Line 214 of Form 1 373 373**

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**Line 216 of Form 1 6,689 6,689**

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**Line 220 of Form 1 75,269 75,269**

**Line 230 of Form 1 92,177 92,177**

**Line 231 of Form 1 84,671 84,671**

**Line 232 of Form 1**

**Line 233 of Form 1**

**Line 234 of Form 1 770 770**

**Line 235 of Form 1 6,736 6,736**

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**Line 245 of Form 1 83,065 83,065**

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**Line 252 of Form 1 5,763 5,763**

**Line 252 of Form 1**

**Line 253 of Form 1 80,867 80,867**

Line 260 of Form 1	151,256	151,256
Line 261 of Form 1	622	622
Line 262 of Form 1	132,635	132,635
Line 263 of Form 1	4,552	4,552
Line 264 of Form 1	13,447	13,447
Line 270 of Form 1		
Line 290 of Form 1	1,360,005	1,360,005
Line 300 of Form 1	7,685,338	7,685,338
Line 410 of Form 1	587,498	587,498
Line 420 of Form 1	4,975,890	4,975,890
Line 430 of Form 1	4,610	4,610
Line 431 of Form 1	4,610	4,610
Line 432 of Form 1		
Line 440 of Form 1	55,476	55,476
Line 460 of Form 1	377,271	377,271
Line 465 of Form 1		
Line 470 of Form 1	X	X
Line 475 of Form 1	X	X
Line 490 of Form 1	6,000,745	6,000,745
Line 510 of Form 1	60,154	60,154
Line 511 of Form 1		
Line 512 of Form 1	60,154	60,154
Line 520 of Form 1	1,001,155	1,001,155
Line 590 of Form 1	1,061,309	1,061,309
Line 610 of Form 1	84,187	84,187
Line 611 of Form 1	80,000	80,000
Line 612 of Form 1	4,187	4,187
Line 620 of Form 1	521,489	521,489
Line 621 of Form 1	190,306	190,306
Line 622 of Form 1		
Line 623 of Form 1		
Line 624 of Form 1	17,587	17,587
Line 625 of Form 1	9,499	9,499
Line 626 of Form 1	62,804	62,804
Line 627 of Form 1	66,967	66,967
Line 628 of Form 1	174,326	174,326
Line 630 of Form 1	16,084	16,084
Line 640 of Form 1	1,524	1,524
Line 650 of Form 1		
Line 660 of Form 1		
Line 690 of Form 1	623,284	623,284
Line 700 of Form 1	7,685,338	7,685,338

#### 6. Fixed assets

The list of Company's fixed assets flow by categories for the year 2001 is shown in the following table:

(thousand roubles)

**Index**

**Balance as of the start of the year under report**

**Received (introduced)**

**Withdrawn**

**Balance as of the end of the year under report**

<b>Land plots and nature management sites</b>	4,708	0	174	4,534
<b>Buildings</b>	2,867,399	105,4539,821	2,963,031	
<b>Facilities</b>	2,208,980	84,482 694	2,292,768	
<b>Machines and equipment</b>	4,160,568	334,23169,508	4,425,291	
<b>Transport facilities</b>	28,643	3,281 2,614	29,310	
<b>Production and economic implements</b>	21,893	5,519 854	26,558	
<b>Perennial plantations</b>	0	0 0	0	
<b>Other types of fixed assets</b>	10,904	767 5,556	6,115	
<b>Total:</b>	<b>9,303,095</b>	<b>533,73389,221</b>	<b>9,747,607</b>	
<b>including: production assets, including:</b>		<b>9,186,341</b>	<b>527,49480,741</b>	<b>9,633,094</b>
<b>leased out, total</b>	<b>84,284</b>	<b>x x</b>	<b>11,992</b>	
<b>including:</b>	<b>buildings</b>	<b>83,340</b>	<b>x x</b>	<b>11,992</b>
<b>facilities</b>	<b>944</b>	<b>x x</b>	<b>0</b>	
<b>transport facilities</b>	<b>0</b>	<b>x x</b>	<b>0</b>	
<b>other (explain)</b>	<b>0</b>	<b>x x</b>	<b>0</b>	
<b>laid up</b>	<b>0</b>	<b>x x</b>	<b>0</b>	
<b>non-production assets</b>	<b>116,7546,239</b>	<b>8,480</b>	<b>114,513</b>	

**Wear of fixed assets:**

*(thousand roubles)*

<b>Category of fixed assets under report</b>	<b>As of the start of the year under report</b>	<b>As of the end of the year</b>
<b>buildings and facilities</b>	<b>1,715,002</b>	<b>1,926,998</b>
<b>machines, equipment, transport facilities</b>	<b>1,679,867</b>	<b>1,682,347</b>
<b>Other</b>	<b>10,120</b>	<b>11,141</b>
<b>TOTAL:</b>	<b>3,404,989</b>	<b>3,620,486</b>

*for reference: value of fixed assets, for which depreciation is not charged*

327,497

1161,179

**7. Intangible assets**

*The list of Company's intangible assets flow by categories for the year 2001 is shown in the following table:*

*(thousand roubles)*

**Index**

**Balance as of the start of the year under report**

**Received (introduced)**

**Withdrawn**

**Balance as of the end of the year under report**

**Rights to objects of intellectual (industrial) property**

40,940

19,140

9,856

50,224

*including title arising: from authorship agreements and other agreements covering works of science, literature, art and objects of neighbouring rights, for computer programmes, data bases, etc.*

40,787

19,140

9,703

50,224

*from patents for inventions, industrial designs, selection achievements, from certificates for useful models, trademarks and service marks or from license agreements for their use*

153

0

153

0

<i>from know-how rights.....</i>	0	0	0	0					
<i>Rights to the use of separate natural objects</i>	0	0	0	0					
<i>Organization expenses</i>	0	0	0	0					
<i>Goodwill of the organization</i>	0	0	0	0					
<i>Other</i>	4,028	962	1,373	3,617					
<i>Total:</i>	44,968	20,102	11,229	53,841					
<i>for reference: Depreciation of intangible assets</i>				8,867	X	x		11,907	
<i>Value of intangible assets, for which depreciation is not charged</i>						3,303	X	x	245

**8. Explanation of some lines of the balance sheet**

*For line 235 'Other Debtors' (short-term) and line 246 'Other Debtors' (long-term) balances on the following book-keeping accounts are included:*

*(thousand roubles)*



*Name*

*Line 235*

*Line 246*

<i>Balance as of the start of the period under report</i>	<i>Balance as of the end of the period under report</i>	<i>Balance as of the start of the period under report</i>	<i>Balance as of the end of the period under report</i>
<i>Settlements with the budget (acc. 68)</i>	9,675	863	
<i>Settlements under claims (acc. 63)</i>	44	135	
<i>Settlements under the single social tax (acc. 69)</i>		44	346
<i>Settlements with personnel under other transactions (acc. 73)</i>		48	37
24,533			31,622
<i>Settlements with accountable persons (acc. 71)</i>		85	134
<i>Shortages and losses from damage of valuables (acc. 84)</i>		944	3,597
<i>Other:</i>	6,688	59,793	57,514
<b>TOTAL:</b>	<b>6,736</b>	<b>37</b>	<b>102,20787,122</b>

*For line 628 'Other Creditors', balances on the following book-keeping accounts are included:*

*(thousand roubles)*

*Name*

*Balance as of the start of the period under report*

*Balance as of the end of the period under report*

*Settlements with non-budgetary funds (acc. 67) 67)*

39,785

76,205

*Settlements with accountable persons (acc. 71) 71)*

33

29

*Settlements in property insurance and personal insurance (acc. 65) 2*      300

*Settlements under claims (acc. 63) 212*      124

*Settlements with personnel under other transactions (acc. 73)*      287      406

*Settlements with various debtors and creditors (acc. 76), including:*

134,007

234,030

*VAT settlements (shipment) x*      75,922

*Sales-tax settlements -4.38% x*      4,596

*Sales-tax settlements - 0.38% x*      398

*Settlements with private customers x*      873

*Other settlements with organizations x*      152,241

*Major creditors: x*

*NEC Neva Communication Systems x*      1,618

*BIS Consult LLC x*      1,508

*SZIC Brokerage Office LLC x*      2,418

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<i>IA Kreditreforma-SPb CJSC</i>	<i>x</i>	<i>1,494</i>	
<i>Lenexpertiza CJSC</i>	<i>x</i>	<i>3,377</i>	
<i>Lenenergo OJSC</i>	<i>x</i>	<i>5,076</i>	
<i>WEB Plus CJSC</i>	<i>x</i>	<i>1,378</i>	
<i>Peterburg Transit Telecom CJSC</i>	<i>x</i>	<i>4,981</i>	
<i>Rostelecom SPb OJSC</i>	<i>x</i>	<i>90,012</i>	
<i>Tekhnoserv SPb LLC</i>	<i>x</i>	<i>996</i>	
<i>Staf OJSC</i>	<i>x</i>	<i>391</i>	
<i>Lensvyaz</i>	<i>x</i>	<i>2,091</i>	

**TOTAL:**  
*174,326*  
*311,094*

**Explanation of line 216 'Deferred Expenses'**

*(thousand roubles)*

**Name**

*Balance as of 31.12.01*

**Wages and deductions**

*1,208*

**Certificates, licenses**

*18,348*

**Insurance**

*5,622*

**Expenses for business trips abroad** 32

**TOTAL:**

*25,211*

**Explanation of line 640 'Deferred Income'**

*(thousand roubles)*

**Name**

*Balance as of the start of the period under report*

**Received**

**Withdrawn**

*Balance as of the end of the period under report*

*Income received on account of future periods*

*Assets received on a gratuitous basis*

*Target financing funds* 1,524 2,002 1,530 1,996

*other*

**Total:** 1,524 2,002 1,530 1,996

**Explanation of line 241 'Buyers' and Customers' Accounts Receivable (payments under which are expected within 12 months after the reporting date)':**

**Name**

**Balance as of 31.12.01**

**Private customers**

620,875

**Budgetary**

87,315

**Self-supporting**

149,007

**Agricultural enterprises**

61

**TOTAL settlements for communication services (acc. 62):**

857,258

**major debtors:**

**Peterstar CJSC** 17,371

**Communication, Special Equipment and Automation Department of the Headquarters of the Main Board of the Interior for St. Petersburg and Leningrad Oblast** 2,131

**Presscom Publishing House LLC** 1,892

**Main Board for the Affairs of Civil Defence and Emergency Situations of St. Petersburg and Leningrad Oblast** 1,804

**Military unit 39964-A** 1,023

**State Unitary Enterprise Gorelectrotrans** 939

**Government Communication Board** 3,188

**Federal Security Service** 3,040

**Financial and Economic Board of the Leningrad Military District** 2,109

**Government Communication** 2,708

**Institution of the Ministry of Defence** 4,744

**Ciscom LLC** 1,720

**CPS Centre** 2,663

*As of 31st December 2001, the Company had outstanding accounts receivable in the amount of 453,557 thousand roubles, which is the compensation that has not been received in respect of privileges granted to veterans in compliance with the Federal Law of RF "On Veterans", including:*

*- 332,723 thousand roubles amount of the income to be compensated for the years 1999-2000;*

*- 120,834 thousand roubles amount of the compensation that has not been received for the year 2001 (for information: amount of income to be compensated for the year 2001 - 230,381 thousand roubles, including the compensated amount of: 109,547 thousand roubles).*

*The accounts receivable in the amount of 453,557 thousand roubles as of 31.12.01 have not been repaid within the established time, and have not been secured by appropriate guarantees.*

*In 2001 the Company did not form any doubtful debt reserves in respect of settlements with other organizations or individuals for products, goods, jobs or services, the amounts of reserves having been included in the financial results of the organization.*

*The clients department performed work of recovering the entire amount of compensation according to the Federal Laws, the funds for implementing which were provided for in the city and federal budgets.*

*The accounting policy of the Company for the year 2002 provides for making the doubtful debt reserve.*

**Explanation of line 512 'Loans to be Re-Paid in More Than 12 Months after the Reporting Date'**

(thousand roubles)

**Lender**

<i>Amount</i>	<i>Paying date</i>
<b>Lensvyaz</b>	
2,954	18.05.2005

**Explanation of line 520 'Other Long-Term Liabilities'**

(thousand roubles)

<i>Name</i>	<i>Amount</i>	<i>Purpose of borrowing</i>	<i>Paying date</i>
-------------	---------------	-----------------------------	--------------------

**EL SIS OJSC 171,608** Delivery of equipment on the instalment payment basis 31.12.2005

**Mitsui PMN-02/96 220,600** Delivery of equipment on the instalment payment basis 31.12.2004

**Mitsui PMN-04/96 517,967** Delivery of equipment on the instalment payment basis 31.12.2004

**On 15.04.02 OJSC North-West Telecom effected the final payment under Contract No. RUS3150 of 31.01.2001 of Equipment Delivery, made with ELSIS.**

**Explanation of line 611 'Loans to be Re-Paid within 12 Months after the Reporting Date'**

(thousand roubles)

**Name**

<i>Amount</i>	<i>Paying date</i>
---------------	--------------------

**Telecombank**

20,000 28.12.2001

**Vozrozhdeniye Bank**

30,000 20.02.2002

**Explanation of line 612 'Loans to be Re-Paid within 12 Months after the Reporting Date'**

(thousand roubles)

**Lender**

<i>Amount</i>	<i>Purpose of borrowing</i>	<i>Paying date</i>
---------------	-----------------------------	--------------------

**Svyazinvest**

57,200 Development of communication networks in rural areas 19.02.02

**By the moment, the Members of the Board of Directors of OJSC North-West Telecom have been proposed that they should consider the issue of approving the related-party transaction of approving the terms of the additional agreement with OJSC Svyazinvest: "On Introducing Amendments and Additions to the Contract of Interest-Free Target Loan No. 1509 of 17.04.00." In connection with the agreement achieved with OJSC Svyazinvest, it is proposed to extend the loan repayment period in compliance with the terms of the additional agreement before 13th February 2003.**

**The Company has neither received nor issued any guarantees of obligations or payments:**

**- line 950 'Received Sureties for Liabilities and Payments'**

(thousand roubles)

**Type of collateral**

**Balance as of the start of the period under report**

**Received**

**Withdrawn**

**Balance as of the end of the period under report**

<b>Surety</b>	-	-	-	-
<b>Bank guarantee</b>	-	-	-	-
<b>Mortgage</b>	-	-	-	-
<b>Notes-</b>	-	-	-	-
<b>Other</b>	-	-	-	-
<b>TOTAL:</b>	-	-	-	-

- line 960 'Issued Collaterals for Liabilities and Payments'

(thousand roubles)

**Type of collateral**      **Balance as of the start of the period under report**

**Received**

**Withdrawn**      **Balance as of the end of the period under report**

<b>Surety</b>	-	-	-	-
<b>Mortgage</b>	-	-	-	-
<b>Notes-</b>	-	-	-	-
<b>Other</b>	-	-	-	-
<b>TOTAL:</b>	-	-	-	-

9. Form No. 2 "Profit and Loss Report" corrected in compliance with the requirements of the Methodological Recommendations on the Procedure of Forming the Figures of Accounts and Reports of an Organization, approved by the order of the Ministry of Finance of RF of 28.06.00 No. 60n.

The need of correcting the data for the same period of the previous year is caused by the fact of recording in the Company's accounts the expenses placed through the net profit of the enterprise and by the requirement of comparability of the accounting figures. Correction of column 4 of the Profit and Loss Report for the year 2000 is necessary because said expenses were not recorded in the Profit and Loss Report for the year 2000 and, consequently, the net profit of the Company in the accounting balance sheet was reduced.

According to the standards of the applicable legislation, placement of expenses through the net profit of the Company belongs to the exclusive terms of reference of the General Meeting of the Shareholders. Thus, until the respective decision is taken, said expenses shall be recorded in the accounts within non-sale expenses, with their increase by their taxable base in respect of the profit tax.

Respectively, all figures and factors mentioned in this Explanatory Note have been calculated proceeding from the comparable data for the year 2000 recorded in Form No. 2 "Profit and Loss Report" corrected in compliance with the requirements of the Methodological Recommendations on the Procedure of Forming the Figures of Accounts and Reports of an Organization, approved by the order of the Ministry of Finance of RF of 28.06.00 No. 60n, which follows below:

(thousand roubles)

<b>Index</b>	<b>Line code</b>	<b>For the period under report</b>	<b>For the same period of the previous year</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>I. Income from and expenses for normal activities</b>			
	<b>Proceeds (net) from sales of goods, products, jobs and services (less the VAT)</b>		<b>010</b>
	3,951,387	1,827,839	

<i>including: those from sale of communication services</i>		<b>011</b>
3,875,845	1,791,667	
<i>Prime cost of sold goods, products, works and services</i>	<b>020</b>	2,713,943
<i>including: that from communication services sold</i>		1,236,826
021	2,704,279	1,232,358
<i>Gross profit</i>	<b>029</b>	1,237,444
		591,013
<i>Commercial expenses</i>	<b>030</b>	40,696
		3,791
<i>Management expenses</i>	<b>040</b>	
<i>Profit (loss) from sales (lines 010 -020 -030,040)</i>	<b>050</b>	1,196,748
		587,222
<i>II. Operating income and expenses</i>		<i>Interest receivable</i>
		<b>060</b>
4,988	3,471	
<i>Interest payable</i>	<b>070</b>	12,784
		83,812
<i>Income from participation in other organizations</i>	<b>080</b>	2,532
		1,293
<i>Other operating income</i>	<b>090</b>	35,592
		7,361
<i>Other operating expenses</i>	<b>100</b>	277,943
		35,293
<i>III. Income and expenses from sources other than sales</i>		
<i>Income from sources other than sales</i>	<b>120</b>	89,409
		294,767
<i>Expenses for purposes other than sales</i>	<b>130</b>	347,262
		353,921
<i>Profit (loss) before taxes (lines 050+060-070+080+090-100+120-130)</i>	<b>140</b>	691,280
		421,088
<i>Tax on profit, and other similar obligatory fees</i>	<b>150</b>	327,168
		187,957
<i>Profit (loss) from normal activities</i>	<b>160</b>	364,112
		233,131
<i>IV. Extraordinary income and expenses</i>		
<i>Extraordinary income</i>	<b>170</b>	
<i>Extraordinary expenses</i>	<b>180</b>	
<i>Net profit (retained profit (loss) of the period under report) (lines 160 + 170 - 180)</i>	<b>190</b>	
		364,112
		233,131

*In compliance with the Methodological Recommendations on the Procedure of Forming the Figures of Accounts and Reports of an Organization, approved by the order of the Ministry of Finance of RF of 28.06.00 No. 60n, column 4 of the profit and loss report shall be filled in on the basis of the data of column 3 of the report for the previous year. If the data for the same period of the previous year are incomparable with the data for the period under report, the former shall be corrected proceeding from the changes in the accounting policy, legislative and other standard acts. No correction entries are made in the accounts in this case.*

*Data on adjustment of the indices of form No.2 for the same period of the previous year are given in the following table:*

*(thousand roubles)*

*Line*

*Column 4 of form 2 for the year 2001*

*Column 3 of form 2 for the year 2000*

*Discrepancies (col. 3 - col. 4)*

*Note*

*Proceeds (net) from sales of goods, products, jobs and services (less the VAT, excise taxes and similar obligatory fees) (line 010)*

1,827,839

1,827,768

<i>lease</i>		
<b>Prime cost of sold goods, products, jobs and services (line 020)</b>	<b>1,236,826</b>	<b>1,248,274</b>
<b>-11,448 bank services</b>		
<b>Gross profit (line 029)</b>	<b>591,013579,49411,519</b>	<b>bank services, lease</b>
<b>Commercial expenses (line 030)</b>	<b>3,791</b>	<b>3,791</b>
<b>Commercial expenses (line 030)</b>		
<b>Sale profit (loss) (line 050)</b>	<b>587,222575,70311,519</b>	<b>bank services, lease</b>
<b>Interest receivable (line 060)</b>	<b>3,471</b>	<b>3,471</b>
<b>Interest payable (line 070)</b>	<b>83,812</b>	<b>83,812</b>
<b>Income form participation in other organizations (line 080)</b>	<b>1,293</b>	<b>1,293</b>

**Other Information on Accounting for the Year 2001**

*none*



## **Auditing Company's (Auditor's) Opinion on Accounts and Reports for 2001**

**Conclusion of the Independent Auditing Company on Accounts and Reports for the Shareholders of OJSC North-West Telecom for the year ending on 31<sup>st</sup> December 2001.**

**1. We have carried out an audit of the enclosed accounts of OJSC North-West Telecom for the year ending on 31<sup>st</sup> December 2001.**

*These reports and accounts were prepared by the executive body of OJSC North-West Telecom in compliance with the Federal Law No.129-FZ of 21<sup>st</sup> November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n. Reports and accounts prepared in compliance with the Federal Law No.129-FZ of 21<sup>st</sup> November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n, essentially differ from reports and accounts prepared in compliance with the International Accounting Standards.*

**2. The responsibility for preparation of the reports rests with the executive body of OJSC North-West Telecom. Our duty is to express our opinion on reliability of these reports in all essential aspects on the basis of the audit that has been carried out.**

**3. We have carried out the audit in compliance with the Federal Law No.119-FZ of 7<sup>th</sup> August 2001 "On Auditing" and the Rules (Standards) of Auditing approved by the Commission for Auditing at the President of the Russian Federation. The audit was planned and carried out in such a way as to obtain sufficient confidence that the reports and accounts had been prepared in all essential aspects in compliance with the Federal Law No.129-FZ of 21<sup>st</sup> November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n. The audit included a selective check of the proof of numeric data and explanations contained in the accounts and reports. We believe that the audit that has been carried out provides sufficient grounds to express an opinion on reliability of these reports and accounts.**

**4. As is mentioned in the Explanatory Note to the accounts and reports, as of 31<sup>st</sup> December 2001, the Company had accounts receivable from the Committee for Labour and Social Security of the Population at the St. Petersburg Administration in the amount of 453,557 thousand roubles for services provided in compliance with the Federal Law No. 5-FZ of 12<sup>th</sup> January 1995 "On Veterans". These accounts receivable are outstanding; besides there is a serious doubt that the debt will be repaid. As of 31<sup>st</sup> December 2001, the Company had not formed a doubtful debt reserve in respect of the said accounts receivable, which was contrary to the laws of the Russian Federation.**

**5. In our opinion, taking into account amendments mentioned above in para. 4, the reports and accounts enclosed to this Opinion are reliable, i.e. were prepared in such a way as to ensure that the assets and liabilities of OJSC North-West Telecom as of 31<sup>st</sup> December 2001 and the financial results of its operation for the year ending on 31<sup>st</sup> December 2001 were shown in all essential aspects in compliance with the Federal Law No.129-FZ of 21<sup>st</sup> November 1996 "On Accounting" and the "Provisions on Accounting and Reporting in the Russian Federation", approved by the Order of the Ministry of Finance of the Russian Federation, of 29.07.98, No. 34n.**

**6. Without introducing any reservations to our opinion, we would like to draw your attention to the fact that the Company's income from principal operations is expressed in roubles and the rates for provided communication services are to be agreed upon with and approved by the Ministry of Antimonopoly Policy of the Russian Federation. At the same time, the Company has a considerable debt expressed in foreign currency. This situation adversely affects the Company's capability of fulfilling all its financial obligations. When the Accounts and Reports enclosed to this Opinion were being prepared, the executive body proceeded from the assumption that OJSC North-West Telecom would continue its operations in the foreseeable future and it had no intention or need of liquidating or essentially reducing the operations, and, therefore, the obligations would be repaid in due time according to the established order.**

**7. Without introducing any reservations to our opinion, we would like to draw your attention to**

***the fact that at the extraordinary general meeting of the shareholders of 28th November 2001 the shareholders took the decision on re-organization of OJSC NORTH-WEST TELECOM in the form of affiliation with it of 8 subsidiaries of OJSC Svyazinvest situated in the North-Western region.***

***Partner***

***Masy M. Koffy***

***Auditor***

***Alexandr Yuryevich Grebenyuk***

***Date***

***26 April 2002***

# APPENDIX

## Accounts and Reports

for the year 2002

*In connection with the re-organization of the Company in the form of affiliation with it of 8 regional telecommunication operators on 31st October 2002, a special form of accounts and reports for re-organized enterprises is given, which can be found in the section "Other Information on Financial and Economic Activities of the Issuer".*

**ACCOUNTING POLICY**  
**OPEN JOINT-STOCK COMPANY NORTH-WEST TELECOM**

**Order No.01-7/290 dated December 29<sup>th</sup>,2001**

**on Accounting policy of OJSC North-West Telecom for the year 2002**

**Based on:**

- 1. The Federal Law of RF "On Accounting" 129-FZ dated 21.11.96,**
- 2. The Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia, of 29.07.98, No. 34n,**
- 3. The Provisions on Accounting "Accounting Policy of an Enterprise Accounting Rules 1/98, approved by the Order of the Ministry of Finance of RF, of 09.12.98 No. 60n,**
- 4. Card of Accounts for Book-Keeping in Financial and Economic Operations of Enterprises, and the Instructions on its application, approved by the Order of the Ministry of Finance of the RSFSR, of 31st November 2000, No. 94n,**

**I ORDER the following:**

**Accounting and tax reporting as well as financial reporting in 2002 shall comply with the Accounting Policy.**

**General Manager**

**S.V. Soldatenkov**

**Provisions on the Accounting Policy of OJSC North-West Telecom for the year 2002**

**Saint Petersburg**

**2001**

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## **INTRODUCTION**

*These Provisions on Accounting Policy of the Company have been developed in compliance with the requirements of the accounting, taxation and civil laws of the Russian Federation.*

*For the purposes of these Provisions, Accounting Policy of the Company means the aggregate of the principles, ways of organization and technology of implementing the accounting methods selected by it, grounded and disclosed for various users primary observation, cost measurement, current grouping and summary generalization of the operation facts aimed at obtaining financial and managerial information as prompt, complete, impartial and reliable as possible.*

*In the cases where the standard accounting regulation system of the Russian Federation did not provide for an accounting method for a certain issue, the respective accounting method was developed during the development of the accounting policy by the Company, proceeding from the active law.*

*Being the basis of the accounting system, the Company's accounting policy must ensure the following:*

- *observing the fundamental principles of accounting, such as completeness, timeliness, caution, priority of content over form, consistency, rationality, continuity of activities and constancy;*
- *observance of the general requirements for accounts and reports: completeness, essentiality, neutrality, comparability, commensurability;*
- *reliability of reports prepared by the Company accounting reports, tax reports, and statistical reports;*
- *unity of the methods used in organizing and keeping accounts in the Company on the whole and in its structural units;*
- *efficacy and flexibility of the accounting system response to changes in the conditions of financial and economic operations, including changes in legislative and standard acts.*

*Along with the general obligatory requirements and rules, these Provisions take into account some peculiarities of the Company:*

- *development of bylaws taking into account the industry specificity of the enterprise;*
- *availability of many structural units, which, in a number of cases, are situated far from the Company's Central Management Boards location;*

*The Provisions consistently disclose the accounting methods adopted in the formation of the accounting policy, without the knowledge of which by the users concerned a reliable evaluation of the financial standing or the flow of monetary funds or financial results of the Company's operation is impossible.*

*Accounting methods include:*

- *methods of grouping and evaluating the facts of economic operations, retiring the assets value and recognizing the income and expenses;*
- *document turnover organization techniques;*
- *Company's assets and liabilities inventory procedure;*
- *internal accounting, reporting and control system;*
- *methods of applying the accounts and the accounting registers system;*
- *other respective methods, ways and techniques.*

*The accounting methods selected by the Company when this accounting policy was formed are approved by the order of the Company's General Manager and are applied starting from 1st January 2002.*

*All persons having to do with deciding the issues covered by the accounting policy shall be guided by these Provisions in their activities:*

- *Management of the Company;*
- *managers of branches and structural units of branches in charge of organization and status of accounting in the units headed by them;*
- *workers of services and departments in charge of timely preparation and revision of standard and reference information and in charge of bringing it to the notice of executive units;*
- *workers of all services and units in charge of timely submission of source documents to the accountants office;*
- *workers of the accountants service in charge of timely and quality performance of all accounting operations and making up of reliable reports of all kinds;*
- *other employees.*

*The accounting policy has been prepared for the year 2002 and is not subject to changes, except for the following cases:*

- *re-organization of the enterprise (merger, split-off, affiliation, etc.);*
- *change of owners;*

- **changes in the laws of the Russian Federation or in the system of standard regulation of accounting and tax records of the Russian Federation;**
- **development of new accounting methods.**

**Approval of an accounting method for new types of economic operations is not considered a change in the accounting policy.**

**All and any amendments introduced to the text of the Provisions on the Company's Accounting Policy shall be approved by the General Manager of the Company.**

**Any changes in the accounting policy shall take effect starting from 1st January of the year (start of the fiscal year) following the year of its approval.**

**Responsibility for observing the methodology shall rest with the General Manager of the Company.**

## **1. ORGANIZATIONAL ASPECTS OF THE ACCOUNTING POLICY**

### **1.1. General data on the Company**

**The Open Joint-Stock Company North-West Telecom was founded by the City Property Management Committee of the St. Petersburg Mayor's Office – the territorial agency of the State Property Management Committee of the Russian Federation by the decision dated 10<sup>th</sup> February 1993 through re-organization of the state communication and informatization enterprise Leningrad City Telephone Network awarded the Order of the Red Banner of Labour in compliance with the Decree of the President of the Russian Federation dated 1<sup>st</sup> July 1992 No. 721 "On Organizational Measures of Transforming State Enterprises and Voluntary Associations of State Enterprises into Joint-Stock Companies", and the resolution of the Government of the Russian Federation dated 28<sup>th</sup> December 1992 No. 1003 "On Privatization of Communication Enterprises".**

**The City Property Management Committee of the St. Petersburg Mayors Office the territorial agency of the State Property Management Committee of the Russian Federation is the founder of OJSC North-West Telecom. Property of OJSC North-West Telecom is owned by the Company.**

**According to the Articles of Association, the main goal of the Company is to gain profit through meeting public needs in products (jobs, services) in the field of telecommunication and in other fields.**

**The Company's Articles of Association provide for the following fields of activities:**

- **Providing services to the authorities and management bodies, as well as to other corporations and individuals in the field of telecommunications;**
- **Creating and operating backbone networks, regional (area) and local telecommunication networks, as well as control and signaling facilities;**
- **Design, introduction and operation of the telecommunication network for transmission of various kinds of information (voice data transmission, facsimile and cable transmission, other types), as well as organization and operation of the telematic service (Telex, Videotex, Telefax, e-mail) on the basis of digital transmission and switching systems;**
- **Gas facilities operation;**
- **Organization of warranty servicing, maintenance and after-sale servicing, as well as repair of various technical facilities, including the most sophisticated ones;**
- **Design, development and implementation of advanced technologies in various industrial areas;**
- **Production and sales of components and spare parts for various systems, mechanisms and**

