



FOR IMMEDIATE RELEASE

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**COMSTAR – UNITED TELESYSTEMS OJSC
FINANCIAL RESULTS FOR
THE THIRD QUARTER AND FIRST NINE MONTHS OF 2007**

Moscow, Russia – November 29, 2007 – “COMSTAR – United TeleSystems” OJSC (“Comstar” or “the Group”) (LSE: CMST), the leading integrated telecommunications operator in Russia and the CIS, today announced its unaudited consolidated US GAAP financial results for the third quarter and nine months ended September 30, 2007.

THIRD QUARTER HIGHLIGHTS

- Revenues up 28% year on year to US\$ 372.2 million
- OIBDA¹ up 40% year on year to US\$ 159.7 million and OIBDA margin of 43%
- Operating profit up 54% year on year to US\$ 117.7 million and operating margin of 32%
- Net income of US\$ 34.9 million before non-cash impact of revaluation of call and put option¹
- Cash flow from operations up 23% year on year to US\$ 105.2 million
- 44% year on year growth in Moscow broadband Internet subscriber base to 452,600 customers
- Launch of revised broadband strategy including broadband sales under MGTS brand and ‘Fibre to the Curb’ (FTTC) modernization of MGTS ‘last mile’ access
- 51% of MGTS residential subscribers on unlimited tariff plan; 22% on combined tariff plan; and 27% on per minute tariff plan, as at end of period
- Comstar-Moscow corporate subscriber ARPU up 12% year on year to US\$ 570.0

NINE MONTH HIGHLIGHTS

- Revenues up 30% year on year to US\$ 1,080.2 million
- OIBDA up 40% year on year to US\$ 463.2 million and OIBDA margin of 43%
- Operating profit up 44% year on year to US\$ 346.2 million and operating margin of 32%
- Net income of US\$ 110.3 million before non-cash impact of revaluation of call and put option
- Cash flow from operations up 26% year on year to US\$ 306.7 million

¹ Here and below, please see Attachment A to this statement for a full definition of OIBDA and a reconciliation of Net Income before the non-cash impact of the revaluation of the call and put option.

Sergey Pridantsev, President of Comstar, commented: “The third quarter was dominated by the implementation of our revised strategy. We took a number of key steps during the period, including the introduction of new broadband sales channels; the introduction of post-paid broadband Internet tariffs; the usage of the MGTS brand for low speed broadband tariffs; the introduction of one bill for residential telephony and broadband internet services; and the commencement of the modernization of the ‘last mile’ access in Moscow. These initiatives are already contributing to an accelerating net subscriber intake in the fourth quarter. We have also continued to roll out our regional development strategy through the consolidation and integration of local market leaders with complementary business models. This expansion is significantly enhancing our presence outside Moscow, as well as increasing the overall operating efficiency of our regional business.”

Irina Matveeva, Chief Financial Officer, added: “We have delivered strong organic growth in the quarter and for the year to date. We expect this momentum to continue throughout the rest of the year. We announced the acquisition of two large alternative operators outside Moscow since the end of the quarter. Full year 2007 revenue growth is now expected to be between 30% and 35%. The combination of improved operating efficiency and various positive year on year effects enabled us to deliver an increased OIBDA margin of 43% in the third quarter. We are investing further in the promotion of our high priority broadband service offering in the fourth quarter with the objective of growing our residential broadband subscriber base to 650,000 households by the end of 2007. Despite this increased level of investment, we still expect to achieve a full year OIBDA margin of not less than 40%.

“As previously announced, the third quarter results were impacted by the revaluation of the call and put option issued in December 2006 in part payment for the acquisition of our stake in Svyazinvest. The US\$ 196.0 million non-cash impact, including US\$ 186.2 million recorded in the income statement, reflects the 40% appreciation of the Comstar share price during the third quarter; net income effect was reduced by US\$ 82.4 million minority interest in the charge. The call element of the option will either be exercised or expire next month, and the remaining put element of the instrument will have considerably less impact on our income statement moving forward.”

FINANCIAL SUMMARY

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Revenues	372.2	291.8	28%	379.2	(2%)	1,080.2	828.2	30%
OIBDA.....	159.7	113.9	40%	173.2	(8%)	463.2	331.2	40%
Margin.....	42.9%	39.0%	-	45.7%	-	42.9%	40.0%	-
Operating Profit	117.7	76.5	54%	135.7	(13%)	346.2	240.0	44%
Margin.....	31.6%	26.2%	-	35.8%	-	32.0%	29.0%	-
Net income before non-cash impact of revaluation of call and put option.....	34.9	48.3	(28%)	39.2	(11%)	110.3	145.6	(24%)
Margin.....	9.4%	16.5%		10.3%		10.2%	17.6%	
Change in fair value of call and put option less minority share	(103.8)	-	-	(22.0)	371%	(118.3)	-	-
Net (loss) / income	(68.8)	48.3	(243%)	17.2	(501%)	(8.0)	145.6	(106%)
(Loss) / earnings per share – basic.....	(0.19)	0.13		0.05		(0.02)	0.43	
(Loss) / earnings per share – diluted.....	(0.18)	0.12		0.05		(0.02)	0.36	

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Operating Cash Flow.....	105.2	85.3	23%	112.4	(6%)	306.7	244.0	26%
CAPEX ²	95.0	81.3	17%	68.5	39%	227.6	216.3	5%
Total Assets.....	3,963.7	2,826.1	40%	3,762.5	5%	3,963.7	2,826.1	40%

OPERATING REVIEW

Group Overview

Comstar reported 28% year on year revenue growth in the third quarter, which continued to reflect the high customer demand for the unlimited tariff plan introduced by MGTS in February 2007, and for Comstar's double and triple-play service offerings. Comstar also received US\$ 9.6 million of compensation from the Federal Budget for discounts provided to certain categories of customers prior to 2005, which compares with US\$ 8.0 million of similar compensation received in the third quarter of 2006³. The year on year revenue growth also continued to reflect the impact of the introduction of the 'Calling Party Pays' ('CPP') regulation from July 2006, which contributed US\$ 29.7 million of revenue in the third quarter compared to US\$ 16.3 million in the third quarter of 2006, and approximately US\$ 15.5 million arising from the continuing appreciation of the Russian Ruble operating currency against the US dollar⁴ reporting currency.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Employee costs	89.5	63.9	40%	83.4	7%	254.0	196.8	29%
Network traffic costs	44.2	30.4	45%	34.6	28%	115.1	69.6	65%
Selling and marketing.....	11.1	5.6	99%	9.0	23%	26.5	24.2	9%
Repairs and maintenance	18.1	23.5	(23%)	17.3	5%	49.1	60.9	(19%)
Taxes.....	9.8	10.4	(6%)	11.9	(18%)	31.4	27.2	15%
Utility and energy costs.....	7.1	5.5	30%	8.5	(17%)	26.0	19.0	37%
Other, net.....	32.8	38.6	(15%)	41.3	(21%)	115.0	99.2	16%
TOTAL OPERATING EXPENSES⁵	212.5	177.9	20%	206.0	3%	617.0	497.0	24%

Operating expenses, excluding depreciation and amortisation charges, increased year on year in the third quarter but declined as a percentage of revenues from 61% to 57%. Operating expenses were up quarter on quarter. The increase was the net effect of the reorganization and headcount reduction at Comstar-Moscow, lower employment costs over the Summer vacation period, seasonally lower

² Please see Attachment A to this statement for a full definition of CAPEX.

