

**PUPIN TELECOM AD**

Financial statements for the year ended 31 December 2005.

**CONSOLIDATED BALANCE SHEET**

**ASSETS:**

|                                | I T E M                                      | 2005             |               | 2004             |               |
|--------------------------------|----------------------------------------------|------------------|---------------|------------------|---------------|
|                                |                                              | CSD ( 000 )      | EUR           | CSD ( 000 )      | EUR           |
| <b>A</b>                       | <b>NON-CURRENT ASSETS</b>                    | <b>787,723</b>   | <b>9,213</b>  | <b>494,272</b>   | <b>6,266</b>  |
|                                | 1 Subscribed shares unpaid                   | 1,306            | 15            | 11,973           | 152           |
|                                | 2 Intangible assets                          | 8,006            | 94            | 12,180           | 154           |
|                                | 3 Property, plant and equipment              | 706,163          | 8,259         | 379,547          | 4,811         |
|                                | 4 Equity investment                          | 7,828            | 92            | 20,990           | 266           |
|                                | 5 Other long term financial investmens       | 64,420           | 753           | 69,582           | 882           |
| <b>B</b>                       | <b>CURRENT ASSETS</b>                        | <b>758,088</b>   | <b>8,867</b>  | <b>792,097</b>   | <b>10,041</b> |
|                                | 1 Inventories                                | 399,382          | 4,671         | 505,126          | 6,403         |
|                                | 2 Trade and other receivables                | 210,108          | 2,457         | 217,429          | 2,756         |
|                                | 3 Short term financial investments           | 28,520           | 334           | 25,780           | 327           |
|                                | 4 Cash and cash equivalents                  | 61,132           | 715           | 41,012           | 520           |
|                                | 5 Accrued income and prepayments             | 58,946           | 689           | 2,750            | 35            |
| <b>C</b>                       | <b>TOTAL ASSETS (A+B)</b>                    | <b>1,545,811</b> | <b>18,080</b> | <b>1,286,369</b> | <b>16,307</b> |
| <b>EQUITY AND LIABILITIES:</b> |                                              |                  |               |                  |               |
| <b>A</b>                       | <b>EQUITY</b>                                | <b>916,523</b>   | <b>10,720</b> | <b>613,011</b>   | <b>7,771</b>  |
|                                | 1 Share and other capital                    | 354,231          | 4,143         | 354,129          | 4,489         |
|                                | 2 Subscribed unpaid shares                   | 1,306            | 15            | 11,973           | 152           |
|                                | 3 Reserves                                   | 69,543           | 813           | 11,786           | 149           |
|                                | 4 Revaluation reserves                       | 323,118          | 3,779         | 2,254            | 29            |
|                                | 5 Retained earnings                          | 168,325          | 1,969         | 232,869          | 2,952         |
| <b>B</b>                       | <b>LONG-TERM LIABILITIES</b>                 | <b>165,375</b>   | <b>1,934</b>  | <b>224,074</b>   | <b>2,841</b>  |
|                                | 1 Long-term provisions                       | 152,172          | 1,780         | 135,111          | 1,713         |
|                                | 2 Long-term loans                            | 3,728            | 44            | 83,071           | 1,053         |
|                                | 3 Other long-term liabilities                | 9,475            | 111           | 5,892            | 75            |
| <b>C</b>                       | <b>SHORT-TERM LIABILITIES</b>                | <b>463,913</b>   | <b>5,426</b>  | <b>449,284</b>   | <b>5,695</b>  |
|                                | 1 Short-term financial liabilities           | 162,131          | 1,896         | 43,218           | 548           |
|                                | 2 Advances from customers and others         | 234,564          | 2,743         | 346,885          | 4,397         |
|                                | 3 Sales tax and other indirect taxes payable | 20,499           | 240           | 6,693            | 85            |
|                                | 4 Other current liabilities                  | 46,719           | 546           | 52,488           | 665           |
| <b>D</b>                       | <b>TOTAL LIABILITIES AND EQUITY (A+B+C)</b>  | <b>1,545,811</b> | <b>18,080</b> | <b>1,286,369</b> | <b>16,307</b> |