

**KYIVSTAR G.S.M. JSC**  
**Condensed Consolidated Statements of Income**  
**for the six months ended June 30, 2003 and 2002**  
**and for the year ended December 31, 2002**  
**US GAAP**  
*(thousands of US dollars)*

	<b>Six months ended June 30, 2003</b>	<b>Six months ended June 30, 2002</b>	<b>2002 Year</b>
	(unaudited)	(reviewed)	(audited)
<b>Net revenues</b>	<b>153,366</b>	109,137	<b>249,217</b>
Cost of services and products	<b>(38,738)</b>	(33,049)	<b>(70,321)</b>
<b>Gross profit</b>	<b>114,628</b>	76,088	<b>178,896</b>
Operating expenses	<b>(26,989)</b>	(13,718)	<b>(35,322)</b>
Depreciation and amortisation	<b>(22,495)</b>	(14,247)	<b>(32,898)</b>
	<b>(49,484)</b>	(27,965)	<b>(68,220)</b>
<b>Operating profit</b>	<b>65,144</b>	48,123	<b>110,676</b>
Financial and other expenses, net	<b>(10,916)</b>	(6,355)	<b>(15,642)</b>
<b>Income before income taxes</b>	<b>54,228</b>	41,768	<b>95,034</b>
Current tax expense	<b>(21,352)</b>	(12,264)	<b>(32,311)</b>
Deferred tax benefit/(expense)	<b>1,384</b>	(1,356)	<b>533</b>
<b>Income tax expense</b>	<b>(19,968)</b>	(13,620)	<b>(31,778)</b>
<b>Net income</b>	<b>34,260</b>	28,148	<b>63,256</b>
Income tax paid <sup>(1)</sup>	<b>14,928</b>	8,205	<b>29,703</b>
EBITDA <sup>(2)</sup>	<b>87,639</b>	62,370	<b>143,574</b>
EBITDA margin <sup>(3)</sup>	<b>57%</b>	57%	<b>58%</b>
EBIT <sup>(4)</sup>	<b>65,144</b>	48,123	<b>110,676</b>

<sup>(1)</sup> The amount of Income tax paid differs from the Income tax expense by the change in the income tax liabilities at the beginning and at the end of the period and translation difference. Income tax expense represents the charge for the period, whereas the repayment of income tax results in the decrease of the accrued income tax.

<sup>(2)</sup> EBITDA is defined as income before financial and other income/(expenses), provisions for income taxes and depreciation and amortization expenses.

<sup>(3)</sup> EBITDA margin represents EBITDA as a percentage of net revenues.

<sup>(4)</sup> EBIT is defined as income before financial and other income/(expenses) and provisions for income tax, which is equal to operating profit.

**KYIVSTAR G.S.M. JSC**  
**Condensed Consolidated Balance Sheets**  
as at June 30, 2003 and 2002,  
and December 31, 2002  
**US GAAP**

*(thousands of US dollars)*

	<b>June 30, 2003</b>	<b>December 31, 2002</b>	<b>June 30, 2002</b>
	(unaudited)	(audited)	(reviewed)
Intangible assets, net	80,901	75,538	59,920
Tangible assets, net	275,348	242,276	216,351
Other financial assets	3,403	3,132	2,779
Deferred tax asset	4,264	3,778	-
<b>Total non-current assets</b>	<b>363,916</b>	<b>324,724</b>	<b>279,050</b>
Deferred tax asset	3,201	2,303	4,192
Other current assets	17,057	15,860	22,280
Cash and interest bearing investments	41,387	14,128	8,351
Other financial assets	2,640	1,945	-
<b>Total current assets</b>	<b>64,285</b>	<b>34,236</b>	<b>34,823</b>
<b>Total assets</b>	<b>428,201</b>	<b>358,960</b>	<b>313,873</b>
<b>Shareholders equity</b>	<b>200,007</b>	<b>163,757</b>	<b>95,639</b>
<b>Long-term interest bearing debt</b>	<b>171,215</b>	<b>116,152</b>	<b>93,493</b>
Short-term non-interest bearing liabilities	56,777	58,296	44,569
Short-term interest bearing debt	202	20,755	80,172
<b>Total short-term liabilities</b>	<b>56,979</b>	<b>79,051</b>	<b>124,741</b>
<b>Total liabilities and shareholders' equity</b>	<b>428,201</b>	<b>358,960</b>	<b>313,873</b>

**KYIVSTAR G.S.M. JSC**  
**Consolidated Statement of Shareholders' Equity**  
**for the six months ended June 30, 2003**  
**US GAAP**  
*(thousands of US dollars)*

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>December 31, 2002</b> (audited)	<b>121,211</b>	<b>42,546</b>	<b>163,757</b>
Capital contributions	1,990		1,990
Net income	-	34,260	34,260
<b>June 30, 2003</b>	<b>123,201</b>	<b>76,806</b>	<b>200,007</b>