³ MGTS received payments from the Federal Budget by way of reimbursement for discounts provided to certain categories of low income residential subscribers, including pensioners and military veterans, under the terms of pre-2005 legislation. Currently, MGTS does not provide such discounts and receives full tariffs from virtually all its subscribers.

⁴ The average exchange rate for the period was RuR 25.51 per US\$ 1 in the third quarter of 2007; RuR 26.81 per US\$ 1 in the third quarter of 2006; RuR 25.86 per US\$ 1 in the second quarter of 2007; RuR 25.89 per US\$ 1 for the first nine months of 2007; and RuR 27.39 per US\$ 1 for the first nine months of 2006.

⁵ Excluding depreciation and amortisation, net.

utility costs, an increase in pension liabilities, due to a revision of certain estimates underlying the calculation of these liabilities, and the continuing appreciation of the Russian Ruble against the US dollar. Network traffic costs increased by 45% year on year due to the increase in CPP, the increased scale of the Group, and the changes in the interconnect regime. The 28% quarter on quarter increase in network traffic costs was also due to higher CPP traffic, as well as the new agreements with mobile operators for the usage of direct dial Moscow numbers by mobile subscribers with effect from July 2007.

Comstar reported a 40% year on year increase in OIBDA in the third quarter. The Group OIBDA margin expanded by 4 percentage points year on year and decreased quarter on quarter to 42.9% due to the lower level of compensation from the Federal Budget received in the third quarter. Group depreciation and amortisation charges increased by 12% year on year and quarter on quarter to US\$ 42.0 million, which reflected the 24% year on year increase in the Group's asset base, as well as the appreciation of the Russian Ruble, which increased Ruble-denominated depreciation and amortisation charges translated into the US dollar reporting currency. Comstar reported a 54% year on year increase in operating profits, and an operating margin of 31.6%, compared to a margin of 26.2% for the third quarter of 2006.

The Group reported a 15% reduction in net interest expense to US\$ 8.5 million for the period, when compared to the second quarter of 2007. The net interest income of US\$ 10.5 million for the same period of 2006 reflected the higher level of cash and short term investments following the Group's initial public offering, as well as the lower level of corporate borrowing ahead of the US\$ 1.3 billion acquisition of the 25% plus one share stake in Svyazinvest in December 2006. Comstar reported a US\$ 7.3 million foreign currency translation loss in the third quarter, compared to gains of US\$ 5.2 million and US\$ 0.1 million for the same period of 2006 and the second quarter of 2007, respectively. The loss was largely the result of foreign currency transaction losses arising from US dollar-denominated cash equivalents and short-term investments at Comstar-Moscow, following the change in its functional currency from US dollars to Russian Rubles with effect from the end of June 2007, as well as losses arising from the revaluation of MGTS's Euro-denominated capital lease obligations. In order to reduce the volatility in earnings caused by fluctuating foreign exchange rates, Comstar is reducing the amount of its non-Ruble-denominated borrowings and investments.

The call and put option issued as part payment for the Svyazinvest stake continued to impact the Group's results and gave rise to a US\$ 196.0 million non-cash charge in the quarter, with US\$ 186.2 million reported in the income statement and the remaining US\$ 9.8 million recorded directly in equity in the Group's balance sheet. This follows the 40% increase in the market price of the Comstar Global Depositary Receipt from US\$ 9.25 on June 30, 2007 to US\$ 12.95 on September 30, 2007.

The strategic acquisition of the Svyazinvest shares has already proved a highly successful financial investment, with the value of the stake having risen by 37.5% from US\$ 1.6 billion as at December 11, 2006 to US\$ 2.2 billion as at the end of the third quarter, based on the combined market value of the listed Svyazinvest subsidiaries. This increase in value is not however recognized in Comstar's US GAAP accounts.

The Group's effective tax rate, before the revaluation of the call and put option, increased to 29.8% for the period, compared to 28.4% for the second quarter, due to the net effect of intercompany foreign currency translation losses, which are tax-deductible but eliminated in the consolidated US GAAP accounts, and the writing off of certain deferred tax assets. The 23.7% effective tax rate for the third quarter of 2006 reflected the tax benefit of the foreign currency translation losses on the IPO proceeds on deposit or in the form of promissory notes.

Group minority interests totalled a gain of US\$ 44.0 million in the quarter, compared to a loss of US\$ 33.4 million in the second quarter and a loss of US\$ 22.7 million in the third quarter of 2006. The underlying strong revenue growth at MGTS, which is 56% owned by Comstar, was offset by the US\$ 82.4 million minority interest in the above-mentioned non-cash charge option revaluation charge.

Group net income before the non-cash impact of the revaluation of the call and put option therefore amounted to US\$ 34.9 million in the quarter, compared to US\$ 48.3 million for the same period of 2006 and US\$ 39.2 million for the second quarter of 2007.

Moscow City Telephone Network (MGTS)

Comstar owns 56% of MGTS, which is Moscow's incumbent fixed-line telecommunications operator and the infrastructure provider for the Group. MGTS is the owner of the "last mile" in Moscow and has 3.6 million subscribers. The MGTS brand is also used for low speed broadband services to residential subscribers in Moscow.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Residential subscribers								
Revenue, millions								
Voice	130.6	87.6	<i>49%</i>	147.2	<i>(11%)</i>	385.9	237.2	<i>63%</i>
Other	4.6	3.9	<i>17%</i>	3.7	<i>23%</i>	11.8	11.3	<i>5%</i>
Total revenue	135.1	91.5	<i>48%</i>	150.9	<i>(10%)</i>	397.7	248.5	<i>60%</i>
Number of subs./active lines, 000s	3,582.5	3,561.3	<i>1%</i>	3,577.9	<i>0%</i>	3,582.5	3,561.3	<i>1%</i>
ARPU per month ⁶	11.5	7.6	<i>50%</i>	11.3	<i>1%</i>	11.0	6.8	<i>62%</i>
Corporate subscribers								
Revenue, millions								
Voice	42.1	36.6	<i>15%</i>	41.8	<i>1%</i>	121.9	102.8	<i>19%</i>
Access node/Trunk rental	20.6	19.5	<i>6%</i>	20.8	<i>(1%)</i>	61.1	53.9	<i>13%</i>
Other	7.1	6.0	<i>17%</i>	7.3	<i>(2%)</i>	21.8	19.6	<i>11%</i>
Total revenues	69.8	62.1	<i>12%</i>	69.8	<i>0%</i>	204.8	176.4	<i>16%</i>
Number of active lines, 000s ...	764.2	761.2	<i>0%</i>	763.7	<i>0%</i>	764.2	761.2	<i>0%</i>
Number of subs., 000s	74.2	76.1	<i>(3%)</i>	74.1	<i>0%</i>	74.2	76.1	<i>(3%)</i>
ARPU (excl. revenue from access nodes)	207.5	172.7	<i>20%</i>	215.7	<i>(4%)</i>	207.8	164.4	<i>26%</i>
Number of access nodes, 000s	27.7	29.2	<i>(5%)</i>	26.9	<i>3%</i>	27.7	29.2	<i>(5%)</i>
Average Revenue per Access Node	248.1	221.0	<i>12%</i>	246.3	<i>1%</i>	241.4	198.9	<i>21%</i>

