

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS
Form 6-K
August 30, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of August 2007

Commission File Number 1-14522

Open Joint Stock Company Vimpel-Communications

(Translation of registrant's name into English)

10 Ulitsa 8-Marta, Building 14, Moscow, Russian Federation 127083

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

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Yes [] No [X]

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____ .

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OPEN JOINT STOCK COMPANY
VIMPEL-COMMUNICATIONS
(Registrant)

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Date: August 30, 2007

By: /s/ Alexander V. Izosimov
Name: Alexander V. Izosimov
Title: Chief Executive Officer and

General Director

FOR IMMEDIATE RELEASE

VIMPELCOM ANNOUNCES SECOND QUARTER AND SIX MONTH 2007

FINANCIAL AND OPERATING RESULTS

Moscow and New York (August 30, 2007) - Open Joint Stock Company Vimpel-Communications (VimpelCom or the Company) (NYSE: VIP), a leading provider of wireless telecommunications services in Russia and the Commonwealth of Independent States (CIS) today announced its financial and operating results for the quarter and six months ended June 30, 2007.

Financial and Operating Highlights

Net operating revenues reached a record high \$1,717.2 million in the second quarter, a year-on-year increase of 53.1% and a quarter-on-quarter increase of 15.4%.

OIBDA reached a record high \$896.8 million, a year-on-year increase of 59.7% and a quarter-on-quarter increase of 17.0%.

OIBDA margin reached 52.2%, including 53.4% in Russia and 53.7% in Kazakhstan.

Net income totaled a record high \$359.3 million, a year-on-year increase of 84.3%.

Operating cash flow reached a record high \$695.6 million, a year-on-year increase of 61.7%.

MOU and ARPU grew sequentially in all markets, including 12.8% ARPU growth in Russia. Commenting on today's announcement, Alexander Izosimov, Chief Executive Officer of VimpelCom, said, "It was another very strong quarter for VimpelCom. The Company achieved all-time records in key financial parameters: revenue, OIBDA, net income and operating cash flow. The strength of our business was further supported by growth of operating parameters, including ARPU and MOU simultaneously in all the markets where we operate. This further validates our belief in the high growth potential of the CIS which is becoming an increasingly important part of our business."

We are also pleased to note that our OIBDA grew at a remarkable pace of almost 60% year-on-year. Moreover, the fact that our OIBDA grew faster than revenues illustrates that we continue to gain efficiency.

Changes in definitions and reported data

Beginning with this press-release the Company will use independent research to the extent it is available when reporting market share information. We believe using independent and consistent data is the preferable way to reflect our market share performance.

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VimpelCom Announces Second Quarter And Six Month 2007 Financial And Operating Results

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Beginning with the Company's 1Q2007 earnings press release, the number of subscribers, ARPU and MOU are reported on the basis of active subscribers. For convenience, we continue to report the registered subscriber base and the related figures for comparable periods (see Attachment A for relevant definitions and refer to Attachment D for relevant data).

All the above-mentioned definitions refer to mobile subscribers. With the acquisition of Armentel, the Company also has fixed-line subscribers which are treated separately.

Attachments A, B, C and D present respectively

- definitions for certain terms used in this press release,
- the condensed consolidated financial statements of VimpelCom,
- tables with relevant reconciliations of non-U.S. GAAP financial measures to their most directly comparable U.S. GAAP financial measures, and
- certain additional reference data relating to the registered subscriber base.

Key Consolidated Financial and Operating Results

| | 2Q2007 | 2Q2006 | Three months Change, 2Q07/2Q06 | 1Q2007 | Change, 2Q07/1Q07 |
|---|------------|------------|--------------------------------------|------------|----------------------|
| Active subscribers | 47,701,300 | 41,282,500 | 15.5% | 45,784,400 | 4.2% |
| Fixed line subscribers | 610,300 | NA | | 607,400 | 0.5% |
| Net operating revenues (US\$,000) | 1,717,167 | 1,121,546 | 53.1% | 1,488,047 | 15.4% |
| OIBDA (US\$, 000) | 896,758 | 561,555 | 59.7% | 766,417 | 17.0% |
| OIBDA margin | 52.2% | 50.1% | | 51.5% | |
| Gross margin (US\$, 000) | 1,402,665 | 920,276 | 52.4% | 1,220,993 | 14.9% |
| Gross margin percentage | 81.7% | 82.1% | | 82.1% | |
| SG&A (US\$, 000) | 494,445 | 355,031 | 39.3% | 439,467 | 12.5% |
| SG&A percentage | 28.8% | 31.7% | | 29.5% | |
| Net income (US\$, 000) | 359,273 | 194,946 | 84.3% | 277,275 | 29.6% |
| Net income per share (US\$) | 7.07 | 3.83 | | 5.45 | |
| Net income per ADS ^{*)} (US\$) | 0.35 | 0.19 | | 0.27 | |

^{*)} Number of ADS for the purpose of this calculation is based on the new ratio of 20 ADSs per one ordinary share, which came into effect on August 21, 2007.

In the second quarter of 2007, VimpelCom invested \$334.8 million for the purchase of long-lived assets.

Consolidated figures represent the combined effect of the Company's operations in Russia, Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia.

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| | | | Three months Change, | | Change, |
|--|------------|------------|-------------------------|------------|-----------|
| RUSSIA | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| Net operating revenues* (million US\$) | 1,459.0 | 1,020.5 | 43.0% | 1,278.4 | 14.1% |
| including interconnect revenue | 203.3 | 63.8 | 218.7% | 170.7 | 19.1% |
| OIBDA (million US\$) | 779.8 | 529.7 | 47.2% | 676.5 | 15.3% |
| OIBDA margin | 53.4% | 51.9% | | 52.9% | |
| Gross margin (million US\$) | 1208.6 | 849.4 | 42.3% | 1,064.5 | 13.5% |
| Gross margin percentage | 82.8% | 83.2% | | 83.2% | |
| SG&A (million US\$) | 418.7 | 317.6 | 31.8% | 374.8 | 11.7% |
| SG&A percentage | 28.7% | 31.1% | | 29.3% | |
| Net income (million US\$) | 355.7 | 197.6 | 80.0% | 280.4 | 26.9% |
| ARPU, (US\$) | 12.3 | 9.0 | 36.7% | 10.9 | 12.8% |
| MOU, (min) | 192.6 | 140.7 | 36.9% | 160.9 | 19.7% |
| SAC (US\$) | 22.8 | 18.0 | 26.7% | 22.1 | 3.2% |
| Active subscribers | 40,139,600 | 38,161,700 | 5.2% | 38,631,100 | 3.9% |
| Churn | 7.6% | 7.4% | | 8.6% | |
| Subscriber market share**) | 30.9% | 33.4% | | 31.2% | |

*) Net operating revenues here and in the following country tables exclude inter-company transactions.

**) Subscriber market share data presented here and in the following country tables are published by AC&M-Consulting and are generally based on registered subscribers.

In Russia our continued efforts to deliver growth through active marketing led to 43.0% year-on-year revenue growth, which is a remarkable achievement for a company of our size operating in a saturated market. This trend was further amplified by a favorable business environment and seasonal factors, resulting in a 14.1% increase in revenue in the second quarter of 2007 versus the first quarter of 2007.

Selling, general and administrative expenses (SG&A) as a percentage of net operating revenues were 28.7%, showing improvement on both a quarter-on-quarter and a year-on-year basis, from 29.3% and 31.1%, respectively.

The above-mentioned factors resulted in substantial improvement in OIBDA margin in the second quarter of 2007 as compared with the second quarter of 2006. The net income improvement was also helped by a slowdown in capital expenditures in the first half of 2007, and a corresponding deceleration in growth of depreciation charges.

In April 2007, we received an operating 3G license for the entire territory of Russia. This had no material impact on our results for the second quarter of 2007.

In the second quarter of 2007, VimpelCom invested \$188.9 million for the purchase of long-lived assets in Russia.

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| KAZAKHSTAN | | | Three months | | Change, 2Q07/1Q07 |
|---|-----------|-----------|--------------|-----------|----------------------|
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | |
| Net operating revenues (million US\$) | 148.6 | 80.1 | 85.5% | 118.9 | 25.0% |
| including interconnect revenue | 26.5 | 18.9 | 40.2% | 20.5 | 29.3% |
| OIBDA (million US\$) | 80.3 | 33.9 | 136.9% | 62.0 | 29.5% |
| OIBDA margin | 53.7% | 42.2% | | 51.9% | |
| Gross margin (million US\$) | 112.0 | 55.3 | 102.5% | 88.2 | 27.0% |
| Gross margin percentage | 75.0% | 68.9% | | 73.9% | |
| SG&A (million US\$) | 31.7 | 20.2 | 56.7% | 25.4 | 24.8% |
| SG&A percentage | 21.2% | 25.2% | | 21.3% | |
| Net income ^{*)} (million US\$) | 16.4 | 11.0 | 49.1% | 13.1 | 25.2% |
| ARPU, (US\$) | 13.6 | 12.6 | 7.9% | 12.2 | 11.5% |
| MOU, (min) | 88.8 | 66.3 | 33.9% | 72.3 | 22.8% |
| SAC (US\$) | 10.9 | 9.3 | 17.2% | 9.0 | 21.1% |
| Active subscribers | 3,857,600 | 2,204,300 | 75.0% | 3,501,300 | 10.2% |
| Churn | 6.3% | 8.2% | | 5.5% | |
| Subscriber market share | 49.3% | 44.1% | | 50.2% | |

^{*)} After minority interest.

