

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 6-K

August 28, 2008

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 2008

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)

Edgar Filing: OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS - Form 6-K

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.

Yes No

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)

Date: August 28, 2008

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

Moscow and New York (August 28, 2008) - Open Joint Stock Company Vimpel-Communications (VimpelCom or the Company) (NYSE: VIP), a leading provider of telecommunications services in Russia and the Commonwealth of Independent States (CIS) today announced its financial and operating results for the quarter ended June 30, 2008.

Financial and Operating Highlights

Net operating revenues reached \$2,611 million, an increase of 52.1% versus 2Q2007.

OIBDA reached \$1,223 million, an increase of 36.3% versus 2Q2007.

OIBDA margin was 46.8%, including 47.3% in Russia and 52.0% in Kazakhstan.

Net income totaled \$470 million, an increase of 30.9% versus 2Q2007.

Mobile subscribers increased by 6.0 million versus 2Q2007, reaching 53.7 million.

\$2 billion Eurobond issued to refinance short-term bridge loan.

Joint venture agreement signed in Vietnam, license acquired in Cambodia.

Commenting on today's announcement, Alexander Izosimov, Chief Executive Officer of VimpelCom, said, "We are pleased with our robust second quarter results. The Company showed solid 52% annual revenue growth with a healthy 47% OIBDA margin, which is in line with our internal target for this stage of the integration of Golden Telecom. The increase in revenue was driven by fast organic growth in both our mobile and fixed-line operations as well as by the first full quarter consolidation of Golden Telecom."

In the second quarter we successfully refinanced our short-term debt related to the Golden Telecom acquisition. Following the refinancing, we started to intensify our sales and marketing efforts in the Russian mobile segment, resulting in 11% quarter-on-quarter revenue growth in this segment.

We are also very happy with our performance in the CIS, where we showed strong growth and increased revenue market share and ARPU in all geographies.

We will continue to focus our efforts along three key priorities for the Company: developing integrated operations in Russia, including a strong push in the broadband business, continued development in the CIS markets and expansion outside of the CIS. These priorities prompted us to make some adjustments to our organizational structure which we believe will enhance the focus and efficiency of our business.

Key Consolidated Financial and Operating Results

CONSOLIDATED OPERATIONS (US\$, mln)	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
Net operating revenues	2,611	1,717	52.1%	2,108	23.9%
OIBDA	1,223	897	36.3%	1,126	8.6%
OIBDA margin, %	46.8%	52.2%		53.4%	
SG&A	774	494	56.7%	528	46.6%
Including Sales & Marketing Expenses	215	167	28.7%	187	15.0%
Including General & Administrative Costs	559	327	70.9%	341	63.9%
SG&A percentage	29.6%	28.8%		25.0%	
Net income	470	359	30.9%	601	-21.8%
Net income per common share, (US\$)	9.26	7.07		11.84	
Net income per ADS equivalent [*] , (US\$)	0.46	0.35		0.59	
Capital expenditures	664.0	334.8	98.3%	358.5	85.2%
Mobile subscribers ('000)	53,707	47,702	12.6%	52,293	2.7%
Broadband subscribers ('000)	610	n/a		534	14.2%

* Number of ADSs is based on the ratio of 20 ADSs per one ordinary share, which came into effect on August 21, 2007. Prior year amounts have been adjusted to reflect the new ratio.

Net operating revenue 2Q 2008[*] (US\$ mln)	Russia	CIS	Eliminations	Total
Mobile business	1,862	319	-3	2,178
Fixed business	414	74	-11	477
Eliminations	-37	-5	-2	-44
Total net operating revenue	2,239	388	-16	2,611

* Due to the increasing integration between different parts of our business, we include inter-company transactions in the reported revenues of geographic and business segments, and indicate the amount of inter-company eliminations within and between the segments. Reconciliation is presented in Attachment C.

In the second quarter we consolidated the business of Golden Telecom for the first full period. Smaller net income compared to the first quarter was due to an increase in interest expense, depreciation and amortization resulting from the Golden Telecom acquisition and a significant decrease in foreign exchange gain resulting from slower appreciation of the Russian ruble versus the US dollar.

