

KYIVSTAR G.S.M. JSC
Condensed Consolidated Statements of Income
for the three months ended March 31, 2005 and 2004
and for the year ended December 31, 2004
US GAAP
(thousands of US Dollars)

	Three months ended March 31, 2005	Three months ended March 31, 2004	2004 Year
	(unaudited)	(unaudited)	(audited)
Net revenues	192,652	120,971	640,691
Cost of services and products	(48,141)	(29,857)	(161,535)
Gross profit	144,511	91,114	479,156
Operating expenses	(35,167)	(18,015)	(102,378)
Depreciation and amortisation	(27,046)	(14,357)	(69,026)
	(62,213)	(32,372)	(171,404)
Operating profit	82,298	58,742	307,752
Financial and other expenses, net	(14,022)	(5,209)	(24,280)
Income before income taxes	68,276	53,533	283,472
Income tax expense	(18,179)	(12,504)	(64,330)
Net income	50,097	41,029	219,142
Income tax paid ⁽¹⁾	9,304	5,906	71,184
EBITDA ⁽²⁾	109,344	73,099	376,778
EBITDA margin ⁽³⁾	57%	60%	59%
EBIT ⁽⁴⁾	82,298	58,742	307,752

⁽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 March 31, 2005 and 2004,
 and December 31, 2004
US GAAP
(thousands of US Dollars)

	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(audited)	(unaudited)
Intangible assets, net	162,452	136,944	97,562
Tangible assets, net	666,318	594,209	351,372
Financial assets	11,503	12,467	1,462
Deferred tax asset	-	-	7,666
Total non-current assets	840,273	743,620	458,062
Deferred tax asset	16,134	16,134	3,944
Other current assets	84,672	77,194	44,939
Cash and cash equivalents	30,461	56,928	51,827
Financial assets	4,272	4,445	2,601
Total current assets	135,539	154,701	103,311
Total assets	975,812	898,321	561,373
Shareholders equity	477,995	425,738	307,534
Long-term interest bearing debt	266,420	266,420	165,568
Deferred tax liability	4,517	4,517	-
Total non-current liabilities	270,937	270,937	165,568
Short-term non-interest bearing liabilities	176,487	156,253	82,701
Short-term interest bearing debt	50,393	45,393	5,570
Total short-term liabilities	226,880	201,646	88,271
Total liabilities and shareholders' equity	975,812	898,321	561,373

KYIVSTAR G.S.M. JSC
Consolidated Statement of Shareholders' Equity
for the three months ended March 31, 2005
US GAAP
(thousands of US Dollars)

	Share capital	Retained earnings	Total
December 31, 2004 (audited)	123,742	301,996	425,738
Net income		50,097	50,097
Effect of translation to reporting currency	577	1,583	2,160
March 31, 2005 (unaudited)	124,319	353,676	477,995

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Condensed Consolidated Statements of Cash Flows
for the three months ended March 31, 2005 and 2004,
and for the year ended December 31, 2004

US GAAP

(thousands of US Dollars)

	Three months ended March 31, 2005	Tree months ended March 31, 2004	2004 Year
	(unaudited)	(unaudited)	(audited)
Net cash provided by operating activities	90,162	61,877	325,735
Net cash used in investing activities	(121,803)	(46,706)	(380,477)
Net cash provided by financing activities	5,000	-	74,786
Net (decrease)/increase in cash and cash equivalents	(26,641)	15,171	20,044
Effect of foreign exchange rate changes on cash and cash equivalents	174	18	246
Cash and cash equivalents at the beginning of the period	56,928	36,638	36,638
Cash and cash equivalents at the end of the period	30,461	51,827	56,928

	Three months ended March 31, 2005	Tree months ended March 31, 2004	2004 Year
	(unaudited)	(unaudited)	(audited)
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	13,821	-	17,258
Income taxes	9,304	5,906	71,184
Supplemental disclosure of non-cash activities			
Debt exchange - premium	-	-	11,924
Deferral of connection fees	5,020	-	-

KYIVSTAR G.S.M. JSC
Analytical Information for the three-month periods of 2004 and 2005
(amounts in thousands of US Dollars if not otherwise indicated)

	2004				2005
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter
Net revenues	120,971	144,725	185,680	189,315	192,652
EBITDA ⁽¹⁾	73,099	86,952	113,867	102,860	109,344
Operating profit	58,742	71,267	96,395	81,348	82,298
Income before income taxes	53,533	66,115	89,687	74,137	68,276
Equity ratio ^{(2), (3)}	54.8%	49.3%	47.2%	47.4%	49.0%
Interest bearing debt ⁽³⁾	171,138	169,938	316,863	311,813	316,813
Net debt/ EBITDA ⁽⁴⁾	0.5	0.4	0.7	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.

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Analytical Information for the three-month periods of 2004 and 2005 (continued)

	2004				2005
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter
EBITDA/Net interest expenses ⁽¹⁾	15.5	20.1	21.6	12.8	14.6
EBITDA/Interest expenses ⁽²⁾	12.1	14.1	15.6	16.3	13.0
Funds from operations/Net debt ⁽³⁾	46.4%	53.2%	38.2%	31.2%	26.9%
Free operating cash flow/Net debt ⁽⁴⁾	12.7%	(4.3)%	(38.0)%	(11.0)%	(11.0)%
Net debt/Shareholders equity ⁽⁵⁾	0.4	0.4	0.6	0.6	0.6
Subscriber acquisition cost ⁽⁶⁾	\$24.7	\$22.3	\$12.7	\$13.1	\$11.3

⁽¹⁾ EBITDA/Net interest expenses is determined by dividing EBITDA by the amount of interest expenses, net of capitalised interest and excluding interest income/expense from derivative financial instrument, for the quarter.

⁽²⁾ EBITDA/Interest expenses is determined by dividing EBITDA for the four most recent quarters by the amount of interest expenses, before adjustment for capitalised interest, and including interest income/expense from derivative financial instrument, for the four most recent quarters.

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ 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.

⁽⁶⁾ 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.

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Analytical Information for the three-month periods of 2004 and 2005 (continued)

	2004				2005
	1-st quarter	2-nd quarter	3-rd quarter	4-th quarter	1-st quarter
No. of mobile subscriptions ⁽¹⁾ :	3,220,735	3,610,219	4,856,181	6,252,022	7,662,177
- of which Pre-paid ⁽¹⁾ :	2,674,520	3,031,217	4,211,008	5,531,662	6,892,385
Annualized churn rate ⁽²⁾ :	22.5%	25.6%	23.0%	28.4%	30.8%
Average monthly minutes of usage per subscriber (AMPU) ⁽³⁾ :	68	80	90	95	92
Average monthly service revenue per subscriber (ARPU) ⁽⁴⁾ :					
-Total	\$ 12	\$ 14	\$ 14	\$ 11	\$ 9
-Contract	\$ 28	\$ 31	\$ 33	\$ 29	\$ 27
-Pre-Paid	\$ 9	\$ 10	\$ 11	\$ 8	\$ 6
No. of SMS (in mln.):	178	149	240	550	481
Average monthly No. of SMS sent per subscriber :	16	15	19	33	23

⁽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.