In the second quarter of 2007, the Company continued the successful development of its Kazakhstan operations. Substantial subscriber growth was accompanied by growth in MOU and ARPU. These factors led to impressive year-on-year and quarter-on-quarter growth in net operating revenues, OIBDA and net income.

OIBDA margin grew to 53.7% the highest level ever recorded by the Company in Kazakhstan. This exceptionally high margin was supported by growth of promotion-driven on-net traffic. We believe that the results demonstrate the underlying strength of the Kazakhstan market.

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| UKRAINE | | | Three months | | Change, 2Q07/1Q07 |
|--|-----------|---------|--------------|-----------|----------------------|
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | |
| Net operating revenues (US\$, million) | 22.7 | 5.8 | 291.4% | 15.7 | 44.6% |
| including interconnect revenue | 7.6 | 1.8 | 322.2% | 5.4 | 40.7% |
| OIBDA (million US\$) | -3.1 | -11.3 | | -6.5 | |
| Gross margin (million US\$) | 13.5 | 2.3 | 487.0% | 9.5 | 42.1% |
| Gross margin percentage | 56.7% | 39.0% | | 58.3% | |
| SG&A (million US\$) | 16.5 | 13.2 | 25.1% | 16.0 | 3.4% |
| SG&A percentage | 69.5% | 223.7% | | 98.2% | |
| Net income (million US\$) | -17.2 | -17.0 | | -18.4 | |
| ARPU, (US\$) | 4.2 | 5.9 | -28.8% | 3.0 | 40.0% |
| MOU, (min) | 159.9 | 172.4 | -7.3% | 138.0 | 15.9% |
| SAC (US\$) | 9.3 | 14.5 | -35.9% | 8.9 | 4.5% |
| Active subscribers | 1,821,800 | 473,300 | 284.9% | 1,953,200 | -6.7% |
| Churn | 7.0% | 27.4% | | 5.7% | |
| Subscriber market share | 5.2% | 1.6% | | 4.5% | |

Our Ukrainian operations continue to show encouraging trends. Revenues almost quadrupled on a year-on-year basis and we managed to achieve impressive 44.6% quarter-on-quarter revenue growth despite a persistently aggressive pricing environment. A balanced tariff policy combined with seasonal growth in usage and guest roaming allowed us to increase our ARPU by 40.0% on a quarter-on-quarter basis. OIBDA, though still negative, demonstrated a clear positive trend in the second quarter of 2007, and SG&A expenses were practically unchanged compared to the previous quarter.

We have also almost quadrupled the number of active subscribers in Ukraine in the past twelve months. Our subscriber market continues to grow reaching 5.2% in the second quarter of 2007. During the last quarter, we rebalanced our tariffs and tightened our churn policy, which led to a significant improvement in the quality of our subscriber base but at the same time decreased the number of active subscribers on a quarter-on-quarter basis.

Our focus in Ukraine remains on increasing our subscriber base, simultaneously paying attention to its quality, and striving towards positive OIBDA.

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| UZBEKISTAN | 2Q2007 | 2Q2006 | Three months Change, 2Q07/2Q06 | 1Q2007 | Change, 2Q07/1Q07 |
|---------------------------------------|-----------|---------|--------------------------------------|-----------|----------------------|
| Net operating revenues (million US\$) | 23.1 | 15.0 | 54.0% | 18.0 | 28.3% |
| OIBDA (million US\$) | 11.4 | 9.5 | 19.8% | 8.7 | 31.4% |
| OIBDA margin | 49.1% | 63.3% | | 47.7% | |
| Gross margin (million US\$) | 20.0 | 13.1 | 52.7% | 15.2 | 31.6% |
| Gross margin percentage | 86.1% | 87.3% | | 83.5% | |
| SG&A (million US\$) | 8.4 | 3.6 | 133.4% | 6.4 | 29.7% |
| SG&A percentage | 36.0% | 23.9% | | 35.5% | |
| Net income (million US\$) | 4.3 | 3.6 | 19.4% | 2.5 | 72.0% |
| ARPU, (US\$) | 7.2 | 12.7 | -43.3% | 6.7 | 7.5% |
| MOU, (min) | 265.6 | 349.3 | -24.0% | 242.2 | 9.7% |
| SAC (US\$) | 4.4 | 5.6 | -21.4% | 3.7 | 18.9% |
| Active subscribers | 1,192,400 | 434,400 | 174.5% | 1,106,300 | 7.8% |
| Subscriber market share | 32.7% | 25.8% | | 33.1% | |

In Uzbekistan mobile penetration is still only 15%, so our focus remains on growing our subscriber base. Accordingly, our active subscriber base grew 174.5% year-on-year. Subscriber growth, coupled with an increase in ARPU, led to healthy 28.3% revenue growth in the second quarter of 2007 as compared to the first quarter of 2007.

Our strategy is to continue investing in the development of the market. Key priorities in Uzbekistan are subscriber growth, network build-out, opening of new offices and development of our sales and distribution network.

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| TAJIKISTAN | 2Q2007 | 2Q2006 | Three months Change, 2Q07/2Q06 | 1Q2007 | Change, 2Q07/1Q07 |
|---|---------|--------|--------------------------------------|---------|----------------------|
| Net operating revenues (million US\$) | 5.16 | 0.12 | 4200.0% | 2.85 | 81.1% |
| OIBDA (million US\$) | 0.09 | -0.31 | | -0.34 | |
| Gross margin (million US\$) | 3.24 | 0.08 | 3950.0% | 1.55 | 109.0% |
| Gross margin percentage | 62.5% | 66.7% | | 54.2% | |
| SG&A (million US\$) | 3.12 | 0.39 | 705.7% | 1.89 | 64.6% |
| SG&A percentage | 60.2% | 312.1% | | 66.1% | |
| Net income ^{*)} (million US\$) | -1.77 | -0.30 | | -1.00 | |
| ARPU, (US\$) | 10.1 | 4.0 | 152.5% | 8.7 | 16.1% |
| MOU, (min) | 224.2 | 47.6 | 371.0% | 205.8 | 8.9% |
| SAC (US\$) | 15.3 | 3.5 | 337.1% | 9.0 | 70.0% |
| Active subscribers | 204,900 | 8,800 | 2228.4% | 145,300 | 41.0% |
| Subscriber market share | 15.2% | 2.2% | | 11.2% | |

^{*)} After minority interest.

Tajikistan continued to demonstrate excellent growth in the second quarter. On a quarter-on-quarter basis the Company reported 81.1% growth in net operating revenues backed by 41.0% growth in the number of active subscribers, an increase in usage and 16.1% growth in ARPU. The Company continued to grow market share in the second quarter.

In order to accelerate growth we increased our sales and marketing investments, which resulted in an increase in SAC. Despite this, OIBDA turned positive in the second quarter.

The rapid development of our Tajikistan operations is due in part to a successful marketing policy, network roll-out, improving service quality and brand promotion activities.

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NEW OPERATIONS

| | Three months | | Change, 2Q07/1Q07 |
|--|--------------|---------|----------------------|
| | 2Q 2007 | 1Q 2007 | |
| ARMENIA | | | |
| Net operating revenues (million US\$), including | 58.35 | 54.07 | 7.9% |
| Mobile revenues | 23.14 | 19.83 | 16.7% |
| fixed revenues | 35.21 | 34.24 | 2.8% |
| OIBDA (million US\$) | 30.07 | 27.31 | 10.1% |
| OIBDA margin | 51.6% | 50.4% | |
| Net income ^{*)} (million US\$) | 3.96 | 2.55 | 55.3% |
| Mobile active subscribers | 471,000 | 439,900 | 7.1% |
| ARPU, (US\$) | 17.3 | 14.5 | 19.3% |
| MOU, (min) | 185.1 | 141.3 | 31.0% |
| Mobile subscriber market share | 33.2% | 37.3% | |
| Fixed subscribers | 610,300 | 607,400 | 0.5% |
| ARPU fixed (US\$) | 19.3 | 18.8 | 2.7% |

^{*)} After minority interest.

Armenian business showed very robust financial performance. We have started to implement changes in tariffs, and changes in customer service and network development across the country aimed at enhancing Armentel's position in the mobile market. At the same time we are operating the fixed-line network and exploring fixed-to-mobile convergence opportunities. We have initiated a process of large-scale network modernization with the aim of building a next generation converged fixed/mobile network.

