

**Open Joint Stock Company**

**“Sibirtelecom”**

Unaudited Consolidated Interim Financial Statements

*For a 9-month's period ended September 30, 2008.*

**Open Joint Stock Company “Sibirtelecom”**  
**Unaudited Consolidated Interim Financial Statements**  
*For a 9-month’s period ended September 30, 2008*

**Contents**

|   |          |
|---|----------|
| <b>Unaudited Consolidated Interim Balance Sheet .....</b>                     | <b>3</b> |
| <b>Unaudited Consolidated Interim Profit and Loss Statement .....</b>         | <b>4</b> |
| <b>Unaudited Consolidated Interim Statement of Cash Flows .....</b>           | <b>5</b> |
| <b>Unaudited Consolidated Interim Statement of Changes in Equity .....</b>    | <b>7</b> |
| <b>Notes to the Unaudited Consolidated Interim Financial Statements .....</b> | <b>8</b> |

**“Sibirtelecom” OJSC**  
**Unaudited Consolidated Interim Balance Sheet**  
**As of September 30, 2008**  
(million Russian rubles)

|  | Note | September 30 , 2008 | December 31, 2007 |
|--|------|---------------------|-------------------|
| <b>ASSETS</b>  |      |                     |                   |
| <b>Non-current assets</b>  |      |                     |                   |
| Main assets  | 6    | 41,538              | 40,523            |
| Intangible assets  | 7    | 4,295               | 4,003             |
| Investments in associates  | 9    | 16                  | 35                |
| Long-term investments  | 10   | 14                  | 16                |
| Long-term accounts receivable and other assets                   | 11   | 17                  | 38                |
| Long-term advances made  | 12   | 1 238               | 492               |
| <b>Total non-current assets</b>                                  |      | <b>47,118</b>       | <b>45,107</b>     |
| <b>Current assets</b>  |      |                     |                   |
| Inventories  | 13   | 587                 | 533               |
| Accounts receivable  | 14   | 2,422               | 2,153             |
| Prepaid income tax   |      | 302                 | 486               |
| Short-term investments   | 10   | 54                  | 125               |
| Other current assets   | 15   | 1,348               | 1,307             |
| Cash and cash equivalents  | 16   | 2,827               | 1,383             |
| <b>Total current assets</b>                                      |      | <b>7,540</b>        | <b>5,987</b>      |
| <b>Total assets</b>  |      | <b>54,658</b>       | <b>51,094</b>     |
| <b>EQUITY AND LIABILITIES</b>                                    |      |                     |                   |
| <b>Equity attributable to equity holders of the parent</b>       |      |                     |                   |
| Share capital  | 18   | 3,541               | 3,541             |
| Reserve of available-for-sale investments reappraisal            |      | 41                  | 97                |
| Unrealized gain and other reserves                               |      | 16,583              | 14,709            |
| <b>Total equity attributable to equity holders of the parent</b> |      | <b>20,165</b>       | <b>18,347</b>     |
| <b>Minority interest</b>   |      | <b>2</b>            | <b>2</b>          |
| <b>Total equity</b>  |      | <b>20,167</b>       | <b>18,349</b>     |
| <b>Non-current liabilities</b>                                   |      |                     |                   |
| Long-term borrowings   | 19   | 15,851              | 12,449            |
| Long-term finance lease liabilities                              | 20   | 215                 | 343               |
| Pension liabilities  |      | 3,696               | 3,449             |
| Deferred revenue   |      | 96                  | 106               |
| Deferred income tax liabilities                                  |      | 819                 | 802               |
| <b>Total non-current liabilities</b>                             |      | <b>20,677</b>       | <b>17,149</b>     |
| <b>Current liabilities</b>                                       |      |                     |                   |
| Accounts payable and accrued expenses                            | 23   | 5,041               | 6,516             |
| Current income tax payable                                       |      | 16                  | 2                 |
| Taxes and social security payable                                | 24   | 1,004               | 414               |
| Dividends payable  |      | 415                 | 14                |
| Short-term borrowings  | 19   | 1,599               | 548               |
| Portion of long-term borrowings to be paid within the year       | 19   | 5,508               | 7,561             |
| Current portion of long-term finance lease liabilities           | 20   | 230                 | 454               |
| Current portion of contingency reserve                           | 22   | 1                   | 87                |
| <b>Total current liabilities</b>                                 |      | <b>13,814</b>       | <b>15,596</b>     |
| <b>Total liabilities</b>   |      | <b>34,491</b>       | <b>32,745</b>     |
| <b>TOTAL EQUITY AND LIABILITIES TOTAL EQUITY AND LIABILITIES</b> |      | <b>54,658</b>       | <b>51,094</b>     |

General Director \_\_\_\_\_ A.I. Isaev

Chief Accountant \_\_\_\_\_ G.I. Khvoshchinskaya

*The accompanying notes form an integral part of these unaudited consolidated interim financial statements*

**“Sibirtelecom” OJSC**  
**Unaudited Consolidated Interim Profit and Loss Statement**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles, less earnings per share)

|   | Note       | 9 months of 2008 | 2007           |
|---|------------|------------------|----------------|
| <b>Revenues</b>   | <b>25</b>  | <b>27,917</b>    | <b>35,246</b>  |
| Wages, salaries, other employee benefits and payroll taxes  |            | (7,827)          | (11,156)       |
| Depreciation and amortization   | <b>6.7</b> | (5,276)          | (6,128)        |
| Interconnection charges – domestic operators  |            | (3,155)          | (3,838)        |
| Materials, repairs and maintenance, utilities   |            | (2,118)          | (2,894)        |
| Taxes other than income tax   |            | (670)            | (756)          |
| Interconnection charges – international operators   |            | (67)             | (77)           |
| Reversal (loss) of allowance for doubtful debts   |            | (26)             | 15             |
| Loss on disposal and depreciation of main assets and intangible assets  |            | (20)             | (226)          |
| Other operating expenses  | <b>26</b>  | (4,032)          | (4,943)        |
| Reimbursement of losses from providing universal communication services   |            | 454              | 472            |
| <b>Operating profit</b>   |            | <b>5,180</b>     | <b>5 715</b>   |
| Share of profit of associates   | <b>9</b>   | 2                | 7              |
| Interest expense, net   | <b>27</b>  | (1,360)          | (1,662)        |
| Gain on investments, net  | <b>28</b>  | 1                | 2              |
| Profit (loss) of foreign exchange gain, net   |            | (267)            | 108            |
| <b>Profit before income tax</b>   |            | <b>3,556</b>     | <b>4,170</b>   |
| <b>Income tax</b>   |            | <b>(991)</b>     | <b>(1,511)</b> |
| <b>Profit in the reporting period</b>   |            | <b>2,565</b>     | <b>2,659</b>   |
| <b>In distribution between:</b>   |            |                  |                |
| Equity holders of the parent  |            | <b>2,565</b>     | <b>2,659</b>   |
| Minority interests  |            | -                | -              |
| <b>Profit for the reporting period</b>  |            | <b>2,565</b>     | <b>2,659</b>   |
| Basic and diluted per share, for the profit for the year attributable to equity holders of the parent in rubles | <b>32</b>  | 0.16             | 0.17           |

General Director A.I. Isaev

Chief Accountant

G.I. Khvoshchinskaya

*The accompanying notes form an integral part of these unaudited consolidated interim financial statements*

**“Sibirtelecom” OJSC**  
**Unaudited Consolidated Interim Statement of Cash Flows**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

|  | <b>Note</b> | <b>9 months of 2008</b> | <b>2007</b>     |
|--|-------------|-------------------------|-----------------|
| <b>Cash flows from principal activities</b>  |             |                         |                 |
| Profit before income tax and shares of the minority                                      |             | 3,556                   | 4,170           |
| <b>Adjustments to compare profit (loss) with funds from principal activity</b>           |             |                         |                 |
| Depreciation and amortization  | <b>6.7</b>  | 5,276                   | 6,128           |
| Loss on disposal and depreciation of property, plant and equipment and intangible assets |             | 20                      | 226             |
| Profit (loss) of foreign exchange gain, net  |             | 267                     | (108)           |
| Share of profit of associates  | <b>9</b>    | (2)                     | (7)             |
| Gain on sale of investments, net   | <b>28</b>   | (1)                     | (2)             |
| Interest expense, net  | <b>27</b>   | 1,360                   | 1,662           |
| Charges (reversal) of allowance for doubtful debts                                       |             | 26                      | (15)            |
| Reversal of write-down of inventory to net realizable value                              |             | (13)                    | (21)            |
| Expenses of pension plans  |             | 661                     | 577             |
| <b>Operating income before working capital changes</b>                                   |             | <b>11,150</b>           | <b>12,610</b>   |
| Increase (decrease) in accounts receivable   |             | (293)                   | 8               |
| Decrease in other current assets   |             | 1,271                   | 2,011           |
| Decrease (increase) in inventories   |             | (49)                    | 15              |
| Increase in accounts payable and accrued expenses  |             | (1,262)                 | 269             |
| Decrease in taxes payable other than income tax  |             | 587                     | 67              |
| Settlement of pension obligations  |             | (412)                   | (363)           |
| Increase (decrease) of reserves for contingent liabilities                               |             | (85)                    | 31              |
| <b>Cash flows generated from principal activity</b>                                      |             | <b>10,907</b>           | <b>14,648</b>   |
| Interest paid  |             | (1,447)                 | (1,871)         |
| Income tax paid  |             | (759)                   | (1,737)         |
| <b>Net cash flows from principal activity</b>  | <b>—</b>    | <b>8,701</b>            | <b>11,040</b>   |
| <b>Cash flows from investment activity</b>   |             |                         |                 |
| Purchase of property, plant and equipment, and construction in progress                  |             | (8,194)                 | (11,341)        |
| Proceeds from sales of property, plant and equipment, and construction in progress       |             | 97                      | 475             |
| Purchase of intangible assets  |             | (608)                   | (1,376)         |
| Purchase and introduction of Oracle E-Business Suite software                            |             | (187)                   | (226)           |
| Purchase and introduction of Amdocs Billing Suite software                               |             | -                       | (100)           |
| Purchase of subsidiaries, net of cash acquired   |             | (80)                    | (1)             |
| Purchase of investments and other assets   |             | (2)                     | -               |
| Proceeds from disposal of investments and other assets                                   |             | 397                     | 16              |
| Interest received  |             | 57                      | 26              |
| Dividends received   |             | 3                       | 2               |
| <b>Net cash flows used in investment activity</b>  |             | <b>(8,517)</b>          | <b>(12,525)</b> |

**“Sibirtelecom” OJSC**  
**Unaudited Consolidated Interim Statement of Cash Flows**  
**for a 9-month’s period ended on September 30, 2008**  
**(continuation)**  
(million Russian rubles)

|   | Note      | 9 months of 2008 | 2007         |
|---|-----------|------------------|--------------|
| <b>Cash flows from financing activities</b>                               |           |                  |              |
| Proceeds from borrowings  |           | 6,225            | 12,209       |
| Repayment of borrowings   |           | (1,994)          | (6,567)      |
| Proceeds from bonds   |           | 2,000            | -            |
| Repayment of bonds  |           | (4,888)          | (2,200)      |
| Repayment of finance lease liabilities                                    |           | (415)            | (516)        |
| Repayment of equipment supplier liabilities                               |           | (384)            | (207)        |
| Proceeds from issue of promissory notes                                   |           | 1,256            | -            |
| Payment of bills  |           | (250)            | -            |
| Dividends paid  |           | (290)            | (337)        |
| <b>Net cash flows used in financing activities</b>                        |           | <b>1,260</b>     | <b>2,382</b> |
| <b>Increase in cash and cash equivalents</b>                              |           | <b>1,444</b>     | <b>897</b>   |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> | <b>16</b> | <b>1,383</b>     | <b>486</b>   |
| <b>Cash and cash equivalents at the end of the reporting period</b>       | <b>16</b> | <b>2,827</b>     | <b>1,383</b> |