*devices;*

- *Design, construction, renovation, restoration and operation of production and non-production buildings and facilities, including housing, hotels, camping sites and motels;*
- *Production of construction materials, parts and equipment, including structures of metal, concrete, wood and other materials;*
- *Procurement, processing and sale of wood, production of joinery and furniture;*
- *Design and development of software and dataware for automated systems of various applications;*
- *Manufacture, processing and sale of animal and vegetable products, including wild species;*
- *Production and sale of consumer goods;*
- *Trading, purchasing and commercial agency, including consignment trade;*
- *Participation in organization of stock exchanges, commodity exchanges and other exchanges, as well as trading houses both in RF and abroad according to the procedures established by the law;*
- *Dealership and brokerage according to the procedures established by the law;*
- *Specialists training and further education both in RF and abroad;*
- *Creating a network of company shops in RF and abroad.*
- *Providing services in the field of tourism, including foreign countries tourism and non-traditional tourism; cargo and cargo-and-passenger carriages by motor road, railway, water and other transport facilities; hotel servicing, including motels and campings; consulting, marketing and engineering; information services, including those in the on-line and off-line modes in compliance with the active law; production of advertising media and provision of advertising services;*
- *Sale and acquisition of patents, inventions and know-hows according to the procedure established by the law;*
- *Organization of and participation in fairs, auctions and trade exhibitions according to the procedure established by the law;*
- *Organization of cultural exchanges without currency payments;*
- *Carrying out work related to the use of data considered a state secret and to provision of services to protect a state secret;*
- *Other activities beyond the scope of the activities stipulated by the Articles of Association, which do not contradict the active law.*

*The organization has three management levels:*

- *the Company proper (represented by the Central Board);*
- *branches (represented by the managing unit);*
- *structural units of branches (represented by Centres and units with similar rights);*
- *production workshops, sections, etc.*

*The complete list of the units comprising the Company is given in Appendix 1 to the Provisions.*

*The branches shall act on the basis of the Provisions approved by the Company's Board of Directors.*

*Separate structural units shall act on the basis of the Provisions approved by the Company's Management Board or the Regional Director of the Company.*

*Branch Managers shall be appointed by the General Manager of the Company.*

*Managers of separate structural units shall be appointed by the Regional Director of the Company. Managers of both branches and separate structural units shall act on the basis of powers of attorney issued by the General Manager of the Company.*

*Relations inside the Company shall be based on linear subordination:*

*Company Branch - Separate Structural Unit workshops, sections, etc.*



**Branches shall act on behalf of the Company and shall be endowed with property for their economic operation.**

### **1.2. Main Tasks of Company's Accounting**

**In compliance with the requirements of the accounting standard regulation system of the Russian Federation and taking into account the organizational structure and concrete conditions of performing the financial and economic operations, the main tasks of accounting in the Company are:**

- forming complete and reliable information on the activities of the Company and its proprietary standing, required for the internal users of accounts and reports managers, founders, participants and owners of the Company, as well as external users investors, creditors and other users of accounts and reports;**
- control over the availability and flow of property, use of material, labour and financial resources (including that in compliance with the approved standards, rates and cost-estimates);**
- preventing adverse results of Company's economic activities and finding internal reserves of ensuring its financial stability;**
- forming the information required for the correct and timely calculation and payment of taxes, tallage and other obligatory fees;**
- preparing special forms of accounts and reports for the Company's corporate management system.**

### **1.3. Principles of Accounting Services Organization**

**The term "accounting service" defines a complex of structural units and officials performing the operations of collecting, processing and analyzing source information and making up reports on its basis for various groups of users.**

**At each level of management, the accounting service ensures collection and processing of information for the purpose of providing data to users for working out, grounding and taking decisions at their level of management and for providing the superior management bodies with information required for working out, grounding and taking decisions at a higher level of management.**

**Accounting practice and control shall be the responsibility of the accountants service of the Company, headed by the Chief Accountant. The accounting service of the Company includes accountants offices of units directly headed by the Chief Accountants of such units. The duties of the central accountants office shall be performed by the accountants office of the Company's Central Board.**

### **1.4. Accounting Form**

**The Company shall use the computer technology of accounting information processing with the comprehensive software SUN SYSTEMS and other applied software.**

### **1.5. Document Turnover Organization Procedure, and Accounting Documentation Processing Technology**

**The Company's document turnover organization rules and procedure, document turnover schedule and source accounting document processing technology, including:**

- source document creation procedure;**
- source document check procedure;**

- *procedure and timing of transferring the documents for accounting records;*
- *procedure of transferring the documents to the archives, - shall be regulated by a bylaw - the Provisions on the Document Turnover System.*

*The Company shall use unified forms for the records of source accounting documentation, approved by the State Statistics Committee of Russia.*

*When recording financial and economic operations, for which no unified forms are provided for, independently developed forms of source accounting documents, contained in the bylaw on the document turnover system, shall be used, which include the following obligatory details:*

- *name of document;*
- *date of making up the document;*
- *name of organization, on behalf of which the document was made up;*
- *contents of the economic operation;*
- *indices of the economic operation in kind and in monetary terms;*
- *positions of officials responsible for an economic operation and for correctly recording it;*
- *signatures of said officials.*

*The right of signing source accounting documents shall be established by Company's bylaws. Accounting registers with the synthetic and analytical accounts of shipment and sales of communication services shall be made up using computer facilities and shall be stored in the electronic form.*

#### ***1.6. Procedure of organization and carrying out the inventory of property and liabilities***

*All property irrespective of location and all kinds of liabilities of the Company are subject to inventory.*

*The Company shall hold the inventory according to the following timing:*

- *that of fixed assets at least once in every two years as of 1st November of the year under report;*
- *that of intangible assets annually as of 1st December of the year under report;*
- *that of capital construction in progress and other capital investments annually as of 1st November of the year under report;*
- *that of raw materials, components, equipment for installation, semi-finished products, goods, finished products at warehouses annually as of 1st November of the year under report;*
- *precious metals twice a year;*
- *that of production in progress on a quarterly basis as of the end of the quarter;*
- *that of deferred income and expenses - annually as of 31st December of the year under report;*
- *that of monies on accounts with bank institutions - annually as of 31st December of the year under report;*
- *that of cash on hand at least once in a quarter;*
- *that of long-term financial investment annually as of 1st December of the year under report;*
- *that of short-term financial investment and monetary instruments - on a quarterly basis as of the end of the quarter;*
- *that of settlements with debtors and doubtful debt reserve at the end of the year;*
- *that of settlements with creditors (in respect of settlements with communication operators) - on a quarterly basis as of the end of the quarter, and with other creditors once a year as of 31st December of the year under report;*
- *that of settlements in respect of taxes and obligatory deductions to the budget and non-budgetary funds at least once a year;*
- *that of target financing settlements annually as of 31st December of the year under report;*
- *that of internal settlements at least once in a quarter;*
- *that of settlements with the personnel and advance holders once a year as of 31st December of the year under report.*

**To hold the inventory at the level of the Company's Directorate and Branch Management Boards, standing inventory commissions are established, the members of which shall be approved by:**

- **the General Manager of the Company for the Company's Central Board;**
- **the Branch Director for Branches and their structural units.**

**The procedure of organizing and holding the inventory of property and liabilities of the Company is set forth in the Provisions on the Procedure of Holding the Inventory of Assets and Liabilities and Measures to Ensure Safety of Assets.**

#### **1.7. Procedure for making up the Company's Accounts and Reports**

**The Company's accounts and reports shall be made up according to the procedure and within the time provided for by the Federal Law dated 21.11.96 No. 129-FZ "On Accounting" and other standard acts of the Russian Federation, regulating the accounting.**

**The Company's accounts and reports shall be prepared by the accountants office of the Company's Central Board on the basis of generalized information on the property, liabilities and operation results, taking into account the information provided by accountants offices of the Branches. Accounts and reports shall be prepared by the accountants offices of the Branches on the basis of the data provided by accountants offices of structural units of Branches.**

**When making up accounts and reports, the forms developed by the Organization taking into account the recommendations contained in the order of the Ministry of Finance of Russia dated 13.01.00 No. 4n "On Accounting and Reporting Forms of Organizations" shall be used.**

**Internal accounting forms and the concrete timing of submitting them are given in the bylaws on the Company's accounts and reports preparation procedure.**

#### **1.8. The Company's working card of accounts**

**In the accounting of all units of the Company, a single working card of accounts shall be used, which must be applied by all workers of the Company's accountants service. In the course of the work, the internal document - working card of accounts and instructions on its application shall be used.**

**Any amendments introduced to the working card of accounts shall be approved by the Company's General Manager.**

## **2. METHODOLOGICAL ASPECTS OF THE ACCOUNTING POLICY**

### **2.1. Procedure of accounting of Intangible Assets**

**Intangible assets include a group of Company's assets held by it on the basis of the right of ownership (economic supervision, operational management), provided the following conditions are simultaneously observed:**

- **absence of material or corporeal (physical) structure;**
- **possibility of identification (isolation, separation) from other property;**
- **they are used for the manufacture of products, performance of jobs or provision of services or for managerial needs;**
- **they have a long useful life, i.e. a life exceeding 12 months, or the normal operation cycle, if it**

*exceeds 12 months;*

- no subsequent re-sale of the property is expected;*
- capability of yielding economic benefits (income) in the future;*
- availability of duly prepared documents confirming the existence of the asset itself and of the Company's exclusive right to results of intellectual activities (patents, certificates, other protection documents, agreement of transfer (acquisition) of a patent, trademark, etc.).*

*Intangible assets are accepted for accounting at the initial value.*

*The total amount of depreciation deductions for intangible assets shall be determined on the monthly basis according to the standards calculated proceeding from their initial cost and their useful life, by the linear method.*

*The useful life of intangible assets shall be determined proceeding from:*

- the validity period of the patent, certificate and other restrictions of the time of using intellectual property objects in compliance with the legislation of the Russian Federation;*
- the expected useful life of such an object, during which the organization can get economic benefit (income). The expected useful life of an object of intangible assets shall be determined by a specially established commission in compliance with the methodological instructions on accounting of intangible assets and shall be approved by the General Manager of the Company.*

*For intangible assets, for which it is impossible to determine the useful life, the depreciation charging rates shall be established for 20 years.*

*The value of intangible assets shall be retired by accumulating the amounts of the charged depreciation on account 05 "Depreciation of Intangible Assets".*

## *2.2. Procedure of accounting of Fixed Assets*

### *2.2.1. Procedure of Including Assets in Fixed Assets*

*Fixed assets shall include Company's assets, provided the following conditions are simultaneously observed:*

- they are used for the manufacture of products, performance of jobs or provision of services or for managerial needs of the Company;*
- they have a long useful life, i.e. a life exceeding 12 months, or the normal operation cycle, if it exceeds 12 months;*
- no further resale of them by the organization is expected;*
- they may bring economic benefit (income) to the Company in the future.*

### *2.2.2. Fixed Assets Evaluation Procedure*

*Fixed assets shall be accepted for accounting at the initial cost in compliance with the provisions on accounting "Fixed Assets Accounting 6/01" approved by the order of the Ministry of Finance of RF dated 30.03.01 No. 26n.*

*The value of fixed assets, in which they are accepted for accounting is not subject to changes, except for cases of extra construction, extra equipment, renovation, partial liquidation and liquidation of fixed assets.*

*On a regular basis, at least once a year, the organization carries out revaluation by groups of*

**homogeneous objects of fixed assets at the current (replacement) value by direct recalculation according to the market prices confirmed by documents. Groups of homogeneous objects of fixed assets, by which revaluation is carried out are stated in the methodological instructions on fixed assets accounting.**

### **2.2.3. Fixed Assets Depreciation Procedure**

**Depreciation by objects of fixed assets shall be charged by the linear method, based on the initial value or current (replacement) value (in case of any revaluations taking place) of an object of fixed assets and the standard depreciation calculated proceeding from the useful life of such an object.**

**The useful life by groups of homogeneous objects of fixed assets is determined according to recommendations of the methodological council, considered by the Board of Directors and approved by the General Manager of the Company.**

**For acquired fixed assets that have been already operated, the Organization shall determine the depreciation standard, taking into account the useful life less the number of years (months) of actual operation of the object by the previous owner.**

**Objects of fixed assets having a value less than the limit established by the legislation, as well as acquired books, brochures and the like editions shall be written off to costs of production (expenses for sale) as they are released for production or operation. To ensure safety of such objects in the production or operation, the Company shall exercise a proper control over their flow.**

**For fixed assets received under contracts of leasing, the accelerated depreciation coefficient provided for by the terms of the contract shall be used.**

**Objects of fixed assets shall be restored by repairs, updating and renovation.**

**Expenses for all kinds of repairs shall be included in the prime cost of the period under report, in which they were incurred. No reserve of future expenses for fixed assets repairs is formed.**

## **2.3. Inventories Accounting Procedure**

### **2.3.1. Procedure of Including Property in Inventories**

**Inventories of the Company include Company's assets:**

- used as raw stuff, materials etc. in the manufacture of products intended for sale (performance of jobs, provision of services);**
- intended for sale;**
- used for managerial needs of the Company.**

**Inventories do not include Company's assets used in the manufacture of products, performance of jobs, provision of services or for managerial needs of the Company during a period exceeding 12 months, or the normal operation cycle if it exceeds 12 months.**

### **2.3.2. Inventories Evaluation Procedure Related to Recording Operations of Their Procurement and Acquisition**

**The actual prime cost of inventories shall be formed in the accounts and reports of the Company**

**using accounts 15 “Procurement and Acquisition of Stocks of Materials and Capital Equipment” and 16 “Deviation in the Value of Stocks of Materials and Capital Equipment”.**

**Accounting of inventories on accounts 10 “Materials” and 41 “Goods” shall be based on Accounting Prices.**

**Inventories (raw materials, components and goods) shall be accepted for accounting at the accounting price, which is deemed to mean here the following:**

- **suppliers price when inventories are acquired on the paid basis;**
- **when inventories are made by the organization itself the total of actual costs;**
- **when inventories are contributed as investment in the authorized capital of the Company the monetary evaluation agreed upon by the founders (participants) of the Company, unless otherwise provided for by the laws of the Russian Federation;**
- **when inventories are received by the organization under a contract of donation or on a gratuitous basis or remain from retirement of fixed assets and other property - the current market value as of the date of accepting for accounting;**
- **when inventories are received under contracts providing for execution of obligations (payment) in non-monetary funds the value of assets transferred or to be transferred by the Organization.**

**At the end of the month under report, the deviations collected on account 16 “Deviation in the Value of Stocks of Materials and Capital Equipment” shall be written off (reversed in case of a negative difference) to the debit of the cost accounts depending on the direction of the expenditure in proportion to the value of the spent stocks of materials and capital equipment.**

**The percentage of deviations for the type or group of stocks of materials and capital equipment shall be determined based on the ratio of the total amount of the balance of such deviations as of the start of the month and current deviations for the month to the total amount of the balance of stocks of materials and capital equipment as of the start of the month and the received stocks, multiplied by 100.**

**Deviations in the value of materials to be written off shall be calculated separately for each group of materials highlighted on account 16 “Deviations in the Value of Stocks of Materials and Capital Equipment”.**

**For the percentage calculated in such a way, deviations shall be written off (reversed in case of a negative difference) to the debit of the accounts of production costs (sale expenses) or other respective accounts.**

**Deviations shall be written off using the average percentage calculated on the basis of the accounting data.**

**Costs of procurement and delivery of goods intended for sale through the retail trading chain shall be recorded within the distribution costs before warehouses of the Company.**

**Finished products shall be taken into account according to the actual prime cost of manufacture without using account 40 “Output of Products (Jobs, Services)”.**

### **2.3.3. Procedure of Evaluating Certain Types of Inventories in Writing off**

**Retiring inventories shall be valued by the following methods:**

**According to the average prime cost:**

- **raw stock;**

- **materials;**
- **finished products;**
- **goods for resale;**

*According to the prime cost of each unit:*

- **precious metals.**

#### **2.4. Procedure of Re-Calculating Assets and Liabilities Expressed in a Foreign Currency**

*Re-calculation of the value of banknotes at the Company's cashier's office, funds on accounts with lending agencies, monetary instruments and payment documents, short-term securities, monies in settlements (including those under loan liabilities) with legal entities and individuals, balances of funds earmarked for a special purpose and received from the budget or from foreign sources in the framework of technical or other assistance to the Russian Federation in compliance with the appropriate agreements (treaties), expressed in a foreign currency, into roubles shall be effected as of the date of making an operation in the foreign currency and as of the reporting date of making up the accounts and reports.*

#### **2.5. Income Records Procedure**

*Income of the Company mean an increase of economic benefits as a result of receipt of assets (money or other property) and/or retirement of obligations, leading to an increase in the capital of such a Company, except for contributions of the participants (owners of property).*

*Depending on the nature, conditions of receipt and Company's activities areas, income of the Company is subdivided into:*

- *normal operation income;*
- *other income, including:*
  - *operating income;*
  - *income from sources other than sales;*
  - *extraordinary income.*

*Systematic character of receipts and the possibility of planning the volumes of receipt are additional criteria of including income in the income gained from normal operation.*

*For income accounting purposes, the normal areas on the Company's operation shall be subdivided into primary and secondary activities.*

*Primary activities mean the operations directly related to communication services provision. All other activities are secondary.*

*The normal areas on the Company's operation include:*

- **primary activities:**
  - *city telephone communication services;*
  - *access to the city telephone network;*
  - *provision of local telephone connections (calls) to fixed communication subscribers in cities (provision of a subscriber line for use in cities; passage of local traffic);*
  - *provision of local telephone connections from city payphones;*
  - *provision of direct lines and connecting lines for use;*
  - *other services of the city telephone network (connection, change of owners, etc.);*
- *rural telephone communication services;*
- *access to the rural telephone network;*

- *provision of local telephone connections (calls) to fixed communication subscribers in rural areas (provision of a subscriber line for use in rural areas; passage of local traffic);*
- *provision of local telephone connections from rural payphones;*
- *provision of direct lines and connecting lines for use;*
- *other services of the rural telephone network (connection, change of owners, etc.);*
- *long-distance and international communication services*
- *provision of long-distance telephone connections;*
- *provision of long-distance telephone connections from payphones;*
- *provision of international telephone connections;*
- *provision of long-distance telephone connections from payphones;*
- *provision of long-distance and international channels for use;*
- *other services of long-distance and international communication (conferences, maintenance, etc.);*
- *documentary telecommunication services*
- *inland telegrams;*
- *external telegrams;*
- *provision of telegraph channels for use;*
- *subscriber's telegraphy;*
- *data transmission services;*
- *telematic services;*
- *newspaper pages transmission;*
- *other documentary telecommunication services;*
- *radio communication services;*
- *broadcasting services;*
- *televasting services;*
- *wired radio services;*
- *using subscriber radio outlets;*
- *provision of access to the wired radio network;*
- *other services of wired radio;*
- *wireless radio communication services;*
- *personal radio call services (paging);*
- *cellular communication services;*
- *other wireless radio communication services;*
  
- *secondary activities:*
- *services of leasing out Company's assets;*
- *transportation services;*
- *consulting, marketing and engineering services;*
- *manufacture of products for telecommunication facilities;*
- *commercial services;*
- *public catering services;*
- *construction services;*
- *computing services;*
- *publishing (publication of reference books and newspapers);*
- *information services;*
- *education services;*
- *security services;*
- *agency;*
- *consumer services;*



- *services of recreational and tourist facilities, and hotel servicing;*
- *advertising;*
- *other activities meeting the criteria set forth above.*

*Income other than normal operation income shall be considered as other income.*

*The procedure of income accounting is provided for in the methodological instructions on income accounting.*

#### **2.6. Expenses Records Procedure**

*Expenses of a Company mean a reduction of economic benefits as a result of a withdrawal of assets (money or other property) and/or emergence of obligations, leading to a reduction of the capital of a Company, except for reduction of contributions upon decision of the participants (owners of property).*

*Depending on the nature, conditions of incurring and activities areas, expenses of the Company are subdivided into:*

- *normal operation expenses;*
- *other expenses, including:*
  - *operating expenses;*
  - *expenses for purposes other than sales;*
  - *extraordinary expenses.*

*Normal operation expenses shall be accepted for accounting in the amount calculated in the monetary terms and equal to the payment in the monetary or other form or the value of accounts payable.*

*For expenses accounting purposes, the normal areas on the Company's operation shall be subdivided into primary and secondary activities.*

*Expenses other than normal operation expenses shall be considered as other expenses.*

#### **2.7. Production Costs Accounting Procedure and Products (Jobs, Services) Prime Cost Calculation**

*Expenses of the enterprise in connection with normal operation areas are the aggregate of the costs related to provision of services, performance of jobs and manufacture of products.*

*The prime cost of products (jobs or services) is the cost assessment of energy, fixed assets, labour resources, materials, raw materials, fuel and natural resources, used in the process of manufacture, as well as other costs of their manufacture and sale.*

*There shall be separate accounting of costs by types of services, jobs and products being the objects of calculation.*

*For the purposes of distributing the costs by primary areas of activities among calculation objects, the Company uses the method of cost accounting by production processes.*

*A production process means uniquely a defined activity (a sequence of actions or an aggregate of functions and assignments), which is not limited in time and has an identifiable result.*

***For the purposes of distributing costs into calculation objects, processes are subdivided into basic production processes, auxiliary production processes and joint processes.***

***Basic production processes include processes performed directly for the provision of communication services.***

***Auxiliary production processes include processes required for performing basic and joint production processes and indirectly related to the provision of communication services.***

***Joint production processes include processes required for performing basic production processes, however, not related to the provision of communication services.***

***Actual natural figures of the Company's production operation, the composition of which is determined in the provisions on expenses accounting, shall be the bases for costs distribution.***

***All costs related to primary activities are indirect costs, i.e. they are distributed among calculation objects and shall be taken into account by production processes.***

***Costs by primary activities shall be recorded on accounts 30 "Basic Production Processes" and 31 "Auxiliary Production Processes".***

***Costs related to secondary activities shall be recorded on accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" by areas of activity.***

***A full calculation of the prime cost of provided services, performed jobs and made products shall be done.***

***Costs of joint production processes shall be recorded on account 32 "Joint Production Processes".***

***The costs collected on account 31 "Auxiliary Production Processes" shall be distributed between the basic and joint production processes on accounts 30 "Basic Production Processes" and 32 "Joint Production Processes" on the basis of the data on distribution bases provided by production services at the end of the period under report.***

***The costs collected on account 30 "Basic Production Processes" shall be distributed to account 20 "Basic Production" by calculation objects (services) on the basis of the data on distribution bases provided by production services at the end of the period under report, and to account 33 "Equipment Operation Costs" by equipment types of a conventional digital network made up annually by engineering services. Distribution of costs by equipment types shall comply with the calculation data of engineering services on the share of equipment involvement in the basic production processes.***

***The costs collected on account 33 "Equipment Operation Costs" shall be distributed to account 20 "Basic Production" by calculation objects (services) on the basis of the data of engineering services on intensity and duration of using each type of equipment in providing a particular service, to be calculated early in each year or in case of any essential changes in the communication network topography.***

***For the purposes of calculating the prime cost of services, jobs or products of secondary areas of operation, actual expenses for provided services, completed jobs and made products transferred to the warehouse, collected on accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" shall be written off to account 43 "Finished Products" (in case***

*of finished products manufacture), to the respective accounts of production processes (in case of services provision or performance of jobs for primary areas of operation) or to account 90 "Sales", control account 90-04 "Prime Cost of Sales in Secondary Areas of Operation" (in case of services provision or performance of jobs for outside organizations). The debit balance of accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" shows the value of the remaining production in progress.*

*At the end of the period under report, costs placed in account 32 "Joint Production Processes" shall be written off to accounts 20 "Basic Production", 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" by calculation objects (services, jobs, products) in proportion to the amounts of costs placed in the respective accounts.*

*At the end of the period under report, costs related to the provision of communication services, collected by types of services on account 20 "Basic Production", shall be written off completely to account 90 "Sales", control account 90-02 "Prime Cost of Sales (by Primary Areas of Operation" with analysis by calculation objects (services).*

*Besides, the Company shall use account 26 "General Economic Expenses". The said account is of intermediate nature and is used by the Company until the calculation is obtained without distribution of costs among production processes. Costs shall be recorded on account 26 "General Economic Expenses" by items and elements. After the data on the actual natural characteristics of the production activities are obtained, all costs of the Company recorded on account 26 are distributed by production processes, and later account 26 "General Economic Expenses" is not used. The use of account 26 "General Economic Expenses" shall cease simultaneously by all units on the basis of the appropriate order of the Company's Chief Accountant.*

## **2.8. Procedure of Production-in-Progress Accounting (for secondary areas of business)**

*Production in progress includes products (jobs) of secondary areas of business, that have not undergone all stages (phases) provided for by the production process, as well as incomplete products and those that have not passed testing and technical acceptance.*

*Construction-in-progress shall be evaluated according to the actually incurred costs*

## **2.9. Deferrals Accounting Procedure**

*Expenses incurred in the period under report, but related to later reporting periods, shall be recorded on account 97 "Deferrals".*

*Deferrals include the expenses that have been recognized in the period under report, but that cannot be included in the prime cost of sold products, jobs or services of such a period under report, e.g.:*

- expenses related to the development of new production facilities or product types before the facts of their sale;*
- expenses related to payment for leaves of future periods;*
- expenses related to acquisition of licenses;*
- property insurance expenses;*
- other.*

*Deferrals shall be written off uniformly through respective cover sources during the period, to which they refer. If it is impossible to determine reliably the period, during which incurred expenses must be written off, the calculation period shall be established by a specially formed*

**commission and shall be approved by the appropriate order of the General Manager.**

**The deferrals accounting procedure is given in the methodological instructions on expenses accounting.**

#### **2.10. Received Credits and Loans Accounting Procedure**

**The Company shall transfer the long-term debt in respect of received credits and loans to the short-term debt 365 days before the principal debt amount re-payment according to the contract of loan and/or credit .**

**Extra expenses related to receiving loans or credits, or floating loan obligations, shall be included in the reporting period, in which the said costs were incurred.**

#### **2.11. Procedure of Organizing the Accounting of Internal Settlements and Transfer of Information by Separate Units**

**For accounting of the internal turnover, the Company shall use account 79 "Internal Settlements".**

**All financial and economic operations between Company's units shall be transacted on the basis of letters of advice through the higher level of management. Operations between structural units of branches shall be transacted through the respective branches. Operations between branches shall be transacted through the Company's Central Board.**

**The list of internal economic operations and the procedure of transacting them are regulated by a bylaw - the methodological instructions on internal settlements accounting.**

#### **2.12. Special-Purpose Funds Formation Procedure**

**The Company shall not create any funds from profit remaining at its disposal, except for the cases when creating such funds is provided for by the legislation or by the incorporation documents of the Company (reserve). In such a case the procedure of creating and using them shall be determined on the basis of the decision of the General Meeting of the Shareholders.**

#### **2.13. Reserves Formation Procedure**

**The Company may create the following reserves:**

- reserve against depreciation of investment in securities. The reserve is formed for the difference between the actual prime cost of the Company's investments in stock of other organizations, quoted at the stock exchange, the quotations of which are regularly published, and the market value as of the end of the year under report, if the latter is lower than the value accepted for accounting;**
- reserves for doubtful debts. The amount of the reserve is determined separately for each debt based on an inventory, depending on debtors solvency and debt repayment probability;**
- reserve for reduction of the value of stocks of materials and capital equipment. The reserve is formed from Company's financial results for the difference between the current market value and the actual prime cost of inventories, if the latter cost is higher than the current market value.**

***The procedure of reserves formation is regulated by the methodological instructions on formation of reserves.***

#### ***2.14. State Aid Accounting Procedure (for Budgetary Funds)***

***Budgetary funds (subventions, subsidies) shall be recognized in accounting as monetary funds and resources other than monetary funds are actually received.***

***The Company shall accept budgetary funds, including resources, other than monetary funds, for accounting, provided the following conditions are ensured:***

- one can be confident that the terms of providing such funds by the organization will be met. Contracts made by the Company, taken and publicly announced decisions, feasibility studies, approved design and cost-estimate documentation, etc., may serve as a proof;***
- one can be confident that the said funds will be received. A banks statement on entering such funds to the Company's account or a resources transfer and acceptance certificate shall serve as a proof of receipt.***

***The budgetary funds accounting procedure does not depend on the type of resources provided to the Company (monetary funds, assets other than monetary funds) or on the method of providing them (actual transfer, reduction of the obligations to the state).***

***The procedure of budgetary funds accounting is set forth in the methodological instructions on accounting of special-purpose funding.***

### ***3. FISCAL ASPECTS OF THE ACCOUNTING POLICY***

#### ***3.1. Tax Records Organization***

***The basic tasks of the Tax Records Organization System are:***

- defining the general principles of the division of powers and responsibility of taxation services and other accounting services at each management level (vertically) and inside each management level (horizontally);***
- creating a single system of bylaws regulating the operation of taxation services and other accounting services in the Tax Records System of the Company.***

***Tax records shall be the responsibility of the accountants service at all management levels of the Organization (Central Board of the Company, management board of a branch and a structural unit of a branch).***

***Under article 19 of the Tax Code of RF, the Organization is the payer of taxes and Fees. The duties of the tax-payer in calculating taxes and submitting tax returns are distributed as follows:***

***The Central Board shall calculate taxes and other obligatory fees transferred to the federal budget, as well as those distributed to budgets of various levels for the Company on the whole. It shall determine which part of taxes distributed to budgets of various levels is to be paid to each budget. Except for the cases when branches and structural units of branches act as the fiscal agent calculating and retaining the income tax from individuals and the single social tax.***

***The profit tax shall be calculated by the Central Board. The Central Board shall present a summary tax return in its location, as well as tax returns to tax authorities in the locations of separate units.***

***The value added tax shall be calculated by the Central Board for the Company on the whole, a tax return being submitted in its location. If the Law on the Budget of the Russian Federation provides for distribution of the total VAT between the federal budget and budgets of other levels,***

***the tax shall be paid and the tax return shall be submitted by the Central Board to the budgets, in whose territories the Company operates.***

***VAT deducted from income paid to non-resident organizations that are not on the tax records of the Russian Federation shall be deducted by the unit paying the income and shall be included in the general VAT return.***

***Motor road user tax for the Company on the whole shall be calculated by the Central Board with submission of the tax return.***

***The sales tax shall be calculated by branches. The tax return shall be submitted to tax authorities by branches in their location. If the Central Board transacts operations subject to the sales tax, the Central Board shall independently calculate the tax in respect of such operations in its location and shall submit a tax return.***

***For the land tax (land fee), the tax shall be calculated and tax returns shall be submitted by the Central Board and by regional branches in respect of the land plots used by them.***

***For the property tax, the tax shall be calculated and tax returns shall be submitted by the Central Board and by branches in respect of the property on their balance sheet. The Central Board shall calculate the amount of tax for the Company on the whole, shall make up the summary tax return and shall pay the tax in the amount of the difference between the total calculated tax and the amount of tax paid by the branches.***

***The tax on the income of individuals, the single social tax, the single tax on imputed earnings for certain areas of activities, the motor vehicle owner tax and the environment pollution fee shall be calculated by the Central Board and by the branches independently, with tax returns submitted to tax authorities in their location, and the summary tax return for the environment pollution fee shall be submitted by the directorate.***

***Income taxes deducted and paid by the Company as the fiscal agent shall be calculated and paid to the federal budget:***

- by the directorate when dividend is paid;***
- by the unit of the Company, effecting settlements with a non-resident when income is paid to a non-resident.***

