

Moscow, May 28, 2002: Rostelecom Q1 2002 results in accordance with Russian Accounting Standards.

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- *Domestic long distance traffic volume grew by 13%, international outgoing – by 15% compared to Q1 2001;*
 - *Revenue* was up 15%** , reaching Rbl 4 986 mn;*
 - *Growth in operating profit was 76% with operating profit amounting to Rbl 2 072 mn;*
 - *Net profit was Rbl 1 210 mn or 142% higher than in Q1 2001.*
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Domestic long distance (DLD) traffic was up 13% versus Q1 2001, reaching 1 636 million minutes. DLD revenues increased by 36% with revenues from regional operators growing by 67%.

The Company saw a 15% growth in international outgoing traffic (ILD) volume, which reached 282 million minutes, while Rostelecom ILD proceeds from Russian clients and operators were up 4% compared to Q1 2001.

Total revenue reached Rbl 4 986 mn, which is 15% higher than in Q1 2001.

Operating costs amounted to Rbl 2 914 mn decreasing by 8%, while administrative costs decreased by 2%.

* Excluding VAT

** Not adjusted for inflation

Balance Sheet, Rbl '000			
	31.12.01	31.03.02	Change, %
ASSETS			
Non-current assets, incl.	23,555,048	23,017,205	-2.3%
Intangible assets	23	21	-8.7%
Fixed assets	19,550,604	19,326,337	-1.1%
Incomplete installations	2,950,952	2,623,598	-11.1%
Long-term financial investments	1,053,469	1,067,249	1.3%
Current assets, incl.	13,419,184	14,577,476	8.6%
Inventories	1,167,248	1,125,216	-3.6%
VAT on obtained property	2,337,482	2,266,433	-3.0%
Accounts receivable	7,250,612	7,563,039	4.3%
Short-term financial investments	1,129,842	755,815	-33.1%
Cash and cash equivalents	1,534,000	2,866,973	86.9%
BALANCE	36,974,232	37,594,681	1.7%
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	16,298,968	17,508,376	7.4%
Liabilities, incl.	20,675,264	20,086,305	-2.8%
Long-term liabilities	9,338,977	9,021,892	-3.4%
Short-term liabilities	11,336,287	11,064,413	-2.4%
BALANCE	36,974,232	37,594,681	1.7%

Profit and Loss Statement, Rbl '000

	Q1, 2001	Q1, 2002	Change, %
Revenue	4,347,002	4,986,056	14.7%
Operating costs	-3,167,855	-2,914,483	-8.0%
Operating profit	1,179,147	2,071,573	75.7%
Results of other operating activities	-352,203	-295,251	-16.2%
Results of other non-sales activities	115,559	-138,992	n/a
Profit before tax	942,503	1,637,330	73.7%
Profit tax and other similar payments	442,192	427,193	-3.4%
Net profit	500,311	1,210,137	141.9%

Key Ratios

	Q1, 2001	Q1, 2002
<i>Operating margin, %</i>	27.13%	41.55%
<i>EBITDA margin, %</i>	62.81%	67.65%
<i>Net margin, %</i>	11.51%	24.27%
	31.12.01	31.03.02
<i>Absolute liquidity ratio</i>	0.24	0.34
<i>Financial independence ratio</i>	0.44	0.47

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