General Director \_\_\_\_\_ A.I. Isaev

Chief Accountant \_\_\_\_\_ G.I. Khvoshchinskaya

*The accompanying notes form an integral part of these unaudited consolidated interim financial statements*

**“Sibirtelecom” OJSC**  
**Unaudited Consolidated Interim Statement of Change of Equity**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

|   | Share capital     |                    | Changes in the fair cost of<br>available-for-sale<br>investments | Unappropriated<br>profit and other reserves | TOTAL         | Minority interests | Total equity  |
|---|-------------------|--------------------|--|---|---------------|--------------------|---------------|
|   | Preference shares | Ordinary<br>shares |  |   |               |                    |               |
| <b>Balance as of December 31, 2006</b>                            | <b>869</b>        | <b>2,672</b>       | <b>87</b>  | <b>12,377</b>                               | <b>16,005</b> | <b>2</b>           | <b>16,007</b> |
| Profit for the reporting period                                   | -                 | -                  | -  | 2,659                                       | 2,659         | -                  | 2,659         |
| Changes in the fair cost of available-for-sale investments        | -                 | -                  | 10   | -   | 10            | -                  | 10            |
| <b>Total recognized gains and losses for the reporting period</b> | <b>-</b>          | <b>-</b>           | <b>10</b>  | <b>2,659</b>                                | <b>2,669</b>  | <b>-</b>           | <b>2,669</b>  |
| Dividends paid to equity holders of the parent                    | -                 | -                  | -  | (327)                                       | (327)         | -                  | (327)         |
| <b>Balance at December 31, 2007</b>                               | <b>869</b>        | <b>2,672</b>       | <b>97</b>  | <b>14,709</b>                               | <b>18,347</b> | <b>2</b>           | <b>18,349</b> |
| Profit for the reporting period                                   | -                 | -                  | -  | 2,565                                       | 2,565         | -                  |               |
| Changes in the fair cost of available-for-sale investments        | -                 | -                  | (56)   | -   | (56)          | -                  | (56)          |
| <b>Total recognized gains and losses for the period</b>           | <b>-</b>          | <b>-</b>           | <b>(56)</b>  | <b>2,565</b>                                | <b>2,509</b>  | <b>-</b>           |               |
| Dividends to equity holders of the parent                         | 33                | -                  | -  | (691)                                       | (691)         | -                  |               |
| <b>Balance as of September 30, 2008</b>                           | <b>869</b>        | <b>2,672</b>       | <b>41</b>  | <b>16,583</b>                               | <b>20,165</b> | <b>2</b>           | <b>20,167</b> |

General Director \_\_\_\_\_ A.I. Isaev

Chief Accountant \_\_\_\_\_ G.I. Khvoshchinskaya

*The accompanying notes form an integral part of these unaudited consolidated interim financial statements*

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**1. General Information**

**Confirmation**

The unaudited consolidated interim financial statements of Sibirtelecom OJSC and its subsidiaries (hereinafter “the Company”) for the nine months of 2008 ended September 30, 2008 were authorized for issue by General Director and Chief Accountant of the Company on December 19, 2008.

**Company**

The Company is an open joint stock company incorporated in accordance with the laws of the Russian Federation.

The registered office of the Company is located at 53 Maxima Gorkogo Street, Novosibirsk, Russian Federation, 630099.

The Company’s principal activity is providing telephone services (including local and intrazone communication), mobile radiotelephone communication (including access to communication services, to networks of other communication operators – external roaming), telegraph, data transmission services, leasing of communication channels and wireless communication services on the territory of 12 constituent entities of the Russian Federation.

Svyazinvest OJSC, controlled by the Government of the Russian Federation, is the Company’s parent company that owns 50.67% of Company’s ordinary voting stock as of September 30, 2008.

Information of the Company’s main subsidiaries is disclosed in Note 8. All subsidiaries are incorporated under the laws of the Russian Federation.

**2. Basis for the Presentation of Financial Statements**

**Statement of Compliance**

These unaudited consolidated interim financial statements are prepared and presented with deviations from International Accounting Standards (IAS) 34 “Interim financial Statements” as well as other international accounting standards (IFRS) and respective interpretations approved by the Committee of International Accounting Standards in the part of showing comparable data: in the unaudited consolidated interim statement of cash flows, unaudited consolidated interim statement of changes in equity, in the note on fixed assets.

All the information should be considered with consideration of Annual consolidated financial statements of the Company for the year ended December 31, 2007.

**Presentation of Financial Statements**

The financial statements on the basis of which the unaudited consolidated interim financial statements were prepared are made based on a unified accounting policy.

The unaudited consolidated interim financial statements of the Company are presented in millions of Russian Rubles, all amounts were rounded off to millionth digits unless otherwise specified.



**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**Accounting principles**

The unaudited consolidated interim financial statements are prepared based on accounting data and accounting reports that are made in accordance with the system of accounting regulation established by legislation of the Russian Federation, with adjustments and reclassifications required for the purpose of fair presentation of the financial position, results of operations and cash flows in accordance with requirements of IFRS.

The unaudited consolidated interim financial statements were prepared under the historical cost convention except the following items: fixed assets, the fair value of which was established at the moment of transition to IFRS; available-for-sale investments estimated at fair value.

**Changes in Company’s accounting policies**

The accounting policy applied is the same one used in the previous fiscal year. Adoption of new or revised standards and interpretations did not have any significant influence on the unaudited consolidated interim financial statements of the Company.

The following new interpretations came into force in 2008:

| <b>Introduced/Amended Standard / Interpretation</b>   | <b>Changes</b>   | <b>Effects</b>   |
|---|--|--|
| Interpretation No.11 of IFRS Interpretation Committee “IR\IFRS 2 – Transactions with shares of the group and own shares bought from shareholders”         | Determines in which cases transactions have to be considered transactions with payments using equity instruments or transactions using monetary funds in accordance with the requirements of IFRS 2.<br>It concerns the procedure for accounting of contracts with payments in the form of equity instruments with the participation of two or more enterprises from one group | The interpretation did not make any significant effect on the financial state or results of Company’s operation. |
| Interpretation No.12 of IFRS Interpretation Committee “Concession Agreements”   | Explains how undertaken obligations and rights obtained by concessionaires within concession agreements for providing services have to be accounted.   | The interpretation did not make any significant effect on the financial state or results of Company’s operation. |
| Interpretation No.14 of IFRS Interpretation Committee “IAS 19 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.” | This interpretation gives instructions on how to determine the limit of the surplus under a plan with fixed payments that can be recognized as an asset according to IAS 19 “Employee Benefits”.   | The interpretation did not make any significant effect on the financial state or results of Company’s operation. |

During the reporting period the Company did not apply any new or revised standards or interpretations ahead of time.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**Revision of statements of past periods**

***Fair value of property, plant and equipment***

As of January 01, 2003, the Company transferred to IFRS using provision 1 of IFRS “First-time Adoption of International Financial Reporting Standards”. The Company applied the exception allowed in IFRS 1 that allows an organization to estimate its fixed assets on the date of transfer to IFRS according to their fair value and to use this fair value as the actual value of the fixed assets. According to estimations of the management, the depreciated book value of Company’s fixed assets was approximately the same as their fair value. To confirm the fair value of the said assets, the management invited an independent appraiser. The independent appraiser finished the work in 2007.

**2.2 Foreign Currency Transactions**

The unaudited consolidated interim financial statements are given in million Russian rubles that are functional currency and the currency used for the unaudited consolidated interim financial statements of the Company. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All resulting differences are taken to the consolidated profit and loss statement as foreign exchange gains / (losses). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of initial transaction. Non-monetary items that are estimated at the fair value in a foreign currency are calculated according to the exchange rates as of the date of the determination of the fair value.

The exchange rates as of September 30, 2008 and December 31, 2007 were as follows:

| <b>Currency</b>              | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|------------------------------|---------------------------|--------------------------|
| Russian Rubles per US dollar | <b>25.25</b>              | <b>24.55</b>             |
| Russian Rubles per Euro      | <b>36.37</b>              | <b>35.93</b>             |

**3. Summary of Significant Accounting Policies**

The unaudited consolidated interim financial statements was prepared based on the unified accounting policy of the Company for 2008, which was a version of the accounting policy for the previous year corrected with consideration of the requirements in new/revised standards/interpretations.

**4. Essential accounting judgments and estimates**

**4.1. Judgments**

When applying the accounting policies, in addition to accounting estimates management of the Company made the following judgments that make the most significant effect on the amounts shown in the unaudited consolidated interim financial statements:

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

*Revenue recognition (principal / agent)*

Agency fees is related to provision of services when the Company acts as the agent in the transaction rather than as the principal. In the absence of specific guidance in IFRSs as to distinguishing between an agent and a principal, the management considered the following factors: although the Company gets receipts from the final customers, all credit risks are borne by the supplier of the services.

*Lease classification*

Lease is classified as finance lease if, under the lease contract, all substantial risks incidental to ownership are transferred to the leaseholder. Otherwise such lease is classified as operational lease. Whether some lease is a finance or operational one depends on the substance of the arrangement, not on its legal form. Unless the opposite can be reasonably argued, where the lease term exceeds 75% of the asset’s useful life, or where the discounted value of minimal lease payments at the commencement of the lease term amounts to at least 90% of the fair value of the leased asset, such lease is classified as finance lease.

**4.2. Estimation Uncertainty**

The key assumptions concerning future events and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are similar to those explained in the consolidated financial statements of the Company for 2007.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**5. Information according o the activity segments**

|   | <u>9 months of 2008</u>                    |  |                           |  |                                     |
|---|--|--|---------------------------|--|-------------------------------------|
|   | <b>Wire<br/>communication<br/>services</b> | <b>Mobile<br/>communication<br/>services</b> | <b>Other<br/>services</b> | <b>Without<br/>transactions within<br/>the Company</b> | <b>Total within the<br/>company</b> |
| <b>REVENUES</b>   |  |  |                           |  |                                     |
| Sales to third parties                                    | 19,291                                     | 7,420  | 1,206                     | -  | 27,917                              |
| Sales between segments                                    | 459  | 22   | 198                       | (679)  | -                                   |
| <b>Total revenue</b>                                      | <b>19,750</b>                              | <b>7,442</b>                                 | <b>1,404</b>              | <b>(679)</b>   | <b>27,917</b>                       |
| Financial result according to activity segments           | 3,214                                      | 2,117  | 222                       | -  | <b>5,553</b>                        |
| Intangible assets   |  |  |                           |  | <b>(373)</b>                        |
| <b>Income from core activity</b>                          |  |  |                           |  | <b>5,180</b>                        |
| Income from participation in associated companies         |  |  |                           |  | 2                                   |
| Expenses on interests, net                                |  |  |                           |  | (1,360)                             |
| Income from sale of investments                           |  |  |                           |  | 1                                   |
| Loss from rate differentials at currency revaluation, net |  |  |                           |  | (267)                               |
| Income tax  |  |  |                           |  | (991)                               |
| <b>Income at reporting period</b>                         |  |  |                           |  | <b>2,565</b>                        |
| <b>ASSETS AND LIABILITIES</b>                             |  |  |                           |  |                                     |
| Assets according to activity segments                     | 41,897                                     | 10,454                                       | 2,883                     | (592)  | 54,642                              |
| Investments in associated companies                       |  |  |                           |  | 16                                  |
| <b>Consolidated assets, total</b>                         |  |  |                           |  | <b>54,658</b>                       |
| Liabilities according to activity segments                | (8,113)                                    | (2,170)                                      | (561)                     | 592  | (10,252)                            |
| Liabilities   |  |  |                           |  | <b>(24,239)</b>                     |
| <b>Consolidated assets, total</b>                         |  |  |                           |  | <b>(34,491)</b>                     |
| <b>OTHER SEGMENT INFORMATION</b>                          |  |  |                           |  |                                     |
| Capital expenses  | 4,951                                      | 1,529  | 214                       | -  | 6,694                               |
| Amortization and depreciation                             | (3,719)                                    | (1,285)                                      | (272)                     | -  | (5,276)                             |
| Expenses connected with provision on doubtful debts       | (2)  | (24)   | -                         | -  | (26)                                |
| Income from devaluation of main assets                    | -  | 7  | -                         | -  | 7                                   |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