***Local taxes shall be calculated by the Central Board and the branches in compliance with the active law.***

***Taxes to the federal budget and the budgets of entities of the Russian Federation shall be paid by the Central Board and taxes to local budgets by the branches. Taxes to local budgets in respect of payments of the Company's Central Board shall be paid by the Central Board itself.***

***Inventory of liabilities related to settlements in respect of taxes and fees and comparison of debts with the tax authorities shall be the responsibility of the Company's Central Board, branches and structural units of branches in respect of their payments in the location where they act as tax-payers.***

***Analytical tax records registers shall be kept by accountants services of all levels. The forms of tax records registers are given in Appendix 3 to the Provisions. The procedure and peculiarities of recording the analytical data in tax records registers and making up tax returns are described in the methodological instructions on calculation and payment of taxes.***

***To ensure a correct and complete formation of taxable bases for all taxes and fees, branches and structural units of branches shall provide the necessary information within the time established by the document turnover schedule, in the form and volumes approved in the methodological instructions on calculation and payment of taxes.***

### ***3.2. Procedure of Keeping the Logs of Invoices, Book of Purchases and Book of Sales***

***The Company shall keep a book of purchases and a book of sales, and logs of received and presented invoices, using computer facilities. Not later than the 20th of the month following the month under report, the book of purchases shall be printed out, the pages shall be numbered, corded and a seal shall be affixed to them.***

***Logs of received and presented invoices, books of purchases and books of sales shall be kept in the electronic form by branches and structural units of branches as sections of single logs of received and presented invoices, single book of purchases and book of sales of the Company.***

***An invoice shall be made up using a computer; however, it may also be filled out manually.***

***An invoice, a book of purchases and a book of sales shall be signed by the General Manager and by the Chief Accountant or by other officials. The circle of persons empowered to sign the said documents shall be determined by the Company order. Managers and head (senior) accountants of branches or structural units are entitled to delegate the right of signature on invoices to other employees of the Company. Delegation of the right of signing invoices shall be prescribed by regulatory documents for the branch or structural unit.***

***When communication services are provided, invoices shall be presented simultaneously with payment documents once a month not later than the fifth of the month following the month that has expired.***

***When communication services are provided to individuals, no invoices shall be presented. The Organization shall make up a single invoice for the total amount of services provided to individuals for the period under report, such invoice being registered in the book of sales.***

***Invoices for services provided (jobs performed, goods shipped) to buyers shall be presented by the Central Board, by branches and structural units of branches.***

***Invoices shall be numbered in the book of purchases and book of sales in ascending order of numbers. Composite numbers shall be used with the code of the directorate, branch and structural unit of the branch. Numbers shall be assigned according to the codification of units, developed by the Central Board. The code of the directorate, branch or structural unit shall be a constituent of the No. of the invoice.***

***Sections of the books of purchases and books of sales for the tax period under report shall be presented by branches and structural units in the electronic form to the Central Board of the Company for making up the single book of purchases and single book of sales and for making up value added tax returns.***

***Branches and structural units of branches shall certify invoices by their own seal or a special seal "for invoices". The procedure of using the said seals by authorized officials shall be approved by a Company order.***

***Copies of the presented invoices and book of sales shall be stored in the electronic form. If necessary, the above documents may be printed out completely and prepared properly.***

### ***3.3. Procedure of Determining Proceeds from Sales of Goods, Products, Jobs and Services***

***For the purposes of taxation, proceeds from sales of products, jobs and services shall be determined as follows:***

***- for the profit tax, when the taxation base is determined, the proceeds from sales of services, goods and jobs shall be determined by the method of "charging", i.e. on the basis of the fact of the provision of services (performance of jobs), shipment of goods (products) and presentation of respective invoices.***

***- when the taxation base is determined for the value added tax, motor road user tax, sales tax and other taxes, the proceeds from sales of services, goods and jobs shall be determined by the "as paid" method, i.e. as money for the services, goods and jobs is received to settlement accounts with banks or to the cash desk of OJSC North-West Telecom.***

### ***3.4. Methods for Determining Costs for the Purposes of Calculating the Profit Tax, the Profit Tax Distribution and the Value Added Tax for Payment of the Taxes to Budgets of Various Levels; Profit Tax Payment Method***

***For the purposes of profit tax calculation:***

***- when the amount of material expenses is determined in writing off the materials used in the production (manufacture) of goods (performance of jobs or provision of services), the method of evaluation by the average prime cost is applied;***

***- depreciation amounts for all groups of fixed assets are charged by the linear method;***

***- for depreciated fixed assets used for the work in an aggressive medium and/or with many shifts, the Organization is entitled to apply a special coefficient to the basic depreciation rate; however, the coefficient shall not exceed 2;***

***- the coefficient established in the contract shall be applied to the basic depreciation rates of fixed assets being the subject of a contract of leasing;***

***Under the contracts made before 01.01.02, the Organization shall charge depreciation for leased property, using the methods and standards that existed at the moment of transferring (receiving) the property and applying a special coefficient not exceeding 3.***

***For cars and passenger minibuses having the initial value of more than 300 thousand roubles and 400 thousand roubles respectively and received on the basis of leasing, the basic depreciation rate with the special coefficient 0.5 shall be applied;***

***- withdrawn securities shall be written off to expenses at the prime cost of those that were acquired first (by the FIFO method).***

***For distribution of the profit tax for payment of the tax to budgets of various levels, the average official number of employees and the residual value of the depreciated property of the directorate, branches and structural units of branches shall be used.***

***For distribution of the value added tax for payment of the tax to budgets of various levels, the average official number of employees of units and the residual value of the fixed assets of the directorate, branches and structural units of branches shall be used.***

***The Organization shall pay the profit tax in monthly advance payments in equal installments in the amount of one third of the actually paid quarterly advance payment for the quarter preceding the quarter, in which monthly advance payments are effected.***

## ***APPENDIX 1. LIST OF COMPANY'S UNITS***

***The Company comprises the following units:***

- 1. Vyborgsky Telephone Centre - the branch of OJSC North-West Telecom***
- 2. Moskovsky Telephone Centre - the branch of OJSC North-West Telecom***
- 3. Nekrasovsky Telephone Centre - the branch of OJSC North-West Telecom***
- 4. Petrogradsky Telephone Centre - the branch of OJSC North-West Telecom***



5. *Tsentrally Telephone Centre - the branch of OJSC North-West Telecom*
6. *Inter-Exchange Contacts Centre - the branch of OJSC North-West Telecom*
7. *Repair and Construction Board - the branch of OJSC North-West Telecom*
8. *Motor Depot - the branch of OJSC North-West Telecom*
9. *Repair and Installation Board - the branch of OJSC North-West Telecom*
10. *Recreation and Disease Prevention Centre - the branch of OJSC North-West Telecom*
11. *Oblast (Regional) Telephone Centre - the branch of OJSC North-West Telecom*
12. *Long-Distance International Telephone - the branch of OJSC North-West Telecom*
13. *Telegraph - the branch of OJSC North-West Telecom*
14. *Petersburg Telephone Network - the branch of OJSC North-West Telecom*

*including:*

- *Vyborgsky Telephone Centre*
- *Moskovsky Telephone Centre*
- *Nekrasovsky Telephone Centre*
- *Petrogradsky Telephone Centre*
- *Tsentrally Telephone Centre*
- *Inter-Exchange Contacts Centre*
- *Repair and Construction Board*
- *Motor Depot*
- *Repair and Installation Board*
- *Recreation and Disease Prevention Centre.*
- *Main Long-distance and International Telephone Telegraph Centre;*

## ***APPENDIX 2. LIST OF PROVISIONS BEING AN APPENDIX TO THE ACCOUNTING POLICY***

1. *Working Card of Accounts of the Company and the Instructions on Applying it.*
2. *Provisions on the Procedure of Assets and Liabilities Inventory and on Measures of Ensuring the Safety of Assets.*
3. *Provisions on the Document Turnover System.*
4. *Provisions on the Procedure of Forming the Accounts and Reports of the Company.*
5. *Provisions on the Procedure of Tax Calculation and Payment.*
6. *Provisions on the Accounting Service.*
7. *Methodological Instructions on Fixed Assets Accounting.*
8. *Methodological Instructions on Intangible Assets Accounting.*
9. *Methodological Instructions on Capital Construction Accounting.*
10. *Methodological Instructions on Financial Investment Accounting.*
11. *Methodological Instructions on Stores Accounting.*
12. *Methodological Instructions on Expenses Accounting.*
13. *Methodological Instructions on Monetary Funds and Monetary Instruments Accounting.*
14. *Methodological Instructions on Income Accounting.*
15. *Methodological Instructions on Accounting of Settlements with Buyers and Customers.*
16. *Methodological Instructions on Accounting of Settlements with Suppliers and Contractors.*
17. *Methodological Instructions on Accounting of Settlements with Other Debtors and Creditors.*
18. *Methodological Instructions on Accounting of Credits and Loans.*
19. *Methodological Instructions on Accounting of Settlements with the Personnel.*
20. *Methodological Instructions on Equity Capital Accounting.*

- 21. Methodological Instructions on Special-Purpose Financing Accounting.***
- 22. Methodological Instructions on the Formation of Reserves.***
- 23. Methodological Instructions on Internal Settlements Accounting.***
- 24. Methodological Instructions on Accounting of Economic Operations during Re-organization.***

BALANCE SHEET					Form No.1 under OKUD	CODES
						<b>0710001</b>
<b>for the year 2002</b>					Date (year, month, day)	
<b>Region</b>		<b>North-West</b>				
<b>Organization:</b>		<b>OJSC North-West Telecom</b>			under OKPO	<b>01166228</b>
Taxpayer Identification Number		<b>7808020593</b>			TIN	7808020593
Area of activities		<b>electric communication</b>			under OKDP	
Organizational & Legal form/Form of Ownership:		Joint-Stock Company			under OKOPF/OKFS	<b>47/34</b>
Unit of measurement:		<b>thousand roubles</b>			under OKEI	<b>384</b>
Address:		<b>14/26 ul. Gorokhovaya, St. Petersburg, 191186</b>				
					Date of the approval	
					Date of mailing (acceptance)	
ASSETS		Line code	As of the beginning of the period under report *	As of the start of the period under report taking into account the indices of affiliated organizations**	As of the end of the period under report taking into account the indices of affiliated organizations***	
1		2	3	4	5	
<b>I. NON-CIRCULATING ASSETS</b>		<b>110</b>	41,934	42,158	115	
<b>Intangible assets</b>						
including: patents, licenses, trade marks (service marks), other similar rights and assets		111	41,934	42,158	115	
organization costs		112	X	X	X	
goodwill		113	X	X	X	
<b>Fixed assets</b>		<b>120</b>	6,127,121	10,572,164	10,953,003	
including:		121	4,534	4,804	4,178	
land plots and objects of nature management						
buildings, machinery and equipment		122	5,746,303	8,838,760	9,294,495	
Construction-in-progress		130	542,792	793,152	1,208,435	
Profitable investment in stocks of materials and capital equipment		<b>135</b>				
including:		136				
property subject to leasing						
hired out property		137				
Long-term financial investments		<b>140</b>	<b>84,588</b>	<b>202,861</b>	<b>159,481</b>	
including:		141	13,633	118,617	76,204	
Investment in subsidiaries						
Investment in associate companies		142	21,515	33,067	33,145	
Investment in other companies		143	32,536	34,163	33,006	
loans to organizations for over 12 months		144	12,851	12,851	12,720	
other long-term financial		145	4,054	4,162	4,406	

investments				
Other non-circulating assets	150			
<b>Total for section I</b>	<b>190</b>	6,796,435	11,610,334	12,321,034

**For re-organized Companies:**

\* column 3: Indices of the base organization as of 01.01.2002.

\*\* column 4: Indices of the base organization and affiliated organizations as of 01.01.2002, obtained by line summation

\*\*\* column 5: Indices of inter-regional companies (of the base organization and affiliated organizations) as of 31.12.2002

ASSETS	Line code	As of the beginning of the period under report *	As of the start of the period under report taking into account the indices of affiliated organizations**	As of the end of the period under report taking into account the indices of affiliated organizations***
1	2	3	4	5
<b>II. CURRENT ASSETS</b>	<b>210</b>	101,808	282,869	365,152
<b>Stocks</b>				
including:	211	57,405	155,863	205,362
raw materials, materials and other similar values				
livestock in breeding and feeding	212			
expenditures in work-in-process (turnover costs)	213	11	1,467	788
finished products and goods for resale	214	554	14,632	11,111
shipped goods	215			
deferred expenses	216	43,838	110,907	147,891
other stock and expenses	217			
Value added tax on acquired values	220	143,809	205,550	407,099
Accounts receivable (expected in over 12 months after the reporting date)	<b>230</b>		12401	13169
including:				
buyers and customers	231		299	
notes receivable	232		276	
debts of subsidiary and associate companies	233			
advances distributed	234			
other debtors	235		11,826	13,169
Accounts receivable (expected within 12 months after the reporting date)	<b>240</b>	967,288	1,745,318	1,479,795
including:				
buyers and customers	241	857,440	1,488,870	976,537
notes receivable	242		1,870	1,800
debts of subsidiary and associate companies	243		1,040	10,466
debts of participants (founders) by contributions to the authorized capital	244	X	X	X
advances distributed	245	25,950	74,149	320,861
other debtors	246	83,898	179,390	170,130
Short-term financial investments,	<b>250</b>	5,836	5,926	4,913
including:				
loans to organizations for less than 12 months	251	1,700	1,700	200
own shares purchased from the shareholders	252			

other short-term financial investments	253	4,136	4,226	4,713
<b>Monetary funds</b>	<b>260</b>	107,578	181,797	346,880
including:	261	976	5,587	4,928
cash on hand				
settlement accounts	262	96,261	159,239	313,311
currency accounts	263	246	869	574
other monetary funds	264	10,095	16,101	28,067
Other current assets	270		293	
<b>Total for section II</b>	<b>290</b>	1,326,319	2,434,155	2,617,009
<b>BALANCE (sum of lines 190 + 290)</b>	<b>300</b>	8,122,754	14,044,489	14,938,043

**For re-organized Companies:**

\* column 3: Indices of the base organization as of 01.01.2002.

\*\* column 4: Indices of the base organization and affiliated organizations as of 01.01.2002, obtained by line summation

\*\*\* column 5: Indices of inter-regional companies (of the base organization and affiliated organizations) as of 31.12.2002

LIABILITIES	Line code	As of the beginning of the period under report *	As of the start of the period under report taking into account the indices of affiliated organizations**	As of the end of the period under report taking into account the indices of affiliated organizations***
1	2	3	4	5
<b>III. CAPITAL AND RESERVES</b>	<b>410</b>	587,498	937,940	937,940
<b>Authorized capital</b>				
Added capital	420	4,966,187	7,033,504	6,941,473
Capital reserves	<b>430</b>	23,474	23,474	29,375
including:	431	23,474	23,474	29,375
reserve funds formed in accordance with the laws				
reserve funds formed in accordance with the by-laws	432			
Social sphere fund	440			
Retained profit of previous years	460	702,014	2,727,245	2,637,632
Uncovered loss of previous years	465			
Retained profit for the year under report	470	x	x	327,264
Uncovered loss for the year under report	475	x	x	
<b>Total for section III</b>	<b>490</b>	6,279,173	10,722,163	10,873,684
Debt of affiliated organizations to the base organization	<b>497</b>	x	x	11982237
Debt of the base organization to affiliated organizations	<b>498</b>	x	x	11982237
<b>IV. LONG-TERM LIABILITIES</b>	<b>510</b>	2,954	45,659	434,622
<b>Credits and loans</b>				
including:	511		25,738	17,383
loans from banks to be repaid in over 12 months after the reporting date				
borrowings to be repaid in over 12 months after the reporting date	512	2,954	19,921	417,239
Other long-term liabilities	520	910,175	1,459,169	995,797
<b>Total for section IV</b>	<b>590</b>	913,129	1,504,828	1,430,419

<b>V. SHORT-TERM LIABILITIES</b>	<b>610</b>	107,200	372,706	579,006
<b>Credits and loans</b>				
including:				
loans from banks to be repaid within 12 months after the reporting date	611	50,000	257,285	208,946
borrowings to be repaid within 12 months after the reporting date	612	57,200	115,422	370,060
Accounts payable	<b>620</b>	803,703	1,397,760	1,974,043
including:				
suppliers and contractors	621	310,113	531,384	580,830
notes payable	622		10	
debts to subsidiary and associate companies	623		37	
wage arrears	624	4,866	53,573	56,065
indebtedness to state out-of-the-budget funds	625	5,714	33,660	28,269
budgetary indebtedness	626	94,541	181,285	246,743
advances received	627	90,249	179,432	363,589
other creditors	628	298,221	418,379	698,546
Indebtedness to participants (founders) on income payment	630	17,553	22,743	50,557
Deferred income	640	1,996	24,287	30,333
Reserves for forthcoming costs	650	X	X	X
Other short-term liabilities	660	X	X	X
<b>Total for section V</b>	<b>690</b>	930,453	1,817,496	2,633,939
<b>BALANCE (sum of lines 490 + 590 + 690)</b>	<b>700</b>	8,122,755	14,044,487	14,938,042
		-0.999999999	2	1

**For re-organized Companies:**

\* column 3: Indices of the base organization as of 01.01.2002.

\*\* column 4: Indices of the base organization and affiliated organizations as of 01.01.2002, obtained by line summation

\*\*\* column 5: Indices of inter-regional companies (of the base organization and affiliated organizations) as of 31.12.2002

**Result of affiliated organizations (regional branches) operation for the year 2002 is recorded in line 470 "Retained profit of the year under report" or line 475 "Uncovered loss of the year under report"**

<b>STATEMENT OF VALUABLES ACCOUNTED ON OFF-BALANCE ACCOUNTS</b>				
Index	Line code	As of the beginning of the period under report *	As of the start of the period under report taking into account the indices of affiliated organizations**	As of the end of the period under report taking into account the indices of affiliated organizations***
1	2	3	4	5
Leased fixed assets	910	299,243	496,809	628,585
including those under leasing	911	127,682	196,393	168,094
Inventories accepted for custody	920	11,971	29,528	48,605
Goods accepted for commission	930		101	539
Insolvent debtors' indebtedness written-off to loss	940	64,588	104,638	347,181
Received liability and payment collaterals	950			

Received liability and payment collaterals	960		510,030	492,112
Wear of residential fund	970	2,007	7,871	6,865
Wear of external improvements and other similar facilities	980			2,657
Strict accounting forms	990	6	7,614	7,514

**For re-organized Companies:**

\* column 3: Indices of the base organization as of 01.01.2002.

\*\* column 4: Indices of the base organization and affiliated organizations as of 01.01.2002, obtained by line summation

\*\*\* column 5: Indices of inter-regional companies (of the base organization and affiliated organizations) as of 31.12.2002

PROFIT AND LOSS REPORT				CODES	
				Form No.02 under OKUD	<b>0710002</b>
<b>for the year 2002</b>				Date (year, month, day)	
<b>Region</b>	<b>North-West</b>				
<b>Organization:</b>	<b>OJSC North-West Telecom</b>			under OKPO	<b>01166228</b>
Taxpayer Identification Number	<b>7808020593</b>			TIN	7808020593
Area of activities	<b>electric communication</b>			under OKDP	
Organizational & Legal form/Form of Ownership:	Joint-Stock Company			under OKOPF/OKFS	<b>47/34</b>
Unit of measurement:	<b>thousand roubles</b>			under OKEI	<b>384</b>
				Date of the approval	
				Date of mailing (acceptance)	
Index		Line code	For the period under report*	For the period under report taking into account the indices of affiliated organizations**	For the same period of the previous year taking into account the indices of affiliated organizations***
1		2	3	4	5
<b>Proceeds (net) from sales of goods, products, jobs and services (less the VAT)</b>		010	5,867,109	10,091,841	8,058,731
including: those from sale of communication services		011	5,680,094	9,778,167	7,838,095
Prime cost of sold goods, products, works and services		020	(4177010)	(7443369)	(6031548)
including: that from communication services sold		021	4,143,350	7,300,095	5,839,162
Gross profit		<b>029</b>	1,690,100	2,648,472	2,027,183
Commercial expenses		030			
Management expenses		040			
Profit (loss) from sales (lines 010 -020 -030,040)		<b>050</b>	1,690,100	2,648,472	2,027,183
<b>II. Operating income and expenses</b>		060	10,799	11,207	6,750
<b>Interest receivable</b>					
Interest payable		070	(140444)	(214256)	(93716)
Income from participation in other organizations		080	102	489	3,328
Other operating income		090	484,824	544,470	105,429
Other operating expenses		100	(1278635)	(1625542)	(402635)
<b>III. Income and expenses from sources other than sales</b>		120	81,101	129,317	206,084
<b>Income from sources other than sales</b>					
Expenses for purposes other than sales		130	(510041)	(838579)	(640869)
Profit (loss) before taxes (lines 050+060-070+080+090-100+120-130)		<b>140</b>	337,806	655,580	1,211,554
Tax on profit, and other similar obligatory fees *****		150	(204294)	(328306)	(506077)



Profit (loss) from normal activities	160	133,513	327,274	705,476
<b>IV. Extraordinary income and expenses</b>	170			
<b>Extraordinary income</b>				
Extraordinary expenses	180		8	1,196
Net profit (retained profit (loss) of the period under report) (lines 160 + 170 - 180)	<b>190</b>	<b>133,513</b>	<b>327,266</b>	<b>704,280</b>

**For re-organized Companies:**

\* column 3: Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002, obtained by line summation

\*\* column 4: Indices of the base organization and affiliated organizations for the period from 01.01.2002 till 31.12.2002, obtained by line summation of the indices from column 3 and respective indices of affiliated organizations for the period from 01.01.2002 till the re-organization date

\*\*\* column 5: Indices of the base organization and affiliated organizations for the period from 01.01.2001 till 31.12.2001, obtained by line summation

\*\*\*\* Net profit corresponding to the index of line 470, column 5 of form No. 1 "Balance Sheet "

\*\*\*\*\* Line 150 "Profit tax and other similar obligatory payments" is not to be filled by affiliated organizations (regional branches)

Index	Line code	For the period under report	For the same period of the previous year
1	2	3	4
<b>For reference:</b>	<b>201</b>		0.00024800
<b>Dividend per share</b>			
<b>On preferred of A type</b>			
on common shares	<b>202</b>		0.00007700
		3	
Amounts of dividend per share expected in the next year under report:	<b>203</b>	0.00014000	
*			
on type A preferred shares			
on common shares	<b>204</b>	0.00004400	
		3	4
Dividend per share on preferred of B type	<b>205</b>		
		3	
Amounts of dividend per share expected in the next year under report	<b>206</b>		
On preferred			
* Filled with indices of inter-regional companies			

**Explanation of profit and loss items**

Index	Line code	For the period under report				For the same period of the previous year	
		Profit		Loss		Profit ***	Loss ***
		*	**	*	**		
1	2	3	4	5	6	7	8
Fines, penalties and forfeits, which have been acknowledged or for which (arbitration) court awards on recovery have been received	210	7368	9702	(54545)	(54769)	4289	(10768)
Profit (loss) of previous years	220	19698	21821	(19285)	(39057)	48976	(23486)

Indemnification for losses inflicted by failure to fulfil or to fulfil duly the obligations	230	688	2352	(4324)	(4648)	1817	(773)
Exchange rates of foreign currency transactions	240	14480	34345	(98133)	(210560)	76962	(149635)
Reduction of inventory cost as of the end of the period under report	250	X	X	X	X	X	X
Writing off accounts receivable and payable with expired limitation period	260	3594	5134	(108615)	(111610)	10049	(65486)
<b>For re-organized Companies:</b>							
* columns 3, 5: Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002, obtained by line summation							
** columns 4, 6: Indices of the base organization and affiliated organizations for the period from 01.01.2001 till 31.12.2001, obtained by line summation							
*** columns 7, 8: Indices of the base organization and affiliated organizations for the period from 01.01.2001 till 31.12.2001, obtained by line summation							

CAPITAL CHANGES REPORT					Form No.03 under OKUD	CODES 0710003
<b>for the year 2002</b>					Date (year, month, day)	
<b>Region</b>	<b>North-West</b>					
<b>Organization:</b>	<b>OJSC North-West Telecom</b>				under OKPO	<b>01166228</b>
Taxpayer Identification Number	<b>7808020593</b>				TIN	7808020593
Area of activities	<b>electric communication</b>				under OKDP	
Organizational & Legal form/Form of Ownership:	Joint-Stock Company				under OKOPF/OKFS	<b>47/34</b>
Unit of measurement:		<b>thousand roubles</b>			under OKEI	<b>384</b>

1	2	3	Received		Spent		8
			4	5	6	7	
			in the year under report	from the re-organization	in the year under report	from the re-organization	Balance as of the end of the period under report taking into account the indices of affiliated organizations**
<b>I. Capital</b>							
<b>Authorized capital</b>	010	587,498		350,442			937,940
Added capital	020	4,966,187	0	2,020,714	45,428	X	6,941,473
Property cost growth upon re-evaluation	021	3,470,988	0	2,020,714	5,369	X	5,486,333
Reserve fund	030	23,474	5,901	X		X	29,375
Reserves formed in compliance with the incorporation documents	040			X		X	
Retained profit of previous years total	050	702,014	5,126	2,004,310	73,818		2,637,632
including: sources of production investment funding	051		X		X	X	
Uncovered loss of previous years	052			X		X	
retained profit (uncovered loss) of the period under report – total	055	X	133,512	193,754	X	X	327,266
Social sphere fund	060			X		X	
<b>Total for section I</b>	<b>079</b>	<b>6,279,173</b>	<b>144,539</b>	<b>4,569,220</b>	<b>119,246</b>	<b>0</b>	<b>10,873,686</b>

Index	Line code	Balance as of the start of the year under report of the base organization	Received		Spent	Balance as of the end of the period under report taking into account the indices of affiliated organizations**
			in the year under report	from the re-organization	in the year under report	

1	2	3	4	5	6	7
<b>II. Reserves of forthcoming expenses total</b>	<b>080</b>		X			X
including:	081		X			X
those for vacations						
those for repair of fixed assets	082		X			X
those for insurance	083		X			X
those for remuneration on the basis of the results of the year	084		X			X
other (explain)	085		X			X
<b>Total for section II</b>	<b>089</b>		X			X
<b>III. Estimate reserves total</b>	<b>090</b>		577,205	201,076	114,878	663,403
including:	091		577,205	201,076	114,878	663,403
those for doubtful debts						
those for securities	092					
<b>Total for section III</b>	<b>099</b>		577,205	201,076	114,878	663,403

**For re-organized Companies:**

\* Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations from the re-organization date till 31.12.2002 (without re-organization turnovers)

Indices of the base organization and affiliated organizations as of 31.12.2002

**IV. Change of Capital**

Index	Line code	For the period under report	For the same period of the previous year
1	2	3	4
Amount of capital as of the start of the period under report*	100	6,279,173	10113362
Capital increase - total**	110	4,702,732	706529
including:	111	x	x
that through: extra stock issue			
assets re-evaluation	112	x	x
property accretion	113	x	x
corporation re-organization (merger, affiliation)	114	4,569,220	x
income included directly in capital increase according to the accounting rules	115	x	x
other receipts	116	133,512	706529
Capital reduction – total***	120	108,219	97828
including:	121	x	x
that through: reducing the shares face value			
reducing the number of shares (own shares redeemed from the shareholders)	122		x
corporation re-organization (separation, split-off)	123	x	x
expenses included directly in capital decrease according to the accounting rules	124	x	x
other kinds of withdrawal	125	108,219	97828
Amount of capital as of the end of the period under	130	10,873,686	10,722,063

report****				
<b>For re-organized Companies:</b>	<b>Section IV</b>			
<b>column 3:</b>	Indices of the base organization as of 01.01.2002.			
	** Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations as of the re-organization date and for the period from the re-organization date till 31.12.2002			
	***Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations from the re-organization date till 31.12.2002			
	**** Indices of inter-regional companies			
<b>column 4:</b>	Indices of the base organization and affiliated organizations for the period from 01.01.2001 till 31.12.2001, obtained by line summation			

Index	Line code	Balance as of the start of the year under report of the base organization	Received		Spent	Balance as of the end of the period under report taking into account the indices of affiliated organizations**
			in the year under report	from the re-organization	in the year under report	
1	2	3	4	5	6	7
Target funding and receipts total	140	0	296	0	292	4
including: from the budget	141		287		283	4
off-budget funds	142		9		9	
corporations	143					
individuals	144					
other (explain)	145					

**For re-organized Companies:**

	* Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations from the re-organization date till 31.12.2002
	** Indices of the base organization and affiliated organizations as of 31.12.2002

Index	Line code	Statements	
		Balance as of the beginning of the period under report *	Balance as of the end of the period under report *
1	2	3	4
Net assets	150	10,746,450	10,904,013

**For re-organized Companies:**

* <b>column 3:</b>	Indices of the base organization and affiliated organizations as of 01.01.2002, obtained by line summation
** <b>column 4:</b>	Indices of inter-regional companies (of the base organization and affiliated organizations) as of 31.12.2002

		From the budget		From off-budget funds	
		For the period under report*	For the same period of the previous	For the period under report*	For the same period of the

			year**		previous year**
1	2	3	4	5	6
Received for: normal operation expenses – total*	160	304,674	145,656	9	120
Capital investment in non- circulating assets	170	150		45	
including: construction of objects	171				
equipment acquisition	172	150		45	
other (explain)	173				
For extraordinary purposes	180				
<b>For re-organized Companies:</b>					
		* Indices of the base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations from the re-organization date till 31.12.2002			
		** Indices of the base organization and affiliated organizations for the period from 01.01.2001 till 31.12.2001, obtained by line summation			

CASH FLOW REPORT					
					CODES
				Form No.04 under OKUD	0710004
	for the year 2002			Date (year, month, day)	
Region	North-West				
Organization:	OJSC North-West Telecom		under OKPO	01166228	
Taxpayer Identification Number	7808020593		TIN	7808020593	
Area of activities	electric communication		under OKDP		
Organizational & Legal form/Form of Ownership:	Joint-Stock Company		under OKOPF/OKFS	47/34	
Unit of measurement:	thousand roubles		under OKEI	384	
Index	Line code	Amount	Including		
			current operation	investment operation	financial operation
1	2	3	4	5	6
<b>1. Cash balance as of the start of the year (base organization)</b>	010	107,578	X	X	X
<b>2. Total received cash</b>	<b>020</b>	8,659,665	8,253,978	20,229	385,458
including: returns from sales of goods, products, works and services	030	6,851,818	6,851,818	X	X
returns from sales of fixed assets and other property	040	13,332	3,320	10,012	
advance payments received from buyers (customers)*	050	91,794	91,794	X	X
budget allocations and other target funding	060	14,576	14,576		
free of charge	070	1,350		1,350	
received credits	080	114,324	28,220	4,000	82,104
received loans	085	232,583			232,583
dividends and interest on finance investment	090	10,154	X	125	10,029
other receipts	110	1,329,736	1,264,251	4,743	60,742
<b>including: balances of monetary funds accounts of organizations being affiliated as of the re-organization date</b>	<b>111</b>	50,820	X	X	X
<b>3. Total allotted cash</b>	<b>120</b>	(8420366)	5,851,064	870,457	433,940
including: that for payment for acquired goods, works and services	130	2,556,903	2,535,641	20,999	263
for wages***	140	935,629	X	X	X
deductions to state off-budget funds	150	329,275	X	X	X
for issue of imprests	160	22,958	22,854	104	

for issue of advance payments**	170	503,992	316,893	168,527	18,572
for payment of share participation in construction	180		X		X
for payment for machines, equipment and transport facilities	190	1,188,316	530,943	657,374	X
for finance investment	200	123,073	X	73	123,000
for payment of dividends and interest on securities	210	50,220	X	1,826	48,394
for settlements with the budget	220	1,404,772	1,403,608	X	1,164
for payment of interest and the principal amount on received credits and loans	230	329,599	89,518		240,081
other payments, transfers, etc.	250	975,627	951,608	21,554	2,465
<b>4. Balance of cash as of the end of the period under report (inter-regional companies)</b>	<b>260</b>	<b>346,878</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>For reference: from line 020: received in down payment - total</b>	270	1,020,660			
including that for settlements: with corporations	280	167,668			
with individuals	<b>290</b>	<b>852,992</b>			
including that with the use of: cash registers	291	824,043			
strict accounting forms	292	27,090			
others	293	1,859			
Available cash received from the bank to the cash office of the organization	295	139,637			
handed over to the bank from the cash office of the organization	296	709,583			
* balance in third-order control accounts 02 "Advances" of account 62 is recorded					
** balance in control accounts "Advances issued in roubles" and "Advances issued in hard currency" of account 60 is recorded					
*** the amount of payments to employees, including remitted alimonies and other deductions according to writs of execution, and deposited amounts, are recorded					