While the Company is concerned with the reported erosion of our subscriber market share, we believe that it is largely driven by changing the source of our market share data from internal estimations to AC&M-Consulting. Nonetheless, we are dissatisfied with the absolute level of our market share in Armenia and building it will be our main near-term priority. To address this issue we have developed actions which we believe will strengthen our commercial operations and build market presence starting from the second half of this year.

GEORGIA

The Company launched commercial operations in Georgia on March 15, 2007. Currently we continue to build the network and develop our sales and distribution channels. At the end of the second quarter we had approximately 14,000 active subscribers and revenues of US\$ 0.15 million, so our operations in this country are still in the early phases.

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The Company's management will discuss its second quarter results during a conference call and slide presentation on August 30, 2007 at 6:30 pm Moscow time (10:30 am ET in New York). The call and slide presentation may be accessed via webcast at the following URL address <http://www.vimpelcom.com>. The conference call replay and the slide presentation webcast will be available through September 06, 2007 and September 27, 2007, respectively. The slide presentation will also be available for download on VimpelCom's website <http://www.vimpelcom.com>.

The VimpelCom Group includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia. The VimpelCom Group's GSM and 3G license portfolio covers a territory with a population of about 250 million. This includes the entire territories of Russia, Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Georgia and Armenia. VimpelCom was the first Russian company to list its shares on the New York Stock Exchange (NYSE). VimpelCom's ADSs are listed on the NYSE under the symbol VIP .

The second quarter 2007 U.S. GAAP financial statements were approved unanimously by our board of directors.

This press release contains forward-looking statements , as the phrase is defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements relate to the Company's strategic and development plans, including network development plans, and developments in the telecommunications markets in which the Company operates. These and other forward-looking statements are based on management's best assessment of the Company's strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of unforeseen developments from competition, governmental regulation of the telecommunications industries in Russia and the CIS, general political uncertainties in Russia and the CIS and general economic developments in Russia and the CIS, challenges to 3G and Far East tenders and/or litigation with third parties or our shareholders (including Telenor), the Company's ability to continue to grow its overall revenues and its subscriber base, continued volatility in the world economy and other factors. As a result of such risks and uncertainties, there can be no assurance that the effects of competition or current or future changes in the political, economic and social environment or current or future regulation of the Russian and CIS telecommunications industries will not have a material adverse effect on the VimpelCom Group. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risks described in the Company's Annual Report on Form 20-F for the year ended December 31, 2006 and other public filings made by the Company with the United States Securities and Exchange Commission, which risk factors are incorporated herein by reference. VimpelCom disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

For more information, please contact:

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-Definitions and tables are attached

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Attachment A: Definitions

Registered subscriber is an authorized user of cellular services, using one SIM card (GSM/3G) with one or several selective numbers or one handset (DAMPS/CDMA) with one selective number. The number of subscribers includes employees using cellular services and excludes guest roamers and users of test SIM cards or handsets.

Churn rate is defined as the total number of registered subscribers disconnected from our network within a given period of time expressed as a percentage of the midpoint of subscribers in our network at the beginning and end of that period. Contract subscribers are disconnected if they have not paid their bills for 2 months and prepaid subscribers are disconnected 6 months after their services have been blocked. We typically block a prepaid subscriber's service in two cases: (1) their balance drops to \$0 or below, and (2) an account shows no chargeable activity within 6 months. The Company retains the right to change its disconnect policy to reflect changes in business or regulatory environment.

Active subscribers are those subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months and remain in the base at the end of the reported period. Such activities include all incoming and outgoing calls, subscriber fee accruals, debits related to service, outgoing SMS, MMS, data transmission and receipt sessions, but do not include incoming SMS and MMS sent by our Company or abandoned calls.

Prepaid subscribers are those subscribers who pay for their services in advance.

Fixed-line subscriber is an authorized user of fixed-line communications services.

OIBDA is a non-U.S. GAAP financial measure. OIBDA, previously referred to as EBITDA by the Company, is defined as operating income before depreciation and amortization. The Company believes that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our business operations, including our ability to finance capital expenditures, acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under U.S. GAAP, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculations are commonly used as bases for some investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA should not be considered in isolation as an alternative to net income, operating income or any other measure of performance under U.S. GAAP. OIBDA does not include our need to replace our capital equipment over time. Reconciliation of OIBDA to operating income, the most directly comparable U.S. GAAP financial measure, is presented below in the reconciliation tables section.

OIBDA margin is OIBDA expressed as a percentage of total net operating revenues. Reconciliation of OIBDA margin to operating income as a percentage of total net operating revenues, the most directly comparable U.S. GAAP financial measure, is presented below in the reconciliation tables section.

Gross margin is defined as total operating revenues less service costs and cost of handsets and accessories sold.

Gross margin percentage is gross margin expressed as a percentage of total net operating revenues.

Each ADS represents 0.05 of one share of common stock. This ratio was established effective August 21, 2007.

ARPU (Monthly Average Revenue per User), a non-U.S. GAAP financial measure, is calculated by dividing the Company's service revenue during the relevant period, including roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of the Company's active subscribers during the period and dividing by the number of months in that period. Reconciliation of ARPU to service revenues and connection fees, the most directly comparable U.S. GAAP financial measure, is presented below in the tables section. The Company believes that ARPU provides useful information to investors because it is an indicator of the performance of the Company's business operations and assists management in budgeting. The Company also believes that ARPU provides management with useful information concerning usage and acceptance of the Company's services. ARPU should not be viewed in isolation or an alternative to other figures reported under U.S. GAAP.

ARPU_{REG} is ARPU calculated with regard to the registered subscriber base.

MOU (Monthly Average Minutes of Use per User) is calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of active subscribers during the period and dividing by the number of months in that period.

MOU_{REG} is MOU calculated with regard to the registered subscriber base.

SAC (Average Acquisition Cost Per User), a non-U.S. GAAP financial measure, is calculated as dealers' commissions (for sales and bonus for exclusivity^{*}), advertising expenses and handset subsidies for the relevant period divided by the number of new subscribers added during the relevant period. Reconciliation of SAC to selling, general and administrative expenses, the most directly comparable U.S. GAAP financial measure, is presented below in the tables section. The Company believes that SAC in growing markets provides useful information to investors because it is an indicator of the performance of the Company's business operations and assists management in budgeting. The Company also believes that SAC assists management in quantifying the incremental costs to acquire a new subscriber. SAC should not be viewed in isolation or as an alternative to other figures reported under U.S. GAAP.

Market share of subscribers for each relevant area is calculated by dividing the estimated number of our subscribers in Russia, Kazakhstan, Ukraine, Uzbekistan, Tajikistan and Armenia, respectively, by the total estimated number of subscribers in Russia, Kazakhstan, Ukraine, Uzbekistan, Tajikistan and Armenia, respectively.

^{*}) *Dealers' bonus for exclusivity which we counted prior to the fourth quarter of 2006 as a part of general and administrative expenses is now included in the dealers' commission expense. Historical numbers including SAC were recalculated accordingly.*

Attachment B: VimpelCom financial statements

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Statements of Operations

| | Six months ended | | | |
|--|---|-------------------|-------------------|-------------------|
| | Three months ended | | June 30, | |
| | June 30, 2007 | 2006 | 2007 | 2006 |
| | <i>(In thousands of US dollars, except per share (ADS) amounts)</i> | | | |
| Operating revenues: | | | | |
| Service revenues and connection fees | \$ 1,715,482 | \$ 1,116,152 | \$ 3,201,674 | \$ 2,046,302 |
| Sales of handsets and accessories | 1,263 | 5,319 | 2,785 | 10,648 |
| Other revenues | 1,236 | 577 | 2,202 | 1,564 |
| Total operating revenues | 1,717,981 | 1,122,048 | 3,206,661 | 2,058,514 |
| Revenue based tax | (814) | (502) | (1,447) | (801) |
| Net operating revenues | 1,717,167 | 1,121,546 | 3,205,214 | 2,057,713 |
| Operating expenses: | | | | |
| Service costs (exclusive of depreciation shown separately below) | 313,011 | 196,374 | 578,337 | 359,293 |
| Cost of handsets and accessories sold | 1,491 | 4,896 | 3,219 | 9,846 |
| Selling, general and administrative expenses | 494,445 | 355,031 | 933,912 | 637,956 |
| Depreciation | 285,365 | 194,845 | 554,537 | 365,939 |
| Amortization | 53,807 | 43,148 | 107,096 | 84,103 |
| Provision for doubtful accounts | 11,462 | 3,690 | 26,571 | 6,456 |
| Total operating expenses | 1,159,581 | 797,984 | 2,203,672 | 1,463,593 |
| Operating income | 557,586 | 323,562 | 1,001,542 | 594,120 |
| Other income and expenses: | | | | |
| Interest income | 7,657 | 3,491 | 12,309 | 4,883 |
| Other income | 864 | 1,691 | 3,041 | 3,795 |
| Interest expense | (47,643) | (47,419) | (93,448) | (90,592) |
| Other expenses | (8,730) | (7,738) | (21,721) | (12,315) |
| Net foreign exchange gain (loss) | 8,362 | 20,103 | 25,091 | 25,682 |
| Total other income and expenses | (39,490) | (29,872) | (74,728) | (68,547) |
| Income before income taxes and minority interest | 518,096 | 293,690 | 926,814 | 525,573 |
| Income taxes expense | 143,648 | 87,866 | 263,594 | 163,744 |
| Minority interest in net earnings of subsidiaries | 15,175 | 10,878 | 26,672 | 14,778 |
| Income before cumulative effect of change in accounting principle | 359,273 | 194,946 | 636,548 | 347,051 |
| Cumulative effect of changes in accounting principles | | | | (1,882) |
| Net income | \$ 359,273 | \$ 194,946 | \$ 636,548 | \$ 345,169 |
| Net income per common share | \$ 7.07 | \$ 3.83 | \$ 12.52 | \$ 6.77 |
| Net income per ADS equivalent | \$ 0.35 | \$ 0.19 | \$ 0.63 | \$ 0.34 |
| Weighted average common shares outstanding (thousands) | 50,833 | 50,913 | 50,862 | 50,972 |