|   | 2007                              |                                     |                   |   |                             |
|---|-----------------------------------|-------------------------------------|-------------------|---|-----------------------------|
| REVENUES  | Wire<br>communication<br>services | Mobile<br>communication<br>services | Other<br>services | Without<br>transactions within<br>the Company | Total within the<br>company |
| Sales to third parties                                    | 24,712                            | 9,109                               | 1,425             | (866)   | <b>35,246</b>               |
| Sales between segments                                    | 674                               | 28                                  | 164               |   |                             |
| <b>Total revenue</b>                                      | <b>25,386</b>                     | <b>9,137</b>                        | <b>1,589</b>      | <b>(866)</b>                                  | <b>35,246</b>               |
| Financial result according to activity segments           | 3,945                             | 1,996                               | 164               | -   | <b>6,105</b>                |
| Intangible assets   |                                   |                                     |                   |   | <b>(390)</b>                |
| <b>Income from core activity</b>                          |                                   |                                     |                   |   | <b>5,715</b>                |
| Income from participation in associated companies         |                                   |                                     |                   |   | 7                           |
| Expenses on interests, net                                |                                   |                                     |                   |   | (1,662)                     |
| Income from sale of investments                           |                                   |                                     |                   |   | 2                           |
| Loss from rate differentials at currency revaluation, net |                                   |                                     |                   |   | 108                         |
| Income tax  |                                   |                                     |                   |   | (1,511)                     |
| <b>Income at reporting period</b>                         |                                   |                                     |                   |   | <b>2,659</b>                |
| <b>ASSETS AND LIABILITIES</b>                             | 37,374                            | 12,050                              | 2,423             | (788)   | 51,059                      |
| Assets according to activity segments                     |                                   |                                     |                   |   |                             |
| Investments in associated companies                       | (8,292)                           | (2,560)                             | (522)             | 788   | 35                          |
| <b>Consolidated assets, total</b>                         |                                   |                                     |                   |   | <b>51,094</b>               |
| Liabilities according to activity segments                |                                   |                                     |                   |   | (10,586)                    |
| Liabilities   |                                   |                                     |                   | —   | <b>(22,159)</b>             |
| <b>Consolidated assets, total</b>                         |                                   |                                     |                   |   | <b>(32 745)</b>             |
| <b>OTHER SEGMENT INFORMATION</b>                          | 8,498                             | 4,773                               | 17                |   | 13,288                      |
| Capital expenses  |                                   |                                     |                   |   |                             |
| Amortization and depreciation                             | (4,330)                           | (1,510)                             | (288)             | -   | (6,128)                     |
| Expenses connected with provision on doubtful debts       | 68                                | (53)                                | -                 | -   | 15                          |
| Income from devaluation of main assets                    | -                                 | (184)                               | -                 | -   | (184)                       |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

The Company provides wire and cellular communication services. The management believes that the Company introduces its activity within the one geographic segment.

The segments assets include mainly main assets intangible assets, reserves, accounts receivable, and cash assets less assets related to the Company as a whole. The segments liabilities include operational liabilities, credit and loan liabilities, liabilities connected with the property leasing, and do not include liabilities related to the Company as a whole. The capital expenses comprise of the main assets receipt. The loss of cost reduction and reserves belong to a segment only in the case, they are a part of segment assets.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**6. Fixed Assets**

|   | land, buildings<br>and structures | Switches and<br>transmission<br>devices | Construction in<br>progress and<br>equipment for<br>installation | Vehicles<br>and other<br>fixed assets | Total           |
|---|-----------------------------------|---|--|---------------------------------------|-----------------|
| <b>Original cost</b>  |                                   |   |  |                                       |                 |
| <b>As of December 31, 2006</b>                                | <b>17,642</b>                     | <b>21,291</b>                           | <b>3,637</b>   | <b>3,203</b>                          | <b>45,773</b>   |
| Additions   | -                                 | -                                       | 11,523   | -                                     | 11,523          |
| Put into operation  | 3,421                             | 7,048                                   | (11,394)   | 925                                   | -               |
| Mortality   | (168)                             | (440)                                   | (100)  | (59)                                  | (767)           |
| <b>As of December 31, 2007</b>                                | <b>20,895</b>                     | <b>27,899</b>                           | <b>3,666</b>   | <b>4,069</b>                          | <b>56,529</b>   |
| Additions   | -                                 | -                                       | 5,952  | -                                     | 5,952           |
| Additions in connection with acquisition of subsidiaries      | 5                                 | -                                       | -  | 24                                    | 29              |
| Put into operation  | 1,297                             | 2,371                                   | (4,443)  | 775                                   | -               |
| Mortality   | (174)                             | (111)                                   | (26)   | (54)                                  | (365)           |
| <b>As of September 30, 2008</b>                               | <b>22,023</b>                     | <b>30,159</b>                           | <b>5,149</b>   | <b>4,814</b>                          | <b>62,145</b>   |
| <b>Accumulated wear and accumulated depreciation</b>          |                                   |   |  |                                       |                 |
| <b>As of December 31, 2006</b>                                | <b>(4,582)</b>                    | <b>(4,667)</b>                          | <b>(204)</b>   | <b>(1,372)</b>                        | <b>(10,825)</b> |
| Accrued depreciation for the year                             | (1,302)                           | (3,167)                                 | -  | (879)                                 | (5,348)         |
| Depreciation of retired objects                               | 124                               | 181                                     | -  | 46                                    | 351             |
| Depreciation accrued  | (29)                              | (93)                                    | (67)   | (5)                                   | (194)           |
| Depreciation restored   | -                                 | 3                                       | 7  | -                                     | 10              |
| <b>As of December 31, 2007</b>                                | <b>(5,789)</b>                    | <b>(7,743)</b>                          | <b>(264)</b>   | <b>(2,210)</b>                        | <b>(16,006)</b> |
| Accrued for the reported period                               | (956)                             | (3,172)                                 | -  | (698)                                 | (4,826)         |
| Accrued depreciation of fixed assets of acquired subsidiaries | (1)                               | -                                       | -  | (13)                                  | (14)            |
| Depreciation of retired objects                               | 66                                | 120                                     | -  | 46                                    | 232             |
| Profit/loss from restoration/accrual/depreciation             | (11)                              | (33)                                    | 51   | -                                     | 7               |
| <b>as of September 30, 2008</b>                               | <b>(6,691)</b>                    | <b>(10,828)</b>                         | <b>(213)</b>   | <b>(2,875)</b>                        | <b>(20,607)</b> |
| <b>Depreciated cost</b>                                       |                                   |   |  |                                       |                 |
| <b>as of December 31, 2006</b>                                | <b>13,060</b>                     | <b>16,624</b>                           | <b>3,433</b>   | <b>1,831</b>                          | <b>34,948</b>   |
| <b>Depreciated cost as of December 31, 2007</b>               | <b>15,106</b>                     | <b>20,156</b>                           | <b>3,402</b>   | <b>1,859</b>                          | <b>40,523</b>   |
| <b>Depreciated cost as of September 30, 2008</b>              | <b>15,332</b>                     | <b>19,331</b>                           | <b>4,936</b>   | <b>1,939</b>                          | <b>41,538</b>   |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

As of September 30, 2008 and December 31, 2008 the book value of fixed assets obtained under a contract of finance lease was:

|   | September 30, 2008 | December 31, 2007 |
|---|--------------------|-------------------|
| Switches and transmission devices                       | 1,156              | 1,448             |
| Construction in progress and equipment for installation | 56                 | 81                |
| Vehicles and other fixed assets                         | 28                 | 34                |
| <b>Total from finance lease, book value</b>             | <b>1,240</b>       | <b>1,563</b>      |

Depreciation of fixed assets for the nine months of 2008 was recognized in full volume in item “Depreciation and amortization” of the unaudited consolidated interim profit and loss statement.

As of September 30, 2008 the original cost of fully depreciated fixed assets was 5,073 (as of December 31, 2007 – 3,668).

In the nine months of 2008 the Company increased the cost of construction in progress for the amount of capitalized interest of 43 (in the six months of 2007 – 157). The capitalization rate for the nine months of 2008 was 8% (as of December 31, 2007 – 9%).

**7. Intangible assets**

|  | Goodwil     | Licenses    | Software       | Numbering capacity | Other       | Total          |
|--|-------------|-------------|----------------|--------------------|-------------|----------------|
| <b>Original cost</b>                             |             |             |                |                    |             |                |
| <b>As of December 31, 2006</b>                   | <b>129</b>  | <b>74</b>   | <b>3 674</b>   | <b>86</b>          | <b>38</b>   | <b>4 001</b>   |
| Receipt  | -           | 37          | 1 697          | 14                 | 17          | 1 765          |
| Retirement                                       | -           | -           | (243)          | -                  | (15)        | (258)          |
| <b>As of December 31, 2007</b>                   | <b>129</b>  | <b>111</b>  | <b>5 128</b>   | <b>100</b>         | <b>40</b>   | <b>5 508</b>   |
| Receipt  | 74          | 37          | 620            | 3                  | 8           | 742            |
| <b>As of September 30, 2008</b>                  | <b>203</b>  | <b>148</b>  | <b>5 748</b>   | <b>103</b>         | <b>48</b>   | <b>6 250</b>   |
| <b>Accrued amortization and depreciation</b>     |             |             |                |                    |             |                |
| <b>As of December 31, 2006</b>                   | <b>(80)</b> | <b>(25)</b> | <b>(557)</b>   | <b>(33)</b>        | <b>(19)</b> | <b>(714)</b>   |
| Accrued amortization for the year                | -           | (15)        | (734)          | (23)               | (8)         | (780)          |
| Amortization of retired objects                  |             |             | 3              |                    | 15          | 18             |
| Depreciation accrued                             | -           | (20)        | -              | (9)                | -           | (29)           |
| <b>As of December 31, 2007</b>                   | <b>(80)</b> | <b>(60)</b> | <b>(1 288)</b> | <b>(65)</b>        | <b>(12)</b> | <b>(1 505)</b> |
| Accrued amortization for the reported period     | -           | (11)        | (422)          | (11)               | (6)         | (450)          |
| <b>As of September 30, 2008</b>                  | <b>(80)</b> | <b>(71)</b> | <b>(1 710)</b> | <b>(76)</b>        | <b>(18)</b> | <b>(1 955)</b> |
| <b>Depreciated cost as of December 31, 2006</b>  | <b>49</b>   | <b>49</b>   | <b>3 117</b>   | <b>53</b>          | <b>19</b>   | <b>3 287</b>   |
| <b>Depreciated cost as of December 31, 2007</b>  | <b>49</b>   | <b>51</b>   | <b>3 840</b>   | <b>35</b>          | <b>28</b>   | <b>4 003</b>   |
| <b>Depreciated cost As of September 30, 2008</b> | <b>123</b>  | <b>77</b>   | <b>4 038</b>   | <b>27</b>          | <b>30</b>   | <b>4 295</b>   |



**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**Oracle E-Business Suite (OEBS)**

As of September 30, 2008 software includes OEBS software with a net book value of 763 (as of December 31, 2007 – 933), including capitalized interest of 87 (as of December 31, 2007 – 135). Capitalization of interest in 2006 was discontinued due to a start of commercial use of part of OEBS related to accounting for non-current assets (release No.1). The remaining useful life of these licenses equals 7years.