<b>APPENDIX TO THE ACCOUNTING BALANCE SHEET</b>					<b>CODES</b>
				Form No.05 under OKUD	<b>0710005</b>
	<b>for the year 2002</b>			Date (year, month, day)	
<b>Region</b>	<b>North-West</b>				
<b>Organization:</b>	<b>OJSC North-West Telecom</b>			under OKPO	<b>01166228</b>
Taxpayer Identification Number	<b>7808020593</b>			TIN	7808020593
Area of activities	<b>electric communication</b>			under OKDP	
Organizational & Legal form/Form of Ownership:	<b>Joint-Stock Company</b>		under OKOPF/OKFS	<b>47/34</b>	
Unit of measurement:	<b>thousand roubles</b>			under OKEI	<b>384</b>
<b>1. BORROWED FUNDS FLOW</b>					
Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Received liabilities **	Repaid liabilities**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
Long-term credits,	110	25,738	8,062	(16417)	17,383
including:	111	X	X	X	X
outstanding credits					
Long-term loans,	120	19,921	770,709	(373391)	417,239
including:	121	X	X	X	X
outstanding credits					
Short-term credits,	130	257,285	1,138,155	(1186494)	208,946
including:	131				
outstanding credits					
Short-term loans	140	115,422	418,468	(163830)	370,059
including:	141		245,751		245,751
outstanding credits					
<b>2. DEBTS RECEIVABLE AND ACCOUNTS PAYABLE</b>					
Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	New liabilities**	Repaid liabilities**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6

<b>Debts receivable: short-term accounts</b>	210	1,745,319	20,617,460	(20219582)	2,143,197
including overdue ones	211	346,425	3,172,055	(3145384)	373,096
including those in excess of 3 months before the date under report	212	286,606	2,515,842	(2515974)	286,474
long-term accounts	220	12,401	5,836	(5068)	13,168
including overdue ones	221	X	X	X	X
including those in excess of 3 months before the date under report	222	X	X	X	X
from line 220: debts, payment under which is expected in more than 12 months after the date under report	223	10,595	2,919	(1832)	11,681
<b>For re-organized Companies:</b>					
* Indices of the base organization and affiliated organizations obtained by line summation					
** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)					
Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	New liabilities**	Repaid liabilities**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
<b>Accounts payable: short-term accounts</b>	230	1,397,760	22,020,678	(21444396)	1,974,042
including overdue ones	231	24,487	280,092	(281066)	23,513
including those in excess of 3 months before the date under report	232	14,734	82,459	(87125)	10,068
long-term accounts	240	1,459,169	488,120	(951492)	995,797
including overdue ones	241	X	X	X	X
including those in excess of 3 months before the date under report	242	X	X	X	X

from line 240: debts, payment under which is expected in more than 12 months after the date under report	243	1,105,290	173,050	(527872)	750,468
<b>Collaterals: received,</b>	250				0
including those from third parties	251				0
issued,	260	510,030	636,058	(653976)	492,112
including those to third parties	261	1,362	30,104		31,466

INFORMATION TO  
SECTION 2

Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organiza- tions*	New liabilities**	Repaid liabilities**	Balance as of the end of the period under report taking into account the indices of affiliated organiza- tions*
1	2	3	4	5	6
<b>1) Flow of bills Issued bills</b>	262	10		(10)	
including overdue ones	263				
Received bills	264	2,146	1,218	(1564)	1,800
including overdue ones	265				
2) Debts receivable for supplied products (work or services) at the actual prime-cost	266				

3) List of debtor organizations  
with the maximum debts

		As of the end of the period under report taking into account the indices of affiliated organizations*	
Organization	Line code	TOTAL	including those lasting over 3 months
1	2	3	4
Budgetary organizations	270	146,017	83,327
Individuals	271	1,120,154	543,567
including preferential categories	272	647,324	501,347
Commercial organizations	273	373,250	45,418

**For re-organized Companies:**

\* Indices of the base organization and affiliated organizations

obtained by line summation			
** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)			
4) List of creditor organizations with the maximum debts			
		As of the end of the period under report taking into account the indices of affiliated organizations*	
Organization	Line code	TOTAL	including those lasting over 3 months
1	2	3	4
Rostelecom OJSC	280	115,599	
Equipment suppliers (Sumitomo, Siemens, Iskratel, Alcatel and others)	281	274,463	
Leasing settlements	282	237,941	

### 3. DEPRECIABLE PROPERTY

Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Received (introduced)*	Withdrawn**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
<b>I. INTANGIBLE ASSETS</b>	310	54,556		(54225)	330
<b>Rights to objects of intellectual (industrial) property</b>					
including title arising : from authorship agreements and other agreements covering works of science, literature, art and objects of neighbouring rights, for computer programmes, data bases, etc.	311	54,544		(54219)	325
from patents for inventions, industrial designs, selection achievements, from certificates for useful models, trademarks and service marks or from license agreements for their use	312	12		(7)	5

from know-how rights.....	313				
Rights to the use of separate natural objects	320				
Organization expenses	330	X	X	X	X
Goodwill of the organization	340	X	X	X	X
Other	349	X	X	X	X
<b>Total (sum of lines 310+320+330+340+349)</b>	<b>350</b>	54,556		(54225)	330

**For re-organized Companies:**

* Indices of the base organization and affiliated organizations obtained by line summation
** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)

Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Received (introduced)*	Withdrawn**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
<b>II. FIXED ASSETS</b>	360	4,804	632	(1258)	4,178
<b>Land plots and nature management sites</b>					
Buildings	361	4,165,142	507,065	(559543)	4,112,664
Facilities	362	5,731,788	226,269	(289644)	5,668,413
Machines and equipment	363	8,321,987	1,144,104	(270352)	9,195,739
Transport facilities	364	155,919	28,556	(10116)	174,360
Production and economic implements	365	247,802	64,959	(12028)	300,733
Work stock	366	18		(3)	15
Productive livestock	367				0
Perennial plantations	368				0
Other types of fixed assets	369	59,189	27,733	(12590)	74,332
<b>Total (sum of lines 360 -369)</b>	<b>370</b>	18,686,649	1,999,319	(1155533)	19,530,435
including: production assets	371	18,520,335	1,965,696	(1132730)	19,353,300
non-production assets	372	166,314	33,623	(22803)	177,134
Low-value and high-wear objects - total	373	X	X	X	X
including: in stock	374	X	X	X	X
in operation	375	X	X	X	X

<b>III. PROFITABLE INVESTMENT IN STOCKS OF MATERIALS AND CAPITAL EQUIPMENT</b>	381				
<b>Property for leasing out</b>					
Property provided under a hire contract	382				
Other	383				
<b>Total (sum of lines 381 -383)</b>	<b>385</b>				
Property in asset management	386				

**For re-organized Companies:**

* Indices of the base organization and affiliated organizations obtained by line summation
** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)

**INFORMATION TO SECTION 3**

Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4
From line 371, columns 3 and 6: leased out – total	<b>387</b>	186,767	47,010
including:			
buildings	388	58,980	41,379
facilities	389	89,805	2,650
transport facilities	390	1,849	1,996
other (explain)	391	36,133	986
laid up	392	1,790	2,187
Wear of depreciable property: intangible assets	393	12,398	215
fixed assets - total	<b>394</b>	8,114,485	8,577,431
including:			
buildings and facilities	395	4,272,455	4,223,462
machines, equipment, transport facilities	396	3,631,041	4,104,383
other assets	397	210,989	249,587
profitable investment in stocks of materials	398		

and capital equipment			
Low-value and high-wear objects	399	X	X
Property in asset management	400		0
<b>For reference: Indexing result upon revaluation of fixed assets: initial (replacement) value</b>	401		X
depreciation	402		X
Pledged property	403	512,250	589,592
Value of depreciable property, for which no depreciation is charged – total	404	1,662,999	558,716
including: intangible assets	405	245	
fixed assets	406	1,662,755	558,716
Change in the value of fixed assets as a result of completion, extra equipment and renovation	407	X	101,951
Difference between the cost of acquired goods and their selling price	408	X	X
Cost of pledged stores	409		

**For re-organized Companies:**

	* Indices of the base organization and affiliated organizations obtained by line summation
	** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)

**4. 4. FLOW OF FINANCING FUNDS FOR LONG-TERM INVESTMENT**

<b>AND FINANCIAL PLACEMENTS</b>					
Index	Line code	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Charged (formed)**	Used**	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
Own funds of the organization - total	<b>410</b>	61	1,499,976	(1500037)	
including: capital investment	411		441,173	(441173)	

funding source					
depreciation of fixed assets	412		794,295	(794295)	
other (explain)	413	61	264,508	(264569)	
Borrowed funds total	<b>420</b>		257,457	(257457)	
including: bank credits	421		98,189	(98189)	
loans from other organizations	422		159,073	(159073)	
share participation in construction	423				
from the budget	424		195	(195)	
from off-budget funds	425				
other (explain)	426				
Total own and borrowed funds (sum of lines 410 and 420)	<b>430</b>	61	1,757,434	(1757494)	
<b>For reference: Construction-in-progress</b>	440	756,244	2,117,527	(1677873)	1,195,898
Investment in subsidiaries	450	118,617	76,204	(118617)	76,204
Investment in affiliates	460	33,067	33,621	(33543)	33,145
<b>For re-organized Companies:</b>					
* Indices of the base organization and affiliated organizations obtained by line summation					
** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)					
<b>5. FINANCIAL INVESTMENT</b>					
Name	Line code	Long-term		Short-term	
		Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Balance as of the end of the period under report taking into account the indices of affiliated organizations*	Balance as of the beginning of the period under report taking into account the indices of affiliated organizations*	Balance as of the end of the period under report taking into account the indices of affiliated organizations*
1	2	3	4	5	6
Shares of other organizations	510	185,847	142,355		
Bonds and other debentures	520	107	107	3,876	64
Provided loans	530	12,851	12,720	1,700	200
other (explain)	540	4,055	4,299	350	4,649
<b>For reference Bonds and other securities at the market value</b>	550	88			



6. NORMAL OPERATION EXPENSES			
Index	Line code	For the period under report taking into account the indices of affiliated organizations*	For the previous period taking into account the indices of affiliated organizations*
1	2	3	4
Material expenses,	<b>610</b>	537,460	529,027
including:	611	266,377	212,907
raw materials			
fuel and energy	612	236,493	212,307
spare parts	613	34,591	103,814
Expenses for wages	620	2,049,847	1,658,975
Deductions for social needs	630	711,970	586,599
Depreciation	640	784,736	688,769
Other expenses	650	3,350,596	2,506,757
including:	651	115,219	85,643
taxes included in expenses			
rental	652	1,235,701	1,009,609
personnel training and further training	653	28,670	24,631
Total for elements of expenses	<b>660</b>	7,434,609	5,970,128
Balance change (accretion [+], reduction [-]): of construction-in-progress	670	-679	685
of deferred expenses	680	36,984	30,367
of forthcoming expenses reserves	690		

**For re-organized Companies:**

\* Indices of the base organization and affiliated organizations obtained by line summation

\*\* Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)

**7. SOCIAL INDICES**

Index	Line code	Due according to calculation*	Spent*	Transfers to funds*
1	2	3	4	5
Deductions to the state off-budget funds: to the Social Insurance Fund	710	72,516	(60276)	15,295
to the Pension Fund	720	549,961	X	548,802
to the Employment Fund	730		X	
for Medical Insurance	740	69,803	X	70,559
Deduction to non-government pension funds	750	42,667	X	36,867
Insurance premiums under voluntary pension insurance policies	755	2,590		
Average personnel number	760	30,445		

Monetary payments and incentives, not connected with manufacturing products, doing jobs or rendering services	770	65,222
Income on shares and investment in the property of the organization	780	8,450

**For re-organized Companies:**

	* Indices of the base organization and affiliated organizations obtained by line summation
	** Indices of the base organization and affiliated organizations, obtained by line summation (without re-organization turnovers)

## Explanatory Note to Accounts and Reports for the Year 2002

### 8. EXPLANATIONS ON ESSENTIAL ITEMS OF THE BALANCE SHEET

#### 8.1. Fixed assets

Flow of fixed assets during the year under report by main groups (receipt, withdrawal, etc.) is shown in the table:

Table No. 4

Groups of fixed assets	Initial value as of 31.12.2001	Re-valuation of fixed assets as of 01.01.2002	Replacement value as of 01.01.2002	Receipts during the year	Withdrawal during the year, total	Replacement value as of 31.12.2002					
<b>Total</b>											
(taking into account the indices of affiliated organizations)											
<b>Total</b>											
(taking into account the indices of affiliated organizations)											
<b>Total</b>											
(taking into account the indices of affiliated organizations)											
<b>Total (taking into account the indices of affiliated organizations)(* including: affiliated organizations prior to the date of re-organization</b>											
<b>Total (taking into account the indices of affiliated organizations)(* including: affiliated organizations prior to the date of re-organization</b>											
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Buildings</b>	4,169,946	1,202,255	-	-	4,169,946	1,202,255					
	507,691	169,268	(560,794)	(19,696)	4,116,842						
<b>Facilities</b>	5,731,788	3,446,678	-	-	5,731,788	3,446,678					
	226,269	86,439	(289,644)	(279,314)	5,668,413						
<b>Machines and equipment</b>	8,321,987	3,876,289	-	-	8,321,987	3,876,289					
	3,876,289	1,144,104	285,362	(270,352)	(113,081)	9,195,739					
<b>Transport facilities</b>	155,919	126,609	-	-	155,919	126,609	28,556	16,010	(10,116)		
	(6,975)	174,360									
<b>Other</b>	307,009	178,119	-	-	307,009	178,119	92,699	36,392	(24,627)		
	(23,739)	375,081									
<b>TOTAL</b>	18,686,649	8,829,950	-	-	18,686,649	8,829,950					
	1,999,319	493,471	(1,155,533)	(442,805)	19,530,435						

(\* Turnovers related to the transfer of balances on accounts of affiliated organizations of the base organization in connection with re-organization are excluded

Information on the amount of accumulated depreciation on fixed assets:

Table No. 5

Groups of fixed assets	Accumulated depreciation as of 31.12.2001	Re-valuation of depreciation as of 01.01.2002 upon revaluation of fixed assets	Accumulated depreciation taking into account revaluation as of 31.12.2001
<b>Depreciation charged in 2002</b>	<b>Depreciation on withdrawn fixed assets written off during the year, total</b>	<b>Accumulated depreciation as of 31.12.2002</b>	
<b>Total</b>			

<i>(taking into account the indices of affiliated organizations) including affiliated organizations</i>												
<i>Total</i>												
<i>(taking into account the indices of affiliated organizations) including affiliated organizations</i>												
<i>Total</i>												
<i>(taking into account the indices of affiliated organizations) including affiliated organizations</i>												
<i>Total (taking into account the indices of affiliated organizations)(* including: affiliated</i>												
<i>organizations prior to the date of re-organization Total (taking into account the indices of</i>												
<i>affiliated organizations)(* including: affiliated organizations prior to the date of re-</i>												
<i>organization</i>												
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	
<i>Buildings</i>	967,761	292,599-			-		967,761	292,599	103,595	13,695	122,225	7,370
	949,131											
<i>Facilities</i>	3,304,694			2,185,802		-			3,304,694		2,185,802	
	215,251	1129,310	245,614	238,766	63,274	331						
<i>Machines and equipment</i>	3,543,914			1,715,574		-					3,543,914	
	1,715,574		637,343	228,629	167,803	383,291	4,013,454					
<i>Transport facilities</i>	87,127	71,980	-			-		87,127	71,980	17,997	12,047	14,195
	8,463	90,929										
<i>Other</i>	210,992	118,955-				-		210,992	118,955	53,425	23,702	14,830
	249,586										7,872	
<b>TOTAL</b>	<b>8,114,488</b>	<b>4,384,910</b>	<b>-</b>	<b>-</b>	<b>8,114,488</b>	<b>4,384,910</b>	<b>1,027,611</b>	<b>407,383</b>	<b>564,667</b>	<b>345,762</b>	<b>8,577,431</b>	

(\* Turnovers related to the transfer of balances on accounts of affiliated organizations of the base organization in connection with re-organization are excluded)

#### **Fixed Assets Received under Contracts of Leasing**

In 2002 and 2001 the Company made 2 contracts of financial lease (leasing) with OJSC Leasing-Telecom, 11 contracts with OJSC RTK-Leasing, 2 contracts with LLC TekhnoSvyaz-Leasing, 3 contracts with LLC Promsvyazleasing, 6 contracts with OJSC NUKB Novobank, 4 contracts with OJSC Novgorod Leasing Company and 1 contract with CJSC BaltLeasing. The contracts of leasing provide for lease of transport facilities, computer facilities, switchboards and other telecommunication equipment, the bulk of which was received during 2001 and 2002. The lease periods are 13 to 60 months.

A part of the equipment acquired under the contracts of leasing is taken into account by the lessor.

The contractual value of the equipment acquired on the basis of leasing as of 31st December 2002 was 168,094 thousand roubles. The property transferred under contracts of finance lease is taken into account on the lessors balance sheet.

A part of the equipment acquired under the contracts of leasing is taken into account by the lessee. Under the terms of the contracts of finance lease, the received property is taken into account on the Company's balance sheet. Depreciation in respect of fixed assets received under contracts of finance leasing shall be charged by the method of uniform (linear) calculation based on the useful life of 10 years from the moment of the fixed assets commissioning, using the accelerated depreciation factor set forth in the terms of the contract, being 3 in 2002.

As of 31st December 2002 and 2001, the value of the received equipment taken into account by the lessee under contracts of leasing was (taking into account the affiliated organizations):

Table No. 6

<b>2002</b>	<b>2001</b>
<b>(thousand roubles)</b>	<b>(thousand roubles)</b>

**Initial value 224,821-**

**Depreciation charged** - -

**Balance value  
 of fixed assets under leasing 224,821-**

**Liabilities under leasing (VAT included):**

**Table No. 7**

**Period of repayment of liabilities** thousand roubles

2003 179,612

years 2004-2006 260,195

2007 and later 30,433

**Total: Liabilities under leasing 470,240**

**As of 31st December 2002 the advance in the amount of 11,645 thousand roubles paid to lessors under contracts of finance lease is shown in the enclosed balance sheet in line 245 "Issued Advances".**

### 8.2. Construction-in-progress

**Line 130 Construction-in-progress of Form No.1 Accounting Balance Sheet**

**Table No. 8**

**Structure of construction-in-progress Investments in production fixed assets objects as of 31.12.02, thousand roubles Investments in non-production fixed assets objects as of 31.12.02, thousand roubles TOTAL:**

**Account 08 Investments in non-circulating assets**

**TOTAL 1,109,419 8,599 1,118,018**

**including:**

**Construction, updating and renovation of fixed assets by the contract method 322,141  
 5,897 328,038**

**Construction, updating and renovation of fixed assets by own forces 31,136 1,640  
 32,776**

**Capital investment in leased fixed asset facilities 4,534 - 4,534**

**Acquisition of separate objects of fixed assets 652,891 281 653,172**

**Acquisition of fixed assets under leasing contracts 2 - 2**

**Acquisition of separate objects of fixed assets under investment projects 1,164 12  
 1,176**

**Other 97,551 769 98,320**

**Account 07 Equipment for installation X X 90,417**

### 8.3. Financial investments

**Long-term and short-term financial investments of OJSC North-West Telecom in 2002:**

**Table**

**No. 9**

**Types of financial investments Balance as of 01.01.2002 Received Withdrawn  
 Balance as of 31.12.2002**

**Total**

**(taking into account the affiliated organizations) including: affiliated organizations**

**Total**

**(taking into account the affiliated organizations) including: affiliated organization prior to  
 the date of re-organization Total**

*(taking into account the affiliated organizations) including: affiliated organization prior to the date of re-organization*

1	2	3	4	5	6	7	8					
<b>Long-term financial investments, including:</b>								202,860	118,2729,471	617	(52,851)	
	(42,909)		159,481									
-	Shares and parts in authorized capitals							185,759	118,076617	617	(44,021)	
	(42,821)		142,355									
-	Bonds	108	108							108		
-	Investments under an agreement of special partnership							-	-	-	-	
-	Bills							-	-	-	-	
-	Provided loans		12,851			611		(742)			12,720	
-	Other	4,142	88	8,243				(8,088)	(88)		4,298	
	Reserve against depreciation							-	-	-	-	
<b>Total, line 140 of form No.1</b>								202,860	118,2729,471	617	(52,851)	(42,909)
	159,481											
<b>Short-term financial investments, including:</b>								5,926	90	125,6199,918	(126,542)	
	(9,418)	4,913										
-	Bonds	307						(244)			63	
-	Bills	3,569	90	10,619	9,918	(9,448)	(9,418)				4,650	
-	Provided loans	1,700						(1,500)			200	
-	Investments under an agreement of special partnership							-	-	-	-	
-	Deposit accounts	350			115,000			(115,350)				
	Other short-term financial investment							-	-	-	-	
	Own shares purchased from the shareholders							-	-	354	354	(354)
	(354)											
	Reserve against depreciation							-	-	-	-	
<b>Total, line 250 of form No.1</b>		5,926	90		125,973	10,272	(126,896)		(9,772)	4,913		
<b>TOTAL:</b>		208,786	118,362	135,444	10,889	(179,747)	(52,681)		164,394			

(\* Turnovers related to the transfer of balances on accounts in connection with re-organization are excluded)

#### 8.4. Shares and parts in authorized capitals

Information on the basic investments of the Company in authorized capitals of subsidiaries, affiliates and other companies.

Table No. 10

Name of the Company	Area of activities	Amount of investments as of 31/12/2002	
Share in the Issuer's authorized capital			
1	2	3	4
<b>Subsidiaries</b>			
AMT LLC	Consulting services	11600	100.00%
Tsentrum LLC	Restaurant business	49.62	100.00%
Pagetelecom LLC	Paging communication service - Pagetelecom Ltd.	185.00	100.00%
Polycomp LLC	publishing	4.49	90.00%
AGTS LLC	Communication	62,052.49	77.00%
Vologda Cellular Communication OJSC	cellular communication services		33.00
			60.00%
St. Petersburg Telecommunication Centre CJSC	Communication specialists training		

		<b>2,150.50</b>	<b>54.38%</b>		
<b>Novgorod Datacom CJSC</b>	<b>Internet services</b>	<b>52.00</b>	<b>52.00%</b>		
<b>Bona LLC</b>	<b>Trading, purchasing, agency, marketing, repairs, construction, production of consumer goods, provision of personal services, procurement, processing and sales of wood and agricultural products</b>	<b>2.23</b>	<b>51.00%</b>		
<b>Kolatelecom CJSC</b>	<b>Provision of the services of long-distance and international communication via dedicated network</b>	<b>75.00</b>	<b>50.00%</b>		
<b>Total subsidiaries</b>	<b>X</b>	<b>76,204.32</b>			
	<b>X</b>				
<b>Affiliates</b>					
<b>CJSC NEVA KABEL</b>	<b>Production and sales of high-quality telephone cables</b>	<b>95.00</b>	<b>49.00%</b>		
<b>Delta Telecom CJSC</b>	<b>Cellular communication services of the NMT-450i standard</b>	<b>52.49</b>			
		<b>43.00%</b>			
<b>Commercial Television and Radio CJSC</b>	<b>Television and radio broadcasting services</b>			<b>0.20</b>	
		<b>40.00%</b>			
<b>SAO Medexpress</b>	<b>Various kinds of voluntary insurance</b>	<b>21,361.47</b>	<b>35.00%</b>		
<b>Kaliningrad Mobile Networks CJSC</b>	<b>cellular communication, NMT-450 MHz</b>			<b>261.30</b>	
		<b>33.50%</b>			
<b>WestBaltTelecom CJSC</b>	<b>Local telephone communication</b>	<b>11,343.35</b>	<b>28.00%</b>		
<b>Octagon Technologies CJSC</b>	<b>Communication services</b>	<b>2.22</b>	<b>26.00%</b>		
<b>Tele-Nord OJSC</b>	<b>Electric and radio communication (Cellular radio telephone communication services of the NMT-450 standard)</b>	<b>25.00</b>	<b>25.00%</b>		
<b>Dancell CJSC</b>	<b>Production of communication facilities</b>	<b>3.50</b>	<b>24.00%</b>		
<b>Total affiliates</b>	<b>X</b>	<b>33,144.53</b>			
	<b>X</b>				
<b>Financial investments in other companies</b>					
<b>Northern Clearing Chamber CJSC</b>	<b>Payment &amp; settlement systems using the closed financial electronic system</b>	<b>519.50</b>	<b>19.97%</b>		
<b>St. Petersburg Bank of Reconstruction and Development OJSC</b>	<b>banking services</b>				
		<b>2,959.95</b>	<b>18.30%</b>		
<b>Telecominvest Open Joint-Stock Company</b>	<b>consulting services</b>	<b>24,499.90</b>	<b>15.00%</b>		
<b>North-West Telecombank CJSC</b>	<b>banking services</b>	<b>2,070.85</b>	<b>14.20%</b>		
<b>FORE CJSC</b>	<b>Foodstuff production</b>	<b>1.09</b>	<b>13.30%</b>		
<b>CJSC Rostelegraph</b>	<b>Communication services</b>	<b>48.00</b>	<b>11.84%</b>		
<b>CJSC VISA</b>	<b>Consular, passport and visa support services</b>	<b>0.05</b>	<b>10.00%</b>		
<b>KIT CJSC</b>	<b>Publishing (reference books)</b>	<b>8.05</b>	<b>6.79%</b>		
<b>TD-Telecom CJSC</b>	<b>Provision of telephone communication services, agency in GSM services</b>	<b>58.70</b>	<b>6.70%</b>		
<b>Capital OJSC</b>	<b>Investment activities</b>	<b>60.01</b>	<b>4.30%</b>		
<b>RusLeasingSvyaz CJSC</b>	<b>Acquisition of expensive communication equipment and leasing it out to lessee companies</b>	<b>1,424.00</b>	<b>3.65%</b>		
<b>Alternativa Non-Governmental Pension Fund</b>	<b>Extra provision of pensions for citizens</b>	<b>45.00</b>	<b>3.00%</b>		
<b>UCB Novobank</b>	<b>banking services</b>	<b>424.79</b>	<b>2.00%</b>		
<b>Dvinskaya Zemlya OJSC</b>	<b>Tourist services</b>	<b>20.00</b>	<b>2.00%</b>		
<b>Capitan Non-Governmental Pension Fund</b>	<b>Extra provision of pensions for citizens</b>	<b>52.50</b>	<b>1.59%</b>		
<b>OJSC for the Construction and Operation of the Ring Motor Road of St. Petersburg</b>	<b>Construction of the protection facilities and the ring motor road around St. Petersburg</b>	<b>200.00</b>	<b>1.74%</b>		
<b>RON Limited Liability Partnership</b>	<b>Superposed public distributed network</b>	<b>0.32</b>	<b>1.20%</b>		

<b>St. Petersburg Teleport Private Company</b>	<b>Creating, operating and developing the SPb Teleport</b>		
10.00	1.00%		
<b>Morskoy CB banking services</b>	91.23	1.40%	
<b>AIK PSB Arkhangelskpromstroybank</b>	<b>banking services and transactions</b>		2.40
0.42%			
<b>Arkhangelsk Television Company OJSC</b>	<b>cable television services</b>		2.41 0.40%
<b>Svyaz Bank OJSC</b>	<b>banking services</b>		232.07 0.37%
<b>SCB Baltica</b>	<b>banking services</b>		274.70 0.07%
<b>Gvardeyskoye OSB</b>			
<b>banking services</b>		1.07	0.00001%
<b>SBS Agro AKB</b>	<b>banking services</b>		0.100 1 pc.
<b>Financial investments in other companies</b>		X	33,006.40
X			
<b>Reserve against depreciation</b>		X 0	X
<b>Total, financial investment in authorized capitals</b>		X	142,355.26
X			

Other investments were made in Russian companies mainly dealing with the provision of banking services, leasing out equipment and investment activities. The Company's share in the authorized capital of such enterprises does not exceed 20%.

The income received in the form of dividend from long-term financial investment is shown in item "Income from Participation in Other Organizations" in the profit and loss report, in the amount of 489 thousand roubles (in 2001 - 3328 thousand roubles).