RUSSIA (US\$ mln)	2Q	2Q	y-o-y	1Q	q-o-q
	2008	2007		2008	
Net operating revenues	2,239	1,460	53.4%	1,797	24.6%
OIBDA	1,059	780	35.8%	992	6.8%
OIBDA margin, %	47.3%	53.4%		55.2%	
SG&A	658	419	57.0%	434	51.6%
Including Sales & Marketing Expenses	181	141	28.4%	158	14.6%
Including General & Administrative Costs	477	278	71.6%	276	72.8%
SG&A percentage	29.4%	28.7%		24.2%	
Net income	448	356	25.8%	616	-27.3%

Our revenue in Russia showed good growth of 53.4%, including 27.5% organic growth in mobile revenues.

Strengthening our sales and marketing activities in the mobile segment led to positive dynamics in new subscriber additions in May and June. Strong growth in usage was enhanced by positive seasonal trends, which, when coupled with stable pricing, resulted in an 11.4% quarterly increase in ARPU.

In residential broadband we continued the active rollout of our fiber-to-the-building networks (FTTB). By the end of the second quarter we reached 5.5 million households passed by our FTTB network and accumulated 476,000 FTTB subscribers, yielding a current take-up rate of 8.6%. The total number of broadband subscribers, taking into account all of the broadband technologies, reached 604,000.

Substantial growth in our G&A expenses both quarter-on-quarter and year-on-year is mainly connected with the full quarter consolidation of Golden Telecom (\$127 million in the second quarter) and an abnormally low level of G&A shown in the first quarter due to the reversal of a \$43 million accrual in our stock price based compensation plans, resulting from the decline in VimpelCom's ADS price during the first quarter of 2008.

OIBDA of our Russian operations in the second quarter passed the \$1 billion mark. Despite some one-off costs related to the buyout of minority shareholders in Corbina Telecom in June 2008, the OIBDA margin was in line with our expectations for this stage of the integration of Golden Telecom.

	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
RUSSIA REVENUE (US\$ mln)					
Net operating revenues	2,239	1,460	53.4%	1,797	24.6%
Mobile revenue	1,862	1,460	27.5%	1,675	11.2%
Fixed revenue	414	n/a		132	
Eliminations	-37	n/a		-10	
	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
RUSSIA OPERATING DEVELOPMENT					
Mobile subscribers (000)	42,485	40,140	5.8%	42,079	1.0%
Subscriber market share ^{*)} , %	24.6%	30.9%		25.0%	
MOU, min	220.3	192.6	14.4%	198.7	10.9%
ARPU, US\$	14.7	12.3	19.5%	13.2	11.4%
Broadband subscribers (000)	604	0	n/a	530	14.0%

* Subscriber market share data presented here and in the following country tables are published by AC&M-Consulting. Starting from January 1, 2008 VimpelCom's subscriber market share is being reported solely on the basis of active subscribers, while previously it was based on registered subscribers. The drop in the reported market share in the second quarter of 2008 as compared to the second quarter of 2007 is mainly caused by the change of reporting methodology.

	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
RUSSIA OIBDA DEVELOPMENT (US\$ mln)					
OIBDA Total	1,059	780	35.8%	992	6.8%
Mobile OIBDA	969	780	24.2%	959	1.0%
Fixed OIBDA	90	n/a		33	
Total OIBDA margin, %	47.3%	53.4%		55.2%	
Mobile OIBDA margin, %	52.0%	53.4%		57.2%	
Fixed OIBDA margin, %	21.7%	n/a		25.0%	

CIS OPERATIONS (US\$ mln)	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
Net operating revenues	388.1	260.1	49.2%	316.9	22.5%
OIBDA	164.4	116.9	40.6%	134.3	22.4%
OIBDA margin, %	42.4%	44.9%		42.3%	
SG&A	115.4	76.4	51.0%	94.3	22.4%
including Sales & Marketing Expenses	33.9	26.0	30.4%	29.0	16.9%
including General & Administrative Costs	81.5	50.4	61.7%	65.3	24.8%
SG&A percentage	29.7%	29.4%		29.8%	
Net income	22.3	3.7	502.7%	-14.3	n/a

In the CIS revenue growth was strong and ahead of major competitors in each of our markets*.