The Company commenced the use of OEBS module related to accounting for non-current assets, Release No.1, in all of its branches.

The Company commenced amortization of OEBS software starting November 30, 2005. The period of its use was determined as 10 years.

**Amdocs Billing Suite Software**

As of September 30, 2008 software also includes Amdocs Billing Suite software with a net book value of 876 (as of December 31, 2007 – 921). This software was purchased for the purpose of the implementation of unified automated billing system. The project of implementation of the unified automated billing system is expected to last 4-5 years.

The Company will commence amortization of this asset from the date when the software is put into commercial use. Up to that moment the Company intends to perform an annual depreciation test of the asset.

**CBOSS Billing Suite Software**

As of September 30, 2008 software also includes CBOSS Billing Suite software with a net book value of 399 (as of December 31, 2007– 441). This software is used as a billing system by subsidiaries of Yeniseytelecom CJSC and Baikalwestcom CJSC.

**HP Open view software**

As of September 30, 2008 the net book value of HP Open View amounts to 103 (as of December 31, 2007–103). This software is used for automation of informational processes in Company. As of June 30, 2007 this software is not ready for used. Full implementation of the HP Service desk software is expected to be completed by the end of 2012.

As of 31 December 2007 the HP Open View Service Activator software has a net book value of 259 (as of December 31, 2007– 259). This software is used for automatic control of activation of subscribers. Full implementation of the Open View Service Activator software is expected to be completed by the end of 2010.

**Depreciation of intangible assets**

The Company regularly performs analysis of its goodwill, intangible assets not yet available for use with respect to depreciation. These assets comprise Amdocs Billing Suite, certain modules of OEBS and numbers’ capacity relating to the subsidiaries “Yeniseytelecom” CJSC and “Baikalwestcom” CJSC.

Examination of above mentioned intangible assets done by Company management showed that as of September 30, 2008 the assets were not depreciated.

**8. Subsidiaries**

The unaudited consolidated interim financial statements include the assets, liabilities and financial results of OJSC Sibirtelecom, as well as its subsidiaries whose main activity is provision of cellular and other telecommunication services.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

The subsidiaries are listed below:

| Subsidiary   | Activity                             | Ownership in fixed assets and other rights, % |                  | Voting shares, %  |                  |
|--|--------------------------------------|---|------------------|-------------------|------------------|
|  |                                      | September 30 2008                             | December 31 2007 | September 30 2008 | December 31 2007 |
| Yeniseytelecom CJSC  | Cellular services (GSM 900 and 1800) | 100.00  | 100.00           | 100.00            | 100.00           |
| Baikalwestcom CJSC   | Cellular services (GSM 900 and 1800) | 100.00  | 100.00           | 100.00            | 100.00           |
| ChitaNET CJSC  | Data transmission and telematics     | 100.00  | 100.00           | 100.00            | 100.00           |
| Altaiskaya Telecommunicatsionnaya kompaniya STeK GSM CJSC <sup>1</sup> | Local telephone network services     | 100.00  | 100.00           | 100.00            | 100.00           |
| Rinet OJSC   | Cellular services (GSM 900 and 1800) | 100.00  | 100.00           | 100.00            | 100.00           |
| ATS-32 CJSC  | Network services                     | 100.00  | 100.00           | 100.00            | 100.00           |
| ATS-41 CJSC  | Local calls, internet                | 100.00  | 100.00           | 100.00            | 100.00           |
| Mobiltelecom OJSC  | Local calls, internet                | 100.00  | 100.00           | 100.00            | 100.00           |
| Novocom CJSC   | Cellular services and Internet       | 91.75   | 1.75             | 91.75             | 91.75            |
| AltaiSVyaz OJSC <sup>1</sup>   | Local calls, internet                | 100.00  | 50.00            | 100.00            | 50.00            |
|  | Cellular services                    | 99.72   | 99.72            | 99.72             | 99.72            |

On April 23, 2008 the Company acquired additional 50.00 % of ordinary voting shares of Novocom CJSC at the cost of 95 and obtained control over it. The management considers that the book value of the identified assets, liabilities and contingencies of Novocom CJSC corresponds to their fair value as of the date of their purchase. The difference between the fair value of the acquired share of the minority share in net assets of the Company and the paid cost was 75 and was recognized as goodwill.

<sup>1</sup> Indirect ownership through Yeniseytelecom CJSC

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

Management of the Company preliminary distributed the cost of acquirement of 50.00% Novocom CJSC as follows:

|   |           |
|---|-----------|
| <b>Cost value</b>   |           |
| Paid in cash  | 95        |
| <b>Fair value of identified assets and liabilities:</b>   |           |
| Fixed assets, net   | 15        |
| Accounts receivable, net                                  | 17        |
| Cash and cash equivalents                                 | 15        |
| Short-term liabilities                                    | (6)       |
| Long-term liabilities                                     | (1)       |
| <b>Total net assets</b>                                   | <b>40</b> |
| Company’s share in acquired net assets                    | 50.00 %   |
| Fair value of the acquired share in identified net assets | 20        |
| <b>Goodwill arising from the acquisition</b>              | <b>75</b> |

**9. Investments in associates**

As of September 30, 2008 and 2007 investments in associates comprised the following:

| <b>Associate</b>        | <b>Activity</b>   | <b>September 30,</b>     |                   |
|-------------------------|---|--------------------------|-------------------|
|                         |   | <b>Voting shares, %</b>  | <b>2008</b>       |
|                         |   |                          | <b>Fair value</b> |
| Giprosvyaz-Sibir LLC    | Project engineering,<br>development<br>of project documentation | 24.00                    | 4                 |
| Loktelecom OJSC         | Local telephone network<br>services                             | 36.56                    | 12                |
| <b>Total associates</b> | -   | -                        | <b>16</b>         |
|                         |   | <b>December 31, 2007</b> |                   |
| <b>Associate</b>        | <b>Activity</b>   | <b>Voting shares, %</b>  | <b>Fair value</b> |
| Novocom CJSC            | Local telephone network<br>services, internet services          | 50,00                    | 19                |
| Giprosvyaz-Sibir LLC    | Project engineering,<br>development of project<br>documentation | 24,00                    | 4                 |
| OJSC Loktelecom         | Local telephone network<br>services                             | 36,56                    | 12                |
| <b>Total associates</b> | -   | -                        | <b>35</b>         |

All the above companies are Russian legal entities registered in accordance with the Russian legislation, and have the same fiscal year as the Company.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

Investments movements in associated companies for the period ended September 30, 2008 and December 31, 2007 is provided below:

|  | September 30, 2008 | December 31, 2007 |
|--|--------------------|-------------------|
| <b>Investments in associated companies as of the beginning of the reporting period</b> | <b>35</b>          | <b>32</b>         |
| Profit from participation in associated companies net of income tax                    | 2                  | 5                 |
|  | (21)               | -                 |
|  | -                  | (2)               |
| Reclassification of financial investments  | <u>16</u>          | <u>35</u>         |
| Disposal of investments in associates  |                    |                   |

**Investments in associated companies as of the end of the reporting period**

The Company has investments in the following associates, the net assets of which are negative as of September 30, 2008 and December 31, 2007:

| Associate                          | Activity          | Voting shares, % | Net assets as of      |                      |
|------------------------------------|-------------------|------------------|-----------------------|----------------------|
|                                    |                   |                  | September 30,<br>2008 | December 31,<br>2007 |
| Irkutskaya Raschetnaya Palata OJSC | Internet services | 34.00            | -                     | -                    |

Summarized information on most significant associates is given below:

| Associate                          | Voting shares, % | Assets | Liabilities | Revenues | Net profit (loss) |
|------------------------------------|------------------|--------|-------------|----------|-------------------|
| <b>as of September 30, 2008</b>    |                  |        |             |          |                   |
| Giprosvyaz-Sibir LLC               | 24.00%           | 17     | 3           | 3        | (1)               |
| Irkutskaya Raschetnaya Palata OJSC | 34.00%           | 2      | 3           | -        | -                 |
| Locktelecom OJSC                   | 36.56%           | 45     | 12          | 27       | 2                 |
| <b>as of December 31, 2007</b>     |                  |        |             |          |                   |
| Novocom CJSC                       | 50.00%           | 45     | 5           | 73       | 11                |
| Giprosvyaz-Sibir LLC               | 24.00%           | 19     | 1           | 54       | 5                 |
| Irkutskaya Raschetnaya Palata OJSC | 34.00%           | 2      | 3           | -        | -                 |
| Svyazinvest-Media Sibir LLC        | 25.01%           | 14     | 15          | 12       | -                 |
| Locktelecom OJSC                   | 36.56%           | 44     | 12          | 36       | 2                 |

In accordance with the decision of the Board of Directors (Order No OK-381 of July 03, 2008) in July, 2008 the Company ceased its participation in “Svyazinvest-Media-Sibir” LLC by selling its share of the authorized capital in the amount of 25.01%.

**10. Long-term and short-term financial investments**

As of September 30, 2008 and 2007 the financial investments comprised the following:

|  | September 30, 2008. | December 31, 2007. |
|--|---------------------|--------------------|
| Long-term investments available for sale | 14                  | 16                 |
| <b>Total long-term investments</b>       | <u><b>14</b></u>    | <u><b>16</b></u>   |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

|   | <b>September 30, 2008.</b> | <b>December 31, 2007.</b> |
|---|----------------------------|---------------------------|
| Short-term investments available for sale | 52                         | 125                       |
| Short-term investments before maturity    | 2                          | -                         |
| <b>Total short-term investments</b>       | <b>54</b>                  | <b>125</b>                |
| <b>Total financial investments</b>        | <b>68</b>                  | <b>141</b>                |

As of September 30, 2008 and 2007 financial investments for sale and payment included:

| Name of Company  | September 30, 2008 |           | December 31, 2007. |            |
|--|--------------------|-----------|--------------------|------------|
|  | Particip.<br>share | Fair cost | Particip.<br>share | Fair cost  |
| <b>Long-term financial investments available for sale</b>          |                    |           |                    |            |
| NTK Zvezda OJSC  | 1.665%             |           | 1.665%             |            |
| Svyazintek OJSC  | 11.00%             | 13        | 11.00%             | 13         |
| Svyaz-bank Joint-Stock Bank OJSC                                   | 0.01%              | -         | 0.01%              | -          |
| Other  | -                  | 1         | -                  | 3          |
| <b>Total long-term financial investments</b>                       |                    | <b>14</b> |                    | <b>16</b>  |
| <b>Short-term financial investments available for sale</b>         | 0.01%              | 52        | 0.01%              | 125        |
| Sberbank RF OJSC   |                    |           |                    |            |
| <b>Short-term financial investments before maturity</b>            |                    | 2         |                    |            |
| Bank deposit   |                    |           |                    |            |
| <b>Total short-term financial investments</b>                      | -                  | <b>54</b> | -                  | <b>125</b> |
| <b>Total financial investments available for sale and maturity</b> | -                  | <b>68</b> | -                  | <b>141</b> |

As of September 30, 2008 the short-term financial investments derived until maturity include bank deposits of ATS-32 OJSC subsidiary with the maturity period from 3 months to 1 year in the sum of 2 interest rate from 10.05 % to 10.75 % (as of December 31, 2007 - 0).