#### 8.5. Provided loans

##### Structure of provided loans

Table No. 11

Name of borrower	Amount of loan as of 31.12.02	Paying date	Annual interest rate
Collateral			
(name of asset / balance value as of 31.12.02)			
1	2	3	4
<b>Short-term loans</b>			
Administration of the Koltushi Volost	200	02.04.2000	0%
<b>Total short-term loans</b>	200		
X	X	X	
<b>Long-term loans,</b>			
Westlink CJSC	720	31.01.2007	0%
FORE CJSC 2,000			0%
LLC AMT 10,000	31.12.2005		0%
<b>Total long-term loans</b>	12,720	X	X
<b>TOTAL LOANS</b>	12,920	X	X

Table No. 11.1

Name of borrower	Date of making agreement	Loan currency (roubles/US dollars/etc.)
Principal amount of the loan (thousand roubles)	interest rate	Interest payment period (on a monthly basis, on a quarterly basis, annually)
Loans granted in 2002 (thousand roubles) (* Charged % (thousand roubles) (*	Receipts during the year (*	Amount of debt as of 31.12.02
Type of collateral	Value of security as of 31.12.02 (thousand roubles)	Principal amount of the debt (thousand roubles)
% (thousand roubles)	Principal amount (thousand roubles)	%



<i>(thousand roubles)</i>									
<i>Administration of Koltushi Volost</i>	<i>16.12.1999</i>	<i>roubles 200</i>	<i>0%</i>	-	-	-	-	-	-
-	-	200	-	-	-	-	-	-	-
<i>Communication History Foundation</i>	<i>15.08.2001</i>	<i>roubles 1,500</i>	<i>0%</i>	-	-	-	-	-	-
1,500	-	-	-	-	-	-	-	-	-
<i>Westlink</i>	<i>24.01.1997</i>	<i>conventional units</i>	<i>851</i>	<i>0%</i>	-	<i>611</i>	-	<i>742</i>	-
-	720	-	-	-	-	-	-	-	-
<i>FORE</i>		<i>roubles 2,000</i>	<i>0%</i>	-	-	-	-	<i>2,000</i>	-
-	-	-	-	-	-	-	-	-	-
<i>AMT LLC</i>	<i>30.07.1999</i>	<i>roubles 10,000</i>	<i>0%</i>	-	-	-	-	-	-
10,000	-	-	-	-	-	-	-	-	-

(\* - taking into account affiliated companies from 01.01.2002 till 31.12.2002)

## 8.6. Inventories

Structure of inventories:

Table No. 12

<i>Group of inventories Balance as of 01.01.2002</i>		<i>(taking into account the indices of affiliated organizations Balance as of 31.12.2002)</i>	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Cable</i>	34,454	49,919	
<i>Fuel</i>	5,506	6,716	
<i>Spare parts</i>	30,876	35,752	
<i>Materials transferred for processing to other companies</i>			195 245
<i>Construction materials</i>	9,762	10,754	
<i>Economic implements</i>	11,066	18,406	
<i>Other materials</i>	62,852	81,264	
<i>Deviation in the cost of inventories</i>	1,151	2,306	
<i>Total, line 211 of form No.1</i>	155,863	205,362	

## 8.7. Accounts receivable

Structure of accounts receivable as of 31.12,2002:

Table No. 13

<i>Subscriber category Accounts receivable payments under which are expected in over 12 months after the reporting date (Line 231 col.5 of Form No.1)</i>		<i>Accounts receivable payments under which are expected within 12 months after the reporting date</i>	
<i>Accounts receivable, total less the reserve for doubtful debts (Line 241 col.5 of Form No.1)</i>		<i>Reserve for doubtful debts</i>	<i>Accounts receivable</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Settlements with individuals (on communication services)</i>	432,539	-	476,294(43,755)
<i>Settlements in respect of reimbursement for funds related to provision of privileges (for communication services)</i>	644,840(513,645)	131,195	
<i>Settlements with budgetary organizations (on communication services)</i>	(50,851)	93,709	144,560
<i>Settlements with other organizations (on communication services)</i>	205,705	-	260,857(55,152)

<i>Settlements in respect of secondary activities</i>	-	113,389-	113,388
<i>Total, accounts receivable</i>	-	1,639,940	(663,403) 976,537

### 8.8 Other debtors

**Table No. 14**

*Category Accounts receivable payments under which are expected in over 12 months after the reporting date (Line 235 col.5 of Form No.1) Accounts receivable payments under which are expected within 12 months after the reporting date*

<i>Accounts receivable, total</i>					<i>Reserve for doubtful debts</i>		<i>Accounts receivable less the reserve for doubtful debts (Line 246 col.5 of Form No.1)</i>	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>				
<i>Settlements on taxes and fees</i>	-				55,577	X	55,577	
<i>Settlements with advance holders</i>	-				1,359	X	1,359	
<i>Settlements with personnel under other transactions</i>					13,169		12,488	X 12,488
<i>Insurance settlements</i>	-				2,895	X	2,895	
<i>Claim settlements</i>	-				7,731	X	7,731	
<i>Other</i>	-				90,080		90,080	
<i>Total, accounts receivable</i>					13,169		170,130-	170,130

### 8.9. Capital and reserves

#### *Change in the structure of capital as a result of re-organization*

*As of the date of making up the accounts and reports, the Company increased the retained profit of past years in connection with the need to register the new size of the authorized capital in the amount less than the total amount of authorized capitals of affiliated organizations. As a result of Company's re-organization, the structure of the capitals of affiliated organizations was reformed. As of the date of the re-organization, the authorized capitals, as well as the unused parts of added and reserve capitals and other funds of various purposes of affiliated organizations were included in the Company's retained profit of past years (the enclosed balance sheet shows them in line 460 "Retained Profit of Past Years").*

*The amount of added capital corresponding to the total amount of added capitals in respect of the growth of the value of property in revaluation of affiliated organizations, created by them before the re-organization date, was separated from the retained profit.*

*The equity capital of the Company as of 31st December 2002 consisted of the investments of owners in the Company's authorized capital (also see clause 7.9.1. below); the added capital of the base organization and the added capital in respect of the growth of the value of property in revaluation of affiliated organizations; funds of various purposes (social sphere fund) of the base organization; accumulated retained profit of past years (reflecting the reduced balance on items of the capital of affiliated organizations and retained profit of past years of the base organization), as well as the profit (loss) of the year under report taking into account the affiliated organizations.*

#### 8.9.1. Authorized capital

*As of 31st December 2002 the authorized capital of the Company was 937,940,010 roubles and was determined as the total amount of the face value of floated shares, and consisted of:*

**Table No.**

15

Shareholders	Number of common shares (pcs.)		Shares face value (roubles)		Total amount of the face value of common shares (thousand roubles)		Number of preferred shares		Total amount of the face value of preferred shares (thousand roubles)	
	1	2	3	4	5	6	7	8=4+7	9	10
legal entities		692,806,967	1	692,807	107,046,159	1	107,046	799,853		
-Svyazinvest OJSC		374,172,243	1	374,1720	1	0	374,172			
- Brunswick UBS Warburg Nominees CJSC (nominal holder)		102,845	20,325	123,170	1	102,844	749	1		
- ING-Bank CJSC (Eurasia) (nominal holder)		1	22,868	68,310	45,441,897	1	45,442	22,867,682		
- DCC CJSC (nominal holder)					50,320,342	1	50,320	22,217,296	1	
-Lindsell Enterprises Limited		46,285,849	1	46,286	15,870,542	1	15,871			
- Other		73,741,887	1	73,742	25,765,154	1	25,765	99,507		
Individuals		43,110,255	1	43,110	94,976,629	1	94,977	138,087		
Total:		735917222	X	735917.22	202022788	X	202022.79			
		937940.01								

During the year 2002, on the basis of the decision of the general meeting of the shareholders of OJSC Petersburg Telephone Network (now OJSC North-West Telecom), held on 28th November 2001, an extra issue of common shares took place in the amount of 262,896,773 pcs. and type A preferred shares in the amount of 87,646,542. The face value of extra issued shares is 350,543,315 roubles

Shares of the extra issue were floated on 31.10.02 through conversion of the shares of affiliated telecommunication companies of the North-Western region. The number of extra floated common shares was 262,860,256 and the number of Type A preferred shares - 87,581,937. The face value of floated shares is 350,442,193 roubles

The state registration of the reports on the results of the issue of extra shares floated through conversion took place on 27th December 2002. The change in the authorized capital was recognized an essential event proving the availability, as of the reporting date, of the economic conditions under which the organization was operating, and, in compliance with the requirements of the accounting rules 7/98 "Events after the Reporting Date" this change was recorded in the enclosed accounts and reports as of 31st December 2002. (Also see clause 15 "Events after 31st December 2002" of this Explanatory Note).

The authorized capital of the Company after the affiliation is less than the total amount of the authorized capitals of the affiliated organizations and the base organization before the affiliation. The said reduction has been caused by:

- the reduction of the authorized capitals of the affiliated organizations as a result of cancellation of own shares redeemed from the shareholders;
- the growth of the capital of the base organization due to the conversion of the shares of the affiliated organizations into shares of the base organization in accordance with the approved shares conversion coefficients.

The amount of the retained profit of past years was increased by the excess of the face value of

*the shares of affiliated organizations over the face value of the extra issue of shares issued for conversion in the course of re-organization.*

**8.9.2. Own shares**

*During the year 2002 OJSC North-West Telecom did not redeem own common and/or preferred shares*

**8.9.3. Profit distribution**

*Planned distribution of profit (for the year 2002) of OJSC North-West Telecom at the annual general meeting of the shareholders in 2003:*

*Table No. 16*

*Amount, (thousand roubles)*

**I. Capital prior to distribution of profit of the year under report**

- 1. Authorized capital*
- 2. Capital reserves*
- 3. Added capital*
- 4. Profit of previous years*
- 5. Profit of the year under report*
- 6. Total, capital prior to distribution of profit of the year under report*

**II. Areas of Distribution of the Profit of the Year under Report**

- 1. Profit allocated for the formation of reserve fund*
- 2. Profit allocated for the formation of a specialized joint stock fund of the Company's employees (if such a formation is provided for by the incorporation documents)*
- 3. Profit allocated for dividends*
- 4. Results of distribution of the profit of the year under report*

**Capital after the profit distribution**

- 1. Authorized capital*
- 2. Capital reserves*
- 3. Added capital*
- 4. Profit of previous years*

**IV. Growth (reduction) of the authorized capital in respect of the retained profit of the year under report.**

*937,940*  
*29,375*  
*6,941,473*  
*2,637,632*  
*327,264*  
*10,873,684*

*Distribution of profit of the year under report is to be approved by the annual general meeting of the Company's shareholders.*

#### 8.9.4. Capital reserves

*In the enclosed financial reports the capital reserves are shown in the amount of the base organization.*

*Formation of the capital reserves will be shown as the use of the retained profit during the year expiring on 31st December 2003, after approval by the annual general meeting of the shareholders of the Company.*

#### 8.9.5. Dividend

*The meetings of the shareholders of OJSC North-West Telecom and of the organizations affiliated with it as a result of the re-organization, that were held during 2002, approved the dividend for the year expiring on 31st December 2001, in the following amount:*

Table No. 17

Name of shares			Dividend	
(total, taking into account affiliated companies), thousand roubles			Dividend (base company), thousand roubles	
1	2	3		
Preferred A type shares	62,642	28,381		
Preferred B type shares				
Common stock	71,159	36,425		
Total:	133,801	64,806		

*The dividend for the year 2001 is shown in the financial reports for the year expiring on 31st December 2002.*

*The Board of Directors of the Company proposed the following amount of dividend for the year 2002:*

Table No. 18

Name of shares		Number of shares (pcs.)		Dividend per share (roubles)		Total amount of dividend (roubles)	
1	2	3	4	5	6	7	8
Preferred A type shares							

*Common stock*

*Total:*

*The enclosed financial reports do not show the dividend for the year 2002. It will be shown as the use of the retained profit during the year expiring on 31st December 2003, after approval by the annual general meeting of the shareholders of the Company.*

#### 8.10. Credits and loans

*Structure of liabilities:*

Table No. 19

As of 01.01.02		As of 31.12.02	
Short-term liabilities		Long-term liabilities	
(line 610, line 621 of Form No.1)		(line 510, line 521 of Form No.1)	
Short-term liabilities		Long-term liabilities	
(line 610 of Form No.1)			

(line 590 of Form No.1)

<i>Total, taking into account the indices of affiliated organizations</i>							<i>Base organization</i>	
<i>Total, taking into account the indices of affiliated organizations</i>							<i>Base organization</i>	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>		
<b>Bank credits</b>	<b>257,28550,000</b>			<b>25,738</b>	<b>-</b>	<b>208,94617,383</b>		
<b>Arkhangelsk</b>								
- Savings bank			45,266	-	-	-	5,010	-
<b>Vologda</b>								
- Savings bank			17,000	-	-	-	17,900	-
<b>Kaliningrad</b>								
- Savings bank			6,718	-	-	-	-	-
- Vneshtorgbank			7,766	-	-	-	-	-
Morskoy CB 2,000			-	-	-	-	-	-
- Vneshekonombank			-	-	25,738	-	7,154	17,383
<b>Karelia</b>								
- MCB Svyazbank, Petrozavodsk				15,500	-	-	-	15,000
- Inter-Regional CB of Communication and Information Support Development, Moscow								-
				5,000	-			
OJSC Industry and Construction Bank, the Petrozavodsk branch							2,000	-
				5,000	-			-
<b>Murmansk</b>								
- Savings bank			55,204	-	-	-	36,000	-
- Menatep			9,399	-	-	-	-	-
- MSCB			10,000	-	-	-	10,000	-
- JSCB Svyazbank			7,500	-	-	-	-	-
- Petrovsky People's Bank credit								64,000
<b>Novgorod</b>								
- Savings bank			22,962	-	-	-	29,882	-
- Nova Ljubljanska Banka			5,970	-	-	-	-	-
<b>PTN</b>								
- MACB Vozrozhdeniye			30,000	30,000	-	-	-	-
- Telecombank CJSC 20,000			20,000	-	-	-	-	-
<b>Cherepovets</b>								
- Promenergobank OJSC			-	-	-	-	14,000	-
Tied credits (taking into account %)			44,197	-			1,183,030	910,175-
								980,753
<b>Vologda</b>								
- RTK-Leasing OJSC-								29,716
<b>Karelia</b>								
- Siemens AG			-	-	105,469-	-		128,334
- Siemens LLC			-	-	16,708	-		19,601
- Irina LLC			-	-	-	-	3,696	
- Kvant-Intercom CJSC			-	-	-	-	-	4,693
<b>Murmansk</b>								
- Lusent Technologies			-	-		55,714	-	61,567
- Siemens			-	82,617	-	-		132,490
- IskraTel			-	12,347	-	-		5,848
<b>Novgorod</b>								
- IskraTel			21,337	-	-	-	-	
<b>PTN</b>								

- Mitsui	-	-	738,567	738,567-	594,807	
- ELSIS CJSC	-	-	171,608	171,608-	-	
<b>Cherepovets</b>						
- Alcatel Bell Belgium	5,053	-	-	-	-	-
- Alcatel CJSC	17,807	-	-	-	-	-
Bond loan	-	-	-	12,428	300,000	
Directorate of the North-West Telecom	-	-	-	-	-	12,428 300,000
Loans from companies of the Group			115,423	57,200	-	26,003
	31,197					

**PTN**

-Svyazinvest OJSC 57,200 57,200 - - 26,003 31,197

**Vologda**

-Svyazinvest OJSC 29,213 - - - - -

**Cherepovets**

-Svyazinvest OJSC 29,010 - - - - -

Bills issued - - 15,044 - - 15,044

Arkhangelsk - - 15,044 - - 15,044

Other borrowings - - 281,016 2,954 331,629 86,042

**PTN**

-Lensvyaz OJSC - - 2,954 2,954 - 2,954

**Murmansk**

-Ministry of Finance - - 16,804 - 11,842 10,862

**Arkhangelsk**

-Mirny town administration - - 163 - - -

- Vneshekonombank - - 257,518- 319,787 72,226

- Tax restructuring - - 1,731 - - -

- Agents debt - - 1,847 - - -

Total credits and loans (except for tied credits) 372,707 107,200 321,798 2,954 579,006  
 449,666

Total tied credits 44,197 - 1,183,030 910,175- 980,753

Total liabilities (line 610, line 590, f.1) 416,904 107,200 1,504,828 913,129 579,006  
 1,430,419

(\* - taking into account affiliated companies from 01.01.2002 till 31.12.2002

The total amount of tied credits - 44,179 thousand roubles is shown in line 621 of the balance sheet (Novgorod, Cherepovets)

**Explanation of credits and loans:**

Table No. 19.1

Supplier / creditor	Date of making agreement	Loan currency (roubles/US dollars/etc.)	Principal amount of the loan (thousand roubles)	interest rate	Interest payment period (on a monthly basis, on a quarterly basis, annually)	Received in 2002 (thousand roubles) (* Charged % (thousand roubles) (* Repaid within the year (* Amount of debt as of 31.12.02	Value of security as of 31.12.02 (thousand roubles)	Principal amount of the debt	%				
(thousand roubles)	% (thousand roubles)	Principal amount (thousand roubles)	%										
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>Vologda</b>													

<b>Sberbank # 603</b> (17,000)	<b>09.11.2001</b> (878) -	<b>roubles 17,000</b> -	<b>18</b> -	<b>on a monthly basis</b>	<b>-</b>	<b>878</b>
<b>Sberbank # 788</b> (1,000) (879)	<b>23.04.2002</b> 7,600 -	<b>roubles -</b> 9,724	<b>19</b>	<b>on a monthly basis</b>	<b>8,600</b>	<b>879</b>
<b>Sberbank # 789</b> - (468)	<b>23.04.2002</b> 10,300 -	<b>roubles -</b> 16,736	<b>19</b>	<b>on a monthly basis</b>	<b>10,300</b>	<b>468</b>
<b>Svyazinvest OJSC</b> - (25,000)	<b>01.01.2001</b> (4,213) -	<b>roubles 29,213</b> -	<b>fixed amount</b>	<b>as the debt is repaid</b>	<b>-</b>	<b>-</b>
<b>RTK-Leasing OJSC No.204-101/02</b> <b>PTN</b>	<b>21.06.2002</b> 29,716 -	<b>roubles</b> -	<b>fixed amount</b>	<b>as the debt is repaid</b>	<b>-</b>	<b>29,716</b>
<b>Lensvyaz OJSC</b> - 2,954	<b>02.06.2001</b> -	<b>conven. unit</b> -	<b>2,954</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Svyazinvest OJSC</b> - 57,200	<b>17.04.2001</b> -	<b>conven. unit</b> -	<b>57,200</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Bond loan</b> 300,000	<b>06.03.2002</b> 27,386 -	<b>roubles 300,000</b> 14,958	<b>20-16% on a quarterly basis</b> 300,000			<b>12,427</b>
<b>Vozrozhdeniye Bank</b> 1,003	<b>20.08.2001</b> (30,000)	<b>roubles 30,000</b> (1,003) -	<b>20.00% on a monthly basis</b>		<b>-</b>	<b>-</b>
<b>Telecombank</b> 3,038	<b>21.12.2001</b> (20,000)	<b>roubles 20,000</b> (3,038) -	<b>21.00% on a monthly basis</b>		<b>-</b>	<b>-</b>
<b>Mitsui</b> (28,720)	<b>1996</b> 595,000-	<b>USD 738,567</b> -	<b>libor</b>	<b>on a monthly basis</b>	<b>-</b>	<b>28,720 (143,759)</b>
<b>Elsis</b> (9,077) -	<b>31.01.2001</b> -	<b>USD 171,608</b> -	<b>8.42% annually</b>		<b>-</b>	<b>9,077 (171,608)</b>
<b>Cherepovets</b>						
<b>Svyazinvest OJSC</b> (29,010)	<b>25.06.2002</b> -	<b>USD 29,010</b> -	<b>without interest-</b>		<b>-</b>	<b>-</b>
<b>Alcatel Bell Belgium C3414</b> (5,053) -	<b>02.12.1997</b> -	<b>Belgian francs 5,053</b> -			<b>-</b>	<b>-</b>
<b>Alcatel CJSC C3414S</b> (17,807)	<b>02.12.1997</b> (576) -	<b>Belgian francs 17,807</b> -			<b>-</b>	<b>576</b>
<b>- Promenergobank OJSC</b> 16,000	<b>23.07.2002</b> 593 (6,000)	<b>roubles -</b> (593) 10,000	<b>22%</b>	<b>on a monthly basis</b>		<b>15,681</b>
<b>- Promenergobank OJSC</b> 4,000	<b>24.12.2002</b> 10 -	<b>roubles -</b> (10) 4,000	<b>18%</b>	<b>on a monthly basis</b>		<b>5,706</b>
<b>Arkhangelsk</b>						
<b>Vneshekonombank Debt instrument No.57-1-1-27</b> <b>1st April and 1st October</b>	<b>21.03.1995</b> 33,209 49,054	<b>Euro 156,609</b> 165,899	<b>Plafon-S</b> 72,973	<b>Guarantee</b>		
<b>Vneshekonombank Debt instrument No.110-1-1-27</b> <b>1st February and 1st August</b>	<b>19.06.1996</b> 14,261 20,377	<b>Euro 67,277</b> 71,240	<b>Plafon-S</b> 30,675	<b>Guarantee</b>		
<b>Vneshekonombank Debt instrument No.149-1-1-27</b> <b>2nd May and 3rd November</b>	<b>02.12.1996</b> 7,715 9,880	<b>Euro 33,632</b> 38,539	<b>Plafon-S</b> 12,687	<b>Guarantee</b>		
<b>Mirny town administration</b> (163) -	<b>20.04.1995</b> -	<b>roubles 163</b> -	<b>without interest</b>		<b>-</b>	<b>-</b>
<b>Savings bank</b> (5,000) (219)	<b>30.08.2001</b> -	<b>roubles 5,049</b> -		<b>on a monthly basis</b>	<b>-</b>	<b>170</b>



<b>Savings bank</b> (10,000)	<b>14.09.2001</b> (742) -	<b>roubles 10,054 -</b> -	<b>on a monthly basis</b>	<b>-</b>	<b>688</b>
<b>Savings bank</b> 1,137 (10,000)	<b>24.09.2001</b> (1,191) -	<b>roubles 10,054 -</b> -	<b>on a monthly basis</b>	<b>-</b>	
<b>Savings bank</b> 1,214 (10,000)	<b>25.09.2001</b> (1,269) -	<b>roubles 10,054 -</b> -	<b>on a monthly basis</b>	<b>-</b>	
<b>Savings bank</b> 1,313 (10,000)	<b>15.10.2001</b> (1,367) -	<b>roubles 10,054 -</b> -	<b>on a monthly basis</b>	<b>-</b>	
<b>Savings bank</b> (5,000) (226)	<b>29.10.2002</b> 5,000 10	<b>roubles -</b> 11,886	<b>on a monthly basis</b>	<b>10,000</b>	<b>237</b>
<b>Bills issued</b> 15,044 -	<b>12.06.2001</b>	<b>roubles 15,044 -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax restructuring</b> -	<b>03.02.2000</b>	<b>roubles 1,731 -</b>	<b>-</b>	<b>-</b>	<b>(1,731) -</b>
<b>Agents debt</b> -	<b>26.05.2000</b>	<b>roubles 1,847 -</b>	<b>-</b>	<b>-</b>	<b>(1,847) -</b>

### Karelia

<b>Siemens AG 01-06-12-95 of 06.12.95</b> 16,177 3,462 (2,725) (4,306) 54,356 -	<b>Euro</b>	<b>41,748</b>	<b>7.5%</b>	<b>on a quarterly basis</b>	
<b>Siemens AG XX/01137103 of 24.02.97</b> 6,482 2,036 (1,568) (2,660) 28,849 -	<b>Euro</b>	<b>24,559</b>	<b>7.5%</b>	<b>on a quarterly basis</b>	
<b>Siemens AG 075-0401-07 of 24.02.98</b> 7,382 3,273 (1,753) (4,563) 32,267 -	<b>Euro</b>	<b>27,927</b>	<b>7.5%</b>	<b>on a quarterly basis</b>	
<b>Siemens AG 075-0401-08 of 24.04.01</b> 3,078 815 (1,527) (738) 12,767 95	<b>Euro</b>	<b>11,235</b>	<b>7.5%</b>	<b>on a quarterly basis</b>	
<b>Siemens LLC</b> 9,351 - (6,458) - 19,601 -	<b>Euro</b>	<b>16,708</b>	<b>7.5%</b>	<b>on a quarterly basis</b>	
<b>Irina LLC</b> - - 3,696 -				<b>on a quarterly basis</b>	<b>3,696 -</b>
<b>Kvant-Intercom CJSC</b> 4,693 - - - 4,693 -		<b>roubles -</b>		<b>on a quarterly basis</b>	
<b>MCB Svyazbank</b> 853 - (853) 4,000 - 5,600		<b>roubles 4,000</b>		<b>on a monthly basis</b>	<b>-</b>
<b>MCB Svyazbank</b> 635 (4,000) (635) - -		<b>roubles 4,000</b>		<b>on a monthly basis</b>	<b>-</b>
<b>MCB Svyazbank</b> 575 - (575) 2,500 - 3,702		<b>roubles 2,500</b>		<b>on a monthly basis</b>	<b>-</b>
<b>MCB Svyazbank</b> 575 - (575) 2,500 - 4,215		<b>roubles 2,500</b>		<b>on a monthly basis</b>	<b>-</b>
<b>MCB Svyazbank</b> 550 - (550) 2,500 - 7,600		<b>roubles 2,500</b>		<b>on a monthly basis</b>	<b>-</b>
<b>MCB Svyazbank</b> 3,500 135 - (135) 3,500 - 4,458		<b>roubles -</b>		<b>on a monthly basis</b>	
<b>PromStroyBank OJSC</b> - 274 (2,000) (274) - -		<b>roubles 2,000</b>		<b>on a monthly basis</b>	
<b>PromStroyBank OJSC</b> 5,000 646 - (646) 5,000 - 6,600		<b>roubles -</b>		<b>on a monthly basis</b>	
<b>MCB of Communication and Inform., Moscow</b> <b>on a monthly basis</b>	<b>3,700</b>	<b>196</b>	<b>-</b>	<b>No.02-C/32 of 30.09.02</b>	<b>roubles -</b> <b>(196) 3,700 - 4,189</b>
<b>MCB of Communication and Inform., Moscow</b> <b>on a monthly basis</b>	<b>1,300</b>	<b>68</b>	<b>-</b>	<b>No.02-C/33 of 01.10.02</b>	<b>roubles -</b> <b>(68) 1,300 - 1,524</b>

### Novgorod

<b>IskraTel, Slovenia</b>	<b>No.500-03-01-1339 of 14.05.01.</b>	<b>USD, Euro</b>	<b>21,337 -</b>	<b>none</b>
11,050 -	(8,830) -	23,556 -		
<b>SberBank Novgorod branch</b>	<b>No.8629No. 10059-kp of 09.08.2002</b>	<b>roubles -</b>	<b>18%</b>	<b>on a</b>
<b>monthly basis</b>	<b>35,000 1,708 (5,200) (1,627) 30</b>	<b>-</b>	<b>75423 (telecommunication</b>	<b>equipment)</b>
<b>SberBank Novgorod branch</b>	<b>No.8629No. 8168-kp of 10.08.2001</b>	<b>roubles 20,000</b>	<b>18%</b>	<b>on a</b>
<b>monthly basis</b>	<b>15,000 2,426 (35,000) (2,426) -</b>	<b>-</b>		
<b>SberBank Novgorod branch</b>	<b>No.8629 overdraft credit</b>	<b>roubles 2,962</b>	<b>18%</b>	<b>on a monthly basis</b>
<b>129,499519</b>	<b>(132,461) (519) - -</b>			
<b>Nova Ljubljanska Banka</b>	<b>contract without No. of 16.07.98</b>	<b>USD</b>	<b>5,970</b>	
<b>LIBOR+3.25</b>	<b>on a quarterly basis</b>	<b>245 160 (6,215) (160)</b>	<b>-</b>	<b>-</b>

**Murmansk**

<b>Lusent Technologies</b>	<b>01.08.1997</b>	<b>Euro</b>	<b>55,714 6.6</b>	<b>on a monthly basis</b>	<b>-</b>
85,476 (75,509)	(4,113) 61,567 -		61,567		
<b>Siemens</b>	<b>22.09.1997</b>	<b>Euro</b>	<b>11,411 6</b>	<b>on a monthly basis</b>	<b>2,771 429</b>
(7,072) (429) 7,110 -					
<b>Siemens</b>	<b>30.04.1998</b>	<b>Euro</b>	<b>71,206 8</b>	<b>on a monthly basis</b>	<b>87,022 4,048</b>
(32,847) (4,048) 125,380-					
<b>IskraTel</b>	<b>12.05.2000</b>	<b>USD</b>	<b>5,232 -</b>	<b>on a monthly basis</b>	<b>- 266</b>
(2,973) (17) 2,508 -					
<b>IskraTel</b>	<b>01.06.2001</b>	<b>USD</b>	<b>7,115 -</b>	<b>on a monthly basis</b>	<b>247 379</b>
(4,157) (242) 3,341 -					
<b>Ministry of Finance</b>		<b>roubles</b>	<b>16,804 -</b>	<b>on a quarterly basis</b>	<b>- 17,048</b>
(8,637) (2,510) 17,252 5,452					
<b>- Savings bank</b>		<b>roubles</b>	<b>55,204 -</b>	<b>on a monthly basis</b>	<b>235,1307,630</b>
(254,334) (7,630) 36,000 -			55,020		
<b>- Menatep</b>		<b>roubles</b>	<b>9,399 -</b>	<b>on a monthly basis</b>	<b>236,7796,798 (246,178)</b>
(6,798) - - 28,381					
<b>- MSCB</b>		<b>roubles</b>	<b>10,000 -</b>	<b>on a monthly basis</b>	<b>20,000 1,867 (20,000)</b>
(1,867) 10,000 - 16,600					
<b>- JSCB Svyazbank</b>		<b>roubles</b>	<b>7,500 -</b>	<b>on a monthly basis</b>	<b>20,000 2,022</b>
(27,500) (2,022) - -					
<b>- Petrovsky People's Bank credit</b>		<b>roubles -</b>	<b>-</b>	<b>on a monthly basis</b>	<b>-</b>
86,000 2,738 (22,000) (2,738) 64,000 -			103,751		

**Kaliningrad**

<b>Vneshtorgbank</b>	<b>2001-2002</b>	<b>roubles</b>	<b>7,766 16</b>	<b>on a monthly basis</b>	<b>5,500 640</b>
(13,266) (640) - -					
<b>Savings bank</b>	<b>2201-2002</b>	<b>roubles</b>	<b>6,718 17</b>	<b>on a monthly basis</b>	<b>13,000 620</b>
(19,718) (620) - -					
<b>Morskoy CB</b>	<b>2001-2002</b>	<b>roubles</b>	<b>2,000 25.5</b>	<b>on a monthly basis</b>	<b>13,500 238</b>
(15,500) (238) - -					
<b>VneshEkonomBank</b>	<b>1995-1997</b>	<b>roubles</b>	<b>25,738</b>	<b>on a monthly basis</b>	<b>-</b>
15,216 (8,355) (8,062) 17,383 7,154			<b>Guarantee of the Government</b>		

(\* - taking into account affiliated companies from 01.01.2002 till 31.12.2002

The total amount of tied credits is shown in line 621 of the balance sheet (Novgorod, Cherepovets)

On 6th March 2002 the Federal Commission for the Securities Market of Russia registered the issue of 300,000 coupon bonds with the face value of 1 (one) thousand roubles each. The Bonds have five coupons. The lengths of the first and second coupon periods are 91 days; the lengths of

*the third and fourth coupon periods are 182 days; the length of the fifth coupon period is 184 days. The interest rates under the coupon are as follows: 1st coupon -20 % per annum; 2nd coupon - 19% per annum; 3rd coupon - 18% per annum; 4th and 5th coupons - 16% per annum. The Bonds are to be retired on the 9th of April 2004, i.e. 730 days from the day of their floatation.*

*On 2nd June 2000 the Company made a contract of loan with OJSC Lensvyaz, a Russian legal entity, for 105,000 conventional units for the period till 18th May 2005. No interest rate has been established under the contract of loan.*

*On 2nd June 2000 the Company made a contract of loan with OJSC Svyazinvest, a Russian legal entity, for 2,000,000 US dollars for the period till 19th February 2002. No interest rate has been established under the contract of loan.*

