

August 18, 2008  
57 Svetlanskaya st.,  
Vladivostok 690950, Russia  
OJSC “Far East Teleco”

For Mr, Dobrovolskiy  
Acting CEO

Resolutive Part of the Report №29.08 of 18.08.2008  
Of “Market Cost Valuation of 1(one) Ordinary and  
1 (one) Preferred Share of  
The OJSC “Far East Telecommunications Company”

Dear Vitaliy Ivanovich,

According to the contract №27to22 of June 18, 2007, the “Audit and Consulting Firm “Top-Audit” LTD. (“Evaluator”) made a market cost valuation of one ordinary and one preferred share (“Valuation object”) of the OJSC “Far East Telecommunications Company (OJSC “Far East Telecom”, “Company”). The valuation was made as of August 15, 2008 (“Valuation date”).

**Study Purpose**

Market cost valuation of an ordinary and a preferred share of the Company.

**Study Objective**

This analysis is made at the request of the OJSC “Far East Telecom” (“Client”) only for Board of Directors’ definition of shareholders’ shares purchase price according to art. 75 of the Federal Law “On Joint-Stock Companies”.

**Methodology**

The valuation is performed in compliance with prescriptions of the Federal Law from 29.07.1998 №135-ФЗ “On Valuation Activity in the Russian Federation”, by the Federal standards of valuation (FSE №1, FSE №2, FSE №3), approved orders of the Ministry of Economic Development of the Russian Federation of July 20, 2007 №256, 255, 254 and considering International Valuation Standards (IVS). In that respect we used the following definition of market cost, stated in the Federal Law “On Valuation Activity in the Russian Federation” of July 29, 1998 №135-ФЗ:

*“the most probable price for an object to be disposed of at the market in competitive conditions when transaction parties act reasonably having all necessary information and price volume is not affected by some extraordinary events, meaning that:*

- *one of transaction parties is not obliged to dispose of a valuation object, and the other party is not obliged to accept the execution of it;*
- *both transaction parties have good knowledge of transaction subject and act to their own benefit;*
- *valuation object is presented at the open market via public offer usual for similar valuation objects;*
- *transaction price represents reasonable remuneration for a valuation object and there was no pressure from whatever party to perform a transaction;*
- *payment for a valuation object has monetary form.”*

### ***Procedures execution***

In accordance with our understanding of this study purposes and objectives and our experience in similar projects fulfillment, the valuation included the following procedures:

- analysis of current level of social and economic development of the Far Eastern Region, trends identification and forecast of major macroeconomic indexes;
- collection and analysis of data and documents provided by the Company (documents included basic data of the Company, its history, financial indexes of its performance for the past periods; development plans as well as management forecasts of income, expenses and investments indexes);
- financial analysis of main results of Company's performance on the basis of financial activity for 2007;
- analysis and discussion with Company's management of historical indexes of performance, mid-term forecasts for definite performance indexes as well as plans for Enterprise's future activity;
- collection and analysis of data of Company's fixed assets;
- analysis of probable use of cost, comparative and income approaches;
- usage of cash flow discounting as a part of income approach on the basis of Company's free cash flow analysis for the period of 2008-2012, its post-forecasted value and weighted average cost of capital;
- calculation Valuation object cost within cost approach with net assets method;
- calculation Valuation object cost within comparative approach with method of similar companies and transaction method;
- conclusions on market cost of Valuation object.

### **Results of Valuation**

On the basis of methodology accepted and also considering all assumptions, shortly stated in this letter, we have got the following market cost of Valuation object as of the Valuation date (rounded) for Board of Directors' definition of shareholders' shares purchase price according to art. 75 of the Federal Law "On Joint-Stock Companies":

Cost of 1 (one) ordinary share of the Company is:

***73.52 rubles***  
***(seventy three rubles fifty two kopecks)***

Cost of 1 (one) preferred share of the Company is:

***61.75 rubles***  
***(sixty one rubles seventy five kopecks)***

### ***Certification of Valuation***

On the assumption of all available information related to this valuation the undersigned certify that:

- considering all available data, facts presented in this Report are true and correct;
- valuation was made, and this Report was executed in compliance with provisions of the Russian Federation Law "On Valuation Activity in the Russian Federation" as well as regulatory legal acts of the Russian Federation introduced on its basis;

- analytic procedures, opinions and conclusions stated in the Report are based completely and only on named assumptions and limitations and shall be regarded as our own procedures, opinions and conclusions;
- we had not commercial interest in Company's business and property for valuation and acted open-mindedly and without prejudice;
- amount of our remuneration does not depend on the cost, defined in this valuation, having some pre-defined result or appearance of some event after the Valuation date including the result of this Report usage;
- this Report is made in triplicate, two copies go to the Client, the third one is kept by the Evaluator and is not to be replicated.

