

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

	2003	2002
	(audited)	(audited)
<b>Net revenues</b>	<b>373,997</b>	249,217
Cost of services and products	<b>(89,470)</b>	(70,321)
Gross profit	<b>284,527</b>	178,896
Operating expenses	<b>(60,858)</b>	(35,322)
Depreciation and amortisation	<b>(48,537)</b>	(32,898)
	<b>(109,395)</b>	(68,220)
<b>Operating profit</b>	<b>175,132</b>	110,676
Financial and other expenses, net	<b>(21,819)</b>	(15,642)
<b>Income before income tax</b>	<b>153,313</b>	95,034
Current tax expense	<b>(57,854)</b>	(32,311)
Deferred tax benefit	<b>5,299</b>	533
<b>Income tax expense</b>	<b>(52,555)</b>	(31,778)
<b>Net income</b>	<b>100,758</b>	63,256
Income tax paid <sup>(1)</sup>	<b>57,497</b>	<b>29,703</b>
EBITDA <sup>(2)</sup>	<b>223,669</b>	<b>143,574</b>
EBITDA margin <sup>(3)</sup>	<b>60%</b>	<b>58%</b>
EBIT <sup>(4)</sup>	<b>175,132</b>	<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 expenses, net, 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 December 31, 2003 and 2002  
US GAAP  
(thousands of US dollars)

	<b>2003</b>	<b>2002</b>
	(audited)	(audited)
Intangible assets, net	<b>90,158</b>	75,538
Tangible assets, net	<b>326,427</b>	242,276
Other financial assets	<b>2,103</b>	3,132
Deferred tax asset	<b>6,642</b>	3,778
<b>Total non-current assets</b>	<b>425,330</b>	<b>324,724</b>
Deferred tax asset	<b>4,738</b>	2,303
Other current assets	<b>40,496</b>	15,860
Cash and interest bearing investments	<b>36,638</b>	14,128
Other financial assets	<b>2,620</b>	1,945
<b>Total current assets</b>	<b>84,492</b>	<b>34,236</b>
<b>Total assets</b>	<b>509,822</b>	<b>358,960</b>
<b>Shareholders equity</b>	<b>266,505</b>	<b>163,757</b>
<b>Long-term interest bearing debt</b>	<b>165,577</b>	<b>116,152</b>
Short-term non-interest bearing liabilities	<b>72,153</b>	58,296
Short-term interest bearing debt	<b>5,587</b>	20,755
<b>Total short-term liabilities</b>	<b>77,740</b>	<b>79,051</b>
<b>Total liabilities and shareholders' equity</b>	<b>509,822</b>	<b>358,960</b>

**KYIVSTAR G.S.M. JSC**  
**Consolidated Statements of Shareholders' Equity**  
**for the years ended December 31, 2003 and 2002**  
**US GAAP**  
*(thousands of US dollars)*

	<b>Share capital</b>	<b>Retained earnings (accumulated deficit)</b>	<b>Total</b>
December 31, 2001 (audited)	88,201	(20,710)	67,491
Capital contributions	33,010		33,010
Net income		63,256	63,256
<b>December 31, 2002 (audited)</b>	<b>121,211</b>	<b>42,546</b>	<b>163,757</b>
Capital contributions	1,990		1,990
Net income		100,758	100,758
<b>December 31, 2003 (audited)</b>	<b>123,201</b>	<b>143,304</b>	<b>266,505</b>

**KYIVSTAR G.S.M. JSC**  
**Condensed Consolidated Statements of Cash Flows**  
**for years ended December 31, 2003 and 2002**  
**US GAAP**  
*(thousands of US dollars)*

	<b>2003</b>	<b>2002</b>
	(audited)	(audited)
Net cash provided by operating activities	<b>126,147</b>	103,707
Net cash used in investing activities	<b>(136,705)</b>	(57,053)
Net cash provided by (used in) financing activities	<b>33,068</b>	(36,390)
<b>Net increase in cash and time deposits</b>	<b>22,510</b>	<b>10,264</b>
Cash and time deposits at the beginning of the year	<b>14,128</b>	3,864
Cash and time deposits at the end of the year	<b>36,638</b>	14,128
	<b>2003</b>	<b>2002</b>
	(audited)	(audited)
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for:		
Interest	<b>19,720</b>	15,742
Income taxes	<b>57,497</b>	29,703
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Increase in supplier credits	<u>          -</u>	<u>72,911</u>
<b>Additional information for use of funds in investing activity</b>		
Purchase of fixed and intangible assets (capex)	<b>146,170</b>	138,886

## KYIVSTAR G.S.M. JSC

### Analytical Information for the three-month periods of 2002 and 2003 years (amounts in thousands of US dollars if not otherwise indicated)

	2002				2003			
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter
Net revenues	50,466	58,671	70,423	69,657	68,343	85,023	104,893	115,738
EBITDA <sup>(1)</sup>	26,599	35,771	43,066	38,138	38,139	49,500	63,754	72,276
Operating profit	19,960	28,163	34,246	28,307	27,205	37,939	51,329	58,659
Income before income taxes	16,849	24,919	30,460	22,806	22,397	31,831	45,922	53,163
Equity RATIO <sup>(2) (3)</sup>	27.8%	30.5%	34.4%	45.6%	42.3%	46.7%	48.2%	52.3%
Interest bearing debt <sup>(3)</sup>	160,133	173,665	176,487	136,907	186,320	171,417	171,188	171,164
Interest bearing debt/annualised EBITDA <sup>(4)</sup>	2.5	1.9	1.4	1.0	1.2	1.0	0.9	0.8

<sup>(1)</sup> EBITDA is defined as income/(loss) before financial and other expenses, net, 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 2002 and 2003 years (continued)

	2002				2003			
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter	3-rd quarter	4-th 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	2,511,801	3,036,607
- of which Pre-paid <sup>(1)</sup> :	855,931	1,056,876	1,282,691	1,472,031	1,613,652	1,768,009	2,037,357	2,502,975
Average monthly minutes of usage per subscriber (AMPU) <sup>(2)</sup> :	46	48	50	48	43	51	58	73
Average monthly service revenue per subscriber (ARPU) <sup>(3)</sup> :								
-Total	\$ 13	\$ 13	\$ 13	\$ 12	\$ 11	\$ 12	\$ 13	\$ 14
-Contract	\$ 21	\$ 22	\$ 25	\$ 25	\$ 23	\$ 25	\$ 28	\$ 29
-Pre-Paid	\$ 9	\$ 9	\$ 9	\$ 9	\$ 8	\$ 9	\$ 10	\$ 10
No. of SMS (in mln.):	40	46	50	58	71	78	94	110
Average monthly No. of SMS sent per subscriber :	11	11	11	11	12	12	13	14

<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 interconnect and 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.