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| | | |
|-------------------------------------|----------------|----------------|
| Dividends per share | \$ 6.47 | \$ 6.47 |
| Dividends per ADS equivalent | \$ 0.32 | \$ 0.32 |

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Balance Sheets

| | June 30, 2007 | December 31, 2006 |
|---|-------------------------------------|----------------------|
| | <i>(In thousands of US dollars)</i> | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 950,666 | \$ 344,494 |
| Trade accounts receivable | 288,492 | 311,991 |
| Other current assets | 416,850 | 468,071 |
| Total current assets | 1,656,008 | 1,124,556 |
| Non-current assets | | |
| Property and equipment, net | 4,865,589 | 4,615,675 |
| Telecommunication licenses and allocation of frequencies, net | 888,912 | 924,809 |
| Other intangible assets, net | 1,067,448 | 1,033,140 |
| Other assets | 732,743 | 738,366 |
| Total non-current assets | 7,554,692 | 7,311,990 |
| Total assets | \$ 9,210,700 | \$ 8,436,546 |
| Liabilities and shareholders equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 555,623 | \$ 671,532 |
| Due to related parties | 939 | 421 |
| Customer advances and deposits | 299,373 | 314,375 |
| Bank loans, current portion | 361,660 | 358,211 |
| Dividends payable, net | 283,868 | |
| Accrued liabilities | 437,486 | 267,437 |
| Total current liabilities | 1,938,949 | 1,611,976 |
| Deferred income taxes | 511,356 | 528,025 |
| Bank and other loans, less current portion | 2,096,280 | 1,980,726 |
| Equipment financing and other liabilities | 105,321 | 115,050 |
| Minority Interest | 246,552 | 257,859 |
| Shareholders equity | 4,312,242 | 3,942,910 |
| Total liabilities and shareholders equity | \$ 9,210,700 | \$ 8,436,546 |

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Statements of Cash Flows

| | Six months ended June 30, | |
|--|-------------------------------------|--------------------|
| | 2007 | 2006 |
| | <i>(In thousands of US dollars)</i> | |
| Net cash provided by operating activities | \$ 1,351,512 | \$ 792,024 |
| Proceeds from bank and other loans | 291,896 | 744,409 |
| Sale of treasury stock | 34,995 | 2,784 |
| Payments of fees in respect of bank loans | (1,288) | (37,789) |
| Repayment of rouble denominated bonds | | (110,783) |
| Repayment of bank and other loans | (176,674) | (234,372) |
| Repayment of equipment financing obligations | (38,429) | (31,946) |
| Purchase of treasury stock | (81,069) | (38,535) |
| Repayment of lease obligations | (331) | |
| Net cash provided by financing activities | 29,100 | 293,768 |
| Purchase of property and equipment | (604,238) | (532,422) |
| Acquisition of subsidiaries, net of cash | (55,924) | (252,522) |
| Purchase price adjustment for ArmenTel and Tacom | (12,688) | |
| Purchase of intangible assets | (14,185) | (21,275) |
| Purchase of other assets | (93,403) | (194,529) |
| Net cash used in investing activities | (780,437) | (1,000,748) |
| Effect of exchange rate changes on cash | 5,997 | 9,121 |
| Net increase (decrease) in cash | 606,172 | 94,165 |
| Cash and cash equivalents at beginning of period | 344,494 | 363,646 |
| Cash and cash equivalents at end of period | \$ 950,666 | \$ 457,811 |
| Supplemental cash flow information | | |
| Cash paid during the period: | | |
| Income tax | \$ 260,199 | \$ 129,832 |
| Interest | 99,475 | 88,391 |
| Non-cash activities: | | |
| Equipment acquired under financing and capital lease agreements | \$ 25,873 | \$ 3,536 |
| Accounts payable for equipment and other long-lived assets | 199,033 | 170,804 |
| Offset of 2009 Tendered Notes | | 232,766 |
| Utilized part of Ericsson non-cash discount in Ukraine | (1,658) | 22,161 |
| Acquisitions: | | |
| Fair value of assets acquired | | 150,021 |
| Fair value of minority interest acquired | 41,636 | |
| Difference between the amount paid and the fair value of net assets acquired | 14,288 | 154,061 |
| Cash paid for the capital stock | (55,924) | (260,974) |
| Liabilities assumed | \$ | \$ 43,108 |

Attachment C. Reconciliation tables (Unaudited)

CONSOLIDATED

Reconciliation of OIBDA

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|----------------|----------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| OIBDA | 896,758 | 561,555 | 766,417 |
| Depreciation | (285,365) | (194,845) | (269,172) |
| Amortization | (53,807) | (43,148) | (53,289) |
| Operating income | 557,586 | 323,562 | 443,956 |

Reconciliation of OIBDA Margin

| | Three months ended | | |
|--|--------------------|--------------|--------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| OIBDA margin | 52.2% | 50.1% | 51.5% |
| Less: Depreciation as a percentage of net operating revenue | (16.6)% | (17.4)% | (18.1)% |
| Less: Amortization as a percentage of net operating revenue | (3.1)% | (3.9)% | (3.6)% |
| Operating income as a percentage of net operating revenue | 32.5% | 28.8% | 29.8% |

RUSSIA

Reconciliation of OIBDA in Russia

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|----------------|----------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| OIBDA | 779,828 | 529,704 | 676,476 |
| Depreciation | (240,387) | (182,684) | (232,681) |
| Amortization | (28,478) | (25,657) | (28,536) |
| Operating income | 510,963 | 321,363 | 415,259 |

Reconciliation of OIBDA Margin in Russia

| | Three months ended | | |
|---|--------------------|--------------|--------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| OIBDA margin | 53.4% | 51.9% | 52.9% |
| Less: Depreciation as a percentage of net operating revenue | (16.5)% | (17.9)% | (18.2)% |
| Less: Amortization as a percentage of net operating revenue | (1.9)% | (2.5)% | (2.2)% |

| | | | |
|--|--------------|--------------|--------------|
| Operating income as a percentage of net operating revenue | 35.0% | 31.5% | 32.5% |
|--|--------------|--------------|--------------|

Reconciliation of SAC in Russia

(In thousands of US dollars, except for SAC and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Selling, general and administrative expenses | 418,738 | 317,608 | 374,757 |
| Less: General and administrative expenses | 305,941 | 219,320 | 284,977 |
| Sales and marketing expenses, <i>including advertising & marketing expenses</i> | 112,797 | 98,288 | 89,780 |
| <i>dealers' commission expense</i> | 57,636 | 50,709 | 43,132 |
| New gross subscribers, '000 | 55,161 | 47,579 | 46,648 |
| Subscriber Acquisition Cost (SAC) (US\$) | 22.8 | 18.0 | 22.1 |

Reconciliation of ARPU in Russia

(In thousands of US dollars, except for ARPU and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Service revenue and connection fees | 1,457,896 | 1,014,810 | 1,276,754 |
| Less: Connection fees | 164 | 622 | 169 |
| Less: Revenue from rent of fiber-optic channels | 983 | 325 | 964 |
| Service revenue used to calculate ARPU | 1,456,749 | 1,013,863 | 1,275,621 |
| Average number of registered subscribers, '000 | 49,043 | 45,803 | 47,974 |
| ARPU_{REG} (US\$) | 9.9 | 7.4 | 8.9 |
| Average number of active subscribers, '000 | 39,359 | 37,733 | 39,021 |
| ARPU (US\$) | 12.3 | 9.0 | 10.9 |

KAZAKHSTAN

Reconciliation of OIBDA in Kazakhstan

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA | 80,317 | 33,908 | 62,007 |
| Depreciation | (17,537) | (9,363) | (15,817) |
| Amortization | (9,419) | (9,324) | (9,154) |
| Operating income | 53,361 | 15,221 | 37,036 |

Reconciliation of OIBDA Margin in Kazakhstan

(In thousands of US dollars)

| | Three months ended | | |
|---------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA margin | 53.7% | 42.2% | 51.9% |