⁶ Excluding US\$ 8.0 million, US\$ 9.6 million and US\$ 27.0 million of compensation received from the Federal Budget in the third quarters of 2006 and 2007, and the second quarter of 2007, respectively. Here and below, ARPU calculations exclude connection fees.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Operators								
Revenue, millions								
Rent of data transmission ports ⁷	15.9	8.2	93%	14.5	10%	47.7	37.0	29%
Initiation & termination of DLD/ILD traffic	9.3	7.9	18%	8.5	10%	24.3	28.0	(13%)
Access nodes/Trunk rental... ..	42.0	30.9	36%	42.5	(1%)	125.9	87.2	44%
Other	6.3	7.8	(18%)	5.3	20%	16.8	16.7	0%
Total revenues	73.6	54.8	34%	70.8	4%	214.8	168.9	27%
DLD/ILD (minutes), 000s ⁸	324,681	512,257	(37%)	337,740	(4%)	1,034,133	1,979,612	(48%)
DLD/ILD traffic charges per minute	0.03	0.02	86%	0.03	14%	0.02	0.01	67%
Access nodes with operators, 000s	210.1	188.4	12%	209.4	0%	210.1	188.4	12%
Average Revenue per Access Node	39.9	47.7	(16%)	41.5	(4%)	42.8	45.1	(5%)
TOTAL REVENUES	278.5	208.4	34%	291.5	(4%)	817.3	593.8	38%
Intersegment sales	(31.1)	(24.3)	28%	(31.1)	0%	(93.2)	(77.5)	20%
NET REVENUES	247.4	184.2	34%	260.3	(5%)	724.1	516.3	40%
OIBDA	139.9	87.3	60%	151.1	(7%)	405.4	272.0	49%
<i>Margin</i>	50.2%	41.9%		51.9%		49.6%	45.8%	

MGTS generated 34% year on year revenue growth in the third quarter, which largely reflected the US\$ 48.4 million year on year growth in residential and corporate voice revenues.

Residential voice revenues were up 49% year on year, with 51% of MGTS residential subscribers choosing to remain on the unlimited tariff plan of RUR 380 (approximately US \$15) per month (including 18% VAT) introduced in February 2007.

MGTS received US\$ 9.6 million of payments from the Federal Budget in the quarter by way of reimbursement for discounts provided to certain categories of low income residential subscribers, including pensioners and military veterans, under the terms of pre-2005 legislation. This compares with the US\$ 8.0 million of similar payments received in the third quarter of 2006. MGTS has received US\$ 36.5 million of compensation for the year to date, which compares with US\$ 25.8 million for the same period of 2006. MGTS has received compensation for the years 2002-2004 in full and does not expect to receive any further compensation from the Budget moving forward.

The introduction of CPP from July 2006 also continued to positively impact the revenue line by adding a further US\$ 25.4 million of revenue in the third quarter, compared to US\$ 14.7 million for the same period of 2006. Residential CPP traffic increased by 8% quarter on quarter from 315 million minutes to 339 million minutes, and contributed US\$ 16.8 million of revenue in the quarter, compared to US\$ 11.0 million for the same period of 2006.

⁷ Primarily to Comstar-Direct.

⁸ DLD/ILD minutes in Q2 2006 and H1 2006 include zonal traffic, free for the subscriber before the introduction of the CPP Rule effective July 1, 2006.

Corporate voice revenues were up 15% year on year, whilst access node and trunk rental revenues increased by 6% year on year. Corporate CPP traffic increased by 13% quarter on quarter from 130 million minutes to 147 million minutes, and contributed US\$ 8.6 million of revenue in the quarter, compared to US\$ 3.7 million for the same period of 2006. The number of corporate subscribers decreased by 3% year on year due to the merger of the Miusky and Zamoskvoretsky telephone nodes, the subsequent consolidation of client agreements and accounts, and the reclassification of corporate clients as operators when they received operator licenses.

Revenue from Operators was up 34% year on year, which reflected the 36% increase in access node and trunk rental revenues. Long-distance revenues increased by 18% year on year as a result of the rise in per minute charges from February 1, 2007 and the introduction of the compensation surcharge.

Operating costs, excluding depreciation and amortization charges, were up year on year and quarter on quarter due to the net effect of higher CPP traffic costs, sales and marketing expenses, and non-state pension expenses due to a revision of certain estimates underlying the calculation of pension liabilities, but seasonally lower utility costs and reduced bad debt provisions following the stabilization in accounts receivable levels.

MGTS therefore reported a 60% year on year increase in OIBDA, and an increased OIBDA margin of 50.2%, which compared to 41.9% in the third quarter of 2006 and 51.9% in the second quarter of 2007.

COMSTAR-MOSCOW

Comstar-Moscow is a leading alternative fixed-line solutions provider, primarily for corporate customers, which offers voice and data services to nearly 40,000 subscribers and has over 602,000 active lines in Moscow and the Moscow region.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Residential subscribers								
Total revenue, millions	1.4	2.2	<i>(35%)</i>	1.5	<i>(1%)</i>	4.4	6.7	<i>(35%)</i>
Number of Residential subscribers, 000s	18.2	16.5	<i>10%</i>	17.5	<i>4%</i>	18.2	16.5	<i>10%</i>
ARPU	28.2	45.3	<i>(38%)</i>	28.8	<i>(2%)</i>	28.4	46.8	<i>(39%)</i>
Number of Active Lines, 000s	19.3	16.9	<i>14%</i>	19.2	<i>1%</i>	19.3	16.9	<i>14%</i>
Corporate subscribers								
Revenue, millions								
Voice	15.9	18.0	<i>(12%)</i>	15.1	<i>5%</i>	48.1	56.9	<i>(16%)</i>
Data and internet	13.1	12.6	<i>4%</i>	12.6	<i>4%</i>	37.8	33.8	<i>12%</i>
VAS and other	6.6	3.4	<i>94%</i>	7.3	<i>(9%)</i>	18.6	9.0	<i>108%</i>
Total revenues.....	35.6	34.0	<i>5%</i>	34.9	<i>2%</i>	104.5	99.7	<i>5%</i>
Number of Active Lines, 000s	142.7	140.2	<i>2%</i>	141.7	<i>1%</i>	142.7	140.2	<i>2%</i>
Number of subscribers, 000s.....	20.3	21.6	<i>(6%)</i>	20.4	<i>(0%)</i>	20.3	21.6	<i>(6%)</i>