#### 11. Long-term receivables and other financial instruments

As of September 30, 2008 and December 31, 2007 long-term receivables and other financial instruments were as follows:

|                        | <b>September 30, 2008</b> | <b>December 31, 2007.</b> |
|------------------------|---------------------------|---------------------------|
| Long-term receivables  | 10                        | 15                        |
| Long-term loans issued | 7                         | 23                        |
| <b>Total</b>           | <b>17</b>                 | <b>38</b>                 |

As of September 30, 2008 and December 31, 2007 the issued long-term loans are shown according to the amortized cost method with the effective interest rate of 17 % (as of December 31, 2007 - 19 %).

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**12. Long-term advances made**

As of September 30, 2008 and December 31, 2007 advances made to suppliers comprised the following:

|  | <u>September 30, 2008</u> | <u>December 31, 2007</u> |
|--|---------------------------|--------------------------|
| Acquisition of fixed assets objects                    | 1 115                     | 444                      |
| Other long-term advances made for investments          | 65                        | 26                       |
| Acquisition and integration of Oracle E-Business Suite | 63                        | 29                       |
| Provision for advance impairment                       | (5)                       | (7)                      |
| <b>Total</b>   | <b><u>1238</u></b>        | <b><u>492</u></b>        |

**13. Inventories**

As of September 30, 2008 and December 31, 2007 inventories included:

|   | September 30, 2008 | December 31, 2007 |
|---|--------------------|-------------------|
| Cable and materials                           | 192                | 180               |
| Finished goods and goods for resale           | 120                | 85                |
| Construction materials, fuels and instruments | 52                 | 46                |
| Other inventories                             | 223                | 222               |
| <b>Total</b>                                  | <b>587</b>         | <b>533</b>        |

**14. Accounts receivable**

As of September 30, 2008 and December 31, 2007 accounts receivable comprised the following :

|  | <b>Total, as of<br/>September 30, 2008</b> | <b>Provision for<br/>doubtful debts</b> | <b>Net,<br/>as of September,<br/>2008</b> |
|--|--|---|---|
| Individuals  | 1,371                                      | (275)                                   | 1,096                                     |
| Communication operators  | 654  | (59)                                    | 595                                       |
| Profit-making customers  | 440  | (47)                                    | 393                                       |
| State-financed customers   | 248  | (5)                                     | 243                                       |
| Social protection organizations – reimbursement of expenses related to discounts granted to specific categories of subscribers | 5  | (5)                                     | -   |
| Other accounts receivable  | 116  | (21)                                    | 95  |
| <b>Total accounts receivable</b>   | <b><u>2,834</u></b>                        | <b><u>(412)</u></b>                     | <b><u>2,422</u></b>                       |
|  | <b>Total, as of<br/>September 30, 2008</b> | <b>Provision for<br/>doubtful debts</b> | <b>Net,<br/>as of September,<br/>2008</b> |
| Individuals  | 1 276                                      | (249)                                   | 1 027                                     |
| Communication operators  | 773  | ( 103)                                  | 670                                       |
| Profit-making customers  | 308  | (42)                                    | 266                                       |
| State-financed customers   | 132  | (5)                                     | 127                                       |
| Social protection organizations – reimbursement of expenses related to discounts granted to specific categories of subscribers | 13   | (13)                                    | -   |
| Other accounts receivable  | 74   | (11)                                    | 63  |
| <b>Total accounts receivable</b>   | <b><u>2 576</u></b>                        | <b><u>(423)</u></b>                     | <b><u>2 153</u></b>                       |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

As of September 30, 2008 and December 31, 2007 accounts receivable were expressed in the following currencies:

|                                  | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|----------------------------------|---------------------------|--------------------------|
| Russian rubles                   | 2,419                     | 2,148                    |
| US dollars                       | 3                         | 5                        |
| <b>Total accounts receivable</b> | <b>2,422</b>              | <b>2,153</b>             |

The debt of social protection authorities connected with reimbursement of expenses of providing benefits for specific categories of subscribers as of September 30, 2008 is 0.18% of the total amount of accounts receivable of the customers (as of December 31, 2007 – 0.50%)

**15. Other current assets**

As of September 30, 2008 and December 31, 2007 other current assets comprised the following :

|                                      | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|--------------------------------------|---------------------------|--------------------------|
| Prepayments and advance payments     | 393                       | 203                      |
| VAT receivable                       | 262                       | 501                      |
| Deferred expenses                    | 142                       | 122                      |
| Settlements with personnel           | 40                        | 32                       |
| Other prepaid taxes                  | 27                        | 41                       |
| Other receivables and current assets | 484                       | 408                      |
| <b>Total other current assets</b>    | <b>1,348</b>              | <b>1,307</b>             |

As of September 30, 2008 and December 31, 2007 the amount or the reserve for the reduction of cost of other current assets was 73 (December 31, 2007 – 82).

**16. Cash and cash equivalents**

As of September 30, 2008 and December 31, 2007 cash and cash equivalents comprised the following:

|  | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|--|---------------------------|--------------------------|
| Cash in banks and cash-desks   | 2,529                     | 1,376                    |
| Short-term deposits and bills receivable with date to maturity no longer than 3 months | 298                       | 7                        |
| <b>Total cash and cash equivalents</b>   | <b>2,827</b>              | <b>1,383</b>             |

Amounts in the Cash in banks and cash-desks item as of September 30, 2008 and December 31, 2007 were expressed in the following currencies:

|   | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|---|---------------------------|--------------------------|
| Russian rubles                            | 2,823                     | 1,364                    |
| US dollars                                | 2                         | 19                       |
| Euros                                     | 2                         | -                        |
| <b>Total cash in banks and cash-desks</b> | <b>2,827</b>              | <b>1,383</b>             |

As of September 30, 2008 the cash assets and their equivalents include bank deposits of such subsidiaries as Mobiltelecom OJSC, ATS-32 CJSC, ATS-41 CJSC, Novocom CJSC, Yeniseytelecom CJSC with the maturity period of up to three months inclusive in the amount of 298 (as of December 31, 2007 - 7) with the interest rate of 3.5 % to 12 %.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**17. Significant non-cash transactions**

The Company made no new leasing agreements for purchasing equipment in the nine months of 2008 (in 2007 the Company got equipment in the amount of 466).

**18. Authorized capital**

As of September 30, 2008 the par and the book value of ordinary and preference shares was as follows:

| Type of share                   | Number of shares<br>outstanding (million<br>shares) | Par value of a<br>share (rubles) | Total par value | Total book<br>value |
|---------------------------------|---|----------------------------------|-----------------|---------------------|
| Ordinary                        | 12,011  | 0.15                             | 1,802           | 2,672               |
| Preference                      | 3,909   | 0.15                             | 586             | 869                 |
| <b>As of September 30, 2008</b> | <b>15,920</b>                                       | <b>-</b>                         | <b>2,388</b>    | <b>3,541</b>        |

The difference between the par value and the book value of the shares represents the effect of inflation during the periods before January 1, 2003. All issued shares have been entirely paid for.

The structure of the Group’s shareholding as of September 30, 2008 was as follows:

| Shareholders                            | Equity<br>share % | Ordinary shares<br>Quantity | %               | Preferences<br>Quantity | %           |
|---|-------------------|-----------------------------|-----------------|-------------------------|-------------|
| <b>Legal entities, total:</b>           | <b>2.3</b>        | <b>11 478 256 591</b>       | <b>95.6</b>     | <b>3,211,711,444</b>    | <b>82.2</b> |
| - Svyazinvest OJSC                      | 38.2              | 6,086,601,672               | 50.<br>7        | -                       | -           |
| - those with more than 5 % shares       | 49.7              | 4,974,789,118               | 41.<br>4        | 2,916,927,685           | 74.7        |
| including:                              |                   |                             |                 |                         |             |
| • Ing Bank Eurasia (NH) CJSC            | 19.5              | 2,008,580,921               | 16.<br>7        | 1,089,649,275           | 27.9        |
| • NP National Depository Centre (NH)    | 12.5              | 1,699,238,969               | 14.<br>1        | 284,976,234             | 7.3         |
| • Depository-clearing Company CJSC (NH) | 11.8              | 1,003,186,271               | 8.<br>4         | 870,484,306             | 22.3        |
| • UBS Nominees (NH)                     | 5.9               | 263,782,957                 | 2.<br>2         | 671,817,870             | 17.2        |
| - other                                 | 4.4               | 416,856,801                 | 3.<br>5         | 294,783,759             | 7.5         |
| <b>Individuals, total:</b>              | <b>7.7</b>        | <b>533,145,238</b>          | <b>4.<br/>4</b> | <b>696,708,570</b>      | <b>17.8</b> |
| <b>Grand total</b>                      | <b>100</b>        | <b>12,011,401,829</b>       | <b>10<br/>0</b> | <b>3,908,420,014</b>    | <b>100</b>  |



**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

The ordinary shareholders are entitled to one vote per share.

Preference shares give the holders the right to participate in general shareholders’ meetings without voting rights except in instances where decisions are made in relation to reorganization or liquidation of the Company and amendments to the Company’s charter which restrict the rights of preference shareholders. Preference shares have no rights of redemption or conversion but carry non-cumulative dividends per share of 10% of net profit for the year per statutory financial statements prepared under the Russian accounting principles. If the Company fails to pay dividends, or has no profits in any year, the preference shareholders have the right to vote on all issues within the competence of a general shareholders’ meeting. Owners of preference shares have the right to participate in and vote on all issues within the competence of annual general shareholders’ meetings following the annual shareholders’ general meeting at which a decision not to pay (or to pay partially) dividends on preference shares has been taken. The annual amount of dividends on preference shares may not be less than dividends on ordinary shares. Thus, the owners of preference shares participate in earnings along with ordinary shareholders. Accordingly, the Company’s preference shares are considered participating equity instruments for the purpose of earnings per share calculations.

In case of liquidation, the assets of the Company remaining after settlement with creditors, payment of dividends and the liquidating value of preferred shares is distributed among preferred and ordinary shareholders proportionately to the number of owned shares.

as of September 30, 4,136,454 ADRs were issued. They made up 6.89 % of all ordinary shares issued.

The following table shows movement of registered ADRs in 2006-2008:

|                           | <b>ADR<br/>(quantity)</b> | <b>Ordinary Shares<br/>Equivalent (quantity)</b> | <b>Ordinary<br/>Shares<br/>%</b> | <b>Authorized Capital<br/>%</b> |
|---------------------------|---------------------------|--|----------------------------------|---------------------------------|
| <b>December 31, 2006</b>  | <b>1,799,767</b>          | <b>1,439,813,600</b>                             | <b>12.00</b>                     | <b>9.0</b>                      |
| Reduction 2007            | ( 521,546)                | ( 417,236,800)                                   |                                  |                                 |
| <b>December 31, 2007</b>  | <b>1,278,221</b>          | <b>1,022,576, 800</b>                            | <b>8.5</b>                       | <b>6.4</b>                      |
| Reduction 2008            | 2,858,233                 | ( 195,286,000)                                   |                                  |                                 |
| <b>September 30, 2008</b> | <b>4,136,454</b>          | <b>827,290,800</b>                               | <b>6.89</b>                      | <b>5.2</b>                      |

A significant increase of the number of issued ADRs in the nine months of 2008 is connected with the fact that on July 31, 2008 the company changed the conversion coefficient of its ADRs of the 1 level issued for ordinary shares. The ADR holders received three additional receipts for each ADR (1 ADR confirms the right for 200 ordinary shares of the Company., Before that 1 ADR confirmed the right for 800 ordinary shares of the Company).