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| | | | |
|--|--------------|--------------|--------------|
| Less: Depreciation as a percentage of net operating revenue | (11.7)% | (11.7)% | (13.2)% |
| Less: Amortization as a percentage of net operating revenue | (6.3)% | (11.5)% | (7.7)% |
| Operating income as a percentage of net operating revenue | 35.7% | 19.0% | 31.0% |

Reconciliation of SAC in Kazakhstan

(In thousands of US dollars, except for SAC and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Selling, general and administrative expenses | 31,723 | 20,240 | 25,423 |
| Less: General and administrative expenses | 23,250 | 14,761 | 18,700 |
| Sales and marketing expenses, <i>including advertising & marketing expenses</i> | 8,473 | 5,479 | 6,723 |
| <i>dealers' commission expense</i> | 4,918 | 2,275 | 3,895 |
| New gross subscribers, 000 | 3,555 | 3,204 | 2,828 |
| Subscriber Acquisition Cost (SAC) (US\$) | 10.9 | 9.3 | 9.0 |

Reconciliation of ARPU in Kazakhstan

(In thousands of US dollars, except for ARPU and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Service revenue and connection fees | 149,326 | 80,301 | 119,399 |
| Less: Connection fees | 0 | 0 | 0 |
| Less: Revenue from rent of fiber-optic channels | 0 | 0 | 0 |
| Service revenue used to calculate ARPU | 149,326 | 80,301 | 119,399 |
| Average number of registered subscribers, 000 | 4,598 | 2,681 | 4,086 |
| ARPU_{REG} (US\$) | 10.8 | 10.0 | 9.7 |
| Average number of active subscribers, 000 | 3,655 | 2,120 | 3,271 |
| ARPU (US\$) | 13.6 | 12.6 | 12.2 |

UKRAINE

Reconciliation of OIBDA in Ukraine

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA | (3,073) | (11,259) | (6,518) |
| Depreciation | (4,330) | (859) | (3,203) |
| Amortization | (5,234) | (4,909) | (5,210) |
| Operating income | (12,637) | (17,027) | (14,931) |

Reconciliation of SAC in Ukraine

(In thousands of US dollars, except for SAC and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Selling, general and administrative expenses | 16,527 | 13,216 | 15,980 |
| Less: General and administrative expenses | 11,833 | 7,283 | 10,844 |
| Sales and marketing expenses, <i>including advertising & marketing expenses</i> | 4,694 | 5,933 | 5,136 |
| <i>dealers' commission expense</i> | 3,723 | 5,312 | 4,158 |
| New gross subscribers, '000 | 971 | 621 | 978 |
| Subscriber Acquisition Cost (SAC) (US\$) | 9.3 | 14.5 | 8.9 |

Reconciliation of ARPU in Ukraine

(In thousands of US dollars, except for ARPU and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Service revenue and connection fees | 23,436 | 5,948 | 16,158 |
| Less: Connection fees | 36 | 0 | 5 |
| Less: Revenue from rent of fiber-optic channels | 0 | 0 | 0 |
| Service revenue used to calculate ARPU | 23,400 | 5,948 | 16,153 |
| Average number of registered subscribers, '000 | 2,474 | 424 | 2,143 |
| ARPU_{REG} (US\$) | 3.2 | 4.7 | 2.5 |
| Average number of active subscribers, '000 | 1,847 | 338 | 1,781 |
| ARPU (US\$) | 4.2 | 5.9 | 3.0 |

UZBEKISTAN

Reconciliation of OIBDA in Uzbekistan

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA | 11,388 | 9,507 | 8,664 |
| Depreciation | (3,312) | (1,902) | (3,097) |
| Amortization | (3,414) | (3,113) | (3,383) |
| Operating income | 4,662 | 4,492 | 2,184 |

Reconciliation of OIBDA Margin in Uzbekistan

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA margin | 49.1% | 63.3% | 47.7% |
| Less: Depreciation as a percentage of net operating revenue | (14.3)% | (12.7)% | (17.0)% |
| Less: Amortization as a percentage of net operating revenue | (14.7)% | (20.7)% | (18.6)% |

| | | | |
|--|--------------|--------------|--------------|
| Operating income as a percentage of net operating revenue | 20.1% | 29.9% | 12.0% |
|--|--------------|--------------|--------------|

Reconciliation of SAC in Uzbekistan

(In thousands of US dollars, except for SAC and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Selling, general and administrative expenses | 8,355 | 3,580 | 6,442 |
| Less: General and administrative expenses | 6,579 | 2,869 | 4,630 |
| Sales and marketing expenses, <i>including advertising & marketing expenses</i> | 1,776 | 711 | 1,812 |
| <i>dealers' commission expense</i> | 856 | 266 | 699 |
| New gross subscribers, '000 | 920 | 445 | 1,113 |
| New gross subscribers, '000 | 403 | 127 | 488 |
| Subscriber Acquisition Cost (SAC) (US\$) | 4.4 | 5.6 | 3.7 |

Reconciliation of ARPU in Uzbekistan

(In thousands of US dollars, except for ARPU and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Service revenue and connection fees | 24,009 | 15,507 | 18,778 |
| Less: Connection fees | 0 | 0 | 0 |
| Less: Revenue from rent of fiber-optic channels | 0 | 0 | 0 |
| Service revenue used to calculate ARPU | 24,009 | 15,507 | 18,778 |
| Average number of registered subscribers, '000 | 1,148 | 456 | 980 |
| ARPU_{REG} (US\$) | 7.0 | 11.3 | 6.4 |
| Average number of active subscribers, '000 | 1,109 | 406 | 930 |
| ARPU (US\$) | 7.2 | 12.7 | 6.7 |

TAJIKISTAN

Reconciliation of OIBDA in Tajikistan

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA | 94 | (305) | (343) |
| Depreciation | (587) | (37) | (345) |
| Amortization | (158) | (145) | (158) |
| Operating income | (651) | (487) | (846) |

Reconciliation of SAC in Tajikistan

(In thousands of US dollars, except for SAC and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Selling, general and administrative expenses | 3,118 | 387 | 1,894 |
| Less: General and administrative expenses | 2,044 | 386 | 1,199 |
| Sales and marketing expenses, <i>including advertising & marketing expenses</i> | 1074 | 0.7 | 695 |
| <i>dealers' commission expense</i> | 665 | 0.6 | 305 |
| New gross subscribers, '000 | 409 | 0.1 | 390 |
| New gross subscribers, '000 | 70 | 0.2 | 77 |
| Subscriber Acquisition Cost (SAC) (US\$) | 15.3 | 3.5 | 9.0 |

Reconciliation of ARPU in Tajikistan

(In thousands of US dollars, except for ARPU and subscriber amounts)

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| Service revenue and connection fees | 5,222 | 119 | 2,891 |
| Less: Connection fees | 0 | 0 | 0 |
| Less: Revenue from rent of fiber-optic channels | 0 | 0 | 0 |
| Service revenue used to calculate ARPU | 5,222 | 119 | 2,891 |
| Average number of registered subscribers, '000 | 181 | 18 | 113 |
| ARPU_{REG} (US\$) | 9.6 | 2.2 | 8.5 |
| Average number of active subscribers, '000 | 172 | 10 | 111 |
| ARPU (US\$) | 10.1 | 4.0 | 8.7 |

ARMENIA

Reconciliation of OIBDA in Armenia

(In thousands of US dollars)

| | Three months ended | | |
|-------------------------|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA | 30,069 | NA | 27,309 |
| Depreciation | (18,729) | NA | (13,941) |
| Amortization | (5,875) | NA | (5,865) |
| Operating income | 5,465 | NA | 7,503 |

Reconciliation of OIBDA Margin in Armenia

| | Three months ended | | |
|---|--------------------|------------------|-------------------|
| | June 30, 2007 | June 30, 2006 | March 31, 2007 |
| OIBDA margin | 51.6% | NA | 50.4% |
| Less: Depreciation as a percentage of net operating revenue | (32.1)% | NA | (25.7)% |
| Less: Amortization as a percentage of net operating revenue | (10.1)% | NA | (10.8)% |

| | | | |
|--|-------------|-----------|--------------|
| Operating income as a percentage of net operating revenue | 9.4% | NA | 13.9% |
|--|-------------|-----------|--------------|

Reconciliation of mobile ARPU in Armenia*(In thousands of US dollars, except for ARPU and subscriber amounts)*

| | Three months ended | | |
|---|--------------------|-----------|---------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| Service revenue and connection fees | 23,208 | NA | 19,912 |
| Less: Connection fees | 19 | NA | 129 |
| Less: Revenue from rent of fiber-optic channels | 0 | NA | 0 |
| Service revenue used to calculate ARPU | 23,189 | NA | 19,783 |
| Average number of registered subscribers, 000 | 486 | NA | 468 |
| ARPU_{REG} (US\$) | 15.9 | NA | 14.1 |
| Average number of active subscribers, 000 | 446 | NA | 456 |
| ARPU (US\$) | 17.3 | NA | 14.5 |