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
ARPU	570.0	507.2	12%	553.3	3%	542.0	510.9	6%
Operators								
Total revenue	37.1	30.7	21%	33.3	12%	99.4	87.9	13%
Other revenues	0.6	1.7	(66%)	0.5	16%	1.6	4.5	(64%)
TOTAL REVENUES	74.8	68.6	9%	70.1	7%	209.9	198.8	6%
Intersegment sales	(0.8)	(1.9)	(59%)	(1.4)	(47%)	(3.4)	(4.8)	(30%)
NET REVENUES	74.0	66.7	11%	68.7	8%	206.5	194.0	6%
OIBDA ⁹	13.1	19.1	(31%)	13.5	(3%)	39.2	46.3	(15%)
<i>Margin</i>	17.6%	27.8%		19.2%		18.7%	23.3%	

The 35% and 12% respective year on year declines in residential and corporate voice revenues reflected the introduction of the new long distance regulations with effect from January 2006. Under the new rules, Comstar-Moscow recognizes the margin on long-distance traffic as agent fees from authorized long-distance providers and, therefore, classifies it as revenue from Operators. This compares with the prior recognition of the full per minute charge prior to January 2006. Revenues from Operators consequently increased by 21% year on year. As at September 30, 2007, virtually all of Comstar-Moscow subscribers have been transferred to the new 'agent' scheme.

CPP revenues from calls to mobile users contributed approximately US\$ 4.2 million of voice revenues in the quarter, compared to approximately US\$ 3.7 million in the second quarter of 2007 and US\$ 1.4 million in the third quarter of 2006.

Residential ARPU decreased by 38% year on year, partially due to expansion into the Moscow suburbs, as well as the transition to the new agent's scheme for DLD/ILD services provision, which was not completed in the third quarter of 2006.

The number of corporate subscribers decreased by 6% year on year due to the merger of the Comstar, MTU-Infom and Telmos billing systems, and the resulting merger of corporate accounts. Corporate customer data and internet service revenues increased by 4% year on year and quarter on quarter, despite the seasonally weaker summer period.

Corporate subscriber ARPU increased by 12% year on year and 3% quarter on quarter to US\$ 570.0, which primarily reflected the fixing of tariffs in Russian Rubles for a substantial part of the subscriber base during the first six months of 2007, as well as the merger of corporate accounts.

Operating costs, excluding depreciation and amortization charges, were stable quarter on quarter as a percentage of revenues despite the increase in traffic costs as a result of the new agreements concluded with mobile operators, but up year on year due to higher corporate costs associated with the Group's expansion.

⁹ Comstar-Moscow's OIBDA has been recalculated and now includes corporate expenses in line with the recent merger of the Corporate Center into Comstar-Moscow.

Comstar-Moscow's OIBDA declined 3% quarter on quarter and 31% year on year following the changes in the organizational structure in the middle of the third quarter of 2006. The OIBDA margin therefore declined to 17.6% in the third quarter from 27.8% in the third quarter of 2006, and from 19.2% in the second quarter of 2007.

COMSTAR-DIRECT

Comstar-Direct is the largest broadband service provider in Moscow, and has 452,600 residential subscribers, including 106,000 double-play (broadband Internet + IPTV) customers. The subsidiary is 52% owned and fully consolidated by the Group, with Sistema Mass Media owning the remaining 48% minority stake. The Comstar-Direct brand is used for high speed broadband services to residential subscribers in Moscow.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Residential subscribers								
Revenue, million								
Data & Internet								
Broadband Internet.....	24.2	19.1	27%	25.8	(6%)	73.6	55.8	32%
<i>Incl. double play (Internet + IPTV)</i>	7.7	3.6	116%	8.1	(6%)	23.1	6.0	283%
Dial-up Internet	0.9	1.9	(53%)	1.1	(19%)	3.5	6.6	(48%)
Other	0.0	0.1	(93%)	0.1	(85%)	0.2	0.5	(51%)
Total revenues.....	25.1	21.1	19%	26.9	(7%)	77.3	62.9	23%
Number of Broadband Internet Subscribers, 000s ¹⁰								
	452.6	313.2	44%	426.4	6%	452.6	313.2	44%
<i>Incl. double play, 000s.....</i>	106.0	58.6	81%	99.1	7%	106.0	58.6	81%
ARPL per month.....	18.1	19.2	(6%)	20.1	(10%)	19.3	20.4	(6%)
Number of Dial-up Internet subscribers, 000s.....								
	60.4	124.7	(52%)	69.9	(14%)	60.4	124.7	(52%)
ARPU per month	4.6	4.7	(2%)	4.6	0%	4.7	4.8	(2%)
Corporate subscribers								
Total revenues, million	11.5	9.7	19%	9.6	19%	29.6	26.8	10%
Number of subs., 000s.....	14.4	13.6	6%	14.2	1%	14.4	13.6	6%
ARPU per month	230.4	175.9	31%	192.5	20%	196.1	159.3	23%
Other revenues								
Total revenues, million	2.6	2.2	19%	2.4	9%	8.3	6.0	40%
TOTAL REVENUES.....	39.1	32.9	19%	38.9	1%	115.2	95.7	20%
Intersegment sales.....	(0.2)	(0.2)	18%	(0.2)	(13%)	(0.6)	(0.5)	18%

¹⁰ The number of residential broadband internet and double-play subscribers has been recalculated in line with the new recognition methodology. Subscribers at the authorization stage are now excluded from the subscriber base, while those with temporarily blocked access are included in the subscriber base. As a result, a subscriber is recognized in the subscriber base if the ADSL line is activated and a subscriber is paying for broadband services, or the access is temporarily blocked but can be activated immediately after payment.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
NET REVENUES	38.9	32.7	19%	38.6	1%	114.6	95.2	20%
OIBDA	7.2	6.8	5%	9.0	(20%)	20.8	12.7	64%
<i>Margin</i>	18.4%	20.7%		23.0%		18.0%	13.2%	

Residential broadband revenues grew by 27% year on year to US\$ 24.2 million following healthy subscriber growth, and despite the year on year decline in average revenue per ADSL line (ARPL)¹¹ from US\$ 19.2 to US\$ 18.1. The lower ARPL reflected the extended five month churn period introduced during the summer period, as well as the changes made to the tariff structure from May 2007. Revised broadband tariffs were introduced in September 2007, at the same time as the launch of the new broadband strategy and, therefore, only had limited impact in the third quarter.