**Schedule of long-term loans and credits re-payment as of 31st December 2002:**

**Table No. 20**

**Paying date (year)**

**Amount, (thousand roubles)**

2003 358,935

2004 811,010

2005 123,466

2006 67,644

2007 32,174

After 2007 37,190

**Total long-term borrowed funds (line 590, f. 1) 1,430,419**

**8.11. Accounts payable**

**8.11.1. Debt in respect of taxes and fees**

**Table No. 21**

**Types of payments to the budget and fees to the non-budgetary funds Debt in respect of taxes and fees**

**As of 01.01.2002**

**As of 31.12.2002**

**Total, taking into account the indices of affiliated organizations**

**Base organization**

**1 2 3 4**

**Settlements on Value Added Tax 71,460 28,994 141,645**

**Settlements on the profit tax 42,324 29,545 27,109**

**Settlements on property tax 38,680 25,108 41,109**

**Settlements on income tax of individuals 10,252 969 10,168**

**Settlements on single tax on imputed income 2,382 - 450**

**Settlements on sales tax 16,502 9,785 23,191**

**Settlements in social insurance and security 25,579 - 27,819**

**Other 7,766 5,854 3,521**

**TOTAL (line 625 + line 626 of Form No.1) : 214,945100,255275,012**

**8.11.2. Structure of other accounts payable**

**Table No. 22**

**Settlement types**

**Accounts payable**

**As of 01.01.2002**

**As of 31.12.2002**

<i>Total, taking into account the indices of affiliated organizations</i>				<i>Base organization</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	
<i>Settlements in respect of postponed taxes</i>				167,08880,916 251,744
<i>R&amp;D settlements</i>	1,239	-	55,257	
<i>Settlements with personnel</i>	1,960	-	4,636	
<i>Insurance settlements</i>	314	300	127	
<i>Claim settlements</i>	126	124	532	
<i>Settlements with attorneys (brokers, agents)</i>	4,580	-	2,711	
<i>Other settlements with various creditors</i>	243,073	216,881	383,538	
<b>TOTAL (line 628 of Form No.1)</b>	<b>418,379</b>	<b>298,221</b>	<b>698,545</b>	

## 9. EXPLANATIONS TO THE PROFIT AND LOSS REPORT

### 9.1. Normal operation income

*Information on receipts from the sale of goods, products, jobs and services (less VAT, excise taxes and similar obligatory fees), prime cost of sold goods, products, jobs and services:*

*Table No. 23*

<i>Structure of income from sales of services, goods, products</i>				<i>2002</i>	<i>2001</i>
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>					
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>		
<i>Long-distance and international telephone communication</i>				2,454,692	4,408,255
	3,837,087				
<i>City and rural telephone communication</i>	2,963,773			4,679,126	3,385,911
<i>Radio communication, broadcasting, television, satellite communication</i>				3,475	18,401
	15,754				
<i>Wired radio</i>	22,067	133,685	116,740		
<i>Wireless radio communication</i>	16,088	73,582	69,885		
<i>Income from new telecommunication services</i>				133,963	270,533
<i>Other communication services</i>	85,208	194,584	204,905		
<i>Income from other sales</i>	187,843	313,675	284,482		
<b>TOTAL (line 010 of Form No.2)</b>	<b>5,867,109</b>	<b>10,091,841</b>	<b>8,058,731</b>		

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002

(\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

*During the year 2002 the Company received the total amount of 10,091,841 thousand roubles as a result of fulfilling contracts within the normal operation income (including 4,224,732 thousand roubles received by the affiliated organizations before the date of re-organization). OJSC North-West Telecom does not make any contracts providing for execution of obligations by non-monetary funds. However, in 2002 the amount of income received by non-monetary funds was 212,622 thousand roubles (or 2.11 %).*

### 9.2. Normal operation expenses

*Structure of certain expenses items*

*Table No. 24*

<i>Expenses Items</i>	<i>2002</i>	<i>2001</i>
<i>For the period under report (* Taking into account affiliated organizations (**</i>		

<b>Taking into account affiliated organizations (**</b>			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Expenses for wages	944,0572,049,517		1,659,958
Deductions for social needs	334,830711,632592,312		
Depreciation of fixed assets	418,462784,721687,680		
Material expenses,	253,203534,886518,419		
Expenses for Rostelecom OJSC	1,047,412	1,487,147	1,161,612
Taxes included in prime cost	69,130	115,26285,628	
Deductions to the R&D fund	24,581	35,555	69,476
Other expenses	1,085,335	1,724,649	1,256,463
<b>TOTAL (line 020+030+040 of Form No.2):</b>	<b>4,177,010</b>	<b>7,443,369</b>	<b>6,031,548</b>

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002  
 (\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

### 9.3. Operating income and expenses

#### Structure of operating income

Table No. 25

<b>Index</b>	<b>2002</b>	<b>2001</b>
<b>For the period under report (* Taking into account affiliated organizations (**</b>		
<b>Taking into account affiliated organizations (**</b>		
<b>1</b>	<b>2</b>	<b>3</b>
Income from joint activity	-	-
Income from sale and other withdrawal of fixed assets		111,562126,16020,797
Income from sale and other withdrawal of other assets	35,952	68,728
Other operating income	337,310349,58214,775	69,857
<b>TOTAL (line 090 of Form No.2)</b>	<b>484,824544,470105,429</b>	

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002  
 (\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

Line 90 of form 2 shows in other operating income, columns 2 and 3, the doubtful debt reserve restored in 2002 in the amount of 336,198 thousand roubles.

#### Structure of operating expenses

Table No. 26

<b>Index</b>	<b>2002</b>	<b>2001</b>
<b>For the period under report (* Taking into account affiliated organizations (**</b>		
<b>Taking into account affiliated organizations (**</b>		
<b>1</b>	<b>2</b>	<b>3</b>
Expenses related to participation in other organizations	-	46
Expenses related to participation in joint activity	-	-
Expenses for paying for services of credit organizations	53,193	68,481
Insurance expenses	7	38
Expenses related to sale and other kinds of assets withdrawal		140,305199,52154,483
Reserves for doubtful debts	913,4031,128,138	-
Reserves against depreciation of investment in securities	-	-
Expenses for taxes and fees	143,591196,094216,924	
Other expenses	28,136	33,224

<b>TOTAL (line 100 of Form No.2)</b>	<b>1,278,635</b>	<b>1,625,542</b>	<b>402,635</b>
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(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002  
 (\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively).

**9.4. Income and expenses from sources other than sales**

**Structure of income from sources other than sales:**

**Table No. 27**

Index	2002	2001	
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Fines, penalties or forfeits for breaking contractual terms	7,361	9,702	4,289
Receipts for indemnification for loses inflicted	617	2,352	3,289
Profit of past years, revealed in the year under report	19,775	21,821	48,976
Exchange rate differences	14,447	34,345	76,962
Amount differences	7,150	7,301	9,059
Value of property revealed after stock-taking	3,576	3,800	1,021
Funds received free of charge	1,346	2,442	2,488
Other income from sources other than sales	26,829	47,554	60,000
<b>TOTAL (line 120 of Form No.2)</b>	<b>81,101</b>	<b>129,317</b>	<b>206,084</b>

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002  
 (\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively).

**Structure of expenses for purposes other than sales**

**Table No. 28**

Index	2002	2001	
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Fines, penalties and forfeits	54,587	54,796	10,993
Indemnification for damages	4,324	4,648	634
Loss of past years, revealed in the year under report	19,336	39,052	23,486
Exchange rate differences	98,132	210,561	149,633
Amount differences	5,774	25,054	18,695
Value of property, the shortage of which was revealed after stock-taking	-	-	-
Writing off accounts receivable with limitation period expired	108,657	110,311	63,036
Writing off accounts receivable with limitation period expired and other debts unlikely to be exacted	255	2,787	4,770
Charity and sponsorship	28,495	41,301	24,437
Remuneration to the Board of Directors	9,817	14,615	8,880
Expenses related to the servicing of securities	550	550	-
Payments of material nature	28,759	90,507	88,368
Other	151,355	244,397	247,937
<b>TOTAL (line 130 of Form No.2)</b>	<b>510,041</b>	<b>838,579</b>	<b>640,869</b>

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002  
 (\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively).

**9.5. Tax on profit, and other similar fees**

**Table No. 29**

Index		2002	2001
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<b>Profit tax ***</b>			<b>172,779295,231499,337</b>
<b>Penalties to the budget</b>		<b>29,092 30,390</b>	<b>5,295</b>
<b>Penalties to non-budgetary funds</b>		<b>23</b>	<b>285 516</b>
<b>Other</b>	<b>2,400</b>	<b>2,400</b>	<b>929</b>
<b>Total (line 150 of form No.2)</b>			<b>204,294328,306506,077</b>

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002

(\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

\*\*\* Including: profit tax according to the base of the transition period

**9.6. Extraordinary income and expenses**

**Structure of extraordinary income:**

**Table No. 30**

Index		2002	2001
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<b>Insurance indemnity received</b>		-	-
<b>Value of stocks remaining after assets are written off</b>		-	-
<b>Other extraordinary income</b>		-	-
<b>TOTAL (line 170 of Form No.2)</b>		-	-

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002

(\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

**Structure of extraordinary expenses:**

**Table No. 31**

Index		2002	2001
<i>For the period under report (* Taking into account affiliated organizations (** Taking into account affiliated organizations (**</i>			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<b>Cost of lost inventories</b>		-	-
<b>Losses from writing off fixed assets disabled as a result of natural disaster</b>		-	8
			1,193
<b>Other extraordinary expenses</b>		-	-
<b>TOTAL (line 180 of Form No.2)</b>		-	8 1,196

(\* - Base organization for the period from 01.01.2002 till 31.12.2002 and affiliated organizations for the period from the re-organization date till 31.12.2002

(\*\* - Base and affiliated organizations for the years 2002 and 2001 respectively.

## **10. PROFIT PER SHARE**

*The base profit (loss) per share shall be determined as the ratio of the base profit (loss) for the year expiring on 31st December 2002 to the average weighted number of common shares circulating during the period under report.*

*The base profit (loss) for the year 2002 shall be determined in compliance with the Order of the Ministry of Finance of the Russian Federation dated 21.03.00 No. 29n by reducing (increasing) the profit (loss) of the period under report, remaining at the disposal of the organization after taxes and other obligatory fees to the budget and non-budgetary funds, by the amount of dividend under preferred shares, charged to their holders for the period under report. When the base profit (loss) of the period under report is calculated, the dividend under preferred shares, including that under cumulative shares, for previous reporting periods, that were paid or announced during the period under report, shall not be taken into account.*

*The base profit per share for the year 2002 is 0.63 roubles.*

*The amount of watered profit (loss) per share shows the maximum possible degree of profit reduction (loss increase) per common share of the stock company in case of converting all convertible securities of the stock company into common shares. When the watered profit (loss) per share is determined, the value of the base profit and the average weighted number of circulating common shares, used in the period under report for calculation of the base profit per share, shall be corrected by the respective amounts of the possible growth of the said values in connection with conversion of all convertible securities of the company into common shares.*

*As OJSC North-West Telecom has no instruments convertible into common shares, the watered profit parameter is not counted.*



## **Auditing Company's (Auditor's) Opinion on Accounts and Reports for 2002**

**1. We have carried out an audit of the accounts of OJSC North-West Telecom (hereinafter referred to as the Company) for the period from January 1, 2002 till December 31, 2002 inclusive.**

**2. The accounts and reports of OJSC North-West Telecom consist of the balance sheet designated with the words "As of the end of the period under report taking into account the performance of the affiliated organizations", profit and loss report designated with the words "For the period under report", report on changes of the capital, cash flow report, appendix to the balance sheet and explanatory note in the part designated with the words "As of the end of the period under report taking into account the performance of the affiliated organizations" and "For the period under report". The responsibility for preparing and submitting the accounts and reports rests with the management of OJSC North-West Telecom. Our duty consists in expressing our opinion on reliability of these accounts and reports in all essential aspects and on compliance of the accounting procedure with the legislation of the Russian Federation on the basis of the audit.**

**3. The audit of the balance sheet of OJSC North-West Telecom as of 31st December 2001 was carried out by another auditing organization, whose opinion on the reliability of the accounts and reports of OJSC North-West Telecom for the year expiring on 31st December 2001 was expressed in the conventionally positive auditors report dated 26th April 2002. In their conventionally positive report, other auditors have paid attention to the fact that as of 31st December 2001 the Company had accounts receivable in the amount of 453,557 thousand roubles for services provided under the Federal Law "On Veterans". These accounts receivable were outstanding; besides there was a serious doubt that the debt would be repaid. As of 31st December 2001, the Company had not formed a doubtful debt reserve in respect of the said accounts receivable, which was contrary to the laws of the Russian Federation and which essentially affected the accounts and reports.**

**4. We have carried out the audit in compliance with the Federal Law "On Auditing", the approved federal regulations (standards) of auditing, and the Regulations (Standards) of Auditing approved by the Commission for Auditing at the President of the Russian Federation.**

**5. The audit was planned and carried out so as to obtain a reasonable confidence that the accounts and reports designated with the words "As of the end of the period under report taking into account the performance of the affiliated organizations" and "For the period under report" do not contain any essential deviations. The audit was carried out on a selective basis and included a study, on the basis of testing, of the evidence proving the values and disclosure of information on the financial and economic operations in these accounts and reports, evaluation of the accounting principles and methods, rules of preparing these accounts and reports and significant assessment values obtained by the management of the audited entity, as well as evaluation of the general presentation of the accounts and reports. We believe that the audit that has been carried out provides sufficient grounds to express our opinion on reliability of the above accounts and reports in all essential aspects and on compliance of the accounting procedure with the legislation of the Russian Federation.**

**6. In our opinion, in 2002 the accounting procedure in respect of preparing accounts and reports of OJSC North-West Telecom designated with the words "As of the end of the period under report taking into account the performance of the affiliated organizations" and "For the period under report" met the requirements of the Federal Law "On Accounting" No. 129-FZ of 21st November 1996, and the above accounts and reports prepared in compliance with the said Law reliably show in all essential aspects the financial standing of OJSC North-West Telecom as of 31st December 2002 and the results of its financial and economic operation for the period from 1st January till 31st December 2002 inclusive.**

**7. As is mentioned in section 3 “Comparative Accounts and Reports” of the Explanatory Note, that has not been audited, on 31st October 2002 OJSC North-West Telecom was re-organized by affiliation of a number of telecommunication companies of the North-Western Federal District. We have not audited the comparative accounts and reports or any of their elements designated with the words “As of the start of the period under report taking into account the performance of the affiliated organizations” and “For the similar period of the last year taking into account the affiliated organizations” or “For the period under report taking into account the affiliated organizations”, which were included in the enclosed accounts and reports solely for the purpose of providing some comparable financial information.**

**8. The enclosed financial reports do not set a goal of presenting the financial standing or results of the operation according to the accounting principles or methods generally accepted in countries and other administrative or territorial formations besides Russia. Respectively, the enclosed financial accounts and reports are not intended for persons who do not know the Russian principles, procedures or methods of accounting.**

**31 March 2003**

**Partner**

**Masy M. Koffy**

**Auditor**

**N.V. Slavyaniniv**

**Qualification certificate on general audit**

**№ 005947**

# **APPENDIX**

## **Accounts and Reports**

**for the 1st quarter of the year 2003**

*none*

## ACCOUNTING POLICY

**ORDER of 31 December of the year 2002**

**on Accounting policy of OJSC North-West Telecom for the year 2003**

**Based on the Federal Law of RF "On Accounting" dated 21.11.96 No. 129-FZ; Provisions on Accounting and Reporting in the Russian Federation, approved by the Order of the Ministry of Finance of Russia dated 29.07.98 No. 34n; provisions on accounting "Accounting Policy of an Enterprise PBU 1/98" approved by the Order of the Ministry of Finance of RF dated 09.12.98 No. 60n; provisions on accounting "Accounts and Reports of an Enterprise PBU 4/99" approved by the Order of the Ministry of Finance of RF dated 28.06.00 No. 60n; Card of Accounts of Financial and Economic Operation of Enterprises and the Instructions on Its Use, approved by the Order of the Ministry of Finance of RF dated 31st October 2002 No. 94n; and the Tax Code of RF.**

**I ORDER the following:**

**Accounting and tax reporting as well as financial reporting in 2003 shall comply with the Accounting Policy.**

**General Manager**

**A.A. Sysoyev**

### **PROVISIONS ON ACCOUNTING POLICY IN THE BOOK-KEEPING OF OJSC NORTH-WEST TELECOM FOR THE YEAR 2003**

#### **INTRODUCTION**

**These Provisions on Accounting Policy of the Company have been developed in compliance with the requirements of the laws on accounting of the Russian Federation.**

**For the purposes of these Provisions, Accounting Policy of the Company means the aggregate of the accounting methods selected by it, grounded and disclosed for various users primary observation, cost measurement, current grouping and summary generalization of the operation facts aimed at obtaining financial and managerial information as prompt, complete, impartial and reliable as possible.**

**In the cases where the standard accounting regulation system of the Russian Federation did not provide for an accounting method for a certain issue, the respective accounting method was developed during the development of the accounting policy by the Company, proceeding from the active law.**

**Being the basis of the accounting system, the Company's accounting policy must ensure the following:**

- observing the fundamental principles of accounting, such as completeness, timeliness, caution, priority of content over form, consistency, rationality, continuity of activities and constancy;**
- observance of the general requirements for accounts and reports: completeness, essentiality, neutrality, comparability, commensurability;**
- reliability of reports prepared by the Company accounting reports, tax reports, and statistical reports;**
- unity of the methods used in organizing and keeping accounts in the Company on the whole and in its structural units;**

***- efficacy and flexibility of the accounting system response to changes in the conditions of financial and economic operations, including changes in legislative and standard acts.***

***Along with the general obligatory requirements and rules, these Provisions take into account some peculiarities of the Company:***

- availability of bylaws taking into account the industry specificity of the enterprise;***
- availability of many structural units, which, in a number of cases, are situated far from the Company's Central Management Boards location;***

***The Provisions consistently describe the accounting methods that were adopted when the accounting policy was being prepared and which essentially influence the estimation and the taking of decisions by interested users of accounts and reports and without the knowledge of using which it is impossible to estimate the financial standing, cash flow or financial results of the Company's business.***

***The accounting methods selected by the Company when this accounting policy was formed are approved by the order of the Company's General Manager and are applied starting from 1st January 2003.***

***All persons having to do with deciding the issues covered by the accounting policy shall be guided by these Provisions in their activities:***

- Management of the Company;***
- managers of branches and structural units in charge of organization and status of accounting in the units headed by them;***
- workers of services and departments in charge of timely preparation and revision of standard and reference information and in charge of bringing it to the notice of executive units;***
- workers of all services and units in charge of timely submission of source documents to the accountants office;***
- workers of the accountants service in charge of timely and quality performance of all accounting operations and making up of reliable reports of all kinds;***
- other employees.***

***The accounting policy has been prepared for the year 2003 and is not subject to changes, except for the following cases:***

- changes in the legislation of the Russian Federation or standard acts on accounting;***
- development of new accounting methods;***
- essential changes in the operation conditions as a result of re-organization, change of owners, or change of the areas of business, etc.***

***All and any amendments introduced to the text of the Provisions on the Company's Accounting Policy shall be approved by the General Manager of the Company.***

***Any changes in the accounting policy shall take effect starting from 1st January of the year (start of the fiscal year) following the year of its approval.***

***Responsibility for observing the methodology shall rest with the General Manager of the Company.***

## **1. ORGANIZATIONAL ASPECTS OF THE ACCOUNTING POLICY**

### **1.1. General data on the Company**

***The Open Joint-Stock Company North-West Telecom was founded by the City Property***

**Management Committee of the St. Petersburg Mayor's Office – the territorial agency of the State Property Management Committee of the Russian Federation by the decision dated 10<sup>th</sup> February 1993 through re-organization of the state communication and informatization enterprise Leningrad City Telephone Network awarded the Order of the Red Banner of Labour in compliance with the Decree of the President of the Russian Federation dated 1<sup>st</sup> July 1992 No. 721 “On Organizational Measures of Transforming State Enterprises and Voluntary Associations of State Enterprises into Joint-Stock Companies”, and the resolution of the Government of the Russian Federation dated 28<sup>th</sup> December 1992 No. 1003 “On Privatization of Communication Enterprises”.**

**The City Property Management Committee of the St. Petersburg Mayors Office the territorial agency of the State Property Management Committee of the Russian Federation is the founder of OJSC North-West Telecom. Property of OJSC North-West Telecom is owned by the Company.**

**According to the Articles of Association, the main goal of the Company is to gain profit through meeting public needs in products (jobs, services) in the field of telecommunication and in other fields.**

**The Company’s Articles of Association provide for the following fields of activities:**

- **Providing services to the authorities and management bodies, as well as to other corporations and individuals in the field of telecommunications;**
- **Creating and operating backbone networks, regional (area) and local telecommunication networks, as well as control and signaling facilities;**
- **Design, introduction and operation of the telecommunication network for transmission of various kinds of information (voice data transmission, facsimile and cable transmission, other types), as well as organization and operation of the telematic service (Telex, Videotex, Telefax, e-mail) on the basis of digital transmission and switching systems;**
- **Gas facilities operation;**
- **Organization of warranty servicing, maintenance and after-sale servicing, as well as repair of various technical facilities, including the most sophisticated ones;**
- **Design, development and implementation of advanced technologies in various industrial areas;**
- **Production and sales of components and spare parts for various systems, mechanisms and devices;**
- **Design, construction, renovation, restoration and operation of production and non-production buildings and facilities, including housing, hotels, camping sites and motels;**
- **Production of construction materials, parts and equipment, including structures of metal, concrete, wood and other materials;**
- **Procurement, processing and sale of wood, production of joinery and furniture;**
- **Design and development of software and dataware for automated systems of various applications;**
- **Manufacture, processing and sale of animal and vegetable products, including wild species;**
- **Production and sale of consumer goods;**
- **Trading, purchasing and commercial agency, including consignment trade;**
- **Participation in organization of stock exchanges, commodity exchanges and other exchanges, as well as trading houses both in RF and abroad according to the procedures established by the law;**
- **Dealership and brokerage according to the procedures established by the law;**
- **Specialists training and further education both in RF and abroad;**
- **Creating a network of company shops in RF and abroad.**
- **Providing services in the field of tourism, including foreign countries tourism and non-traditional tourism; cargo and cargo-and-passenger carriages by motor road, railway, water and other transport facilities; hotel servicing, including motels and campings; consulting, marketing and engineering; information services, including those in the on-line and off-line modes in**

*compliance with the active law; production of advertising media and provision of advertising services;*

- Sale and acquisition of patents, inventions and know-hows according to the procedure established by the law;*
- Organization of and participation in fairs, auctions and trade exhibitions according to the procedure established by the law;*
- Organization of cultural exchanges without currency payments;*
- Carrying out work related to the use of data considered a state secret and to provision of services to protect a state secret;*
- Other activities beyond the scope of the activities stipulated by the Articles of Association, which do not contradict the active law.*

*The organization has three management levels:*

- General Directorate of the Company;*
- Regional Branches;*
- structural units.*

*The units shall act on the basis of the Provisions approved according to the established procedure.*

## **1.2. Principles of Accounting Services Organization**

*The term “accounting service” defines a complex of structural units and officials performing the operations of collecting, processing and analyzing source information and making up reports on its basis for various groups of users.*

*At each level of management, the accounting service ensures collection and processing of information for the purpose of providing data to users for working out, grounding and taking decisions at their level of management and for providing the superior management bodies with information required for working out, grounding and taking decisions at a higher level of management.*

*Accounting practice and control shall be the responsibility of the accountants service of the Company, headed by the Chief Accountant. The accounting service of the Company includes accountants offices of units directly headed by the Chief Accountants of such units. The duties of the central accountants office shall be performed by the accountants office of the Company’s General Directorate.*

## **1.3. Document Turnover Organization Procedure, and Accounting Documentation Processing Technology**

*The Company’s document turnover organization rules and procedure, document turnover schedule and source accounting document processing technology, including:*

- source document creation procedure;*
  - source document check procedure;*
  - procedure and timing of transferring the documents for accounting records;*
  - procedure of transferring the documents to the archives, -*
- shall be regulated by the Provisions on the Document Turnover System.*

*The Company shall use unified forms for the records of source accounting documentation, approved by the State Statistics Committee of Russia.*

*When recording financial and economic operations, for which no unified forms have been provided for, independently developed forms of source accounting documents shall be used*

*(among other things, those included in the Provisions on the Document Turnover System), that are contained in the bylaws on the document turnover system and that include the following obligatory details established by the Federal Law dated 21.11.96 No. 129-FZ "On Accounting":*

- name of document;*
- date of making up the document;*
- name of organization, on behalf of which the document was made up;*
- contents of the economic operation;*
- indices of the economic operation in kind and in monetary terms;*
- positions of officials responsible for an economic operation and for correctly recording it;*
- signatures of said officials.*

*The right of signing source accounting documents shall be established by Company's bylaws.*

*The Company shall use the computer technology of accounting information processing.*

*Accounting registers with the synthetic and analytical accounts of shipment and sales of communication services shall be made up using computer facilities and shall be stored in the electronic form.*

#### *1.4. Procedure of organization and carrying out the inventory of property and liabilities*

*All property irrespective of location and all kinds of liabilities of the Company are subject to inventory.*

*The Company shall hold the inventory according to the following timing:*

- that of fixed assets at least once in every two years as of 1st November of the year under report;*
- that of intangible assets annually as of 1st December of the year under report;*
- that of capital construction in progress and other capital investments annually as of 1st November of the year under report;*
- that of raw materials, components, precious metals, equipment for installation, semi-finished products, goods, finished products at warehouses annually as of 1st November of the year under report;*
- that of production in progress on a quarterly basis as of the end of the quarter;*
- that of deferred income and expenses - annually as of 31st December of the year under report;*
- that of monies on accounts with bank institutions - annually as of 31st December of the year under report;*
- that of cash on hand at least once in a quarter;*
- that of long-term financial investment annually as of 1st December of the year under report;*
- that of short-term financial investment and monetary instruments - on a quarterly basis as of the end of the quarter;*
- that of settlements with debtors, and doubtful debt reserve on a quarterly basis as of the end of the quarter;*
- that of settlements with creditors (in respect of settlements with communication operators) - on a quarterly basis as of the end of the quarter, and with other creditors once a year as of 31st December of the year under report;*
- that of settlements in respect of taxes and obligatory deductions to the budget and off-budget funds, and in respect of target financing - annually as of 31st December of the year under report;*
- that of internal settlements at least once in a quarter;*
- that of settlements with the personnel and advance holders on a quarterly basis as of the end of the quarter;*
- that of other settlements and obligations - annually as of 31st December of the year under report.*



***To hold the inventory at the level of the Company's General Directorate and Branch Management Boards, standing inventory commissions are established, the members of which shall be approved by:***

- the General Manager of the Company for the Company's General Directorate;***
- the Branch Director for Regional Branches and their structural units.***

***The detailed procedure of organizing and holding the inventory of property and liabilities of the Company is set forth in the Provisions on the Procedure of Holding the Inventory of Assets and Liabilities and Measures to Ensure Safety of Assets.***

#### ***1.5. Procedure for making up the Company's Accounts and Reports***

***The Company's accounts and reports shall be made up according to the procedure and within the time provided for by the Federal Law dated 21.11.96 No. 129-FZ "On Accounting" and other standard acts of the Russian Federation, regulating the accounting.***

***The Company's accounts and reports shall be prepared by the accountants office of the Company's General Directorate on the basis of generalized information on the property, liabilities and operation results, taking into account the information provided by accountants offices of Regional Branches. Accounts and reports shall be prepared by the accountants offices of Regional Branches on the basis of the data provided by accountants offices of structural units.***

***When accounts and reports are made up, the forms developed by the Company taking into account the recommendation contained in the appropriate standard documents shall be applied.***

***Internal accounting forms and the concrete timing of submitting them are given in the bylaws on the Company's accounts and reports preparation procedure.***

#### ***1.6. The Company's working card of accounts***

***A Single Working Card of Accounts shall be used in the accounting by all units of the Company. (Appendix 1)***

***The procedure of applying the Single Working Card of Accounts, including the distribution of terms of reference in keeping accounts and control accounts among accountants services of various levels of the Company's management, shall be regulated by the Instructions on Applying the Single Working Card of Accounts.***

***Any amendments introduced to the working card of accounts shall be approved by the Company's General Manager.***

## ***2. METHODOLOGICAL ASPECTS OF THE ACCOUNTING POLICY***

### ***2.1. Procedure of accounting of Intangible Assets***

***The total amount of depreciation deductions for intangible assets shall be determined on the monthly basis according to the standards calculated proceeding from their initial cost and their useful life, by the linear method.***

***The expected useful life of intangible assets shall be determined when they are recorded, by a specially formed commission, and shall be approved by the General Manager of the Company.***

***The value of intangible assets shall be retired by accumulating the amounts of the charged depreciation on account 05 “Depreciation of Intangible Assets”.***

***The procedure of accounting the objects of intangible assets is set forth in the Methodological Instructions on Intangible Assets Accounting.***

## ***2.2. Procedure of accounting of Fixed Assets***

***There is no re-valuation of fixed assets in 2003.***

***Depreciation by objects of fixed assets shall be charged by the linear method based on the initial value or replacement value (in case of any re-valuations taking place) of an object of fixed assets and the standard depreciation calculated proceeding from the useful life of such an object.***

***The useful life by groups of uniform objects of fixed assets shall be determined by the fixed assets acceptance commission and shall be approved by the Company’s General Manager.***

***For acquired fixed assets that have already been operated, the useful life shall be determined based on the actual operation time and the expected fixed assets useful life in the Company.***

***Objects of fixed assets, the value of which does not exceed 10,000 roubles per unit, as well as books, brochures and the like editions, acquired starting from 01.01.02, shall be written off to production costs (expenses for sale) as they are released to production or operation using account 02 “Depreciation of fixed assets”. To ensure safety of such objects in the production or operation, the Company shall exercise a proper control over their flow on account 01 “Fixed Assets”.***

***Objects of capital construction, that are in temporary operation before final commissioning, as well as real estate objects that have no documents that would confirm the state registration of real estate objects in the cases provided for by the law, shall be depreciated starting from the first day of the month following the month of the start of their actual use.***

***For fixed assets received under contracts of leasing, the accelerated depreciation coefficient provided for by the terms of the contract, however, not higher than 3, shall be used.***

***Expenses for all kinds of repairs shall be included in the prime cost of the period under report, in which they were incurred. No reserve of future expenses for fixed assets repairs is formed.***

***The fixed assets objects accounting procedure is given in the Methodological Instructions on Fixed Assets Accounting and the Methodological Instructions on Capital Construction Accounting.***

## ***2.3. Inventories Accounting Procedure***

***The actual prime cost of inventories shall be formed in the accounts and reports of the Company using accounts 15 “Procurement and Acquisition of Stocks of Materials and Capital Equipment” and 16 “Deviation in the Value of Stocks of Materials and Capital Equipment”.***

***Accounting of inventories on accounts 10 “Materials” and 41 “Goods” shall be based on Accounting Prices.***

***Inventories (raw materials, components and goods) shall be accepted for accounting at the***

**accounting price, which is deemed to mean here the following:**

- when inventories are acquired on a paid basis the suppliers price according to the contract of delivery (sale and purchase);
- when inventories are made by the organization itself the total of actual costs related to the production;
- when inventories are contributed as investment in the authorized capital of the Company the monetary evaluation agreed upon by the founders (participants) of the Company taking into account the requirements of the Law On Joint-Stock Companies;
- when inventories are received by the organization under a contract of donation or on a gratuitous basis or remain from retirement of fixed assets and other property - the current market value as of the date of accepting for accounting;
- when inventories are received under contracts providing for execution of obligations (payment) in non-monetary funds the value of assets transferred or to be transferred by the Organization.