Reconciliation of fixed ARPU in Armenia*(In thousands of US dollars, except for ARPU and subscriber amounts)*

| | Three months ended | | |
|--|--------------------|-----------|---------------|
| | June 30, | June 30, | March 31, |
| | 2007 | 2006 | 2007 |
| Service revenue and connection fees | 35,214 | NA | 34,242 |
| Less: Connection fees | 55 | NA | 0 |
| Service revenue used to calculate ARPU | 35,159 | NA | 34,242 |
| Average number of subscribers, 000 | 608 | NA | 607 |
| Average revenue per subscriber per month (US\$) | 19.3 | NA | 18.8 |

Attachment D. Additional reference data

Operating and Financial Indicators

| | | | Three months Change, | | Change, |
|-------------------------------|------------|------------|-------------------------|------------|-----------|
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| CONSOLIDATED | | | | | |
| Registered mobile subscribers | 59,049,700 | 50,822,100 | 16.2% | 56,805,600 | 4.0% |
| Registered fixed subscribers | 610,300 | NA | | 607,400 | 0.5% |
| | | | Three months Change, | | Change, |
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| RUSSIA | | | | | |
| Registered subscribers | 49,594,300 | 46,905,600 | 5.7% | 48,345,300 | 2.6% |
| ARPU _{REG} , (US\$) | 9.9 | 7.4 | 33.8% | 8.9 | 11.2% |
| MOU _{REG} , (min) | 154.6 | 115.9 | 33.4% | 130.9 | 18.1% |
| | | | Three months Change, | | Change, |
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| KAZAKHSTAN | | | | | |
| Registered subscribers | 4,837,200 | 2,880,900 | 67.9% | 4,345,600 | 11.3% |
| ARPU _{REG} , (US\$) | 10.8 | 10.0 | 8.0% | 9.7 | 11.3% |
| MOUREG, (min) | 70.6 | 52.4 | 34.7% | 57.9 | 21.9% |
| | | | Three months Change, | | Change, |
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| UKRAINE | | | | | |
| Registered subscribers | 2,661,400 | 569,400 | 367.4% | 2,331,300 | 14.2% |
| ARPU _{REG} , (US\$) | 3.2 | 4.7 | -31.9% | 2.5 | 28.0% |
| MOU _{REG} , (min) | 119.4 | 137.2 | -13.0% | 114.7 | 4.1% |
| | | | Three months Change, | | Change, |
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| UZBEKISTAN | | | | | |
| Registered subscribers | 1,224,800 | 451,600 | 171.2% | 1,147,200 | 6.8% |
| ARPU _{REG} , (US\$) | 7.0 | 11.3 | -38.1% | 6.4 | 9.4% |
| MOU _{REG} , (min) | 256.5 | 311.5 | -17.7% | 229.9 | 11.6% |
| | | | Three months Change, | | Change, |
| | 2Q2007 | 2Q2006 | 2Q07/2Q06 | 1Q2007 | 2Q07/1Q07 |
| TAJIKISTAN | | | | | |
| Registered subscribers | 218,000 | 14,600 | 1393.2% | 149,900 | 45.4% |
| ARPU _{REG} , (US\$) | 9.6 | 2.2 | 336.4% | 8.5 | 12.9% |
| MOU _{REG} , (min) | 213.7 | 26.1 | 718.8% | 201.2 | 6.2% |

| ARMENIA | 2Q2007 | 2Q2006 | Three months | | Change, 2Q07/1Q07 |
|-------------------------------|---------|--------|----------------------|---------|----------------------|
| | | | Change, 2Q07/2Q06 | 1Q2007 | |
| Registered mobile subscribers | 497,600 | NA | NA | 478,000 | 4.1% |
| ARPU _{REG} , (US\$) | 15.9 | NA | NA | 14.1 | 12.8% |
| MOU _{REG} , (min) | 169.9 | NA | NA | 137.6 | 23.5% |

VimpelCom
Presentation of 2Q 2007
Financial
and
Operating Results
August 30, 2007

2

Disclaimer

This presentation contains "forward-looking statements", as the phrase is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate, in part, to the Company's strategy and development plans in Russia and the CIS, development of the Company's 3G

network

in
Russia
and
the
outcome
of
2G
license
tenders
in
the
Far
East
Region
of
Russia.

The
forward-

looking statements are based on management's best assessment of the Company's strategic and financial position, and future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of risks and uncertainties relating to developments from competition, governmental regulations of the wireless telecommunications industry, general political uncertainties in Russia and the CIS, general economic developments in Russia and the CIS, challenges to 3G and Far East tenders, and/or litigation with third parties or our shareholders (including Telenor).

The
actual
outcome
may
also
differ
materially
if
the
Company
is
unable
to
obtain
all
necessary
corporate
approvals
relating
to
its
business
(including
approval
of

funding,
specific
transactions
and
payment
of dividends),
and
other
factors.

There
can
be
no
assurance
that
these
risks
and
uncertainties
will
not
have
a
material
adverse
effect
on
the
Company,
that
the
Company
will
be
able
to
grow
or
that
it
will
be
successful
in

executing its strategy and development plans. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risks described in the Company's Annual Report on Form 20-F for the year ended December 31, 2006 and other public filings made by the Company with the United States Securities and Exchange Commission, which risk factors are incorporated herein by reference. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this

release, or to make corrections to reflect future events or developments.

3

Agenda

Kent McNeley, CMO

Nikolay

Pryanishnikov,

Executive VP, General Director, Russia

will be joined by:

Q&A Session

Alexander Izosimov, CEO

Operational Overview

Elena Shmatova, CFO

Financial Overview

Alexander Izosimov, CEO

Welcome Remarks

4
Quarterly Financial Dynamics
Net Revenues, \$ mln
Net Income, \$ mln
OIBDA, \$ mln
OIBDA Margin
+53.1%

936
1,122
1,359
1,451
1,488
1,717
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
+84.3%
359
277
198
268
195
150
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
+59.7%
897
766
690
718
562
483
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
51.6%
50.1%
52.8%
47.5%
51.5%
52.2%
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07

5
Continuing Increase of Operating Cash Flow
804
2,531
1,971
1,293
-1,512

-1,553

-1,635

-1,242

-438

-342

978

459

2004

2005

2006

2Q 07LTM

Operating Cash Flow, \$ mln

CAPEX, \$ mln

Free cash-flow before acquisitions

6

Strong Balance Sheet

* In cases when OIBDA is part of financial ratios it is deemed to be calculated in accordance with the reconciliation tables herein

(\$ mln)

Jun 30,'07

Dec 31,'06

Dec 31,'05
 Cash and Cash Equivalents
 951
 344
 364
 Total Assets
 9,211
 8,437
 6,307
 Total Debt
 2,598
 2,489
 1,998
 -Short-term
 427
 424
 421
 -Long-term
 2,171
 2,065
 1,577
 Shareholders' Equity
 4,312
 3,943
 2,741
 LTM OIBDA*
 3,071
 2,452
 1,571
 -
 LTM Depreciation and
 amortization
 1,266
 1,055
 593
 -
 LTM Operating Income
 1,805
 1,397
 978
 LTM Interest
 189
 186
 147
 Debt/Assets
 0.3
 0.3
 0.3
 Net Debt
 1,647

2,145

1,634

13.2

16.2

10.7

0.6

0.6

0.7

1.0

1.3

0.8

0.0

6.0

12.0

18.0

Dec 31, '05

Dec 31, '06

Jun 30, '07

-0.4

-0.2

0.0

0.2

0.4

0.6

0.8

1.0

1.2

1.4

OIBDA LTM/Interest LTM

Debt/Equity

Debt/OIBDA LTM

7

Operating Highlights: Russia

MOU, min

ARPU, US\$

Active Subscriber Base, mln

Subscriber Market Share

*

*

)

Source: AC&M Consulting

37.4

38.2

38.8

38.6

40.1

39.8

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

2Q 07

7.8

9.0

10.6

10.9

10.9

12.3

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

2Q 07

132

141

152

158

161

193

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

2Q 07

31%

31%

32%

32%

33%

34%

35%

34%

34%

34%

33%

33%
20%
20%
19%
19%
19%
18%
16%
16%
15%
14%
13%
15%
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
VimpelCom
MTS
MegaFon
Others

8
Financial Highlights: Russia
Net Revenues, \$ mln
OIBDA, \$ mln
CAPEX, \$ mln
CAPEX / Revenue, LTM
+43.0%

1,459
1,278
1,281
1,228
1,021
871
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
+47.2%
780
677
645
666
530
462
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
189
200
380
226
297
146
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
19.0%
22.9%
23.9%
32.5%
36.1%
41.6%
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07

9
Status of 3G Development in Russia
License awarded
Commercial operations
Q2
Equipment certification
Equipment tender

initiated

2007

2007

2008

2008

Q3

Q4

Q1

Q2

Q3

Q4

Tender

completed

Network construction

begins

Trial operations

Q1

10
2G Licensing Developments in Russian Far East
Tenders were recently conducted for licenses in
several of the Far East regions
VimpelCom
challenged the results and the terms of
all of the tenders as unfair and discriminatory. The

