

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

	2004	2003
	Year	Year
Net revenues	640,691	373,997
Cost of services and products	(161,535)	(89,470)
Gross profit	479,156	284,527
Operating expenses	(102,378)	(60,858)
Depreciation and amortisation	(69,026)	(48,537)
	(171,404)	(109,395)
Operating profit	307,752	175,132
Financial and other expenses, net	(24,280)	(21,819)
Income before income taxes	283,472	153,313
Income tax expense	(64,330)	(52,555)
Net income	219,142	100,758
Income tax paid ⁽¹⁾	71,184	57,497
EBITDA ⁽²⁾	376,778	223,669
EBITDA margin ⁽³⁾	59%	60%
EBIT ⁽⁴⁾	307,752	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 December 31, 2004 and 2003
US GAAP
(thousands of US Dollars)

	December 31, 2004	December 31, 2003
Intangible assets, net	136,944	90,158
Tangible assets, net	594,209	326,427
Financial assets	12,467	2,103
Deferred tax asset	-	6,642
Total non-current assets	743,620	425,330
Deferred tax asset	16,134	4,738
Other current assets	77,194	40,496
Cash and cash equivalents	56,928	36,638
Financial assets	4,445	2,620
Total current assets	154,701	84,492
Total assets	898,321	509,822
Shareholders equity	425,738	266,505
Long-term interest bearing debt	266,420	165,577
Deferred tax liability	4,517	-
Total non-current liabilities	270,937	165,577
Short-term non-interest bearing liabilities	156,253	72,153
Short-term interest bearing debt	45,393	5,587
Total short-term liabilities	201,646	77,740
Total liabilities and shareholders' equity	898,321	509,822

KYIVSTAR G.S.M. JSC
Consolidated Statement of Shareholders' Equity
for the years ended December 31, 2004 and 2003
US GAAP

(thousands of US Dollars, except per share amount)

	Share capital	Retained earnings	Total
December 31, 2002	121,211	42,546	163,757
Capital contributions	1,990		1,990
Net income		100,758	100,758
December 31, 2003	123,201	143,304	266,505
Net income		219,142	219,142
Effect of translation to reporting currency	541	279	820
Recognition of deferred tax due to change in functional currency		(10,729)	(10,729)
Dividends declared (USD 4.68 per share)		(50,000)	(50,000)
December 31, 2004	123,742	301,996	425,738



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

	2004	2003
	Year	Year
Net cash provided by operating activities	325,735	126,147
Net cash used in investing activities	(380,477)	(136,705)
Net cash provided by financing activities	74,786	33,068
Net increase in cash and cash equivalents	20,044	22,510
Effect of foreign exchange rate changes on cash and cash equivalents	246	-
Cash and cash equivalents at the beginning of the period	36,638	14,128
Cash and cash equivalents at the end of the period	56,928	36,638
	2004	2003
	Year	Year
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	17,258	19,720
Income taxes	71,184	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	4-th quarter
Net revenues	68,343	85,023	104,893	115,738	120,971	144,725	185,680	189,315
EBITDA ⁽¹⁾	38,139	49,500	63,754	72,276	73,099	86,952	113,867	102,860
Operating profit	27,205	37,939	51,329	58,659	58,742	71,267	96,395	81,348
Income before income taxes	22,397	31,831	45,922	53,163	53,533	66,115	89,687	74,137
Equity ratio ^{(2), (3)}	42.3%	46.7%	48.2%	52.3%	54.8%	49.3%	47.2%	47.4%
Interest bearing debt ⁽³⁾	186,320	171,417	171,188	171,164	171,138	169,938	316,863	311,813
Net debt/ EBITDA ⁽⁴⁾	0.8	0.8	0.7	0.6	0.5	0.4	0.7	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	4-th quarter
EBITDA/Net interest expenses ⁽¹⁾	9.3	9.0	11.6	14.2	15.5	20.1	21.6	12.8
Funds from operations/Net debt ⁽²⁾	18.5%	25.0%	34.7%	36.4%	46.4%	53.2%	38.2%	31.2%
Free operating cash flow/Net debt ⁽³⁾	(4.7)%	0.0%	3.7%	(6.7)%	12.7%	(4.3)%	(38.0)%	(11.0)%
Net debt/Shareholders equity ⁽⁴⁾	0.7	0.7	0.5	0.5	0.4	0.4	0.6	0.6
Subscriber acquisition cost ⁽⁵⁾	\$25.9	\$28.2	\$25.3	\$23.5	\$24.7	\$22.3	\$12.7	\$13.1

⁽¹⁾ EBITDA/Net interest expenses is determined by dividing EBITDA by the amount of interest expenses, net of capitalised interest and excluding interest income from derivative financial instrument, 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	4-th 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	6,252,022
- 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	5,531,662
Annualized churn rate ⁽²⁾ :	21.0%	28.2%	19.7%	17.8%	22.5%	25.6%	23.0%	28.4%
Average monthly minutes of usage per subscriber (AMPU) ⁽³⁾ :	43	51	58	73	68	80	90	95
Average monthly service revenue per subscriber (ARPU) ⁽⁴⁾ :								
-Total	\$ 11	\$ 12	\$ 13	\$ 14	\$ 12	\$ 14	\$ 14	\$ 11
-Contract	\$ 23	\$ 25	\$ 28	\$ 29	\$ 28	\$ 31	\$ 33	\$ 29
-Pre-Paid	\$ 8	\$ 9	\$ 10	\$ 10	\$ 9	\$ 10	\$ 11	\$ 8
No. of SMS (in mln.):	71	78	94	110	178	149	240	550
Average monthly No. of SMS sent per subscriber :	12	12	13	14	16	15	19	33

⁽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.