

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

	Nine months ended September 30, 2004 <small>(unaudited)</small>	Nine months ended September 30, 2003 <small>(unaudited)</small>	2003 Year <small>(audited)</small>
Net revenues	451,376	258,259	373,997
Cost of services and products	(109,829)	(63,283)	(89,470)
Gross profit	341,547	194,976	284,527
Operating expenses	(67,629)	(43,583)	(60,858)
Depreciation and amortisation	(47,514)	(34,920)	(48,537)
	(115,143)	(78,503)	(109,395)
Operating profit	226,404	116,473	175,132
Financial and other expenses, net	(17,069)	(16,323)	(21,819)
Income before income taxes	209,335	100,150	153,313
Income tax expense	(48,147)	(34,731)	(52,555)
Net income	161,188	65,419	100,758
Income tax paid ⁽¹⁾	49,139	27,097	57,497
EBITDA ⁽²⁾	273,918	151,393	223,669
EBITDA margin ⁽³⁾	61%	59%	60%
EBIT ⁽⁴⁾	226,404	116,473	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 September 30, 2004 and 2003,
and December 31, 2003

US GAAP

(thousands of US Dollars)

	September 30, 2004	December 31, 2003	September 30, 2003
	(unaudited)	(audited)	(unaudited)
Intangible assets, net	124,934	90,158	88,304
Tangible assets, net	487,786	326,427	296,362
Other financial assets	13,018	2,103	2,743
Deferred tax asset	7,807	6,642	4,907
Total non-current assets	633,545	425,330	392,316
Deferred tax asset	4,016	4,738	4,975
Other current assets	69,276	40,496	34,072
Cash and cash equivalents	89,117	36,638	45,707
Other financial assets	4,846	2,620	2,640
Total current assets	167,255	84,492	87,394
Total assets	800,800	509,822	479,710
Shareholders equity	377,693	266,505	231,166
Long-term interest bearing debt	306,924	165,577	171,188
Short-term non-interest bearing liabilities	106,244	72,153	77,356
Short-term interest bearing debt	9,939	5,587	-
Total short-term liabilities	116,183	77,740	77,356
Total liabilities and shareholders' equity	800,800	509,822	479,710

KYIVSTAR G.S.M. JSC
Consolidated Statement of Shareholders' Equity
for the nine months ended September 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)	-	161,188	161,188
September 30, 2004	123,201	254,492	377,693



KYIVSTAR G.S.M. JSC

Condensed Consolidated Statements of Cash Flows
for the six months ended September 30, 2004 and 2003,
and for the year ended December 31, 2003

US GAAP

(thousands of US Dollars)

	Nine months ended September 30, 2004	Nine months ended September 30, 2003	2003 Year
	(unaudited)	(unaudited)	(audited)
Net cash provided by operating activities	214,110	100,236	126,147
Net cash used in investing activities	(240,793)	(101,772)	(136,705)
Net cash provided by financing activities	79,162	33,115	33,068
Net increase in cash and cash equivalents	52,479	31,579	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	89,117	45,707	36,638
	Nine months ended September 30, 2004	Nine months ended September 30, 2003	2003 Year
	(unaudited)	(unaudited)	(audited)
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	14,245	9,083	19,720
Income taxes	49,139	27,097	57,497
Supplemental disclosure of non-cash financing and investing activities			
Debt exchange - premium	11,924	-	-

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

	2003				2004		
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter	2-nd quarter	3-rd quarter
Net revenues	68,343	85,023	104,893	115,738	120,971	144,725	185,680
EBITDA ⁽¹⁾	38,139	49,500	63,754	72,276	73,099	86,952	113,867
Operating profit	27,205	37,939	51,329	58,659	58,742	71,267	96,395
Income before income taxes	22,397	31,831	45,922	53,163	53,533	66,115	89,687
Equity RATIO ^{(2), (3)}	42.3%	46.7%	48.2%	52.3%	54.8%	49.3%	47.2%
Interest bearing debt ⁽³⁾	186,320	171,417	171,188	171,164	171,138	169,938	316,863
Net debt/ EBITDA ⁽⁴⁾	0.8	0.8	0.7	0.6	0.5	0.4	0.7

⁽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⁾ Net debt/ EBITDA is determined by dividing the total amount of net debt at the end of the period by the amount of EBITDA for the four most recent quarters. Net debt is defined as interest bearing debt less cash and cash equivalents.