Russian Federal Anti-monopoly Service (FAS) supported our position and asked the courts to annul the results of the tenders

A newly created regulator suspended further tenders for the Far East licenses while reviewing their terms and conditions. New tenders are expected to take place in mid-October

11
Sources of Year-on-Year Growth
Net Revenue Growth, \$ mln
OIBDA Growth, \$ mln
Subscriber
Growth, 000
1,717

1,122
1,459
101
157
258
1,021
438
2Q 06
Russia
CIS
2Q 07
897
562
530
32
85
117
250
780
2Q 06
Russia
CIS
2Q 07
47,701
41,283
38,162
3,121
7,561
1,978
40,140
4,440
2Q 06
Russia
CIS
2Q 07
Russia
CIS

12
Operating Highlights: Kazakhstan
ARPU,
US\$
MOU,
min
Active Subscriber Base, mln

Subscriber Market Share

*

2.6
3.1
3.5
2.1
2.2
3.9
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
8.8
12.6
14.4
13.8
12.2
13.6
1Q06
2Q06
3Q 06
4Q 06
1Q 07
2Q 07
45
66
88
78
89
72
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07

*

)

Source: AC&M Consulting

41%
44%
47%
55%
51%
48%
4%
5%
5%

5%
50%
49%
49%
45%
46%
46%
5%
5%
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
VIP
K'Cell
Others

13
Financial Highlights: Kazakhstan
Net Revenues, \$ mln
OIBDA, \$ mln
CAPEX, \$
mln
CAPEX / Revenue, LTM

+85.5%
149
119
112
104
80
54
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
+136.9%
22
34
49
36
62
80
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
46
31
49
55
37
36
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
80.9%
69.3%
64.2%
50.2%
41.2%
37.3%
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07

14
Operating and Financial Highlights: Ukraine
Active Subscriber Base, mln
ARPU
(US\$) and MOU (min)
46
29

56
78
55
13
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
CAPEX, \$
mln
Net Revenues, \$ mln
+291.4%
22.7
15.7
14.3
11.5
5.8
2.1
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
0.1
0.5
0.8
1.5
1.8
2.0
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
4.2
3.4
5.9
6.7
4.2
3.0
160
138
149
168
172
61

0
2
4
6
8
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
0
50
100
150
200
ARPU active base
MOU active base

15

Operating and Financial Highlights:

Uzbekistan

Active Subscriber Base, mln

Net Revenues, \$ mln

ARPU (US\$)

and MOU (min)

CAPEX,
\$ mln
19
8
20
15
10
0
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
+54.0%
23.1
18.0
15.8
15.7
15.0
8.9
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
0.4
0.4
0.5
0.7
1.2
1.1
1Q 06
2Q 06
3Q 06
4Q 06
1Q 07
2Q 07
6.7
9.8
11.8
12.7
16.6
7.2
454
349
305
269
242

266

4

8

12

16

20

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

2Q 07

100

200

300

400

500

ARPU active base

MOU active base

16

Operating and Financial Highlights: Armenia

* The 4Q 2006

data

represent the results of operations for 1.5
months since the date of acquisition by VimpelCom

Net Revenues, \$ mln

ARPU,
US\$
CAPEX,
\$ mln
19.8
16.9
34.2
35.2
10.5
23.1
4Q 06*
1Q 07
2Q 07
Fixed revenue
Mobile revenue
17.0
14.5
17.3
19.3
18.8
18.5
4Q 06*
1Q 07
2Q 07
Mobile ARPU active base
Fixed ARPU
20
5
9
4Q 06*
1Q 07
2Q 07
Active Subscriber Base, mln
0.6
0.6
0.4
0.4
0.6
0.5
4Q 06*
1Q 07
2Q 07
Fixed subscribers
Mobile active subscribers

17

Operating and Financial Highlights:

Georgia and Tajikistan

Georgia

Operations launched at the end of Q1 and are still in a start-up phase

Focus on roll-out and distribution network development
Tajikistan

Sequential rapid growth continues:
81% revenue growth
41% increase in active subscribers

OIBDA turned positive in Q2

Market share increased from 11.2% to 15.2%

18

Summary

Strong quarter-on-quarter and year-on-year growth
of financial and operating results in all markets

Overall business in Russia is continuing to grow

and gain efficiency

CIS becoming an increasingly important source of new subscribers, demonstrating impressive revenue growth and improvements in OIBDA margins

19

Questions and Answers

If you would like to ask a question, please press the star key followed by the digit one on your touch-tone telephone.

Due

to

time

constraints,
we
ask
that
you
limit
yourselves
to
one
question

and one follow-up question.

If you are using a speakerphone, please make sure your mute button is turned off to allow your signal to reach the equipment.

Thank you for your interest in VimpelCom

For more information please visit www.vimpelcom.com or contact

Investor_Relations@vimpelcom.com

APPENDICES

21
Moldova
Population: 3.9 mln.
Penetration 38%
GDP* 2,000
Moldova
Population: 3.9 mln.

Penetration 38%

GDP* 2,000

Armenia

Population: 3.2 mln.

Acquired: Nov. 2006

Penetration 46%

GDP* 5,700

Armenia

Population: 3.2 mln.

Acquired: Nov. 2006

Penetration 46%

GDP* 5,700

Russia and CIS License Footprint

2G & 3G licenses

2G & 3G licenses

No VIP license

No VIP license

Ukraine

Population: 46.5 mln.

Acquired: Nov. 2005

Penetration 110%

GDP* 7,800

Ukraine

Population: 46.5 mln.

Acquired: Nov. 2005

Penetration 110%

GDP* 7,800

Georgia

Population: 4.5 mln.

Acquired: Jul. 2006

Penetration 47%

GDP* 3,800

Georgia

Population: 4.5 mln.

Acquired: Jul. 2006

Penetration 47%

GDP* 3,800

Azerbaijan

Population: 8.5 mln.

Penetration 44%

GDP* 7,500

Azerbaijan

Population: 8.5 mln.

Penetration 44%

GDP* 7,500

Turkmenistan

Population: 6.7 mln.

Penetration 5%

GDP* 8,500

Turkmenistan

Population: 6.7 mln.

Penetration 5%

GDP* 8,500

Uzbekistan

Population: 26.7 mln.

Acquired: Jan. 2006

Penetration 14%

GDP* 2,000

Uzbekistan

Population: 26.7 mln.

Acquired: Jan. 2006

Penetration 14%

GDP* 2,000

Tajikistan

Population: 7.1 mln.

Acquired: Dec. 2005

Penetration 20%

GDP* 1,300

Tajikistan

Population: 7.1 mln.

Acquired: Dec. 2005

Penetration 20%

GDP* 1,300

Kyrgyzstan

Population: 5.2 mln.

Penetration 27%

GDP* 2,100

Kyrgyzstan

Population: 5.2 mln.

Penetration 27%

GDP* 2,100

Kazakhstan

Population: 15.4 mln.

Acquired: Sept. 2004

Penetration 64%

GDP* 9,400

Kazakhstan

Population: 15.4 mln.

Acquired: Sept. 2004

Penetration 64%

GDP* 9,400

*GDP (PPP), \$ per capita

Sources: GDP data by CIA World Factbook

Population data by CIS Statistics Committee

Number of mobile subscribers by AC&M-Consulting

Belarus

Population: 9.7 mln.

Penetration 66%

GDP* 7,800

Belarus

Population: 9.7 mln.

Penetration 66%

GDP* 7,800

Russia

Population: 142.2 mln.

Penetration 113%

GDP* 12,100

Russia

Population: 142.2 mln.