Corporate customer broadband revenues were up 19% year on year and quarter on quarter, following the increase in average revenue per ADSL user (ARPU) to US\$ 230.4 in the third quarter, from US\$ 175.9 in the third quarter of 2006 and US\$ 192.5 in the second quarter. This development reflected the successful introduction of new tariffs for small and medium sized enterprises in May 2007.

Segment OIBDA was up 5% year on year but declined 20% quarter on quarter, with the margin for the period declining to 18.4% from 20.7% a year ago, and from 23.0% in the second quarter of 2007. The quarter on quarter decline in the OIBDA margin reflected the second quarter impact of the retrospective discounts applied to the rental of MGTS ADSL ports since the beginning of 2007.

Comstar's key objectives remain to increase its market share to 50% share of the Moscow broadband market in 2011 and to drive up ARPU levels on a progressive basis. MGTS is playing an active role in facilitating this growth by providing the 'last mile' access to its residential customer base in Moscow, and by utilizing its highly qualified technical support teams to sell in the new double-play offerings to this customer base. Comstar has rebalanced its infrastructure investment plans to focus on the selective modernization of this 'last mile' access, in order to offer greater capacity, higher speeds and enhanced services.

Comstar launched an integrated programme of modernization of the Group companies' networks in October, in order to simultaneously increase network capacity and reduce investment and operational costs associated with servicing the current infrastructure. The integration is intended to eliminate the duplication of investment in the development of two networks and generate cost savings over the coming years. The Group has already completed the upgrade of the MGTS and Comstar-Direct networks to 40 Gigabits per second, which provides a higher quality connection for customers and reduces the connection time for new subscribers to MGTS and STREAM services.

Following the launch of the new broadband development strategy, Comstar initiated the selective modernization of the 'last mile' access in September, in order to move the DSLAM from the switching center to the curb, using Fibre-to-the-Curb technology. Comstar-Direct expects to be able to provide 80% of MGTS residential subscribers with broadband Internet access at an average speed of 20 Megabits per second by the end of 2009. This will enable subscribers to watch High Definition

¹¹ Please see Attachment A to this statement for a full definition of ARPL.

Television more than two TV sets per household. The total capital expenditure for this project is expected to be approximately US\$ 100 million over the next two years.

COMSTAR REGIONS & INTERNATIONAL

Comstar's regional and international business comprises the Group's operations in the Russian regions (St. Petersburg, Krasnodar, Saratov, Samara, Tyumen, Khanty-Mansi and Yamalo-Nenetsky regions) and the CIS (Ukraine and Armenia).

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Residential subscribers								
Total revenues, million	2.4	2.3	5%	2.6	(7%)	7.3	7.2	1%
Number of subs., 000s.....	83.5	73.0	14%	81.9	2%	83.5	73.0	14%
Corporate subscribers								
Total revenues, million	5.4	4.5	22%	4.9	11%	15.3	13.3	15%
Number of subs, 000s.....	10.6	6.9	53%	9.8	8%	10.6	6.9	53%
Operators								
Total revenues, million	4.0	1.4	182%	4.1	(3%)	12.2	1.9	535%
Other revenues.....	0.0	0.1	(43%)	0.0	(10%)	0.1	0.2	(26%)
TOTAL REVENUES	11.8	8.2	44%	11.6	2%	35.0	22.7	54%
OIBDA	1.2	1.7	(29%)	1.4	(13%)	3.3	4.4	(24%)
<i>Margin</i>	10.3%	21.8%		12.1%		9.6%	19.4%	

The revenue growth in the corporate segment was driven by the inclusion of the Ukrainian and Armenian operations, which were acquired in the fourth quarter of 2006, and by the contribution from Sochitelecomservice, which was acquired in August and established Comstar as the largest alternative operator in the host city for the 2014 Olympics game. Operator revenues were in turn driven by the change in long-distance regulation and the resulting reallocation of revenues from the corporate business. Segment revenues were up 10% year on year when excluding the Armenian, Ukrainian and newly acquired Sochi operations.

Segment OIBDA declined year on year and quarter on quarter following the acquisition of, and investment in, the earlier stage and therefore lower margin businesses mentioned above. The restructuring of the operations, which commenced in the second quarter of 2007, is ongoing.

The regional strategy is threefold. Firstly to expand the Group's presence in its current operating regions by building out the network, launching new green-field operations, and making bolt-on acquisitions that can be easily integrated into existing subsidiaries. Comstar plans to invest up to US\$ 120 million in these projects, in order to grow the Group's regional revenues to US\$ 200 million and achieve a regional alternative operator market share of at least 10% by the end of 2011. Secondly, the strategy involves the expansion of the Group's presence into new regions by acquiring competitive local exchange carriers with 25% or higher local market revenue shares. This second element has been evidenced by the acquisition of RTC and DTN after the end of quarter, as detailed later in this report. It is anticipated that these two key acquisitions will be followed by a further acquisitions, and that newly acquired businesses will contribute an additional US\$ 300 million of revenue to the regional business by in 2011. The third element relates to the deployment of long

distance services, which are expected to add a further US\$ 50 million of revenue by in 2011. The Group's long distance service offering will be in place by the end of 2007.

FINANCIAL REVIEW

Group net cash provided by operations increased by 23% year on year to US\$ 105.2 million in the third quarter. The 6% quarter on quarter decrease in net cash flow from operations primarily reflected the lower level of compensation received from the Federal Budget by MGTS in the third quarter.

Net cash used in investing activities was 22% higher quarter on quarter at US\$ 120.2 million, following the acquisition of stakes in new businesses and increased investments in short-term interest-bearing instruments, but 33% lower year on year. Group capital expenditure increased by 17% year on year and by 39% quarter on quarter to US\$ 95.0 million, and primarily comprised the ongoing digitalization process and development of Next Generation Network ("NGN") infrastructure at MGTS. Total capital expenditure for the year to date therefore amounted to US\$ 227.6 million.

The Group therefore generated US\$ 20.9 million of free cash flow (defined as net cash provided by operations less net cash used in investing activities) for the nine months ended September 30, 2007 and reported negative free cash flows of US\$ 15.0 million for the quarter, primarily due to the increase in cash used in investing activities for the reasons described above.

Comstar used US\$ 14.9 million of cash in its financing activities in the third quarter, including the repayment of capital lease obligations and loans falling due during the period. This compared with US\$ 6.8 million of cash used in financing activities during the same period of 2006.

The Group's cash and cash equivalents therefore decreased by US\$ 28.1 million during the third quarter to US\$ 120.2 million. Total Group borrowings, including capital lease obligations, were 2% lower at US\$ 838.5 million by the end of the period. The Group's net debt increased quarter on quarter to US\$ 718.4 million and the total debt to OIBDA ratio¹² continued to decline quarter on quarter to 1.7 times.