**Transportation and procurement expenses (TPE) and expenses related to bringing materials to the state, in which they are suitable for use for the purposes provided for by the Company, shall be recorded on account 16 "Deviation in the Value of Materials" irrespective of the percentage of TPE or the value of deviations as compared to the accounting cost of a material.**

**Goods in retail trade recorded on account 42.02 shall be shown in the accounting at the selling prices.**

**Costs of procurement and delivery of goods intended for sale through retail and wholesale trading chains shall be recorded within the distribution costs before warehouses in the Company.**

**Finished products shall be taken into account according to the actual production prime cost of manufacture without using account 40 "Output of Products (Jobs, Services).**

**Retiring inventories shall be valued by the following methods:**

**According to the average prime cost:**

- raw stock;
- materials;
- finished products;
- goods for resale;

**According to the prime cost of each unit:**

- precious metals.

**The procedure of inventories accounting shall be regulated by the Methodological Instructions on Inventories Accounting.**

#### **2.4. Procedure of Re-Calculating Assets and Liabilities Expressed in a Foreign Currency**

**Re-calculation of the value of banknotes at the Company's cashier's office, funds on accounts with lending agencies, monetary instruments and payment documents, short-term securities, monies in settlements (including those under loan liabilities) with legal entities and individuals, balances of funds earmarked for a special purpose and received from the budget or from foreign sources in the framework of technical or other assistance to the Russian Federation in compliance with the appropriate agreements (treaties), expressed in a foreign currency, into roubles shall be effected as of the date of making an operation in the foreign currency and as of the reporting date of making up the accounts and reports.**

#### **2.5. Income Records Procedure**

**For income accounting purposes, the normal areas on the Company's operation shall be**

*subdivided into primary and secondary activities.*

*Primary activities mean the operations directly related to communication services provision. All other activities are secondary.*

*The normal areas on the Company's operation include:*

*primary activities:*

- *city telephone communication services;*
  - \* *provision of access to the city telephone network;*
  - \* *provision of local telephone connections (calls) to fixed communication subscribers in cities (provision of a subscriber line for use in cities; passage of local traffic);*
  - \* *provision of local telephone connections from city payphones;*
  - \* *provision of direct lines and trunk lines for use;*
  - \* *other services of the city telephone network (connection, change of owners, etc.);*
- *rural telephone communication services;*
  - \* *provision of access to the rural telephone network;*
  - \* *provision of local telephone connections (calls) to fixed communication subscribers in rural areas (provision of a subscriber line for use in rural areas; passage of local traffic);*
  - \* *provision of local telephone connections from rural payphones;*
  - \* *provision of direct lines and trunk lines for use;*
  - \* *other services of the rural telephone network (connection, change of owners, etc.);*
- *long-distance and international communication services*
  - \* *provision of long-distance telephone connections;*
  - \* *provision of long-distance telephone connections from payphones;*
  - \* *provision of international telephone connections;*
  - \* *provision of international telephone connections from payphones;*
  - \* *provision of long-distance and international channels for use;*
  - \* *other services of long-distance and international communication (conferences, maintenance, etc.);*
- *documentary telecommunication services*
  - \* *inland telegrams;*
  - \* *external telegrams;*
  - \* *provision of telegraph channels for use;*
  - \* *subscriber's telegraphy;*
  - \* *data transmission services;*
  - \* *telematic services;*
  - \* *newspaper pages transmission;*
  - \* *other services of document telecommunication;*
- *radio communication services;*
  - *broadcasting services;*
  - *televasting services;*
  - *Internet services;*
  - *wired radio services;*
    - \* *using subscriber radio outlets;*
    - \* *provision of access to wired radio networks;*
    - \* *other services of wired radio;*
  - *wireless radio communication services;*
    - \* *personal radio call services (paging);*
    - \* *cellular communication services;*
    - \* *other wireless radio communication services;*

**secondary activities:**

- \* **services of leasing out Company's assets;**
- \* **transportation services;**
- \* **consulting, marketing and engineering services;**
- \* **manufacture of products for telecommunication facilities;**
- \* **commercial services;**
- \* **public catering services;**
- \* **construction services;**
- \* **computing services;**
- \* **publishing (publication of reference books and newspapers);**
- \* **information services;**
- \* **education services;**
- \* **security services;**
- \* **intermediary (agency, commission) services;**
- \* **services of providing access to electric power;**
- \* **agency;**
- \* **consumer services;**
- \* **services of recreational and tourist facilities, and hotel servicing;**
- \* **advertising;**
- \* **other activities meeting the criteria set forth above.**

**Income other than normal operation income shall be considered as other income.**

**The procedure of income accounting is provided for in the methodological instructions on income accounting.**

## **2.6. Expenses Records Procedure**

**For expenses accounting purposes, the normal areas on the Company's operation shall be subdivided into primary and secondary activities.**

**There shall be separate accounting of costs by types of services, jobs and products being the objects of calculation.**

**For distribution purposes, the Company shall use the method of cost accounting by production processes.**

**A production process means uniquely a defined activity (a sequence of actions or an aggregate of functions and assignments), which is not limited in time and has an identifiable result.**

**For the purposes of distributing costs into calculation objects, processes are subdivided into basic production processes, auxiliary production processes and joint processes.**

**Basic production processes include processes performed directly for the provision of communication services.**

**Auxiliary production processes include processes required for performing basic and joint production processes and indirectly related to the provision of communication services.**

**Joint production processes include processes required for performing basic production**

*processes, however, not related to the provision of communication services.*

*Actual natural figures of the Company's production operation, the composition of which is determined in the provisions on expenses accounting, shall be the bases for costs distribution.*

*All costs related to primary activities are indirect costs, i.e. they are distributed among calculation objects and shall be taken into account by production processes.*

*Costs by primary activities shall be recorded on accounts 30 "Basic Production Processes" and 31 "Auxiliary Production Processes".*

*Costs related to secondary activities shall be recorded on accounts 23 "Auxiliary Production Facilities", 29 "Servicing Production Units and Facilities" and 44 "Expenses for Sale" by areas of activity.*

*The complete prime cost of provided services, performed jobs and made products shall be calculated without separation of managerial or commercial expenses.*

*Costs of joint production processes shall be recorded on account 32 "Joint Production Processes".*

*The costs collected on account 31 "Auxiliary Production Processes" shall be distributed between the basic and joint production processes on accounts 30 "Basic Production Processes" and 32 "Joint Production Processes" on the basis of the data on distribution bases provided by production services at the end of the period under report.*

*The costs collected on account 30 "Basic Production Processes" shall be distributed to account 20 "Basic Production" by calculation objects (services) on the basis of the data on distribution bases provided by production services at the end of the period under report, and to account 33 "Equipment Operation Costs" by equipment types of a conventional digital network made up annually by engineering services. Distribution of costs by equipment types shall comply with the calculation data of engineering services on the share of equipment involvement in the basic production processes.*

*The costs collected on account 33 "Equipment Operation Costs" shall be distributed to account 20 "Basic Production" by calculation objects (services) on the basis of the data of engineering services on intensity and duration of using each type of equipment in providing a particular service, to be calculated early in each year or in case of any essential changes in the communication network topography.*

*For the purposes of calculating the prime cost of services, jobs or products of secondary areas of operation, actual expenses for provided services, completed jobs and made products transferred to the warehouse, collected on accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" shall be written off to account 43 "Finished Products" (in case of finished products manufacture), to the respective accounts of production processes (in case of services provision or performance of jobs for primary areas of operation) or to account 90 "Sales", control account 90-04 "Prime Cost of Sales in Secondary Areas of Operation" (in case of services provision or performance of jobs for outside organizations). The debit balance of accounts 23 "Auxiliary Production Facilities" and 29 "Servicing Production Units and Facilities" shows the value of the remaining production in progress.*

*At the end of the period under report, costs placed in account 32 "Joint Production Processes" shall be written off to accounts 20 "Basic Production", 23 "Auxiliary Production Facilities" and*

**29 “Servicing Production Units and Facilities” by calculation objects (services, jobs, products) in proportion to the amounts of costs placed in the respective accounts.**

*At the end of the period under report, costs related to the provision of communication services, collected by types of services on account 20 “Basic Production”, shall be written off completely to account 90 “Sales”, control account 90-02 “Prime Cost of Sales (by Primary Areas of Operation” with analysis by calculation objects (services).*

*The procedure of accounting and calculating of the prime cost of products (jobs, services) of secondary areas of operation shall be established by the Organization independently in compliance with the recommendations of industry instructions regulating the said procedure in the industries to which the secondary area of operation in question belongs.*

*Distribution of the expenses of servicing units and facilities by their operation areas (sales, transfer free of charge, provision of services to other units of the Company) shall be effected in proportion to direct expenses.*

## **2.7. Deferrals Accounting Procedure**

*Deferrals include the expenses that have been recognized in the period under report, but that cannot be included in the prime cost of sold products, jobs or services of such a period under report, e.g.:*

- *expenses related to the development of new production facilities or product types before the facts of their sale;*
- *expenses related to payment for leaves of future periods;*
- *expenses related to acquisition of licenses;*
- *property insurance expenses;*
- *expenses related to the acquisition of software products and databases under contracts of sale and purchase or contracts of exchange, if such assets do not meet the conditions established for intangible assets;*
- *other.*

*Deferrals shall be written off uniformly through respective cover sources during the period, to which they refer. If it is impossible to determine reliably the period, during which incurred expenses must be written off, the calculation period shall be established by a specially formed commission and shall be approved by the appropriate order of the General Manager.*

*The deferrals accounting procedure is given in the methodological instructions on expenses accounting.*

## **2.8. Settlements Accounting Procedure**

*Settlements in non-monetary funds shall be recorded separately using account 76.15.*

*The organization shall transfer the long-term debt (accounts receivable and payable) to the short-term debt 365 days before the debt re-payment date according to the contract.*

## **2.9. Received Credits and Loans Accounting Procedure**

*The Company shall transfer the long-term debt in respect of received credits and loans to the short-term debt 365 days before the principal debt amount re-payment according to the contract of loan and/or credit .*

***If the organization receives a long-term loan under a contract, the terms of which provide for a periodical repayment of the loan amount, then, 365 days before repayment of each part of the loan, it shall be transferred to the short-term portion of the long-term debt, to the corresponding control account of account 66 "Settlements under Short-Term Credits and Loans".***

***If an agreement of prolonging a contract of short-term loan or postponing the date of repaying the short-term portion of the long-term loan debt is made so that the repayment period of the loan or its said portion exceeds 365 days, the total amount of debt under the loan or its partial repayment must be transferred from the short-term debt to the long-term debt (to the corresponding control account of account 67 "Settlements under Long-Term Credits and Loans").***

***The income due to the lender, including that under issued (sold) debt securities shall be taken into account within operating expenses in the reporting periods, to which such charges refer under the terms of the contract (of issue).***

***Extra expenses related to receiving loans or credits, or floating loan obligations, shall be included in operating expenses in the reporting period, in which the said costs were incurred.***

***The credits and loans accounting procedure is set forth in the Methodological Instructions on Credits and Loans Accounting***

#### ***2.10. Procedure of Organizing the Accounting of Internal Settlements and Transfer of Information by Separate Units***

***For accounting of the internal turnover, the Company shall use account 79 "Internal Settlements".***

***All financial and economic operations between Company's units shall be transacted on the basis of letters of advice through the higher level of management. Operations between structural units of branches shall be transacted through the respective branches. Operations between branches shall be transacted through the Company's General Manager.***

***The list of internal economic operations and the procedure of transacting them are regulated by the methodological instructions on internal settlements accounting.***

#### ***2.11. Special-Purpose Funds Formation Procedure***

***The Company shall not create any funds from profit remaining at its disposal, except for the cases when creating such funds is provided for by the legislation or by the incorporation documents of the Company. In such a case, the procedure of creating and using them is determined on the basis of the decision of the general meeting of the Company's shareholders, taking into account the requirements of the Federal Law On Joint-Stock Companies.***

***The procedure of taking into account and using the retained profit is set forth in the Methodological Instructions on Accounting of Capital.***

#### ***2.12. Procedure of Creating and Using Reserves***

***The Company shall create the following reserves:***

***- securities placement devaluation reserve;***



- *doubtful debt reserves (on a quarterly basis);*
- *a reserve for the reduction of the value of stocks of materials and capital equipment (as of the end of the year under report);*
- *contingent liabilities reserve.*

*A contingent liability is evaluated by selection from an interval of values. The arithmetic mean of the maximum and minimum values of the interval shall be taken as the evaluation result.*

*The procedure of reserves formation is regulated by the methodological instructions on formation of reserves.*

#### *2.13. State Aid Accounting Procedure*

*Budgetary funds (subventions, subsidies) shall be recognized in accounting as monetary funds and resources other than monetary funds are actually received.*

*The procedure of budgetary funds accounting is set forth in the methodological instructions on accounting of special-purpose funding.*

#### *2.14. Financial Investment Accounting Procedure*

*For the purposes of accounting, financial investment shall be classified by types of investment and its term.*

*In case of sale or other withdrawal (including retirement of securities), withdrawn issued securities shall be evaluated by the method of the value of the securities that are acquired first (FIFO), while withdrawn non-issued securities shall be evaluated according to the actual value of each of the securities.*

*By the term, investment can be divided into:*

- *long-term investment - investment made with the intention of gaining an income more than 12 months after the reporting date, if its repayment period exceeds 12 months after the reporting date;*
- *short-term investment:*
  - *investment made without the intention of gaining an income more than 12 months;*
  - *investment, the established repayment period of which does not exceed 12 months after the reporting date;*
  - *securities acquired for resale, irrespective of their retirement time.*

*Long-term financial investment is to be transferred to short-term investment:*

- *due to a change in the intentions of gaining an income during the next 12 months after the reporting date;*
- *if the period before its repayment becomes not more than 12 months after the reporting date.*

*Short-term financial investment, the established repayment period of which exceeds 12 months after the reporting date, is to be transferred to long-term investment (to the respective control account) in case of a change in the initial intention of gaining an income for not more than 12 months after the reporting date.*

*The term of investment shall be evaluated by the official (unit) appointed by the order of the manager of the Company and shall be recorded in the document handed over to the accountants office according to the form established by the Organization.*

***For debt securities, the difference between the sum total of actual expenses for acquisition of the security and its face value is not included in the financial results.***

***The financial investment accounting procedure is regulated by the Methodological Instructions on Financial Investment Accounting.***

## BALANCE SHEET

as of March 31, 2003

Organization: **Open Joint-Stock Company North-West Telecom**

Taxpayer Identification Number

Area of business: **communication**

Organizational & Legal form/Form of Ownership: **Public Company**

Unit of measurement: **thousand roubles**

Form No.1 under OKUD

Date (year, month, day)

under OKPO

TIN

under OKDP

under

OKOPF/OKFS

under OKEI

Codes		
0710001		
01166228		
7808020593		
52300/72200		

ASSETS	Line code	As of the beginning of the period under report	As of the end of the period under report
1	2	3	4
<b>I. NON-CIRCULATING ASSETS</b>			
Intangible assets (04,05)	110	115	89
patents, licenses, trade marks (service marks), other similar rights and assets	111	115	89
organization costs	112		
goodwill	113		
Fixed assets (01,02,03)	120	10,953,003	11,072,204
land plots and objects of nature management	121	4,178	4,194
buildings, machinery and equipment	122	9,701,947	9,889,297
Construction-in-process (07, 08, 16, 61)	130	1,208,435	1,019,416
Profitable investments in material values (03)	135		
property subject to leasing	136		
hired out property	137		
Long-term financial investments (06,82)	140	159,481	159,443
Investment in subsidiaries	141	76,204	76,204
Investment in associate companies	142	33,145	33,145
Investment in other companies	143	33,006	33,006
loans to organizations for over 12 months	144	12,720	12,682
other long-term financial investments	145	4,406	4,406
Other non-circulating assets	150		59,042
TOTAL Section I	190	12,321,034	12,310,194
<b>II. CURRENT ASSETS</b>			
Stock	210	365,152	430,272
raw materials, materials and other similar values (10,12,13, 16)	211	205,362	205,154
livestock in breeding and feeding (11)	212		
expenditures in work-in-process (turnover costs) (20,21,23,29,30,36,44)	213	788	1,247
finished products and goods for resale (16,40,41)	214	11,111	10,929
shipped goods (45)	215		
deferred expenses (31)	216	147,891	212,942
other stock and expenses	217		
Value added tax on acquired values (19)	220	407,099	321,881
Accounts receivable (expected in over 12 months after the reporting date)	230	16,677	19,855
buyers and customers (62,76,82)	231		265
notes receivable (62)	232		
debts of subsidiary and associate companies (78)	233		
advances distributed (61)	234		133
other debtors	235	16,677	19,457
Accounts receivable (expected within 12 months after the reporting date)	240	1,476,286	1,631,530
buyers and customers (62,76,82)	241	976,390	1,062,976
notes receivable (62)	242	1,800	1,800
debts of subsidiary and associate companies (78)	243	10,466	10,948
debts of participants (founders) by contributions to the authorized capital (75)	244		
advances distributed (61)	245	320,861	346,851

other debtors	246	166,769	208,955
Short-term financial investments (56,58,82)	250	4,913	4,443
loans to organizations for less than 12 months	251	200	200
own shares purchased from the shareholders	252		
other short-term financial investments	253	4,713	4,243
Monetary funds	260	346,880	392,380
cash on hand (50)	261	4,928	5,030
settlement accounts (51)	262	313,311	351,896
currency accounts (52)	263	574	629
other monetary funds (55, 56, 57)	264	28,067	34,825
Other current assets	270		
TOTAL Section II	290	2,617,007	2,800,361
BALANCE (sum of lines 190 + 290)	300	14,938,041	15,110,555

<b>LIABILITIES</b>	<b>Line code</b>	<b>As of the beginning of the period under report</b>	<b>As of the end of the period under report</b>
1	2	3	4
<b>III. CAPITAL AND RESERVES</b>			
Authorized capital (85)	410	937,940	937,940
Added capital (87)	420	6,941,473	6,939,246
Reserve capital (86)	430	29,375	29,375
reserve funds formed in accordance with the laws	431	29,375	29,375
reserve funds formed in accordance with the by-laws	432		
Social Fund (88)	440		
Target financing and proceeds (96)	450		
Retained profit for previous years (88)	460	2,964,896	2,967,066
Uncovered loss for previous years (88)	465		
Retained profit for the year under report (88)	470		330,651
Uncovered loss for the year under report (88)	475		
TOTAL Section III	490	10,873,684	11,204,278
<b>IV. LONG-TERM LIABILITIES</b>			
Loans and credits (92,95)	510	434,622	428,760
loans from banks to be repaid in over 12 months after the reporting date	511	17,383	20,606
borrowings to be repaid in over 12 months after the reporting date	512	417,239	408,154
Other long-term liabilities	520	995,797	1,092,907
TOTAL Section IV	590	1,430,419	1,521,667
<b>V. SHORT-TERM LIABILITIES</b>			
Loans and credits (90,94)	610	579,006	502,974
loans from banks to be repaid within 12 months after the reporting date	611	208,946	109,601
borrowings to be repaid within 12 months after the reporting date	612	370,060	393,373
Accounts payable	620	1,974,042	1,811,992
suppliers and contractors (60,76)	621	596,417	507,626
notes payable (60)	622		
debts to subsidiary and associate companies (78)	623		7
wage arrears (70)	624	56,065	119,306
indebtedness to state out-of-the-budget funds (69)	625	28,269	57,313
budgetary indebtedness (68)	626	246,659	283,339
advances received (64)	627	363,589	360,894
other creditors	628	683,041	483,507
Indebtedness to participants (founders) on income payment (75)	630	50,557	41,677
Deferred income (83)	640	30,333	27,967
Reserves for forthcoming costs (89)	650		
Other short-term liabilities	660		
TOTAL Section V	690	2,633,938	2,384,610
BALANCE (sum of lines 490 +590 +690)	700	14,938,041	15,110,555

**STATEMENT OF VALUABLES ACCOUNTED ON OFF-BALANCE ACCOUNTS**

<b>Index</b>	<b>Line code</b>	<b>As of the beginning of the</b>	<b>As of the end of the period under</b>
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		<b>period under report</b>	<b>report</b>
1	2	3	4
Leased fixed assets (001)	910	628,585	738,226
including those under leasing	911	168,094	247,527
Inventories accepted for custody (002)	920	47,586	19,692
Goods accepted for commission (004)	930	539	242
Insolvent debtors' indebtedness written-off to loss (007)	940	347,181	452,187
Received liability and payment collaterals (008)	950		
Collaterals of liabilities and payments issued (009)	960	492,112	261,340
Wear of residential fund (014)	970	6,865	6,961
Wear of external improvements and other similar facilities (015)	980	2,657	2,746
Strict accounting forms	990	3,415	6,342
Leased out fixed assets	991	18,219	24,602
Economic implements	992	17,587	25,716
Funds for payment for communication services	993	4,099	3,745

## PROFIT AND LOSS REPORT

for the 1st quarter of the year 2003  
Organization: **Open Joint-Stock Company North-West Telecom**  
Taxpayer Identification Number  
Area of business: **communication**  
Organizational & Legal form/Form of Ownership: **Public Company**  
Unit of measurement: **thousand roubles**

Form No.2 under OKUD  
Date (year, month, day)  
under OKPO  
TIN  
under OKDP  
under  
OKOPF/OKFS  
under OKEI

Codes	
0710002	
01166228	
7808020593	
52300/72200	

“on shipment”

Index	Line code	For the period under report	For the same period of the previous year
1	2	3	4
I. Income from and expenses for normal activities			
(Net) returns from sale of goods, products, works, services (less the VAT, excise taxes and similar obligatory fees)	010	2,774,319	2,321,685
including that from the sales: of communication services	011	2,693,657	2,256,550
Prime cost of sold goods, products, works and services	020	(2,004,609)	(1,651,728)
Including that from communication services	021	1,964,989	1,613,182
Gross profit	029	769,710	669,957
Commercial expenses	030		
Management expenses	040		
Profit (loss) from sales (lines (010-020-030-040))	050	769,710	669,957
II. Operating income and expenses			
Interest receivable	060	2,047	1,017
Interest payable	070	(40,449)	(20,800)
Income from participation in other organizations	080	124	13
Other operating income	090	6,984	48,024
Other operating expenses	100	(179,952)	(227,935)
III. Income and expenses from sources other than sales			
Income from sources other than sales	120	42,019	62,011
Expenses for purposes other than sales	130	(133,116)	(101,550)
Profit (loss) before taxes=(lines 050 + 060 - 070 + 080 + 090 - 100 +120 -130)	140	467,367	430,737
Tax on profit, and other similar obligatory fees	150	(136,456)	(132,525)
Profit (loss) from normal activities	160	330,911	298,212
IV. Extraordinary income and expenses			
Extraordinary income	170		3
Extraordinary expenses	180	(260)	(5)
Net profit (retained profit (loss) of the period under report) (lines (160 + 170 - 180))	190	330,651	298,210

### Explanation of profit and loss items

Index	Line code	For the period under report		For the same period of the previous year	
		Profit	Loss	Profit	Loss
1	2	3	4	5	6
Fines, penalties and forfeits, acknowledged, or with a court (arbitration) recovery award	210	1,130	(1,099)	1,993	(533)
Profit (loss) of previous years	220	5,486	(12,586)	16,403	(7,389)
Indemnification for losses inflicted by failure to fulfil or to fulfil duly the obligations	230	2,146	(1,926)	736	(20)
Exchange rates of foreign currency transactions	240	28,493	(31,632)	5,134	(43,296)
Reduction of inventory cost as of the	250				

*Open Joint-Stock Company North-West Telecom*  
*INN (individual tax-payer's No.) 7808020593*

end of the period under report					
Writing off accounts receivable and payable with expired limitation period	260	9	(168)	454	(1,069)

**MINUTES NO. 01-03  
OF THE JOINT GENERAL MEETING  
OF SHAREHOLDERS  
OF THE OPEN JOINT-STOCK COMPANY  
NORTH-WEST TELECOM (EXTRAORDINARY)**

**Saint Petersburg  
February 14, 2003**



**MINUTES No. 01-03  
of the joint general meeting  
of shareholders  
of the Open Joint-Stock Company  
North-West Telecom (extraordinary)**

- Place of holding:** 14, Sinopskaya naberezhnaya, St. Petersburg, Russia
- Time of holding:** February 14, 2003 at 13:00 (starting time of registration 11:00)
- Chairperson of the Meeting:** Alexandr Abramovich Sysoyev - General Manager of OJSC North-West Telecom
- Head of the Secretariat of the Meeting:** Nikolay Gennadyevich Bredkov
- Presidium:** Yu.A. Bilibin, O.A. Lebedinets, D.V. Levkovsky, I.M. Ragozina, I.I.Rodionov, S.V. Soldatenkov
- Number of shareholders registered** for participation in the joint general Meeting of the shareholders (extraordinary) and their representatives taking into account the absentee voting shareholders - 1187

**AGENDA**

- 1. Early termination of the powers of the Company's Board of Directors and electing the Company's Board of Directors**
- 2. Early termination of the powers of the Company's General Manager Alexandr Abramovich Sysoyev, appointing the Company's General Manager and establishing the term of his/her office**
- 3. Early termination of the powers of the members of the Auditing Committee of the Company and electing the Company's Auditing Committee**
- 4. Approving the Articles of Association in a new version**
- 5. Approving the Provisions on the Company's general meeting of the shareholders in a new version**
- 6. Approving the Provisions on the Board of Directors of the Company, in new version**
- 7. Approving the Provisions on the Company's Management Board, in new version**
- 8. Payment of remuneration and reimbursement to the members of Company's Board of Directors**
- 9. Payment of remuneration and reimbursement to the members of Company's Auditing Committee**

**SPEAKER:** Chairman of the Meeting A.A. Sysoyev

A.A. Sysoyev greeted the attending public and said that, in accordance with the contracts of affiliation of regional telecommunication companies of the North-Western Federal District with OJSC Petersburg Telephone Network, the Company was obliged to hold the meeting of the shareholders with the presented agenda. This requirement is fulfilled by this meeting.

In compliance with the Provisions on the General Meeting of the Company's Shareholders, **Alexandr Abramovich Sysoyev**, General Manager of OJSC North-West Telecom, is the Chairman of the Meeting.

A Secretariat consisting of 6 persons ensures holding the meeting. The Secretariat is headed by **Nikolay Gennadyevich Bredkov**.

In compliance with article 56 of the Federal Law On Joint-Stock Companies, the duties of the Returning Board are performed by CJSC Registrator-Svyaz, the Company's registrar.

**As of 01-00 p.m., 1,187 shareholders and their authorized representatives were registered. All in all they had 654,704,106 votes; of them 925 shareholders having all in all 72,715,487 votes are taking part in the meeting by sending filled out ballots to the Company.**

THE NUMBER OF VOTES HELD BY MEMBERS OF THE BOARD OF DIRECTORS OR OFFICIALS OF THE COMPANY'S MANAGEMENT BODIES IS 1,336,131;

**The number of votes held by the shareholders entitled to vote in respect of issues Nos. 1, 2, 4, 5, 6, 7, 8 and 9 of the agenda of the meeting is 654,704,106, or 88.96 per cent of the total number of floated voting shares of the Company, except for the voting shares acquired (redeemed) by the Company;**

**The number of votes held by the shareholders entitled to vote in respect of issue No. 3 of the agenda of the meeting (Electing the Auditing Committee of the Company) is 653,367,975 , or 88.78 per cent of the total number of floated voting shares of the Company, except for the shares acquired (redeemed) by the Company and except for the voting shares held by Members of the Board of Directors or officials of the Company's management bodies.**

The quorum for taking decisions on issues Nos. 1, 2, 4, 5, 6, 7, and 8 of the agenda of the meeting is ensured by participation of the shareholders holding all in all over **50 per cent** of the total number of floated voting shares of the Company, except for the voting shares acquired (redeemed) by the Company.

THE QUORUM FOR TAKING A DECISION ON ISSUE NO. 3 (ELECTING THE AUDITING COMMITTEE OF THE COMPANY) IS ENSURED BY PARTICIPATION OF THE SHAREHOLDERS HOLDING ALL IN ALL OVER 50 PER CENT OF THE TOTAL NUMBER OF FLOATED VOTING SHARES OF THE COMPANY, EXCEPT FOR THE SHARES ACQUIRED (REDEEMED) BY THE COMPANY AND EXCEPT FOR THE VOTING SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS OR OFFICIALS OF THE COMPANY'S MANAGEMENT BODIES.

**Thus, there is the quorum for taking decisions on all issues of the agenda of the joint general meeting of the shareholders of OJSC North-West Telecom (extraordinary).**

In compliance with the Provisions on the General Meeting of the Shareholders, questions concerning the agenda of the Meeting shall be submitted to the Secretariat in writing with the indication of the shareholders full name.

The time allotted for main reports on the issues of the agenda shall be up to 30 minutes, for co-reports up to -20 minutes, for speeches in debates up to 5 minutes and for answers to questions up to 15 minutes. Discussion of one issue of the agenda shall not exceed 40 minutes (without taking into account the time of the main report).

**On the first issue of the agenda:**

**EARLY TERMINATION OF THE POWERS OF THE COMPANY'S BOARD OF DIRECTORS AND ELECTING THE COMPANY'S BOARD OF DIRECTORS**  
**SPEAKER: Antonina Alexeyevna Bondarenko**, Secretary of the Board of Directors.

The speaker said that, in compliance with the agreements of affiliation of regional telecommunication companies of the North-Western Federal District with OJSC Petersburg Telephone Network, after the affiliation process is over, early termination of the powers of the Members of the Board of Directors and election of a new Board of Directors is required. All motions in respect of proposing candidates were presented from shareholders who possessed all in all more than two per cent of the voting shares.

The Board of Directors considered and recognized as eligible the applications received by the Company from shareholders in respect of proposing candidates for the Board of Directors and took a decision to include the proposed candidates in the list of candidatures for voting in the election to the Company's Board of Directors at the joint general meeting of the shareholders.