Currently, the ADRs are traded on the following stock markets:

| <b>Stock market</b>                            | <b>CUSIP (WKN)</b> | <b>ADR ticker</b> | <b>ISIN</b>  |
|--|--------------------|-------------------|--------------|
| Over-the-counter (OTC) market (USA)            | 825735103          | SBTLY             | US8257351036 |
| Berlin Stock Exchange (Freiverkehr segment)    | 260452             | S3T1.BER          | US8257351036 |
| Frankfurt Stock exchange (Freiverkehr segment) | 260452             | S3T1.FRA          | US8257351036 |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**19. Debts under credits and loans**

As of September 30, 2008 and December 31, 2007 debts under credits and loans comprised the following:

| <i>Short-term liabilities</i>             | <b>Interest rate</b>    | <b>Maturity</b> | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|---|-------------------------|-----------------|---------------------------|--------------------------|
| Bank loans (rubles)                       | 9.5 - 11%               | 2008            | 290                       | 290                      |
| Bank loans (US Dollars)                   | 5.05 - 6.8%             | 2008            | 236                       | 10                       |
| Bank loans (US Dollars)                   | Libor + 1.1%;           | 2008            | 2                         | 246                      |
| Bank loans (Euros)                        | +1.3%; +2.2%;<br>+3.75% |                 | 260                       |                          |
|   | Euribor + 2 %           | 2008            | 1                         | 2                        |
| <b>Total bank credits and loans</b>       |                         |                 | <b>499</b>                | <b>548</b>               |
| <b>Promissory notes (rubles)</b>          |                         |                 | <b>1,100</b>              | -                        |
| <b>Total short-term credits and loans</b> |                         |                 | <b>1,599</b>              | <b>548</b>               |

|   | <b>Interest rate</b>    | <b>Maturity</b> | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|---|-------------------------|-----------------|---------------------------|--------------------------|
| <i>Long-term liabilities</i>  |                         |                 |                           |                          |
| Bank loans (rubles)   | 7 - 13 %                | 2008 - 2012     | 11,541                    | 9,547                    |
| Bank loans (US Dollars)   | 5.05 - 9.15 %           | 2008 - 2012     | 2,839                     | 888                      |
| Bank loans (US Dollars)   | Libor +                 | 2008 2012       | 1,531                     | 607                      |
| Bank loans (Euros)  | +1.3%; +2.2%;<br>+3.75% |                 |                           |                          |
|   | Euribor + 2 %           | 2008 - 2012     | 1,243                     | 1,860                    |
| <b>Total bank credits and loans</b>   |                         |                 | <b>17,154</b>             | <b>12,902</b>            |
| <b>Bonds (rubles)</b>   |                         | 2008 - 2010     | <b>4,194</b>              | <b>7,094</b>             |
| <b>Vendor financing (US Dollars)</b>  | 7.15 - 8.14 %           | 2008            | <b>3</b>                  | <b>6</b>                 |
| <b>Promissory notes (rubles), less:</b>   |                         |                 | <b>8</b>                  | <b>8</b>                 |
| <b>Current portion of long-term liabilities and loans to mature within a year</b> |                         |                 | <b>(5,508)</b>            | <b>(7,561)</b>           |
| <b>Total long-term credits and loans</b>  |                         |                 | <b>15,851</b>             | <b>12,449</b>            |

As of September 30, 2008 and December 31, 2007 the credits and loans were expressed in the following currencies:

|              | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|--------------|---------------------------|--------------------------|
| Rubles       | 17,079                    | 16,939                   |
| US Dollars   | 4,635                     | 1,757                    |
| Euros        | 1,244                     | 1,862                    |
| <b>Total</b> | <b>22,958</b>             | <b>20,558</b>            |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

The debt under credits and loans includes interests liabilities, and as of September 30, 2008 it amounts to 235 (as of December 31, 2007 -244).

As of September 30, 2008 the bank loans have provision in main assets, which total amount is about 6,232 (as of December 31, 2007 - 5,532).

As of September 30, 2008 the debt under credits and loans had the following maturity schedule:

| <b>Maturity date</b> | <b>Credits and loans</b> | <b>Bonded debt</b> | <b>Vendor financing</b> | <b>Bill debt</b> | <b>Total</b>  |
|----------------------|--------------------------|--------------------|-------------------------|------------------|---------------|
| 2008                 | 2,227                    | 2,059              | 3                       | 250              | 4,539         |
| 2009                 | 3,109                    | 112                | -                       | 850              | 4,071         |
| 2010                 | 4,696                    | -                  | -                       | -                | <b>4,696</b>  |
| 2011                 | 3,078                    | -                  | -                       | -                | 3,078         |
| 2012 and later       | 4,543                    | 2,023              | -                       | 8                | <b>6,574</b>  |
| <b>Total</b>         | <b>17,653</b>            | <b>4,194</b>       | <b>3</b>                | <b>1,108</b>     | <b>22,958</b> |

**Short-term liabilities**

***Promisory notes***

In April 2008 the Company issued its non interest bearing notes for the amount of 1,350, including the discount amount of 95, with the following parameters

- The first noteholder – AKB Svyaz-Bank OJSC, the total amount – 250, maturity date – on presentation, but not earlier than July 22, 2008, as of September 30, 2008 this sum is paid;

- The first noteholder – AKB Svyaz-Bank OJSC, the total amount – 250, maturity date – on presentation, but not earlier than October 22, 2008;

- The first noteholder – AKB Svyaz-Bank OJSC, the total amount – 250, maturity date – on presentation, but not earlier than January 22, 2009;

The first noteholder – AKB Svyaz-Bank OJSC, the total amount – 250, maturity date – on presentation, but not earlier than April 22, 2009;

- The first noteholder – Broker Company “REGION” LLC, the total amount – 350, maturity date – on presentation, but not earlier than April 22, 2009.

**Long-term liabilities**

Below is a summary of most significant individual long-term credits and loans.

**Credits and loans *UniCreditBank CJSC***

In April 2008 the Company made a credit agreement with UniCredit Bank CJSC for the amount of 350 to replenish its circulating assets. The date of contract expiry is April 2011. The interest rate for this agreement is MOSPRIME+3%. No security is required for the credit.

In August 2008 the company got a credit in the amount of 500 according to a credit agreement signed in May, 2008. The credit was used for general corporate purposes and is subject to repayment in May, 2011. The interest rate for this agreement is MOSPRIME + 3%. No security is required for the credit.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

***SB RF Siberian Bank OJSC***

In March 2008 the Company made 2 contracts to get a credit from Siberian Bank of RF Sberbank for the amount of 500 each. The maturity date of the credits is March 2011. The Company pays interests at the rate of 10% annually for each credit. No security is required for the credits.

***The Bank SocieteGeneral Vostok CJSC***

In August, 2008 the Company made a credit agreement with the Bank Societe General Vostok CJSC for the amount of 500. The credit was used for general corporate purposes and is subject to repayment in August, 2011. According to the terms of the agreement, the interest rate for the credit is MOSPRIME + 2.8%. No security is required for the credits.

***Credit linked notes (CLN)***

In April 2008 the Company got a credit in the amount of USD90 million under a credit agreement made in December 2007 with Moscow River B.V. (a private joint-stock company with limited liability) registered in Netherlands. Financing under the agreement was made by placing credit linked notes on terms of incomplete underwriting. The credit was used for general corporate purposes. The credit was provided for 5 years and shall be paid in two equal installments due 54 and 60 months after the credit resources are obtained. The interest rate for the credit is 7.7% annually and shall be revised 3 years after the credit is obtained. The agreement provides for an offer 1.5 years after the credit linked notes are placed. No security is required for the credit.

***Bonded loan***

In August, 2008 the Company registered the issue of documented nonconvertible interest bonds, series 08, with the nominal value of 1,000 rubles each. The bonds have 10 coupons. The interest rate for the 1<sup>st</sup> -3<sup>rd</sup> coupons was determined in the amount of 9.75 % annually. The bonds are paid in sequence partially according to the following terms: on the 1638<sup>th</sup> and on the 1820<sup>th</sup> days from the date of placement. Each bond is paid in the amount of 50% from its nominal value. The attracted assets will be used for investment and operation activities as well as for refinancing of the current debt.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**20. Finance Lease Obligations**

The Company has finance lease contracts for telecommunication equipment. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments as of September 30, 2008 and December 31, 2007 are as follows:

|   | <b>September 30, 2008</b>     |   | <b>December 31, 2007</b>      |   |
|---|-------------------------------|---|-------------------------------|---|
|   | <b>Minimal lease payments</b> | <b>Discounted value of minimal lease payments</b> | <b>Minimal lease payments</b> | <b>Discounted value of minimal lease payments</b> |
| Current portion                                   | 277                           | 230   | 561                           | 454   |
| 1 to 5 years                                      | 240                           | 215   | 398                           | 343   |
| <b>Total minimal lease payments</b>               | <b>517</b>                    | <b>445</b>  | <b>959</b>                    | <b>797</b>  |
| Less amounts representing finance charges         | (72)                          | -   | (162)                         | -   |
| <b>Discounted value of minimal lease payments</b> | <b>445</b>                    | <b>445</b>  | <b>797</b>                    | <b>797</b>  |

The Company made no new lease contracts for the purchase of equipment in 9 months of 2008.

During 2007 the main lessors under finance lease contracts were RTK-Leasing OJSC and Raiffeisen-Leasing OJSC. In 2007 the average effective rate under the contract with RTK-Leasing OJSC was 26 %, under the contract with OJSC Raiffeisen-Leasing - 18 %.

The discounted present value of minimal lease payments to RTK-Leasing OJSC as of September 30, 2008 amounted to 393 (as of December 31, 2007 - 721), including the minimum lease payments of 458 (as of December 31, 2007 - 868) less finance costs of 65 (as of December 31, 2007 – 147).

In accordance with contracts made with RTK-Leasing OJSC, the leaseholder has the right to change the schedule of future lease payments in the case some certain macroeconomic conditions change, in particular, the refinancing interest of the Central Bank of the Russian Federation.

As of September 30, 2008, the amount of liabilities under financial lease contracts denominated in US Dollars was equal to 9 (2007 - 14).

**21. Operational lease**

As of September 30, 2008 and December 31, 2007 the minimum lease payments under operational lease agreements, where the Company is the leaseholder were distributed in years of the payment as follows:

|                                     | <b>September 30, 2008</b>     | <b>December 31, 2007</b>      |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | <b>Minimum lease payments</b> | <b>Minimum lease payments</b> |
| Durrent portion                     | 522                           | 292                           |
| From 2009 till 2014                 | 340                           | 65                            |
| Form 2014 and later                 | 11                            | 64                            |
| <b>Total minimum lease payments</b> | <b>873</b>                    | <b>421</b>                    |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
**(million Russian rubles)**

As for objects leased by the Company under operation lease agreements, the Company made sublease agreements. The total amount of future proceeds as of September 30, 2008 was 1 (as of December 31, 2007 – 1) The operation lease expenses of the Company are shown in Appendix 26. In the nine months of 2008 they were 416 (2007 – 524).

As of September 30, 2008 and December 31, 2007 the minimum lease payments under operational lease agreements, where the Company is the leaseholder were distributed in years of the payment as follows:

|                                     | <b>September 30, 2008</b>     | <b>December 31, 2007</b>      |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | <b>Minimum lease payments</b> | <b>Minimum lease payments</b> |
| <b>Durrent portion</b>              | <b>657</b>                    | <b>469</b>                    |
| <b>From 2009 till 2014</b>          | <b>203</b>                    | <b>127</b>                    |
| <b>Form 2014 and later</b>          | <b>22</b>                     | <b>15</b>                     |
| <b>Total minimum lease payments</b> | <b>882</b>                    | <b>611</b>                    |

The operation lease revenue of the Company are shown in Appendix 26. In the nine months of 2008 they were - 382 (2007. - 297).

The main operation lease agreements are for the lease of property and premises. Operation lease agreement provide for the right of agreement elongation.