<i>(US\$ millions)</i>	Q3 2007	Q3 2006	<i>Year on year Growth</i>	Q2 2007	<i>Quarter on quarter Growth</i>	9M 2007	9M 2006	<i>Year on year Growth</i>
Net cash provided by operations.....	105.2	85.3	23%	112.4	(6%)	306.7	244.0	26%
Net cash used in investing activities.....	(120.2)	(178.4)	(33%)	(98.8)	22%	(285.8)	(694.7)	(59%)
Net cash (used in) / provided by financing activities.....	(14.9)	(6.8)	118%	(20.9)	(29%)	(39.8)	912.0	(104%)
Effects of foreign currency translation of cash and cash equivalents.....	1.8	0.6	186%	0.2	726%	2.4	2.5	(4%)
Cash and cash equivalents at the beginning of the period.....	148.2	625.1	(76%)	155.2	(5%)	136.6	62.0	120%
Cash and cash equivalents at the end of the period.....	120.2	525.8	(77%)	148.2	(19%)	120.2	525.8	(77%)

¹² Calculated as total debt, as at the balance sheet date, divided by OIBDA for the twelve months preceding the balance sheet date.

at the end of the period

Comstar accounts for its shareholding in Svyazinvest at cost. The Group continues its evaluation of whether the acquisition of the 25% plus one share of Svyazinvest allows the Group to exercise significant influence over this entity, in which case the Group will account for its investment in Svyazinvest using the equity method. The investment has already proved highly successful with the value of the stake having risen by 37.5% from US\$ 1.6 billion as at December 11, 2006 to US\$ 2.2 billion as at the end of the third quarter, based on the combined market value of the listed Svyazinvest subsidiaries.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Comstar's Global Depositary Receipts will be added to the MSCI Russia Index with effect from November 30, 2007 with an index weighting of 0.6%.

Comstar announced the appointment of Irina Matveeva as Chief Financial Officer on October 5, 2007, with immediate effect. Irina had previously served as Chief Financial Officer of Comstar subsidiary MGTS since July 2006, and has worked for the Group for twelve years.

Comstar announced the acquisition of 87.5% of Regional Technical Centre ('RTC') for a total cash consideration of US\$ 21.0 million on November 13, 2007. RTC is an alternative regional fixed-line telecommunications operator in the Khanty-Mansi Autonomous Area of Russia. RTC provides fixed-line telecommunications services, radio access, mobile services and dial-up internet access, as well as leasing channels to residential and corporate clients in Nizhnevartovsk, Surgut, Nyagan, and the Orenburg region. The company also has branches in Saratov, Ryazan and Moscow. RTC provided services to 8,319 subscribers as at the end of the third quarter 2007 and had 33,012 active lines, which accounted for 53% of installed numbering capacity in Nizhnevartovsk, Surgut, Nyagan, Orenburg and Orenburg region. The company reported revenues of US\$ 18.2 million, a 28% OIBDA margin and US\$ 2.3 million of net income for the twelve months ended December 31, 2006. The new operation will be integrated with Comstar's existing Tyumenneftegassvyaz operation under the Group's Tyumen branch, and Comstar's market share in the Khanty-Mansi Autonomous Area is therefore expected to increase to approximately 33%.

Comstar announced the acquisition of 100% of Digital Telephone Networks South ('DTN') for a total cash consideration of 4.1 billion Russian Rubles (approximately US\$ 167.4 million) on November 19, 2007. DTN is the largest alternative telecommunications operator in the Southern Federal District of Russia. DTN provides a full range of telecommunication services, including digital telephony, leased channels and Internet access, to residential and corporate subscribers, and serviced over 155,000 telephone numbers in Rostov-on-Don, Taganrog, Shakhty, Azov, Belaya Kalitva, Kamensk-Shakhtinsky and Gukovo, as at September 30, 2007. DTN reported revenues of US\$ 41.8 million, a 53% OIBDA margin, and US\$ 14.3 million of net income for the nine months ended September 30, 2007. The combination of DTN with Comstar's existing Southern branch will provide subscribers with a full range of integrated telecommunications services, generate synergies, reduce combined operating expenses, optimize business processes and create economies of scale. The acquisition is in line with Comstar's regional development strategy to acquire local market leaders, and DTN's above industry average profitability levels will enhance the Group's overall financial profile.

OTHER INFORMATION

Conference call

Comstar will host a conference call today at **4.00** PM Moscow local time, **1.00** PM London local time and **8.00** AM New York local time to present and discuss these results. Participants may dial into the call on the following numbers:

UK / International: +44 (0) 20 7138 0836
US: +1 718 354 1172

A replay facility will also be made available for 7 days after the call and may be accessed by dialing the following numbers and entering the following pin code:

UK / International: +44 (0) 20 7806 1970
US: +1 718 354 1112
Pin code: 4281759#

A replay facility will also be made available within a month of this release at http://www.comstar-uts.com/en/for_investors/finresults/2007/.

For further information, please visit www.comstar-uts.com or contact:

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Comstar UTS is the leading fixed-line telecommunications company in Moscow, both in terms of revenues and subscribers. Comstar UTS provides voice, data, Internet, pay-TV and other value-added services to residential and corporate subscribers and operators, using its extensive backbone network and exclusive last mile access to 98% of Moscow households. The Company also offers communications services in five Russian regions and certain CIS countries. Comstar had 3.6 million residential subscribers in Moscow, 452,600 broadband internet subscribers in Moscow, 108,600 corporate subscribers in Moscow, and approximately 94,100 regional and international subscribers, as at September 30, 2007. Comstar UTS reported operating revenues of US\$ 1,080 million and a 43% OIBDA margin for the nine months ended September 30, 2007. Comstar GDRs are listed under the symbol “CMST” on the London Stock Exchange.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Comstar UTS. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might”, the negative of such terms or other similar expressions. Comstar UTS wishes to caution that these statements are only predictions, and that actual events or results may differ materially. Comstar UTS does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Comstar UTS, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Comstar UTS operates in, as well as many other risks specifically related to Comstar UTS and its operations.

Attachment A

NON-GAAP FINANCIAL MEASURES

This results statement includes financial information prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), as well as other non-GAAP financial information. The non-GAAP financial information should be considered as an addition to, but not as a substitute for, information prepared in accordance with US GAAP.

