

Ernst & Young

Open Joint-Stock Company “North-West Telecom”
Auditor’s Report on the 2008 Accounting Reports
April 2009

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Auditor's Report - –Open Joint-Stock Company “North-West Telecom”

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1. Accounting Reports of OJSC “North-West Telecom” for the period from January 1, 2008 till December 31, 2008 inclusive: Balance Sheet; Profits and Losses Report; Capital Changes Report; Cash Flow Report; Appendix to the Balance Sheet; Explanatory Note	

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Auditor's Report of an independent audit firm on the Accounting Reports of OJSC "North-West Telecom"

For the shareholders of OJSC North-West Telecom **Information on the Auditor**

Name: LLC Ernst & Young

Address: building 1, 77 Sadovnicheskaya nab., Moscow, 115035, Russia.

Certificate of entry in the Unified State Register of Legal Entities on a legal entity registered before 1st July 2002, date of the entry: 05th December 2002, series 77 No. 007367150, registered by the State Institution "Moscow Registration Chamber" on 20th June 2002, No. 108.877, under the principal state registration number 1027739707203.

Audit license No. E002138 approved by Order of the RF Finance Ministry No. 223 of September 30, 2002, issued for the term of five years, extended by Order of the RF Finance Ministry No. 573 of September 17, 2007 till September 30, 2012.

Information on the audited entity

Name: Open Joint-Stock Company "North-West Telecom"

Address: 14/26 ul. Gorokhovaya (26 ul. Bolshaya Morskaya), St. Petersburg, 191186

Details of registration in the Unified State Register of Legal Entities: registered on 06th May 1993 by the Registration Chamber of the St. Petersburg Administration, registration No. 1027809169849.

We have carried out an audit of the attached Accounting Reports of OJSC North-West Telecom for the period from January 1 till December 31, 2008 inclusive, consisting of the Balance Sheet, Profits and Losses Report, Capital Changes Report, Cash Flow Report, Appendix to the Balance Sheet and the Explanatory Note (clauses 4-12). The responsibility for keeping the accounting records, preparing and submitting these Accounting Reports rests with the management of OJSC North-West Telecom. Our duty consists in expressing our opinion on the reliability of these Accounting Reports in all essential aspects and on the compliance of the accounting procedures in respect of preparation of the Accounting Reports, with the legislation of the Russian Federation on the basis of the audit.

We carried out the audit in compliance with the Federal Law “On Auditing”, Federal Auditing Regulations (Standards), Auditing Regulations (Standards) approved by the RF President’s Commission for Auditing, and the International Auditing Standards.

The audit was planned and carried out so as to obtain a reasonable confidence that the Accounting Reports did not contain any material deviations. The audit was carried out on a selective basis and included a study, on the basis of testing, of the evidence proving the numerical indices and disclosure of information on the financial and economic operations in these Accounting Reports, evaluation of observing the accounting principles and standards, applicable for the preparation of these Accounting Reports, and consideration of significant assessment values obtained by the management of the audited entity, as well as evaluation of the general presentation of the Accounting Reports. We believe that the audit that was carried out provides sufficient grounds to express our opinion on the reliability of the Accounting Reports in all essential aspects and on the compliance of the accounting procedure, in respect of preparation of the Accounting Reports, with the legislation of the Russian Federation.

In our opinion, in 2008 the accounting procedure in respect of preparation of the Accounting Reports of OJSC North-West Telecom in all essential aspects met the requirements of the Federal Law No. 129-FZ “On Accounting” of November 21, 1996, and the above Accounting Reports prepared in compliance with the same Law reliably show in all essential aspects the financial standing of OJSC North-West Telecom as of December 31, 2008 and the results of its financial and economic operation for the period from January 1 till December 31, 2008 inclusive in accordance with the legislation of the Russian Federation in respect of preparation of the accounting reports.

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The attached Accounting Reports are not aimed at presenting the financial standing and performance results according to the accounting principles or methods generally accepted in any countries and administrative territorial formations other than the Russian Federation. Accordingly, the attached Accounting Reports are not intended for the persons unaware of the accounting principles, procedures or methods effective in the Russian Federation.

10 April 2009

Aleksandr Grebenyuk,

Partner

Audit manager

Andrey Sadun

Qualification Certificate (General Audit)

No. K003581 issued on 7 May 2003 for an unlimited period