## 22. Short-term reserves for conventional liabilities

|   | <b>Stuff reduction program</b> | <b>Other reserves</b> | <b>Total</b> |
|---|--------------------------------|-----------------------|--------------|
| <b>Remainder as of December 31, 2006</b>  | <b>52</b>                      | <b>-</b>              | <b>52</b>    |
| Accrued reserves                          | 81                             | 6                     | 87           |
| Used during the year                      | (41)                           | -                     | (41)         |
| Restored during the year                  | (11)                           | -                     | (11)         |
| <b>Remainder as of December 31, 2007</b>  | <b>81</b>                      | <b>6</b>              | <b>87</b>    |
| Restored during the reported period       | (80)                           | (6)                   | 86           |
| <b>Remainder as of September 30, 2008</b> | <b>1</b>                       | <b>-</b>              | <b>1</b>     |

### Optimization of headcount

To increase its efficiency, the Company adopted a Program for staff optimization approved by the Board of Directors. Along with other measures, the Program provides for gradual reduction in the number of employees in the period from 2007 till 2009.

As of December 31, 2007 the Company made a reserve for the payment of compensations to the employees to be discharged in 2008 under the program for staff optimization.

As of September 30, 2008 the Company has no additional liabilities connected with staff reduction

**Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**Guarantees issued**

As of September 30, 2008 the Company did not provide any guarantees on credit lines, and as of December 31, 2007 it mainly guaranteed credit line facilities provided by OJSC Sberbank of Russia to OJSC RTC-Leasing, a lessor of telecommunication equipment. The fair guarantee value as of December 31, 2007 was 170. Management does not wait for any significant liabilities under these agreements. As of September 30, 2008 the Company had no contractual commitments.

**23. Bills payable and accrued liability**

As of September 2008 and December 31 2007 bills payable and other operating liabilities of the Company included:

|   | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|---|---------------------------|--------------------------|
| Settlements with suppliers and contractors for obtaining and construction of fixed assets | 1,766                     | 1,974                    |
| Bill payable for wages and compensations  | 855                       | 1,919                    |
| Advances received for core activity   | 818                       | 950                      |
| Settlements with suppliers and contractors for day-to- day operation                      | 711                       | 713                      |
| Settlements with communication operators  | 440                       | 465                      |
| Other bills payable and current liabilities   | 438                       | 485                      |
| Advances received for non-core activity and realized assets                               | 8                         | 7                        |
| Settlements with suppliers and contractors for obtaining software products                | 5                         | 3                        |
| <b>Total</b>  | <b>5,041</b>              | <b>6,516</b>             |

Bills payable to suppliers and contractors in the amount of 245 and 434 as of September 30, 2008 and December 31 2007 respectively was denominated in US dollars.

Other bills payable includes debts of payments with suppliers and contractors for other services connected with operating activities, bills payable to agents, etc.

**24. Taxes and social security payable**

As of September 30, 2008 and December 31 2007 the Company had the following short-term tax liabilities:

|                     | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|---------------------|---------------------------|--------------------------|
| Value-added tax     | 651                       | 101                      |
| Property tax        | 190                       | 167                      |
| Personal income tax | 93                        | 98                       |
| Unified social tax  | 59                        | 38                       |
| Other taxes         | 11                        | 10                       |
| <b>Total</b>        | <b>1,004</b>              | <b>414</b>               |

**Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**25. Revenues**

|  | <b>9 months of 2008</b> | <b>2007</b>   |
|--|-------------------------|---------------|
| Local telecommunication services                           | 8,530                   | 11,547        |
| Cellular communication services                            | 7,420                   | 9,109         |
| Intrazone telecommunication services                       | 4,009                   | 5,222         |
| Telegraph, data transfer and telematic services (Internet) | 3,380                   | 3,282         |
| Inter-connection and traffic                               | 3,055                   | 4,255         |
| Other revenues (non-core activity)                         | 749                     | 709           |
| Agent services   | 450                     | 649           |
| Mobile radio, wire broadcasting, radio and TV broadcasting | 317                     | 406           |
| Other telecommunications services (core activities)        | 7                       | 67            |
| <b>Total</b>   | <b>27,917</b>           | <b>35,246</b> |

Intrazone and local telecommunication services include revenue from rent of communication channels amounted to 450 (2007 - 755).

Telegraph, data transfer and telematic services (Internet) include revenue from data-transmission network and telematic services amounting to 3,206 (2007 - 3,064).

Other revenues (non-core activities) include revenue from rent of other assets amounting to 382 (2007 - 297).

The Company classifies revenue from realization according to the following major customer groups:

| <b>Customer groups</b> | <b>9 months of 2008</b> | <b>2007</b>   |
|------------------------|-------------------------|---------------|
| Residential customers  | 16,568                  | 20,091        |
| corporate customers    | 5,085                   | 8,214         |
| Governmental customers | 2,082                   | 2,607         |
| Operators              | 4,182                   | 4,334         |
| <b>Total</b>           | <b>27,917</b>           | <b>35,246</b> |



**Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
**(million Russian rubles)**

**26. Other Operating Expenses**

Other operating expenses comprise the following:

|   | <b>9 months of 2008</b> | <b>2007</b>    |
|---|-------------------------|----------------|
| Agency fees   | (746)                   | (908)          |
| Third party services and administrative expenses -                        | (615)                   | (766)          |
| Lease of premises   | (416)                   | (524)          |
| Advertising expenses  | (387)                   | (561)          |
| Transportation  | (302)                   | (44)           |
| Universal service fund payments   | (274)                   | (348)          |
| Fire and other security services  | (269)                   | (297)          |
| Cost of goods sold  | (203)                   | (205)          |
| Business travel expenses and representation costs                         | (135)                   | (141)          |
| Членские взносы, благотворительная деятельность и перечисления профсоюзам | (105)                   | (123)          |
| Software and databases  | (104)                   | (272)          |
| Postal services   | (92)                    | (111)          |
| Fees to Non-commercial partnership (Note 34)                              | (82)                    | (256)          |
| Services of financial institutions  | (80)                    | (106)          |
| Audit and consulting fees   | (67)                    | (76)           |
| Insurance of property   | (61)                    | (108)          |
| Education   | (21)                    | (40)           |
| Tax fines and penalties   | (3)                     | (10)           |
| Loss from write-off of fixed assets and inventories                       | (3)                     | (3)            |
| Other income and expense, net   | (67)                    | (44)           |
| <b>Total</b>  | <b>(4,032)</b>          | <b>(4,943)</b> |

Other expenses include fines and penalties, social expenses, expenses connected with payments of subscribers and their collection, expenses that refer to providing services of telephone communication, communication services provided by means of paystations and other communication services, legal services as well as other operating expenses.

**27. Interest Expense, net**

The interest expenses, net for 9 months in 2008 and in 2007 are as follows:

|  | <b>9 months of 2008</b> | <b>2007</b>    |
|--|-------------------------|----------------|
| Interest income  | 62                      | 41             |
| Interest expense on loans, promissory notes, and bonds | (1,319)                 | (1,527)        |
| Interest expense accrued on finance leases             | (92)                    | (176)          |
| Interest expense accrued on finance leases             | (11)                    | -              |
| <b>Total</b>   | <b>(1,360)</b>          | <b>(1,662)</b> |

**28. Gain on Sale of Investments, net**

|  | <b>9 months of 2008</b> | <b>2007</b> |
|--|-------------------------|-------------|
| Revenue on the sale of TeleRoss-Novosibirsk CJSC | -                       | 2           |
| Loss on the sale of Svyaz OJSC                   | (2)                     | -           |
| Other gain on investments                        | 3                       | -           |
| <b>Total</b>                                     | <b>1</b>                | <b>2</b>    |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**29. Investment liabilities**

As of September 30, 2008 and December 31, 2007 contractual liabilities of the Company concerning capital investments for upgrading and extension of the network were about 457 and 454 respectively

As of September 30, 2008 and December 31, 2007 contractual liabilities concerning obtaining fixed assets were 609 and 199 respectively.

As of September 30, 2008 and December 31, 2007 contractual liabilities concerning obtaining intangible assets were 36 and 83 respectively.

**30. Contingent liabilities and operating risks**

**Operating Environment of the Company**

Along with the continuation of the global economical crisis, economic reforms and the development of legal, tax and administrative systems continue to develop in Russia to comply with the requirements of market economy. Stability of Russian economy will in many instances depend on the pace of reforms in the said areas as well as on the efficiency of the measures taken by the Government in the sphere of economy, financial, monetary and credit policy.

**Claims of tax authorities**

According to the results of tax inspection of Company’s activity in 2004-2006 made on November 16, 2007, tax authorities laid claims for the amount of 587 including fines and penalties – 121 connected, in particular, with settlements with other communication operators under agreements of intranetwork cooperation when providing communication services and under agreements of connection and traffic transmission.

The Company did not agree with conclusions of the tax authority in respect of the accrued amounts of taxes, fines and penalties and put in a claim. In May 2008 a decision of the Moscow Court of Arbitration annulled the resolution of tax authorities and the Company was released from the obligation of paying the tax liabilities, fines and penalties claimed.

The tax authorities disagreed with the conclusions of the Court of Arbitration and lodged an appeal. The 9<sup>th</sup> Arbitration court of appeals left the decision of the Moscow Court of Arbitration without any changes and dismissed the appeal on July 22, 2008 by an order No.09AP-7887/2008-AK.

On October 30, 2008 the sitting of the Moscow Federal Court of Arbitration had place, where Interregional Inspectorate for the largest taxpayers No 7 of Moscow of the Federal Taxation Service of Russia was rejected in satisfaction of the appeal on tax claims for the years of 2004 – 2006 in full amount .

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**Insurance**

During the nine months of 2008 the Company performed to a sufficient degree some activity connected with minimization of the risks of loss and damage to its property. In this case the property that has high residual value, a low wear-out percent and that is actively used in the production activity is subject to being insured.

In addition, the Company insured to a sufficient degree its liability to third persons stipulated by the legislation in force (compulsory civil liability motor-vehicle insurance (OSAGO), insurance of the civil liability of organizations which operate hazardous facilities).

The risk of property damage or ecological damage as a result of accidents or other incidents connected with Company’s activity to third persons is insignificant in view of the specifics of the production activity.

**Judicial contests, trials and determination of consequences**

During the nine months of 2008 the Company participated (both as claimant and defendant) in several trials that arose during day-to-day financial and economic activity. Management of the Company believes that there are no current trials or claims that may have a significant effect on the results of Company’s activity or its financial situation and that are not acknowledged or disclosed in these unaudited consolidated interim financial reports.

**31. Financial Instruments**

The Company’s principal financial instruments comprise bank loans, finance leases. The main purpose of these instruments is to raise finance for the Company’s operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company’s financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk.

**Capital management policy**

The Company's capital management policy is primarily focused on increasing the credit ratings, improving financial independence and liquidity ratios, improving the structure of payables, and reducing the cost of capital.

The main methods of capital management are profit maximization, investment program management, sale of assets to reduce debt burden, debt management, debt portfolio restructuring, use of different classes of borrowed funds.

The Company's policy is to maintain certain ratios within acceptable limits, including the financial independence ratio, the net debt/shareholder's equity ratio, and the net debt/EBITDA ratio.

The Company’s credit rating in the national currency was confirmed by the “Fitch Ratings” agency as follows: default rating at B+ with stable forecast, and the short-term rating at B.

Capital management is conducted at the level of certain significant legal entities of the Company that are part of it. The ratios of financial independence, net debt/shareholder's equity and net debt/EBITDA are calculated using the data from financial reports made in accordance with Russian accounting standards.

During the nine months of 2008 the Company's capital management policy was not changed as compared to the policy stated in financial reports for 2007.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
**(million Russian rubles)**

**Foreign Exchange Risk**

Foreign exchange risk appears for the Company as a rule in respect of the liabilities denominated in foreign currencies. As of September 30, 2008 Company’s liabilities in the amount of 6,133 (December 31, 2007 – 4,067) were denominated in foreign currency including the liabilities denominated in US dollars in the amount of 4,889 (December 31, 2007 – 2,205); in Euros in the amount of 1,244 (December 31, 2007 – 1,862).