Penetration 113%

GDP* 12,100

Russia

Russia

2G license only

2G license only

3G license only

3G license only

Reconciliation Tables of non-U.S. GAAP Measures to
Their
Most Directly Comparable U.S. GAAP Financial
Measures

23
Reconciliation of OIBDA and OIBDA Margin
(Unaudited)
(\$'000)
June 30,
2007
March 31,

| | |
|--------------------------------|--|
| 2007 | |
| Dec 31, | |
| 2006 | |
| Sept 30, | |
| 2006 | |
| June 30, | |
| 2006 | |
| March 31, | |
| 2006 | |
| OIBDA | |
| 896,758 | |
| 766,417 | |
| 689,825 | |
| 717,796 | |
| 561,555 | |
| 482,607 | |
| Depreciation | |
| (285,365) | |
| (269,172) | |
| (265,086) | |
| (243,593) | |
| (194,845) | |
| (171,094) | |
| Amortization | |
| (53,807) | |
| (53,289) | |
| (50,095) | |
| (45,648) | |
| (43,148) | |
| (40,955) | |
| Operating Income | |
| 557,586 | |
| 443,956 | |
| 374,644 | |
| 428,555 | |
| 323,562 | |
| 270,558 | |
| OIBDA margin | |
| 52.2% | |
| 51.5% | |
| 47.5% | |
| 52.8% | |
| 50.1% | |
| 51.6% | |
| Less: Depreciation as % of net | |
| operating revenues | |
| (16.6%) | |
| (18.1%) | |
| (18.3%) | |
| (17.9%) | |

(17.4%)

(18.3%)

Less: Amortization as % of net
operating revenues

(3.1%)

(3.6%)

(3.4%)

(3.4%)

(3.9%)

(4.4%)

Operating Income

32.5%

29.8%

25.8%

31.5%

28.8%

28.9%

Reconciliation of OIBDA margin to operating income as percentage
of

net operating revenue

Reconciliation of OIBDA to operating income

Three months ended

24
Reconciliation of OIBDA and ARPU
in Russia (Unaudited)
(\$'000)
June 30,
2007
March 31,

2007
Dec 31,
2006
Sept 30,
2006
June 30,
2006
March 31,
2006
OIBDA
779,828
676,476
645,144
666,354
529,704
462,337
Depreciation
(240,387)
(232,681)
(229,544)
(221,973)
(182,684)
(161,936)
Amortization
(28,478)
(28,536)
(27,091)
(26,429)
(25,657)
(24,977)
Operating Income
510,963
415,259
388,509
417,952
321,363
275,424
Service revenue and
connection fees
1,457,896
1,276,754
1,276,276
1,223,681
1,014,810
864,767
Less: Connection fees
164
169
308
410

622
404
Less: Revenue from rent of
fiber-optic channels
983
964
433
760
325
328
Service revenue used to
calculate ARPU
1,456,749
1,275,621
1,275,535
1,222,511
1,013,863
864,035
Average number of active
subscribers ('000)
39,359
39,021
39,102
38,365
37,733
36,784
ARPU (US\$)
12.3
10.9
10.9
10.6
9.0
7.8
Reconciliation of OIBDA to operating income
Reconciliation of ARPU to service revenue and connection fees
Three months ended

25
Reconciliation of OIBDA and ARPU
in Kazakhstan (Unaudited)
(\$'000)
June 30,
2007
March 31,

| | |
|--|--|
| 2007 | |
| Dec 31, | |
| 2006 | |
| Sept 30, | |
| 2006 | |
| June 30, | |
| 2006 | |
| March 31, | |
| 2006 | |
| OIBDA | |
| 80,317 | |
| 62,007 | |
| 35,744 | |
| 49,023 | |
| 33,908 | |
| 21,907 | |
| Depreciation | |
| (17,537) | |
| (15,817) | |
| (21,142) | |
| (17,981) | |
| (9,363) | |
| (7,672) | |
| Amortization | |
| (9,419) | |
| (9,154) | |
| (9,134) | |
| (9,550) | |
| (9,324) | |
| (8,785) | |
| Operating Income | |
| 53,361 | |
| 37,036 | |
| 5,468 | |
| 21,492 | |
| 15,221 | |
| 5,450 | |
| Service revenue and connection fees | |
| 149,326 | |
| 119,399 | |
| 112,963 | |
| 104,208 | |
| 80,301 | |
| 54,382 | |
| Less: Connection fees | |
| 0 | |
| 0 | |
| 0 | |
| 0 | |

0
0
Less: Revenue from rent of
fiber-optic channels
0
0
0
0
0
0
0
Service revenue used to
calculate ARPU
149,326
119,399
112,963
104,208
80,301
54,382
Average number of active
subscribers ('000)
3,655
3,271
2,728
2,412
2,120
2,070
ARPU (US\$)
13.6
12.2
13.8
14.4
12.6
8.8
Reconciliation of OIBDA to operating income
Reconciliation of ARPU to service revenue and connection fees
Three months ended

26
Reconciliation of ARPU in Ukraine and
Uzbekistan (Unaudited)
(\$'000)
June 30,
2007
March 31,

| | |
|--------------------------------------|--|
| 2007 | |
| Dec 31, | |
| 2006 | |
| Sept 30, | |
| 2006 | |
| June 30, | |
| 2006 | |
| March 31, | |
| 2006 | |
| UKRAINE | |
| Service revenue and | |
| connection fees | |
| 23,436 | |
| 16,158 | |
| 14,652 | |
| 12,320 | |
| 5,948 | |
| 2,103 | |
| Less: Connection fees | |
| 36 | |
| 5 | |
| 5 | |
| 3 | |
| 0 | |
| 0 | |
| Less: Revenue from rent of fiber- | |
| optic channels | |
| 0 | |
| 0 | |
| 0 | |
| 0 | |
| 0 | |
| 0 | |
| Service revenue used to | |
| calculate ARPU | |
| 23,400 | |
| 16,153 | |
| 14,647 | |
| 12,317 | |
| 5,948 | |
| 2,103 | |
| Average number of active subscribers | |
| ('000) | |
| 1,847 | |
| 1,781 | |
| 1,170 | |
| 611 | |
| 338 | |
| 208 | |
| ARPU (US\$) | |

4.2
 3.0
 4.2
 6.7
 5.9
 3.4
UZBEKISTAN
 Service revenue and
 connection fees
 24,009
 18,778
 16,446
 16,279
 15,507
 9,207
 Less: Connection fees
 0
 0
 0
 0
 0
 0
 0
 Less: Revenue from rent of fiber-
 optic channels
 0
 0
 0
 0
 0
 0
 Service revenue used to
 calculate ARPU
 24,009
 18,778
 16,446
 16,279
 15,507
 9,207
 Average number of active subscribers
 ('000)
 1,109
 930
 558
 458
 406
 185
 ARPU (US\$)
 7.2
 6.7
 9.8

11.8
12.7
16.6
Reconciliation
of
ARPU
to
service
revenue
and
connection
fees
Three
months
ended

27
Reconciliation of ARPU in Armenia
(Unaudited)
(\$'000)
June 30,
2007
March 31,

| | |
|-----------------------------------|--|
| 2007 | |
| Dec 31, | |
| 2006 | |
| June 30, | |
| 2007 | |
| March 31, | |
| 2007 | |
| Dec 31, | |
| 2006 | |
| Service revenue and | |
| connection fees | |
| 23,208 | |
| 19,912 | |
| 10,451 | |
| 35,214 | |
| 34,242 | |
| 16,922 | |
| Less: Connection fees | |
| 19 | |
| 129 | |
| 0 | |
| 55 | |
| 0 | |
| 0 | |
| Less: Revenue from rent of fiber- | |
| optic channels | |
| 0 | |
| 0 | |
| 0 | |
| - | |
| - | |
| - | |
| Service revenue used to | |
| calculate ARPU | |
| 23,189 | |
| 19,783 | |
| 10,451 | |
| 35,159 | |
| 34,242 | |
| 16,922 | |
| Average number of active | |
| subscribers ('000) | |
| 446 | |
| 456 | |
| 409 | |
| 608 | |
| 607 | |
| 609 | |
| ARPU (US\$) | |
| 17.3 | |

14.5

17.0

19.3

18.8

18.5

Three Months Ended

Reconciliation of ARPU to service revenue and connection fees

MOBILE

FIXED

28
Definitions
Registered
subscriber
is
an
authorized

user
of
cellular
services,
using
one
SIM
card
(GSM/3G)
with
one
or
several
selective numbers or one handset (DAMPS/CDMA) with one selective
number. The number of subscribers includes
employees using cellular services and excludes guest roamers and
users of test SIM cards or handsets.

Active
subscribers
are
those
subscribers
in
the
registered
subscriber
base
who
were
a
party
to
a
revenue
generating

activity in the past three months and remain in the base at the end of the reported period. Such activities include all
incoming and outgoing calls, subscriber fee accruals, debits related to service, outgoing SMS, MMS, data transmission
and receipt sessions, but do not include incoming SMS and MMS sent by our Company or abandoned calls.

ARPU

(Monthly Average Revenue per User), a non-U.S. GAAP financial measure, is calculated by dividing the
Company's service revenue during the relevant period, including roaming revenue and interconnect revenue, but
excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average
number of the Company's active subscribers during the period and dividing by the number of months in that period.
Reconciliation of ARPU to service revenues and connection fees, the most directly comparable U.S. GAAP financial
measure, is presented above in the tables section. The Company believes that ARPU provides useful information to
investors because it is an indicator of the performance of the Company's business operations and assists management in
budgeting. The Company also believes that ARPU provides management with useful information concerning usage and
acceptance of the Company's services. ARPU should not be viewed in isolation or an alternative to other figures
reported under U.S. GAAP.

MOU

(Monthly Average Minutes of Use per User) is calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of active subscribers during the period and dividing by the number of months in that period.

Market share

of subscribers for each country is calculated by dividing the estimated number of the subscribers of a particular company by the total estimated number of subscribers in that country. Market share data is published by consulting agencies specializing in the telecommunications industry in Russia and the CIS and generally based on registered subscribers.

Net debt

is calculated as a total interest-bearing debt minus cash and cash equivalents

Free

cash

flow

is

calculated

as

operating

cash

flow

minus

capital

expenditures

before

acquisitions