OIBDA is operating income before depreciation and amortisation, and the OIBDA margin is defined as OIBDA as a percentage of net revenues. These measures are included in this results statement in order to provide additional information regarding the Group's ability to meet future debt service payments, capital expenditure and working capital requirements, and as a metric to evaluate profitability. OIBDA is not a measure of financial performance under US GAAP, and is not an alternative to operating income as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. While depreciation and amortisation are considered operating costs under US GAAP, these items primarily represent the non-cash current period allocation of costs arising from the acquisition or development of long-term assets in prior periods. OIBDA is commonly used as a criterion for evaluation of operating performance by credit and equity investors and analysts. The calculation of OIBDA may be different from the calculation used by other companies and comparability may therefore be limited. OIBDA can be reconciled to the Group's consolidated statements as follows:

Reconciliation of OIBDA

	3Q 2007		3Q 2006		2Q2007		9M 2007		9M 2006	
	US\$ 'mln	% of revenues								
Operating profit.....	117.7	31.6%	76.5	26.2%	135.7	35.8%	346.2	32.0%	240.0	29.0%
Add: Depreciation and amortisation.....	42.0	11.3%	37.4	12.8%	37.5	9.9%	117.1	10.8%	91.2	11.0%
OIBDA.....	159.7	42.9%	113.9	39.0%	173.2	45.7%	463.2	42.9%	331.2	40.0%

Net Income before the non-cash impact of the revaluation of the call and put option is net income before the change in the fair value of the derivative financial instrument (call and put option) and the minority interest in the output of the revaluation. This measure is included in the results statement in order to provide additional information regarding the Group's underlying operating performance. While the revaluation of derivative financial instruments is included in the determination of net income under US GAAP, this item only partially affects the Group's future cash flows and is not under the control of the management, as the fair value of the call and put option is dependant primarily on the market price of Comstar UTS GDRs.

Reconciliation of Net Income before non-cash impact of revaluation of call and put option

	3Q 2007		3Q 2006		2Q2007		9M 2007		9M 2006	
	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues
Net (loss)/income (reported)	(68.8)	(18.5%)	48.3	16.5%	17.2	4.5%	(8.0)	(0.7%)	145.6	17.6%
Add: change in fair value of derivative financial instrument (call and put option)	186.2	50.0%	—	—	39.5	10.4%	212.2	19.6%	—	—
Less: minority share in change in fair value of derivative financial instrument (call and put option)	(82.4)	(22.1%)	—	—	(17.5)	(4.6%)	(93.9)	(8.7%)	—	—
Net income before non-cash impact of revaluation of call and put option	34.9	9.4%	48.3	16.5%	39.2	10.3%	110.3	10.2%	145.6	17.6%

ARPL (Monthly Average Revenue per Line), a non-US GAAP financial measure, is calculated for the relevant period by dividing Comstar UTS' Stream service revenue, including broadband internet, pay TV and bundled offering excluding connection fee, for that period by the average monthly number of the Comstar UTS' broadband subscribers during the period and by the number of months in the period. Reconciliation of ARPL to service revenues, the most directly comparable US GAAP financial measure, is presented below. We believe that ARPL provides useful information to investors because it is an indicator of the performance of the Group's business operations and assists management in budgeting. The management also believes that ARPL provides useful information concerning usage and acceptance of the Group's services. ARPL should not be viewed in isolation from or as an alternative to other figures reported under US GAAP.

Average Revenue per ADSL Line (Residential Segment)

	3Q 2007	3Q 2006	2Q2007	9M 2007	9M 2006
Revenue from residential broadband subscribers, excluding connection fee (US\$'mln)	23.7	17.5	25.3	72.1	53.1
Average monthly number of Stream broadband subscribers	435,438	303,534	418,634	415,258	288,360
ARPL (US\$), monthly	18.1	19.2	20.1	19.3	20.4

CAPEX (Capital Expenditures) is cash expended for purchases of property, plant and equipment and intangible assets, and non-cash additions of property, plant and equipment and intangible assets, excluding considerations paid in business combinations allocated to property, plant and equipment and intangible assets. CAPEX can be reconciled to the Group's consolidated statements as follows:

	3Q 2007		3Q 2006		2Q2007		9M 2007		9M 2006	
	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues	US\$ 'mln	% of revenues
Purchases of property, plant and equipment	57.1	15.3%	72.0	24.7%	71.6	18.9%	183.3	17.0%	190.4	23.0%
Purchases of intangible assets	9.8	2.6%	2.8	1.0%	7.0	1.9%	26.3	2.4%	16.1	1.9%
Non-cash additions of property, plant and equipment and intangible assets	28.1	7.6%	6.5	2.2%	(10.2)	(2.7%)	18.0	1.7%	9.8	1.2%
CAPEX	95.0	25.5%	81.3	27.9%	68.5	18.1%	227.6	21.1%	216.3	26.1%

Attachment B

**“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED INCOME STATEMENTS**

<i>(US\$ thousand, except for share and per share amounts)</i>	Three months ended September 30,		Nine months ended September 30,	
	2007	2006 (*)	2007	2006 (*)
Operating revenues	\$ 372,224	\$ 291,795	\$ 1,080,240	\$ 828,193
Operating expenses, excluding depreciation and amortisation, net.....	(212,542)	(177,856)	(617,001)	(504,588)
Depreciation and amortisation	(41,958)	(37,449)	(117,059)	(91,208)
Other operating gains.....	–	–	–	7,616
Operating income	117,724	76,490	346,180	240,013
Interest income	3,994	13,917	9,911	35,748
Interest expense.....	(12,513)	(3,375)	(38,952)	(13,760)
Change in fair value of derivative financial instrument (call and put option)	(186,224)	–	(212,224)	–
Foreign currency transactions (loss)/gain, net	(7,345)	5,216	(3,865)	15,063
Gain from disposal of an affiliate.....	–	–	3,216	–
(Loss) / income before income taxes, income from affiliates and minority interests	(84,364)	92,248	104,266	277,064
Income tax expense	(30,331)	(21,906)	(92,831)	(57,839)
Income from affiliates.....	1,807	632	2,427	2,045
Minority interests	44,046	(22,722)	(21,877)	(75,651)
Net (loss) / income	\$ (68,842)	\$ 48,252	\$ (8,015)	\$ 145,619
Weighted average number of common shares outstanding – basic.....	358,228,356	360,198,360	358,228,356	341,359,532
(Loss) / earnings per common share – basic.....	\$ (0.19)	\$ 0.13	\$ (0.02)	\$ 0.43
Weighted average number of common shares outstanding – diluted.....	375,488,391	417,940,860	372,468,258	399,102,032
(Loss) / earnings per common share – diluted.....	\$ (0.18)	\$ 0.12	\$ (0.02)	\$ 0.36

(*) Certain prior year amounts have been reclassified to conform to the 2007 presentation.