In the period from January 1, 2008 till September 30, 2008 the rate of the Russian ruble to the US dollar and to Euro decreased by about 2.85% and by 1.22% respectively.

During the reported period the policy in the area of foreign exchange risk management did not undergo any changes as compared with the policy stated in financial reports for 2007.

**Interest Rate Risk**

This risk is connected with changes in market interest rates that may negatively impact Company’s financial results. The following table presents the Company’s financial instruments with a floating interest rate that are exposed to the interest rate risk, according to the maturity dates as of September 30, 2008 and December 31, 2007:

|                                 | <b>&lt; 1 year</b> | <b>1 - 5 years</b> | <b>Total</b>  |
|---------------------------------|--------------------|--------------------|---------------|
| <b>As of September 30, 2008</b> |                    |                    |               |
| <i>Fixed rate</i>               |                    |                    |               |
| Short-term obligations          | 1,338              | -                  | <b>1,338</b>  |
| Long-term obligations           | 3,925              | 14,660             | <b>18,585</b> |
| Finance lease obligations       | 230                | 215                | <b>445</b>    |
| <i>Floating rate</i>            |                    |                    |               |
| Short-term obligations          | 261                | -                  | <b>261</b>    |
| Long-term obligations           | 1,583              | 1,191              | <b>2,774</b>  |
|                                 | <b>&lt; 1 year</b> | <b>1 - 5 years</b> | <b>Total</b>  |
| <b>As of December 31, 2007</b>  |                    |                    |               |
| <i>Fixed rate</i>               |                    |                    |               |
| Short-term obligations          | 302                | -                  | <b>302</b>    |
| Long-term obligations           | 7,007              | 10,536             | <b>17,543</b> |
| Finance lease obligations       | 454                | 343                | <b>797</b>    |
| <i>Floating rate</i>            |                    |                    |               |
| Short-term obligations          | 246                | -                  | <b>246</b>    |
| Long-term obligations           | 554                | 1 913              | <b>2,467</b>  |

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

During the reporting period the policy in the area of interest rate risk did not undergo any changes as compared with the policy stated in financial statements for 2007.

**Liquidity risk**

The Company monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds, finance leases.

The following table summarizes contractual maturities of financial liabilities including future interest payments:

| <b>Maturity date</b>  | <b>Credits and<br/>loans</b> | <b>Bonds</b> | <b>Vendor<br/>financing</b> | <b>Promissory<br/>notes</b> | <b>Total</b>  |
|-----------------------|------------------------------|--------------|-----------------------------|-----------------------------|---------------|
| within 2008           | 1,259                        | 185          | 3                           | 272                         | <b>1,719</b>  |
| within 2009           | 5,725                        | 2,272        | -                           | 869                         | <b>8,866</b>  |
| within 2010           | 5,418                        | 144          | -                           | -                           | <b>5,562</b>  |
| within 2011           | 3,391                        | -            | -                           | -                           | <b>3,391</b>  |
| within and after 2012 | 4,613                        | 2,000        | -                           | 8                           | <b>6,621</b>  |
| <b>Total</b>          | <b>20,406</b>                | <b>4,601</b> | <b>3</b>                    | <b>1,149</b>                | <b>26,159</b> |

**Credit risk**

Credit risk arises when the counterparty fails to discharge its obligations to the Company on the due date which leads to some financial loss.

Financial assets, which are potentially subject to credit risk for the Company, consist mostly of accounts receivables of customers. The book value of accounts receivable, net of the provision for impairment of receivables, is the maximum amount exposed to the credit risk.

The Company has no significant concentrations of credit risk due to the significance of the client base and regular monitoring procedures over customers’ and other debtors’ ability to pay debts. Part of the accounts receivable is represented by debts of governmental and other non-commercial organizations. Recovery of these debts is influenced by some political and economic factors. Management believes that as of September 30, 2008 there is no significant risk of loss for the Company under this and other types of accounts receivable that have not respective provisions made.

The Company places cash on bank accounts in a number of Russian commercial financial institutions. To manage the credit risk, the Company places cash in different financial institutions, and Company’s management analyses the risk of default of these financial institutions on a regular basis.

During the reporting period the policy in the area of credit risk management did not undergo any changes as compared with the policy stated in financial statements for 2007.

**Hedging**

During the nine months of 2008 the Company did not hedge its currency risks or the interest rate risks.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

**32. Income per share**

The Company has no financial instruments that can be converted into ordinary shares; thus, the dividends proposed is equal to basic earnings per share.

|   | <b>9 months of 2008</b> | <b>2007</b> |
|---|-------------------------|-------------|
| <b>The income for the reporting period connected with shareholders of the mother company</b>  | 2,565                   | 2,659       |
| Average weighted number of ordinary shares and other equity instruments participating in the income in circulation (thousand pcs.).       | 15,920                  | 15,920      |
| <b>The basic earnings per share and dividends proposed (in Russian rubles) for the profit for the year for shareholders of the parent</b> | <b>0.16</b>             | <b>0.17</b> |

**33. Dividends announced and offered for payment**

In June, 2008 in accordance with the decision of a general meeting of shareholders the Company announced about the payment of dividends for the year ended on December 31, 2007 in the amount of 0.035889 rubles per one ordinary share and 0.066446 rubles per one preference share. The total sum of dividends subject to payment was 431 - for ordinary shares and 260 - for preferences.

| <b>Shares</b>   | <b>Quantity of shares</b> | <b>Dividends per 1 share</b> | <b>Total sum of dividends</b> |
|-----------------|---------------------------|------------------------------|-------------------------------|
| <b>2007</b>     | <b>(pcs)</b>              | <b>(in rubles)</b>           | <b>(in rubles)</b>            |
| Preferences     | 3,908,420,014             | 0.066446                     | 259,698,876                   |
| Ordinary shares | 12,011,401,829            | 0.035889                     | 431,077, 200                  |
| <b>Total</b>    | <b>15,919,821,843</b>     | -                            | <b>690,776,076</b>            |

**34. Settlements and transactions with related parties**

There were no significant alterations in the structure of related parties of the Company during the 9 months of 2008 if compared with the structure of the related parties as of December 31, 2007.

***Svyazinvest OJSC***

Svyazinvest OJSC forms a group of companies that comprises 7 interregional communication companies including: Sibirtelecom OJSC, Rostelecom OJSC, Tsentralny Telegraf OJSC, Dagsvyazinform OJSC and other subsidiaries – operators of public communication network.

As of September 30, 2008 the Russian Federation, represented by the Federal Agency for the State Property Management, owns a package of ordinary shares of Svyazinvest OJSC in the amount of 75% - 1 share.

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

***Centre of Investigation of Problems of Telecommunication Development Non- commercial partnership***

The Centre of Investigation of Telecommunication Development Problems, Non-commercial partnership (hereinafter, the Partnership) is a related party of Svyazinvest OJSC. The payments to the Partnership included into other operational expenses in the attached Unaudited Consolidated Interim Profit and Loss Statements for a period ended on September 30, 2008 amounted to 82 (2007 - 256).

***Rostelecom OJSC***

Rostelecom OJSC, the controlling interest of which is held by Svyazinvest OJSC, is the main operator of long distance and international communication of the Russian Federation.

The expenses connected with Rostelecom OJSC are formed as sums of payments for the services of termination of calls to networks of other communication operators in the case the call was initiated from the cellular communication networks, expenses of connection services, as well as expenses connected with the payment of long distance and international communication services provided to the Company.

|                               | <b>9 months of 2008</b> | <b>2007</b> |
|-------------------------------|-------------------------|-------------|
| Revenues from Rostelecom OJSC | 1,657                   | 2,792       |
| Expenses from Rostelecom OJSC | 198                     | 225         |

|  | <b>September 30, 2008</b> | <b>December 31, 2007</b> |
|--|---------------------------|--------------------------|
| Accounts receivable on services, provided to Rostelecom OJSC | 167                       | 244                      |
| Accounts payable on services, provided to Rostelecom OJSC    | (282)                     | (57)                     |

***Svyazintek OJSC***

Svyazintek OJSC provides to the Company some services on introduction and further support of information systems operation, particularly, program software of Oracle E-Business Suite and Amdocs Billing Suite.

Company’s expenses of payments to Svyazintek OJSC amounted to 92 (2007 - 369), 13 (2007 - 124) of them were shown directly in the Profit and Loss Statements, the remaining part was included in intangible assets.

***Telecom-Soyuz Non-State Pension Fund***

In 2005 the company signed a centralized contract with Telecom-Soyuz Non-State Pension Fund. The total amount of payments to this Fund in 9 months of 2008 amounted to 302 (2007 - 305).

**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

***Remuneration to the key management personnel***

The key management personnel consists of members of the Management Board and the Board of Directors of the Company in the amount of 52 men as of September 30, 2008.

As of September 30, 2008 the remuneration to the members of the Board of Directors and the Management Board of the Company consists of the salary, bonuses as well as remuneration for participation in Company’s management bodies, and is equal to 158 (2007 - 140).

**35. Events after the reporting date**

***Judicial contests, trials and determination of consequences***

The Company is a defender in a number of arbitrage proceedings including proceedings with taxation authorities. Nevertheless, company management believe that the results of these proceedings can not influence the financial state of the company significantly.

The most significant unfinished court proceedings in which the company is acting as a claimant or a defender are as follows:

Judicial proceedings in the action of the Company against Imekstelecom LLC for the collection of enrichment in the amount of 8. A recess was announced in the judicial proceedings till November 24, 2008.

Judicial proceedings in the action of the Company against VGTRK Federal State Unitary Enterprise for repayment of debt for communication services in the amount of 12. Preliminary court hearing was set for December 10, 2008.

***Liquidation of the share in the authorized capital of NGTS-PAGE OJSC***

According to the Decision of the Court of arbitrage in the Novosibirsk region of May 29, 2008, NGTS-PAGE OJSC was found to be a bankrupt; a competition processing is to be started.

A judicial sitting for the examination of the report on the results of bankruptcy proceedings with respect to NGTS-PAGE OJSC took place on December 09, 2008. A decision was made to finish bankruptcy processings and to make a record in the Unified State Register of Legal Entities about liquidation of NGTS-PAGE OJSC. The Company plans to cease its participation in NGTS-PAGE OJSC from the moment the record is made.



**“Sibirtelecom” OJSC**  
**Notes to the Unaudited Consolidated Interim Financial Statements**  
**for a 9-month’s period ended on September 30, 2008**  
(million Russian rubles)

***Centre of Investigation of Telecommunication Development Problems, Non-Commercial Partnership***

In accordance with the decision of the general meeting of the Centre of Investigation of Telecommunication Development Problems, Non-Commercial Partnership (Order No 4 of November 18, 2008) in November, 2008 the Company stopped being a member of the partnership.

***Tariff regulation***

From December 1, 2008 the Company established new tariffs for wired broadcasting services. The Company made a decision to introduce a unified tariff in all regions of providing services for both individual and corporate customers. The tariff will be 60 rubles per one radiobroadcasting node. The cost of service of providing access to the broadcasting network was set in the amount of a monthly payment on the ground of the acting rules of service providing.

This alteration of the tariff was a result of the negative profitability of wire broadcasting services. Nevertheless, the Company continues to provide this service, realizing its social value. In addition, since 2006 the Company has been implementing the program of transfer of wire broadcasting to on-air broadcasting. The Company installs transmitters of metric waves and AM within the project, and closes old radio nodes. The Company plans to finish the transfer of all customers from wire radiocasting by 2009.