### ***Limitations***

1. Only shareholders of the OJSC "Far East Telecom" are entitled to read this Report.
2. Preparation of recommendation on cast valuation and analysis of matters stated in this Report present a standard valuation practice. Services rendered are limited by our qualification in valuation sphere and do not include other audit or tax services that can be provided by the Evaluator.
3. Analysis of legal validity of property or property right obtainment by the Company (or its affiliates) was not included in our study. We are not liable for completeness of property and property right accounting as well as for liabilities or encumbrances that could exist at the Valuation Date in relation to Client's property or property right, and also for analysis of legal aspects pertaining to these liabilities and encumbrances.
4. During the analysis Company's management provided us with data in written, oral and electronic form concerning the structure, activity and financial results of its work. During our analysis and execution of this Report we relied on the fact that these data are true. In this respect, in spite of the fact that we used some alternative data sources both inside and outside the Company for verification of the data obtained, we do not share Company's liability for them to be complete and true.
5. The major part of Company's data relevant for valuation has been provided by its management. We do not have data from independent sources and required qualification for verification of named data. Consequently, we do not express any opinion on their accuracy.
6. We did not make verification or compilation of data presented on money flow in accordance with International Audit Standards. Moreover, actual results generally differ from value forecasts since real-life events and conditions often do not meet expectations, and these differences may be significant.
7. Our Report is based on assumption of Company's observance of all applicable federal, regional, local land, environmental and other similar laws and regulations excluding specially determined cases.
8. We are not liable for any subjective valuations in financial and tax reports made by Company's management. As far as we understand the Clients takes responsibility for any

matters concerning financial and tax statements of assets described in our analysis and for final use of this Report results.

9. Neither the Evaluator nor any of its employees have financial interest in the Company under evaluation. Our remuneration does not depend on the valuation results reflected in the Report.
10. Neither the Evaluator nor any person who signed this Report shall be called to testify in court or take part in legal procedures concerning the Report if this is not provided by special preliminary agreements or by court decision.
11. Valuation result stated in the Report are not supposed to reflect Company's share capital cost as of any particular date that is different from the Valuation date stated in this Report. Market situation changes can lead to significant alterations of recommended value amount comparing to advice at the Valuation date. We are not liable for market situation change or for shareholders' failure to find purchaser and exercise their property rights for the Company with the price stated in this Report.
12. Opinion of stated cost within this project does not include the fact of probable presence in the territory of this enterprise of some materials or substances that are potentially dangerous for health including toxic wastes, since we are not properly qualified to reveal these substances and risks concerning them.
13. The Report shall be used only for the purpose stated herein and do not imply its usage for any other purposes. The Report can not be replicated or published, in advertisement materials of any kind, news reports, commercial press or any other mass media (state or private) without preliminary written consent of the Evaluator.
14. Management bodies and officials of the Client and the Company have no right to refer to the Report or its content or quote it in whatever registration documents, issue prospectuses, securities placement offers, credit or other agreement or documents presented for the third parties without our preliminary written consent excluding valuation purpose, stated in this Report. In case of Report complete or partial disclosure for minor shareholders the Client is fully liable for confidentiality terms observation.

We assume that persons listed in cl. 1 of these limitations will not rely only on results of our work but use them just for general analysis in taking decision concerning Company's shares. Thus, our work will not be a substitute for other studies, analytic procedures and valuations to be made during the process of decision making concerning Company's share capital.

#### ***Limitations and margins for usage of the result obtained***

- The analysis was conducted only for Board of Directors' definition of shareholders' shares purchase price according to art. 75 of the Federal Law "On Joint-Stock Companies".
- Results of valuation object cost definition are based on the information existed at the Valuation date and can be regarded as advisable for purposes of transaction making with valuation object within 6 months from the date of this Valuation Report.

***Final comments***

In the process of valuation we considered assumption that data on structure, operational and investment activity as well as on financial results of the Company evaluated, provided by its management and employees, are accurate, complete and true.

Forecasts are based on conditions at the Valuation date and Company's management prognoses on the most probable conditions of Company's activity, and these forecasts can be affected by unpredictable events and, in the end, differ from actual results. These events can affect current forecasts of cash receipts and, correspondingly, valuation results significantly.

We were glad to use the opportunity to offer our services in business valuation to the OJSC "Far East Telecom". Please, don't hesitate to contact us by the phone +7 (495) 363-2854 for any additional information or if you have some questions.

Sincerely Yours,

*signature*

Lerner R.M.

CEO

"Audit and Consulting Firm "Top-Audit" LTD.

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State Registration № 125380-PII\* Moscow