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED BALANCE SHEETS

<i>(US\$ thousand)</i>	September 30, 2007	December 31, 2006 (*)
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 120,153	\$ 136,621
Short-term investments	164,967	67,662
Trade receivables, net.....	163,403	95,868
Other receivables and prepaid expenses.....	91,194	87,654
Inventories and spare parts.....	36,119	33,740
Deferred tax assets, current portion	24,231	23,545
Total current assets	600,067	445,090
Property, plant and equipment, net.....	1,665,720	1,477,329
Intangible assets, net	107,084	91,835
Long-term investments.....	1,585,157	1,508,790
Restricted cash	1,832	4,008
Deferred tax assets, long-term portion	2,345	6,725
Deferred finance charges.....	1,451	3,808
Total assets	\$ 3,963,656	\$ 3,537,585

(*) Amounts as of December 31, 2006 were derived from the audited consolidated financial statements of Comstar UTS as of December 31, 2006, 2005 and 2004 and for the years then ended and should be read in conjunction with these statements.

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED BALANCE SHEETS (continued)

<i>(US\$ thousand)</i>	September 30, 2007	December 31, 2006 (*)
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	\$ 49,409	\$ 51,023
Deferred connection fees, current portion	35,424	39,812
Subscriber prepayments	42,328	45,540
Accrued expenses and other current liabilities	98,022	49,631
Taxes payable	26,633	12,999
Debt, current portion	99,010	777,837
Capital lease obligations, current portion	12,633	14,107
Derivative financial instrument (call and put option)	372,000	150,000
Total current liabilities	<u>735,459</u>	<u>1,140,949</u>
Long-term liabilities:		
Deferred connection fees, net of current portion	116,533	109,040
Debt, net of current portion	719,609	33,529
Capital lease obligations, net of current portion	7,293	17,467
Post-retirement obligations	18,300	10,182
Property, plant and equipment contributions	108,773	103,793
Deferred tax liabilities, long-term portion	70,129	47,619
Other long-term liabilities	24,881	8,066
Total long-term liabilities	<u>1,065,518</u>	<u>329,696</u>
Total liabilities	<u>1,800,977</u>	<u>1,470,645</u>
Minority interests	504,319	496,745
Shareholders' equity:		
Share capital	23,900	23,900
Treasury stock	(4,004)	(4,004)
Additional paid-in capital	1,069,822	1,064,225
Retained earnings	420,602	433,145
Accumulated other comprehensive income	148,040	52,929
Total shareholders' equity	<u>1,658,360</u>	<u>1,570,195</u>
Total liabilities and shareholders' equity	\$ 3,963,656	\$ 3,537,585

(*) Amounts as of December 31, 2006 were derived from the audited consolidated financial statements of Comstar UTS as of December 31, 2006, 2005 and 2004 and for the years then ended and should be read in conjunction with these statements.

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(US\$ thousand)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006 (*)	2007	2006 (*)
Operating activities:				
Net (loss) / income.....	\$ (68,842)	\$ 48,252	\$ (8,015)	\$ 145,619
Adjustments to reconcile net (loss) / income to net cash provided by operations:				
Depreciation and amortisation.....	41,951	37,449	117,059	91,208
Stock-based compensation.....	991	–	2,808	–
Change in fair value of derivative financial instrument (call and put option).....	186,224	–	212,224	–
Loss / (gain) from disposal of fixed assets and assets held for resale and other non-cash items, net.....	1,013	(2,114)	3,960	(4,191)
Gain on compensation of losses from third parties...	(3,150)	(3,693)	(7,222)	(4,991)
Gain from disposal of an affiliate.....	–	–	(3,216)	–
Amortisation of deferred finance charges.....	41	–	3,849	–
Deferred taxes.....	1,900	104	8,611	(1,257)
Income from affiliates.....	–	(632)	(620)	(2,045)
Foreign currency transactions (gain) / loss on non-operating activities, net.....	(242)	(4,009)	(1,338)	(9,517)
Postretirement benefits.....	7,374	(412)	7,581	(4,407)
Minority interests.....	(44,046)	22,722	21,877	75,651
Provision for doubtful debts.....	1,152	3,450	5,052	9,561
Inventory obsolescence charge.....	–	–	3,326	1,013
Changes in operating assets and liabilities:				
Trade receivables.....	(6,173)	(14,084)	(73,110)	(52,648)
Other receivables and prepaid expenses.....	(6,507)	(2,298)	(2,020)	(1,690)
Inventories and spare parts.....	(1,529)	(2,845)	(4,252)	(8,919)
Accounts payable.....	(76)	13,921	6,468	14,154
Deferred connection fees.....	3,799	(172)	(1,093)	(2,513)
Subscriber prepayments.....	3,013	(6,013)	(3,582)	(1,436)
Taxes payable.....	1,076	(6,194)	3,679	(5,013)
Accrued expenses and other current liabilities.....	(12,753)	1,819	14,640	5,422
Net cash provided by operating activities.....	105,216	85,251	306,666	244,001

(*) Certain prior year amounts have been reclassified to conform to the 2007 presentation.

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(US\$ thousand)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006 (*)	2007	2006 (*)
Investing activities:				
Purchases of property, plant and equipment.....	\$ (57,062)	\$ (71,974)	\$ (183,349)	\$ (190,426)
Proceeds from sale of property, plant and equipment and assets held for resale	74	4,066	2,239	29,001
Purchases of intangible assets.....	(9,757)	(2,836)	(26,279)	(16,063)
Acquisition of subsidiaries, net of cash acquired.....	(750)	–	(750)	(12,456)
Acquisition of minority interests.....	–	(13,216)	(1,832)	(150,241)
Proceeds from sale of long-term investments	–	341	20,605	341
Purchases of long-term investments.....	(9,068)	–	(9,068)	–
Purchases of short-term investments.....	(149,893)	(138,082)	(280,483)	(499,456)
Proceeds from sale of short-term investments	105,794	45,088	190,965	146,424
(Increase) / decrease in restricted cash.....	440	(1,795)	2,176	(1,795)
Net cash used in investing activities	(120,222)	(178,408)	(285,776)	(694,671)
Financing activities:				
Proceeds from borrowings	9,056	4,995	691,086	163,833
Principal payments on borrowings	(20,530)	(7,420)	(717,021)	(216,036)
Principal payments on capital lease obligations	(3,389)	(1,740)	(12,343)	(10,178)
Proceeds from issuance of common stock, net of issuance costs.....	–	(1,490)	–	975,519
Dividends paid	–	(1,662)	–	(1,662)
Contributions from minority shareholders of subsidiaries.....	–	510	–	510
Deferred finance charges.....	–	–	(1,492)	–
Net cash (used in) / provided by financing activities ..	(14,863)	(6,807)	(39,770)	911,986
Effects of foreign currency translation on cash and cash equivalents.....	1,792	627	2,412	2,500
Net (decrease) / increase in cash and cash equivalents	(28,077)	(99,337)	(16,468)	463,816
Cash and cash equivalents, beginning of the period...	148,230	625,114	136,621	61,961
Cash and cash equivalents, end of the period	\$ 120,153	\$ 525,777	\$ 120,153	\$ 525,777

(*) Certain prior year amounts have been reclassified to conform to the 2007 presentation.