

KYIVSTAR G.S.M. JSC
Condensed Consolidated Statements of Income
for the six months ended June 30, 2004 and 2003
and for the year ended December 31, 2003
US GAAP
(thousands of US Dollars)

	Six months ended June 30, 2004	Six months ended June 30, 2003	2003 Year
	(unaudited)	(unaudited)	(audited)
Net revenues	265,696	153,366	373,997
Cost of services and products	(64,531)	(38,738)	(89,470)
Gross profit	201,165	114,628	284,527
Operating expenses	(41,114)	(26,989)	(60,858)
Depreciation and amortisation	(30,042)	(22,495)	(48,537)
	(71,156)	(49,484)	(109,395)
Operating profit	130,009	65,144	175,132
Financial and other expenses, net	(10,361)	(10,916)	(21,819)
Income before income taxes	119,648	54,228	153,313
Income tax expense	(27,950)	(19,968)	(52,555)
Net income	91,698	34,260	100,758
Income tax paid ⁽¹⁾	19,288	14,928	57,497
EBITDA ⁽²⁾	160,051	87,639	223,669
EBITDA margin ⁽³⁾	60%	57%	60%
EBIT ⁽⁴⁾	130,009	65,144	175,132

⁽¹⁾ 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.

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

⁽³⁾ EBITDA margin represents EBITDA as a percentage of net revenues.

⁽⁴⁾ 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, 2004 and 2003,
and December 31, 2003
US GAAP

(thousands of US Dollars)

	June 30, 2004	December 31, 2003	June 30, 2003
	(unaudited)	(audited)	(unaudited)
Intangible assets, net	104,729	90,158	80,901
Tangible assets, net	406,203	326,427	275,348
Other financial assets	835	2,103	3,403
Deferred tax asset	8,981	6,642	4,264
Total non-current assets	520,748	425,330	363,916
Deferred tax asset	4,620	4,738	3,201
Other current assets	53,603	40,496	17,057
Cash and cash equivalents	45,309	36,638	41,387
Other financial assets	2,568	2,620	2,640
Total current assets	106,100	84,492	64,285
Total assets	626,848	509,822	428,201
Shareholders equity	308,203	266,505	200,007
Long-term interest bearing debt	160,000	165,577	171,215
Short-term non-interest bearing liabilities	148,707	72,153	56,777
Short-term interest bearing debt	9,938	5,587	202
Total short-term liabilities	158,645	77,740	56,979
Total liabilities and shareholders' equity	626,848	509,822	428,201



KYIVSTAR G.S.M. JSC
Consolidated Statement of Shareholders' Equity
for the six months ended June 30, 2004
US GAAP

(thousands of US Dollars, except per share amount)

	Share capital	Retained earnings	Total
December 31, 2003 (audited)	123,201	143,304	266,505
Dividends declared (\$4.68 per share) (unaudited)	-	(50,000)	(50,000)
Net income (unaudited)	-	91,698	91,698
June 30, 2004 (unaudited)	123,201	185,002	308,203



KYIVSTAR G.S.M. JSC
Condensed Consolidated Statements of Cash Flows
for the six months ended June 30, 2004 and 2003,
and for the year ended December 31, 2003
US GAAP
(thousands of US Dollars)

	Six months ended June 30, 2004	Six months ended June 30, 2003	2003 Year
	(unaudited)	(unaudited)	(audited)
Net cash provided by operating activities	134,251	54,759	126,147
Net cash used in investing activities	(124,389)	(60,930)	(136,705)
Net cash (used in)/provided by financing activities	(1,191)	33,430	33,068
Net increase in cash and cash equivalents	8,671	27,259	22,510
Cash and cash equivalents at the beginning of the period	36,638	14,128	14,128
Cash and cash equivalents at the end of the period	45,309	41,387	36,638
	Six months ended June 30, 2004	Six months ended June 30, 2003	2003 Year
	(unaudited)	(unaudited)	(audited)
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	10,593	9,069	19,720
Income taxes	19,288	14,928	57,497

KYIVSTAR G.S.M. JSC
Analytical Information for the three-month periods of 2003 and 2004
(amounts in thousands of US Dollars if not otherwise indicated)

	2003				2004	
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter
Net revenues	68,343	85,023	104,893	115,738	120,971	144,725
EBITDA ⁽¹⁾	38,139	49,500	63,754	72,276	73,099	86,952
Operating profit	27,205	37,939	51,329	58,659	58,742	71,267
Income before income taxes	22,397	31,831	45,922	53,163	53,533	66,115
Equity RATIO ^{(2) (3)}	42.3%	46.7%	48.2%	52.3%	54.8%	49.2%
Interest bearing debt ⁽³⁾	186,320	171,417	171,188	171,164	171,138	169,938
Interest bearing debt/annualised EBITDA ⁽⁴⁾	1.2	1.0	0.9	0.8	0.7	0.6

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

⁽²⁾ 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.

⁽³⁾ At period end.

⁽⁴⁾ 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 2004 (continued)

	2003				2004	
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter
No. of mobile subscriptions ⁽¹⁾ :	2,012,488	2,205,242	2,511,801	3,036,607	3,220,735	3,610,319
- of which Pre-paid ⁽¹⁾ :	1,613,652	1,768,009	2,037,357	2,502,975	2,674,520	3,031,217
Average monthly minutes of usage per subscriber (AMPU) ⁽²⁾ :	43	51	58	73	68	80
Average monthly service revenue per subscriber (ARPU) ⁽³⁾ :						
-Total	\$ 11	\$ 12	\$ 13	\$ 14	\$ 12	\$ 14
-Contract	\$ 23	\$ 25	\$ 28	\$ 29	\$ 28	\$ 31
-Pre-Paid	\$ 8	\$ 9	\$ 10	\$ 10	\$ 9	\$ 10
No. of SMS (in mln.):	71	78	94	110	178	149
Average monthly No. of SMS sent per subscriber :	12	12	13	14	16	15

⁽¹⁾ End of period.

⁽²⁾ 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.

⁽³⁾ 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.