The following list of candidates to the Board of Directors is presented to the shareholders (the list has been made up in the alphabetical order):

Full name of the candidate	Position of the candidate	Shareholder (group of shareholders) proposing the candidate
Dmitry Leonidovich Ankudinov	Vice-President, Renaissance Capital LLC	(Svyazinvest OJSC 374172243 voting shares)
Vadim Yevgenyevich Belov	Deputy General Manager, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Yury Alexandrovich Bilibin	Assistant General Manager, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Benjamin Stefan David Vilkening	Managing Director, AIG-Brunswick Capital Management Limited Company	Stotter Limited Company (58182670 voting shares)
Alexandr Alexandrovich Gogol	Rector, Saint Petersburg State University of Telecommunications	(Svyazinvest OJSC 374172243 voting shares)
Boris Viktorovich Yevseyev	Director, AIG-Brunswick Capital Management Limited Company	Fractor Investments Limited Company (26648680 voting shares)
Yelena Viktorovna Zabuzova	Deputy Director - Head of the Department of Economic and Rate Policy, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Alexandr Vyacheslavovich Ikonnikov	Director of Association for Investors' Rights Protection, Chairperson of Management Board of Association of Independent directors	Lindsell Enterprises Limited Company (35001391 voting shares)
Eduard Yuryevich Kuleshov	Investments manager, AIG-Brunswick Capital Management Limited Company	Fractor Investments Limited Company (26648680 voting shares)
Dmitry Vladimirovich Levkovsky	Vice-President, NCH Advisors Inc. Company	Lindsell Enterprises Limited Company (35001391 voting shares)
Oleg Mikhaylovich Mikhaylov	Director of Information Support Department, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Oxana Valeryevna Petrova	Deputy Head of the Division, Corporate Management Department, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)

Irina Mikhailovna Ragozina	Manager of the Corporate Management Department, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Ivan Ivanovich Rodionov	Managing Director, AIG-Brunswick Capital Management Limited Company	Stotter Limited Company (58182670 voting shares)
Sergey Vladimirovich Soldatenkov	not indicated	(Svyazinvest OJSC 374172243 voting shares)
Alexandr Abramovich Sysoyev	General Manager of OJSC North-West Telecom	(Svyazinvest OJSC 374172243 voting shares)
Valery Nikolayevich Yashin	General Manager, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)

**PARTICIPANTS OF DEBATE:**

Shareholder Sergey Mikhailovich Moiseyev (the text of the speech is enclosed in Appendix No. 1).

**THERE HAVE BEEN QUESTIONS FROM:**

S.M. Moiseyev, shareholder;  
P.A. Churkina, shareholder;  
G.A. Suslova, shareholder;  
V.P. Konovalenko, shareholder;  
I.A. Smirnov, shareholder.

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

Alexandr Abramovich Sysoyev - General Manager of OJSC North-West Telecom

**MOTION FOR VOTING:**

**1.1. EARLY TERMINATION OF THE POWERS OF THE COMPANY'S BOARD OF DIRECTORS**

1.2. THE Company'S Board of Directors shall be ELECTED FROM the following LIST:

**Dmitry Leonidovich Ankudinov  
Vadim Yevgenyevich Belov  
Yury Alexandrovich Bilibin  
Benjamin Stefan David Vilkening  
Alexandr Alexandrovich Gogol  
Boris Viktorovich Yevseyev  
Yelena Viktorovna Zabuzova  
Alexandr Vyacheslavovich Ikonnikov  
Eduard Yuryevich Kuleshov  
Dmitry Vladimirovich Levkovsky  
Oleg Mikhaylovich Mikhaylov  
Oxana Valeryevna Petrova  
Irina Mikhailovna Ragozina  
Ivan Ivanovich Rodionov  
Sergey Vladimirovich Soldatenkov  
Alexandr Abramovich Sysoyev  
Valery Nikolayevich Yashin**

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, spoke on the voting procedure in respect of the first issue of the Agenda.

In compliance with clause 2, article 49 of the Federal Law On Joint-Stock Companies, the decision in respect of the first issue of the agenda is taken by the majority of votes of the shareholders holding voting shares and taking part in the meeting of the shareholders. According to clause 4, article 66 of the Federal Law On Joint-Stock Companies, the candidates receiving most of the votes shall be considered as elected to the Board of Directors of the Company.

**On the second issue of the agenda:**

**EARLY TERMINATION OF THE POWERS OF THE COMPANY'S GENERAL MANAGER ALEXANDR ABRAMOVICH SYSOYEV, APPOINTING THE COMPANY'S GENERAL MANAGER AND ESTABLISHING THE TERM OF HIS/HER OFFICE**

**SPEAKER: Antonina Alexeyevna Bondarenko**, Secretary of the Board of Directors.

The speaker said that, in compliance with the agreements of affiliation of regional telecommunication companies of the North-Western Federal District with OJSC Petersburg Telephone Network, after the affiliation process is over, early termination of the powers of the General Manager and a new appointment of the General Manager is required.

The Board of Directors of the Company has considered and recognized as eligible the application of OJSC Svyazinvest on proposal of a candidate for the position of the General Manager of the Company and has decided:

1. To include Alexandr Abramovich Sysoyev in the list of candidates for voting on appointment of the Company's General Manager at the joint general (extraordinary) meeting of the Company's shareholders.
2. To recommend to the joint general meeting of the Company's shareholders that it should establish a term of office of -2 years for the General Manager.

**THERE HAVE BEEN QUESTIONS FROM:**

E.I. Zheleznyak, shareholder;  
I.A. Smirnova, shareholder;  
I.L. Rudich, shareholder;  
Cheryl Ann Seagsby, shareholder.

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

Alexandr Abramovich Sysoyev - General Manager of OJSC North-West Telecom

**MOTION FOR VOTING:**

- 2.1. The powers of the Company's General Manager Alexandr Abramovich Sysoyev shall be terminated earlier than initially planned.
- 2.2. Alexandr Abramovich Sysoyev shall be appointed the Company's General Manager for a period of two years.

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, spoke on the voting procedure in respect of the second issue of the Agenda.

In compliance with clause 2, article 49 of the Federal Law On Joint-Stock Companies, the decision in respect of the second issue of the agenda is taken by the majority of votes of the shareholders holding voting shares and taking part in the meeting of the shareholders.

**On the third issue of the agenda:**

**EARLY TERMINATION OF THE POWERS OF THE MEMBERS OF THE AUDITING COMMITTEE OF THE COMPANY AND ELECTING THE COMPANY'S AUDITING COMMITTEE**

**SPEAKER: Antonina Alexeyevna Bondarenko**, Secretary of the Board of Directors.

The speaker said that, in compliance with the agreements of affiliation of regional telecommunication companies of the North-Western Federal District with OJSC Petersburg Telephone Network, after the affiliation process is over, early termination of the powers of the Auditing Committee and election of a new Auditing Committee is required.

The Board of Directors of OJSC North-West Telecom considered the motions in respect of proposing candidates to the Auditing Committee of the Company, received from the shareholders holding all in all over two per cent of voting shares, and decided to include the following candidates in the list of candidatures for the election to the Auditing Committee (the list has been made up in the alphabetical order):

Full name of the candidate	Position of the candidate	Shareholder (group of shareholders) proposing the candidate
Konstantin Vladimirovich Belyaev	Chief Accountant, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Lyubov Alexandrovna Greseva	Chief Specialist of the Department of Internal Audit and Economic Analysis, Svyazinvest OJSC	(Svyazinvest OJSC 374172243 voting shares)
Elena Alexandrovna Kukina	Chief Specialist of the Corporate Financing and Direct Investment Department of OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)
Irina Viktorovna Prokofyeva	Deputy Director - Head of the Department of Internal Audit and Economic Analysis, OJSC Svyazinvest	(Svyazinvest OJSC 374172243 voting shares)

In compliance with clause 7, article 53 of Federal Law "On Joint-Stock Companies", the following extra candidates shall be added to the list of candidatures for voting in the election of the Company's Auditing Committee:

Full name of the candidate	Position of the candidate	Shareholder (group of shareholders) proposing the candidate
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Andrey Yakovlevich Lang	Deputy Director in charge of economics and finance of OJSC North-West Telecom	Company's Board of Directors
Mariya Leonidovna Pravdina	Head of the Investment department, OJSC North-West Telecom	Company's Board of Directors
Natalia Vladimirovna Fedorova	Chief accountant of the Branch of OJSC North-West Telecom, Electrosvyaz of Pskov Oblast	Company's Board of Directors

**THERE HAVE BEEN QUESTIONS FROM:**

V.P. Konovalenko, shareholder;  
Cheryl Ann Seagsby, shareholder.

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

Alexandr Abramovich Sysoyev - General Manager of OJSC North-West Telecom

**MOTION FOR VOTING:**

**3.1. THE POWERS OF THE MEMBERS OF THE AUDITING COMMITTEE OF THE COMPANY SHALL BE TERMINATED EARLIER THAN INITIALLY PLANNED.**

**3.2. THE AUDITING COMMITTEE OF THE COMPANY SHALL BE ELECTED ACCORDING TO THE PROPOSED LIST**

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, spoke on the voting procedure in respect of the third issue of the Agenda.

In compliance with clause 2, article 49 of the Federal Law On Joint-Stock Companies, the decision in respect of the third issue of the agenda is taken by the majority of votes of the shareholders holding voting shares and taking part in the meeting of the shareholders.

Under clause 6, article 85 of the Federal Law On Joint-Stock Companies, shares belonging to Members of the Board of Directors or officials of the management bodies of OJSC North-West Telecom shall not participate in the voting during the election of the members of the Company's Auditing Committee.

**On the fourth issue of the agenda:**

**APPROVING THE COMPANY'S ARTICLES OF ASSOCIATION IN THE NEW VERSION**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

The speaker told the shareholders that the state had continued the work aimed at making joint-stock companies more open and at protecting the rights of minority shareholders. Since the start of the year, supplements to the Federal Law "On Joint-Stock Companies" took effect, and then the Federal Commission for the Securities Market (FKCB) approved several other documents. The first were the Provisions on Extra Requirements Concerning the Procedure of Preparing, convoking and Holding the General Meeting of the Shareholders. The second was the Corporate Behaviour Code.

While the new requirements of the law concerning the Articles of Association were taken into account in the preparation of the previous version of the Articles of Association, the Provisions and the Code appeared later and have not been taken into consideration in the

last years document. It has become necessary to introduce extra changes, which has become a pre-requisite of making the new version.

The Board of Directors has considered the proposed version of the Articles of Association and put it forward for consideration by the general meeting of the shareholders.

**PARTICIPANTS OF DEBATE:**

Shareholder Pavel Alexandrovich Churkin (the text of the speech is enclosed in Appendix No. 1);

Shareholder Georgy Mikhailovich Gryaznov (the text of the speech is enclosed in Appendix No. 1).

**THERE HAVE BEEN QUESTIONS FROM:**

E.K. Zheleznyak, shareholder;

I.S. Kvachev, shareholder.

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

**N.G. Bredkov**, Deputy General Manager – Corporate Management Director

**MOTION FOR VOTING:**

**4. THE COMPANY'S ARTICLES OF ASSOCIATION IN THE NEW VERSION SHALL BE APPROVED**

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, spoke on the voting procedure in respect of the third, fourth, fifth, sixth and seventh issue of the Agenda.

**On the fifth issue of the agenda:**

**APPROVING THE PROVISIONS ON THE GENERAL MEETING OF THE COMPANY'S SHAREHOLDERS IN THE NEW VERSION**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

The speaker told the shareholders that last year the Federal Commission for Securities Market approved the Provisions on Extra Requirements concerning the Procedure of Preparing, Convoking and Holding the General Meeting of the Shareholders and the Corporate Behaviour Code. These documents have given a stimulus to revise the old active Provisions.

The version of the Provisions presented to the shareholders contains a code of rules for the preparation, convocation and holding of the general meeting of the shareholders. This version is aimed at ensuring the rights of the shareholders in managing the joint-stock company, to avoid any violations that may arise when general meetings of the shareholders are held.

The Board of Directors considered the proposed version of the “Provisions on the General Meeting of the Shareholders” of OJSC North-West Telecom and presented it for considering by the general meeting of the shareholders.

**MOTION FOR VOTING:**

**5. THE PROVISIONS ON THE GENERAL MEETING OF THE COMPANY'S SHAREHOLDERS SHALL BE APPROVED IN THE NEW VERSION**

**On the sixth issue of the agenda:**



**APPROVING THE PROVISIONS ON THE COMPANY'S BOARD OF DIRECTORS IN THE NEW VERSION**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

**The speaker told the shareholders that there have been some editing in the new version of the Provisions and that the article on remuneration of the Members of the Board of Directors has been in fact entirely revised.**

In the new article the remuneration system is established:

- base characteristics have been established for assigning the remuneration (quarterly remuneration shall depend on the proceeds and the annual remuneration shall be a percentage of profit),
- material responsibility for attendance of meetings has been increased (a 30% reduction in case of absence from more than a half of actual meetings and a 100% reduction in case of participation less than in a half of meetings held by any method),
- some technical calculations for payment have been determined.

In connection with significant changes in the article on remuneration, it is more convenient not to introduce a separate change, but to adopt a new version of the document.

The Board of Directors considered the proposed version of the "Provisions on the Board of Directors of OJSC North-West Telecom" and presented it for considering by the general meeting of the shareholders.

**PARTICIPANTS OF DEBATE:**

Shareholder Pavel Alexandrovich Churkin (the text of the speech is enclosed in Appendix No. 1);

**MOTION FOR VOTING:**

**6. PROVISIONS ON THE COMPANY'S BOARD OF DIRECTORS SHALL BE APPROVED IN THE NEW VERSION**

**On the seventh issue of the agenda:**

**APPROVING THE PROVISIONS ON THE COMPANY'S MANAGEMENT BOARD IN THE NEW VERSION**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

**THE SPEAKER TOLD THE SHAREHOLDERS THAT IN THE NEW VERSION OF THE PROVISIONS: THE NUMBER OF ARTICLES HAS BEEN REDUCED, THERE HAS BEEN CERTAIN EDITING, AND THE ARTICLE ON REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD HAS BEEN REVISED.**

In the revision of the article on remuneration, in the same way as in the Provisions on the Board of Directors, the following system has been prepared:

- **THE BASE CHARACTERISTIC HAS BEEN ESTABLISHED FOR ASSIGNING THE REMUNERATION, VIZ.: A PERCENTAGE OF THE COMPANY'S PROFIT,**
- it has been established that the remuneration standard is determined by the Board of Directors,
- the official providing materials for remuneration distribution has been established this is the Chairperson of the Management Board,
- a possibility has been provided for Members of the Management Board to take part in option programmes.

In connection with significant changes, it is more convenient not to introduce a separate change, but to adopt a new version of the document.

The Board of Directors considered the proposed version of the “Provisions on the Management Board of OJSC North-West Telecom” and presented it for considering by the general meeting of the shareholders.

**PARTICIPANTS OF DEBATE:**

Shareholder Pavel Alexandrovich Churkin (the text of the speech is enclosed in Appendix No. 1);

**MOTION FOR VOTING:**

**7. PROVISIONS ON THE COMPANY’S MANAGEMENT BOARD SHALL BE APPROVED IN THE NEW VERSION**

**On the eighth issue of the agenda:**

**ON PAYMENT OF REMUNERATION AND REIMBURSEMENT TO THE MEMBERS OF COMPANY’S BOARD OF DIRECTORS**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

The speaker told the shareholders that the issue of payment of remuneration and reimbursement to the members of Company’s Board of Directors is within the terms of reference of the general meeting of the shareholders. The Committee for Reporting and Remuneration at the Board of Directors, headed by Independent Member of the Board of Directors I.I. Rodionov, considered and approved proposals on remuneration and compensation to Members of the Board of Directors, which are presented for approval by the general meeting of the shareholders.

**PARTICIPANTS OF DEBATE:**

Shareholder Sergey Ivanovich Bolshakov (the text of the speech is enclosed in Appendix No. 1);

Shareholder Victor Petrovich Konovalenko (the text of the speech is enclosed in Appendix No. 1);

Shareholder Sergey Mikhailovich Moiseyev (the text of the speech is enclosed in Appendix No. 1);

Shareholder Igor Valeryevich Zinichev (the text of the speech is enclosed in Appendix No. 1);

Shareholder Pavel Alexandrovich Churkin (the text of the speech is enclosed in Appendix No. 1);

**THERE HAVE BEEN QUESTIONS FROM:**

S.M. Moiseyev, shareholder;

I.A. Smirnova, shareholder;

I.L. Rudich, shareholder;

Cheryl Ann Seagsby, shareholder;

V.P. Konovalenko, shareholder.

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

N.G. Bredkov, Deputy General Manager – Corporate Management Director

**MOTION FOR VOTING:**

**THE FOLLOWING SHALL BE APPROVED:**

**8.1. THE AMOUNT OF REMUNERATION TO MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS ACCORDING TO THEIR TERM OF OFFICE:**

**QUARTERLY TO EACH MEMBER OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.0065% OF THE COMPANY'S PROCEEDS FROM SALES OF GOODS, PRODUCTS, JOBS OR SERVICES FOR THE REPORTING QUARTER ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS;**

**ANNUAL FOR ALL MEMBERS OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.4% OF THE NET PROFIT FOR THE YEAR UNDER REPORT ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS.**

**8.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S BOARD OF DIRECTORS, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS.**

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, spoke on the voting procedure in respect of the eighth issue of the Agenda.

In compliance with clause 2, article 49 of the Federal Law On Joint-Stock Companies, the decision in respect of the eighth issue of the agenda is taken by the majority of votes of the shareholders holding voting shares and taking part in the meeting of the shareholders.

**On the ninth issue of the agenda:**

**On PAYMENT OF REMUNERATION AND REIMBURSEMENT TO THE MEMBERS OF COMPANY'S AUDITING COMMITTEE**

**SPEAKER: Nikolay Gennadyevich Bredkov**, Deputy General Manager - Corporate Management Director.

The speaker told the shareholders that both the amount of remuneration and the amount of compensation to the members of the Company's Auditing Committee must be established, equal to all proven expenses related to their performance of the duties of members of the Auditing Committee.

**PARTICIPANTS OF DEBATE:**

Yaroslav Gritsko, representative of CJSC IK Univer (the text of the speech is enclosed in Appendix No. 1).

**THERE HAVE BEEN QUESTIONS FROM:**

M.N. Kiseleva, shareholder

**THE QUESTIONS HAVE BEEN ANSWERED BY:**

Alexandr Abramovich Sysoyev - General Manager of OJSC North-West Telecom

**MOTION FOR VOTING:**

**THE FOLLOWING SHALL BE APPROVED:**

**9.1. AMOUNT OF QUARTERLY REMUNERATION TO EACH MEMBER OF THE COMPANY'S AUDITING COMMITTEE, EQUAL TO 50% OF THE AMOUNT OF THE REMUNERATION PROVIDED FOR EACH MEMBER OF THE COMPANY'S BOARD OF DIRECTORS ON A QUARTERLY BASIS.**

**9.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S AUDITING COMMITTEE, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE AUDITING**

## COMMITTEE.

Chairman of the Meeting A.A. Sysoyev announced a 15 minutes break for voting on the issues of the Agenda of the Meeting and a 30 minutes break for summing up the results of voting on the issues of the Agenda of the Meeting.

**Ivan Vladimirovich Maximov**, a representative of the Returning Board, announced the voting results and the decisions taken.

### **1. Early termination of the powers of the Company's Board of Directors and electing the Company's Board of Directors**

#### **Voting results (ballot No.1)**

**1.1. The powers of the of the Company's Board of Directors shall be terminated earlier than initially planned.**

**654,076,212** votes participated in the voting, among them ballots containing all in all **3,594,165** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the first issue of the agenda
<b>IN FAVOUR</b>	<b>650,241,521</b>	<b>99.32%</b>
<b>AGAINST</b>	<b>72,807</b>	<b>0.01%</b>
<b>ABSTENTIONS</b>	<b>167,719</b>	<b>0.03%</b>

#### **1.2. The Company's Board of Directors shall be elected from the following list**

№	Full name of the candidate	Number of votes
<b>1</b>	Dmitry Leonidovich Ankudinov	<b>153,891</b>
<b>2</b>	Vadim Yevgenyevich Belov	<b>610,825,806</b>
<b>3</b>	Yury Alexandrovich Bilibin	<b>612,129,551</b>
<b>4</b>	Benjamin Stefan David Vilkening	<b>579,081,295</b>
<b>5</b>	Alexandr Alexandrovich Gogol	<b>612,744,773</b>
<b>6</b>	Boris Viktorovich Yevseyev	<b>226,004,484</b>
<b>7</b>	Yelena Viktorovna Zabuzova	<b>796,691</b>
<b>8</b>	Alexandr Vyacheslavovich Ikonnikov	<b>750,798,911</b>
<b>9</b>	Eduard Yuryevich Kuleshov	<b>76,925</b>
<b>10</b>	Dmitry Vladimirovich Levkovsky	<b>638,231,838</b>

<b>11</b>	Oleg Mikhaylovich Mikhaylov	<b>710,628</b>
<b>12</b>	Oxana Valeryevna Petrova	<b>458,820</b>
<b>13</b>	Irina Mikhailovna Ragozina	<b>614,775,923</b>
<b>14</b>	Ivan Ivanovich Rodionov	<b>584,737,507</b>
<b>15</b>	Sergey Vladimirovich Soldatenkov	<b>614,000,086</b>
<b>16</b>	Alexandr Abramovich Sysoyev	<b>552,578,657</b>
<b>17</b>	Valery Nikolayevich Yashin	<b>628,505,547</b>
	Against all the candidates	<b>164,186</b>
	Abstentions regarding all the candidates	<b>611,501</b>

Based on the results of voting on the first issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**1.1. EARLY TERMINATION OF THE POWERS OF THE COMPANY'S BOARD OF DIRECTORS**

**1.2. THE BOARD OF DIRECTORS SHALL BE ELECTED WITH THE FOLLOWING MEMBERS:**

- 1. Vadim Yevgenyevich Belov**
- 2. Yury Alexandrovich Bilibin**
- 3. Benjamin Stefan David Vilkening**
- 4. Alexandr Alexandrovich Gogol**
- 5. Alexandr Vyacheslavovich Ikonnikov**
- 6. Dmitry Vladimirovich Levkovsky**
- 7. Irina Mikhailovna Ragozina**
- 8. Ivan Ivanovich Rodionov**
- 9. Sergey Vladimirovich Soldatenkov**
- 10. Alexandr Abramovich Sysoyev**
- 11. Valery Nikolayevich Yashin**

**2. Early termination of the powers of the Company's General Manager Alexandr Abramovich Sysoyev, appointing the Company's General Manager and establishing the term of his/her office**

**Voting results (ballot No.2)**

**2.1. The powers of the Company's General Manager Alexandr Abramovich Sysoyev shall be terminated earlier than initially planned.**

**654,453,900** votes participated in the voting, among them ballots containing all in all **414,731** votes having been considered as invalid.

	<b>Voting results</b>
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Shareholders opinion	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the second issue of the agenda
<b>IN FAVOUR</b>	<b>640,000,238</b>	<b>97.75 %</b>
<b>AGAINST</b>	<b>322,922</b>	<b>0.05%</b>
<b>ABSTENTIONS</b>	<b>13,716,009</b>	<b>2.09%</b>

**2.2. Alexandr Abramovich Sysoyev shall be appointed the Company's General Manager for a period of two years.**

**654,453,900** votes participated in the voting, among them ballots containing all in all **423,467** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the second issue of the agenda
<b>IN FAVOUR</b>	<b>638,975,090</b>	<b>97.60%</b>
<b>AGAINST</b>	<b>857,459</b>	<b>0.13%</b>
<b>ABSTENTIONS</b>	<b>14,197,884</b>	<b>2.17%</b>

Based on the results of voting on the second issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**2.1. THE POWERS OF THE COMPANY'S GENERAL MANAGER ALEXANDR ABRAMOVICH SYSOYEV SHALL BE TERMINATED EARLIER THAN INITIALLY PLANNED.**

**2.2. ALEXANDR ABRAMOVICH SYSOYEV SHALL BE APPOINTED THE COMPANY'S GENERAL MANAGER FOR A PERIOD OF TWO YEARS.**

**3. Early termination of the powers of the members of the Auditing Committee of the Company and electing the Company's Auditing Committee**

**Voting results (ballot No.2)**

**3.1. The powers of the Company's Auditing Committee shall be terminated earlier than initially planned.**

**654,085,369** votes participated in the voting, among them ballots containing all in all **448,011** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the third issue of the agenda
<b>IN FAVOUR</b>	<b>639,587,920</b>	<b>97.69%</b>
<b>AGAINST</b>	<b>89,083</b>	<b>0.01 %</b>
<b>ABSTENTIONS</b>	<b>13,960,355</b>	<b>2.13%</b>

**3.2. The auditing committee of the company shall be elected according to the proposed list**

**653,298,549** votes participated in the voting

Full name of the candidate	Number of votes		
	In favour	Against	Abstentions
Konstantin Vladimirovich Belyaev	<b>637,136,384</b>	<b>436,092</b>	<b>13,878,253</b>
Lyubov Alexandrovna Greseva	<b>636,840,963</b>	<b>480,296</b>	<b>14,124,571</b>
Elena Alexandrovna Kukina	<b>636,848,110</b>	<b>479,560</b>	<b>14,122,268</b>
Andrey Yakovlevich Lang	<b>637,233,339</b>	<b>408,986</b>	<b>13,819,562</b>
Mariya Leonidovna Pravdina	<b>637,172,147</b>	<b>439,298</b>	<b>13,715,212</b>
Irina Viktorovna Prokofyeva	<b>637,151,790</b>	<b>425,507</b>	<b>13,735,012</b>
Natalia Vladimirovna Fedorova	<b>637,679,210</b>	<b>78,368</b>	<b>13,714,156</b>

Based on the results of voting on the third issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**3.1. THE POWERS OF THE COMPANY'S AUDITING COMMITTEE SHALL BE TERMINATED EARLIER THAN INITIALLY PLANNED.**

**3.2. TO ELECT THE AUDITING COMMITTEE OF THE COMPANY WITH THE FOLLOWING MEMBERS:**

- 1. Konstantin Vladimirovich Belyaev**
- 2. Lyubov Alexandrovna Greseva**
- 3. Elena Alexandrovna Kukina**
- 4. Andrey Yakovlevich Lang**
- 5. Mariya Leonidovna Pravdina**
- 6. Irina Viktorovna Prokofyeva**
- 7. Natalia Vladimirovna Fedorova**

**4. Approving the Articles of Association in a new version**

**Voting results (ballot No.3)**

**654,445,838** votes participated in the voting, among them ballots containing all in all **348,446** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the fourth issue of the agenda
<b>IN FAVOUR</b>	<b>252,436,034</b>	<b>38.56%</b>
<b>AGAINST</b>	<b>376,132,069</b>	<b>57.45%</b>
<b>ABSTENTIONS</b>	<b>25,529,289</b>	<b>3.90%</b>

Voting results in respect of the fourth issue of the Agenda (Minutes of the Returning Board are enclosed) show that the Meeting of the Shareholders HAS NOT TAKEN the decision on approving the Company's Articles of Association in the new version.

**5. Approving the Provisions on the Company's general meeting of the shareholders in a new version**

**Voting results (ballot No.3)**

654,452,262 votes participated in the voting, among them ballots containing all in all 206,115 votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the fifth issue of the agenda
<b>IN FAVOUR</b>	<b>628,221,454</b>	<b>95.96%</b>
<b>AGAINST</b>	<b>468,676</b>	<b>0.07%</b>
<b>ABSTENTIONS</b>	<b>25,556,017</b>	<b>3.90%</b>

Based on the results of voting on the fifth issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**5. APPROVING THE PROVISIONS ON THE COMPANY'S GENERAL MEETING OF THE SHAREHOLDERS, IN NEW VERSION**

**6. Approving the Provisions on the Board of Directors of the Company in a new version**

**Voting results (ballot No.3)**

654,452,159 votes participated in the voting, among them ballots containing all in all 204,717 votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the sixth issue of the agenda
<b>IN FAVOUR</b>	<b>627,859,361</b>	<b>95.90%</b>
<b>AGAINST</b>	<b>799,032</b>	<b>0.12%</b>
<b>ABSTENTIONS</b>	<b>25,589,049</b>	<b>3.91%</b>

Based on the results of voting on the sixth issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**6. TO APPROVE THE PROVISIONS ON THE BOARD OF DIRECTORS OF THE COMPANY IN A NEW VERSION**

**7. Approving the Provisions on the Company's Management Board, in new version**

**Voting results (ballot No.3)**

**654,452,125** votes participated in the voting, among them ballots containing all in all **206,341** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the seventh issue of the agenda



<b>IN FAVOUR</b>	<b>627,803,261</b>	<b>95.89%</b>
<b>AGAINST</b>	<b>550,487</b>	<b>0.08%</b>
<b>ABSTENTIONS</b>	<b>25,892,036</b>	<b>3.95%</b>

Based on the results of voting on the seventh issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**7. THE PROVISIONS ON THE COMPANY'S MANAGEMENT BOARD IN A NEW VERSION SHALL BE APPROVED.**

**8. Payment of remuneration and reimbursement to the members of Company's Board of Directors**

**Voting results (ballot No.4)**

**654,100,365** votes participated in the voting, among them ballots containing all in all **724,681** votes having been considered as invalid.

Shareholders opinion	Voting results	
	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the eighth issue of the agenda
<b>IN FAVOUR</b>	<b>637,472,621</b>	<b>97.37%</b>
<b>AGAINST</b>	<b>1,514,249</b>	<b>0.23%</b>
<b>ABSTENTIONS</b>	<b>14,388,814</b>	<b>2.20%</b>

Based on the results of voting on the eighth issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**THE FOLLOWING SHALL BE APPROVED:**

**8.1. AMOUNT OF REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS ACCORDING TO THEIR TERM OF OFFICE:**

**QUARTERLY TO EACH MEMBER OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.0065% OF THE COMPANY'S PROCEEDS FROM SALES OF GOODS, PRODUCTS, JOBS OR SERVICES FOR THE REPORTING QUARTER ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS;**

**ANNUAL FOR ALL MEMBERS OF THE BOARD OF DIRECTORS IN THE AMOUNT OF 0.4% OF THE NET PROFIT FOR THE YEAR UNDER REPORT ACCORDING TO THE DATA OF THE COMPANY'S ACCOUNTS AND REPORTS.**

**8.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S BOARD OF DIRECTORS, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS.**

**9. Payment of remuneration and reimbursement to the members of Company's Auditing Committee**

**Voting results (ballot No.4)**

**654,100,365** votes participated in the voting, among them ballots containing all in all **588,578** votes having been considered as invalid.

	Voting results

Shareholders opinion	Number of votes	Percentage of the total number of votes of the shareholders taking part in the meeting and entitled to a vote on the ninth issue of the agenda
<b>IN FAVOUR</b>	<b>637,615,925</b>	<b>97.39%</b>
<b>AGAINST</b>	<b>1,499,476</b>	<b>0.23%</b>
<b>ABSTENTIONS</b>	<b>14,396,386</b>	<b>2.20%</b>

Based on the results of voting on the ninth issue of the Agenda (reports of the Returning Board are enclosed), the Meeting of the Shareholders

**HAS DECIDED:**

**THE FOLLOWING SHALL BE APPROVED:**

**9.1. AMOUNT OF QUARTERLY REMUNERATION TO EACH MEMBER OF THE COMPANY'S AUDITING COMMITTEE, EQUAL TO 50% OF THE AMOUNT OF THE REMUNERATION PROVIDED FOR EACH MEMBER OF THE COMPANY'S BOARD OF DIRECTORS ON A QUARTERLY BASIS.**

**9.2. AMOUNT OF COMPENSATION TO THE MEMBERS OF COMPANY'S AUDITING COMMITTEE, EQUAL TO PROVEN EXPENSES RELATED TO THEIR PERFORMANCE OF THE DUTIES OF MEMBERS OF THE AUDITING COMMITTEE.**

Chairman of the meeting A.A. Sysoyev said that the shareholders were informed on the results of voting on the issues of the Agenda of the joint general meeting of the shareholders (extraordinary) and that the Decisions taken by the meeting were announced. The information on the results of the meeting will be published in the Izvestiya newspaper. A.A. Sysoyev announced that the joint general meeting of the shareholders (extraordinary) of OJSC North-West Telecom was closed.

The meeting was closed at: 16: 00