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	3-rd quarter
EBITDA/Net interest expenses ⁽¹⁾	9.3	9.0	11.6	14.2	15.5	20.1	21.6
Funds from operations/Net debt ⁽²⁾	18.5%	25.0%	34.7%	36.4%	46.4%	53.2%	38.2%
Free operating cash flow/Net debt ⁽³⁾	(4.7)%	0.0%	3.7%	(6.7)%	12.7%	(4.3)%	(38.0)%
Net debt/Shareholders equity ⁽⁴⁾	0.7	0.7	0.5	0.5	0.4	0.4	0.6
Subscriber acquisition cost ⁽⁵⁾	\$25.9	\$28.2	\$25.3	\$23.5	\$24.7	\$22.3	\$12.7

⁽¹⁾ EBITDA/Net interest expenses is determined by dividing EBITDA by the amount of interest expenses, net of capitalised interest, for the quarter.

⁽²⁾ Funds from operations/Net debt is determined by dividing the amount of net income adjusted for depreciation and amortisation expenses for the period by the amount of net debt, which is defined as interest bearing debt less cash and cash equivalents, at the end of the respective period.

⁽³⁾ Free operating cash flow/Net debt is determined by dividing the amount of the operating cash flow for the period adjusted for cash used in investing activities and dividends payments by the amount of net debt, which is defined as interest bearing debt less cash and cash equivalents, at the end of the respective period.

⁽⁴⁾ Net debt/Shareholders equity is determined by dividing the amount of net debt, which is defined as interest bearing debt less cash and cash equivalents, by the amount of shareholders equity at the end of the period.

⁽⁵⁾ Subscriber acquisition cost is determined by dividing the amount of marketing expenses and dealers' fees incurred during the period by the number of new subscribers connected to the network during that period.

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	3-rd quarter
No. of mobile subscriptions ⁽¹⁾ :	2,012,488	2,205,242	2,511,801	3,036,607	3,220,735	3,610,219	4,856,181
- of which Pre-paid ⁽¹⁾ :	1,613,652	1,768,009	2,037,357	2,502,975	2,674,520	3,031,217	4,211,008
Annualized churn rate ⁽²⁾ :	21.0%	28.2%	19.7%	17.8%	22.5%	25.6%	23.0%
Average monthly minutes of usage per subscriber (AMPU) ⁽³⁾ :	43	51	58	73	68	80	90
Average monthly service revenue per subscriber (ARPU) ⁽⁴⁾ :							
-Total	\$ 11	\$ 12	\$ 13	\$ 14	\$ 12	\$ 14	\$ 14
-Contract	\$ 23	\$ 25	\$ 28	\$ 29	\$ 28	\$ 31	\$ 33
-Pre-Paid	\$ 8	\$ 9	\$ 10	\$ 10	\$ 9	\$ 10	\$ 11
No. of SMS (in mln.):	71	78	94	110	178	149	240
Average monthly No. of SMS sent per subscriber :	12	12	13	14	16	15	19

⁽¹⁾ End of period.

⁽²⁾ Churn rate represents a percentage of the total number of churned subscribers to the average number of subscribers during a certain period. Contract subscribers with negative account balance and prepaid subscribers are considered to have churned after three months of inactivity, contract subscribers with positive account balance - after four months of inactivity.

⁽³⁾ 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.

⁽⁴⁾ The average monthly service revenue per subscriber (ARPU) is 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.