

KYIVSTAR G.S.M. JSC
Condensed Consolidated Statements of Income
for the six months ended June 30, 2005 and 2004
and for the year ended December 31, 2004
US GAAP
(thousands of US Dollars)

	Six months ended June 30, 2005	Six months ended June 30, 2004	Year 2004
	(unaudited)	(unaudited)	(audited)
Net revenues	450,900	265,696	640,691
Cost of services and products	(122,378)	(64,531)	(161,535)
Gross profit	328,522	201,165	479,156
Operating expenses	(85,819)	(41,114)	(102,378)
Depreciation and amortisation	(91,635)	(30,042)	(69,026)
	(177,454)	(71,156)	(171,404)
Operating profit	151,068	130,009	307,752
Financial and other expenses, net	(2,732)	(10,361)	(24,280)
Income before income taxes	148,336	119,648	283,472
Income tax expense	(44,746)	(27,950)	(64,330)
Net income	103,590	91,698	219,142
Income tax paid ⁽¹⁾	25,441	19,288	71,184
EBITDA ⁽²⁾	242,703	160,051	376,778
EBITDA margin ⁽³⁾	54%	60%	59%
EBIT ⁽⁴⁾	151,068	130,009	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 amortisation 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, 2005 and 2004,
and December 31, 2004
US GAAP
(thousands of US Dollars)

	June 30, 2005	December 31, 2004	June 30, 2004
	(unaudited)	(audited)	(unaudited)
Intangible assets, net	160,943	136,944	104,729
Tangible assets, net	793,238	594,209	406,203
Financial assets	12,072	12,467	835
Deferred tax asset	-	-	8,981
Other non-current assets	18,222	-	-
Total non-current assets	984,475	743,620	520,748
Deferred tax asset	25,210	16,134	4,620
Other current assets	115,416	77,194	53,603
Cash and cash equivalents	170,832	56,928	45,309
Financial assets	4,540	4,445	2,568
Total current assets	315,998	154,701	106,100
Total assets	1,300,473	898,321	626,848
Shareholders equity	552,493	425,738	308,203
Long-term interest bearing debt	442,678	266,420	160,000
Other non-current liabilities	23,440	-	-
Deferred tax liability	12,744	4,517	-
Total non-current liabilities	478,862	270,937	160,000
Short-term non-interest bearing liabilities	228,614	156,253	148,707
Short-term interest bearing debt	40,504	45,393	9,938
Total short-term liabilities	269,118	201,646	158,645
Total liabilities and shareholders' equity	1,300,473	898,321	626,848

KYIVSTAR G.S.M. JSC
Consolidated Statement of Shareholders' Equity
for the six months ended June 30, 2005
US GAAP
(thousands of US Dollars)

	Share capital	Retained earnings	Total
December 31, 2004 (audited)	123,742	301,996	425,738
Net income		103,590	103,590
Effect of translation to reporting currency	6,129	17,036	23,165
June 30, 2005 (unaudited)	129,871	422,622	552,493

KYIVSTAR G.S.M. JSC
Condensed Consolidated Statements of Cash Flows
for the six months ended June 30, 2005 and 2004,
and for the year ended December 31, 2004
US GAAP
(thousands of US Dollars)

	Six months ended June 30, 2005	Six months ended June 30, 2004	Year 2004
	(unaudited)	(unaudited)	(audited)
Net cash provided by operating activities	213,683	134,165	325,735
Net cash used in investing activities	(272,313)	(124,389)	(380,477)
Net cash provided by/(used in) financing activities	167,258	(1,191)	74,786
Net increase in cash and cash equivalents	108,628	8,585	20,044
Effect of foreign exchange rate changes on cash and cash equivalents	5,276	86	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	170,832	45,309	56,928
	Six months ended June 30, 2005	Six months ended June 30, 2004	Year 2004
	(unaudited)	(unaudited)	(audited)
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	16,680	10,593	17,258
Income taxes	25,441	19,288	71,184
Supplemental disclosure of non-cash activities			
Debt exchange - premium	-	-	11,924

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	2-nd quarter
Net revenues	120,971	144,725	185,680	189,315	192,652	258,248
EBITDA ⁽¹⁾	73,099	86,952	113,867	102,860	109,344	133,359
Operating profit	58,742	71,267	96,395	81,348	82,298	68,770
Income before income taxes	53,533	66,115	89,687	74,137	68,276	80,060
Equity ratio ^{(2), (3)}	54.8%	49.3%	47.2%	47.4%	49.0%	42.5%
Interest bearing debt ⁽³⁾	171,138	169,938	316,863	311,813	316,813	483,182
Net debt/ EBITDA ⁽⁴⁾	0.5	0.4	0.7	0.7	0.7	0.7

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

⁽²⁾ Equity ratio is determined by dividing the amount of shareholders' 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, including fair value adjustment of the hedged item, less cash and cash equivalents, and fair value of derivative financial instrument.

KYIVSTAR G.S.M. JSC
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	2-nd quarter
EBITDA/Net interest expenses ⁽¹⁾	15.5	20.1	21.6	12.8	14.6	14.5
EBITDA/Interest expenses ⁽²⁾	12.1	14.1	15.6	16.3	13.0	13.8
Funds from operations/Net debt ⁽³⁾	46.4%	53.2%	38.2%	31.2%	26.9%	38.0%
Free operating cash flow/Net debt ⁽⁴⁾	12.7%	(4.3)%	(38.0)%	(11.0)%	(11.0)%	(8.7)%
Net debt/Shareholders equity ⁽⁵⁾	0.4	0.4	0.6	0.6	0.6	0.6
Subscriber acquisition cost ⁽⁶⁾	\$24.7	\$22.3	\$12.7	\$13.1	\$11.3	\$20.8

⁽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, not including 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, including fair value adjustment of the hedged item, less cash and cash equivalents and fair value of derivative financial instrument, 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, including fair value adjustment of the hedged item, which is defined as interest bearing debt less cash and cash equivalents and fair value of derivative financial instrument, 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.

KYIVSTAR G.S.M. JSC
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	2-nd quarter
No. of mobile subscriptions ⁽¹⁾ :	3,220,735	3,610,319	4,856,181	6,252,022	7,662,177	9,334,793
- of which Pre-paid ⁽¹⁾ :	2,674,520	3,031,217	4,211,008	5,531,662	6,892,385	8,500,326
Annualized churn rate ⁽²⁾ :	22.5%	25.6%	23.0%	28.4%	30.8%	26,5%
Average monthly minutes of usage per subscriber (AMPU) ⁽³⁾ :	68	80	90	95	92	90
Average monthly service revenue per subscriber (ARPU) ⁽⁴⁾ :						
-Total	\$ 12	\$ 14	\$ 14	\$ 11	\$ 9	\$ 10
-Contract	\$ 28	\$ 31	\$ 33	\$ 29	\$ 27	\$ 29
-Pre-Paid	\$ 9	\$ 10	\$ 11	\$ 8	\$ 6	\$ 8
No. of SMS (in mln.):	178	149	240	550	481	415
Average monthly No. of SMS sent per subscriber :	16	15	19	33	23	16

⁽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 six 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.