**KYIVSTAR G.S.M. JSC**  
**Condensed Consolidated Statements of Cash Flows**  
**for the six month ended June 30, 2003 and 2002,**  
**and for the year ended December 31, 2002**

**US GAAP**

*(thousands of US dollars)*

	<b>Six months ended June 30, 2003</b>	Six months ended June 30, 2002	<b>2002 Year</b>
	(unaudited)	(reviewed)	(audited)
Net cash provided by operating activities	<b>54,759</b>	29,584	<b>103,707</b>
Net cash used in investing activities	<b>(60,930)</b>	(17,952)	<b>(57,053)</b>
Net cash provided by (used in) financing activities	<b>33,430</b>	(10,460)	<b>(36,390)</b>
<b>Net increase in cash and time deposits</b>	<b>27,259</b>	1,172	<b>10,264</b>
Cash and time deposits at the beginning of period	<b>14,128</b>	3,864	<b>3,864</b>
Cash and time deposits at the end of period	<b>41,387</b>	5,036	<b>14,128</b>

	<b>Six months ended June 30, 2003</b>	Six months ended June 30, 2002	<b>2002 Year</b>
	(unaudited)	(reviewed)	(audited)
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the period for:			
Interest	<b>9,069</b>	7,437	<b>15,742</b>
Income taxes	<b>14,928</b>	8,205	<b>29,703</b>

**Supplemental disclosure of non-cash investing and financing activities**

Increase in supplier credits	-	55,807	<b>72,911</b>
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**Additional information for use of funds in investing activity**

Purchase of fixed and intangible assets (capex)	<b>60,930</b>	79,091	<b>138,886</b>
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**KYIVSTAR G.S.M. JSC**  
Analytical Information for the three-month periods of 2003 and 2002  
(amounts in thousands of US dollars if not otherwise indicated)

	<b>2002</b>				<b>2003</b>	<b>2003</b>
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter
Net revenues	50,466	58,671	70,423	69,657	68,343	85,023
EBITDA <sup>(1)</sup>	26,599	35,771	43,066	38,138	38,139	49,500
Operating profit	19,960	28,163	34,246	28,307	27,205	37,939
Income before income taxes	16,849	24,919	30,460	22,806	22,397	31,831
Equity RATIO <sup>(2) (3)</sup>	27.8%	30.5%	34.4%	45.6%	42.3%	46.7%
Interest bearing debt <sup>(3)</sup>	160,133	173,665	176,487	136,907	186,320	171,417
Interest bearing debt/annualised EBITDA <sup>(4)</sup>	2.5	1.9	1.4	1.0	1.2	1.0

<sup>(1)</sup> EBITDA is defined as income/(loss) before financial and other income/(expenses), provisions for income taxes and depreciation and amortization expense.

<sup>(2)</sup> Equity RATIO is determined by dividing the amount of Shareholder's Equity at the end of the period by the amount of Total assets at the end of the period.

<sup>(3)</sup> At period end.

<sup>(4)</sup> Interest bearing liabilities/annualised EBITDA is determined by dividing the total amount of interest bearing debt at the end of the period by the amount of EBITDA for the four most recent quarters.

**KYIVSTAR G.S.M. JSC**  
**Analytical Information for the three-month periods of 2003 and 2002 (continued)**

	2002				2003	
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter
No. of mobile subscriptions <sup>(1)</sup> :	1,295,468	1,461,079	1,658,727	1,855,898	2,012,488	2,205,242
- of which Pre-paid <sup>(1)</sup> :	855,931	1,056,876	1,282,691	1,472,031	1,613,652	1,768,009
Average monthly minutes of usage per subscriber (AMPU) <sup>(2)</sup> :	46	48	50	48	43	51
Average monthly service revenue per subscriber (ARPU) <sup>(3)</sup> :						
-Total	\$ 13	\$ 13	\$ 13	\$ 12	\$ 11	\$ 12
-Contract	\$ 21	\$ 22	\$ 25	\$ 25	\$ 23	\$ 25
-Pre-Paid	\$ 9	\$ 9	\$ 9	\$ 9	\$ 8	\$ 9
No. of SMS (in mln.):	40	46	50	58	71	78
Average monthly No. of SMS sent per subscriber :	11	11	11	11	12	12

<sup>(1)</sup> End of period.

<sup>(2)</sup> Average monthly minutes of usage per subscriber (AMPU) is calculated by dividing the total number of charged minutes of usage during a given period by the average number of subscribers during that period and dividing by the number of months in that period.

<sup>(3)</sup> The average monthly service revenue per subscriber (ARPU) was determined by dividing the service revenues for a given period, including revenues from roaming by the Company's subscribers and excluding roaming revenues from visiting users and non-core revenue, by the average number of subscribers during that period and dividing by the number of months in that period.