In Kazakhstan our efforts to strengthen the direct dealership network, improve service quality and maintain a conservative pricing policy resulted in 13.8% quarter-on-quarter revenue growth, which is twice the rate of our major competitor. We grew ARPU by 6% compared to the first quarter, which is particularly encouraging in light of ongoing economic difficulties in the country.

We also grew our revenue market share ahead of the competition in Uzbekistan. Due to a conservative pricing policy and our focus on network and service quality we were the only operator in Uzbekistan that increased ARPU compared to the first quarter.

As our business in Ukraine has become more robust, we initiated an aggressive sales and marketing campaign targeting high-quality subscribers. The improved quality of our subscriber base, coupled with a positive seasonal trend, helped us to grow ARPU through an increase in both usage and average price per minute. As a result, we organically boosted our mobile revenue by 26% compared to the first quarter and by 92% year-on-year. Additionally, consolidation of Golden Telecom led to total annual revenue growth of 199%.

We introduced the Beeline brand in Armenia in April 2008. A strong marketing campaign, supported by improved execution in retail, resulted in a gain in revenue market share of almost one percentage point compared to the previous quarter.

* Comparisons with competitors are based on publicly available information

CIS Revenues Development

	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
KAZAKHSTAN (US\$ mln)					
Net operating revenue	185.3	149.3	24.1%	162.8	13.8%
Mobile	182.5	149.3	22.2%	162.1	12.6%
Fixed	4.9	n/a		1.1	
Elimination	-2.1	n/a		-0.4	n/a
UKRAINE (US\$ mln)					
Net operating revenue	71.2	23.8	199.2%	44.8	58.9%
Mobile	45.7	23.8	92.0%	36.4	25.5%
Fixed	28.4	n/a		8.9	
Elimination	-2.9	n/a		-0.5	n/a
ARMENIA (US\$ mln)					
Net operating revenue	64.7	58.4	10.8%	59.1	9.5%
Mobile	26.4	23.2	13.8%	22.9	15.3%
Fixed	38.3	35.2	8.8%	36.2	5.8%
Elimination	0.0	n/a		0.0	n/a
UZBEKISTAN (US\$ mln)					
Net operating revenue	52.0	23.2	124.1%	39.5	31.6%
Mobile	49.5	23.2	113.4%	38.7	27.9%
Fixed	2.6	n/a		0.8	
Elimination	-0.1	n/a		0.0	
TAJIKISTAN (US\$ mln)					
Net operating revenue	11.2	5.2	115.4%	8.4	33.3%
Mobile	11.2	5.2	115.4%	8.4	33.3%
Fixed	n/a	n/a		n/a	
Elimination	n/a	n/a		n/a	
GEORGIA (US\$ mln)					
Net operating revenue	3.9	0.2	1850%	2.4	62.5%
Mobile	3.9	0.2	1850%	2.4	62.5%
Fixed	n/a	n/a		n/a	
Elimination	n/a	n/a		n/a	

CIS REVENUES (US\$ mln)	2Q	2Q	y-o-y	1Q	q-o-q
	2008	2007		2008	
Net operating revenue	388.1	260.1	49.2%	316.9	22.5%
Mobile	318.9	224.9	41.8%	270.9	17.7%
Fixed	74.1	35.2	110.5%	47.0	57.7%
Eliminations	-4.9	n/a	n/a	-1.0	n/a

CIS Operating Highlights

	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
KAZAKHSTAN					
Mobile subscribers (000)	5,098	3,858	32.1%	4,777	6.7%
Subscriber market share ^{*)} , %	39.6%	49.3%		39.5%	
MOU, min	109.7	88.8	23.5%	99.1	10.7%
ARPU, US\$	12.3	13.6	-9.6%	11.6	6.0%
UKRAINE					
Mobile subscribers (000)	2,111	1,822	15.9%	1,971	7.1%
Subscriber market share ^{*)} , %	3.8%	5.2%		3.5%	
MOU mobile, min	231.0	159.9	44.5%	210.2	9.9%
ARPU mobile, US\$	7.5	4.2	78.6%	6.1	23.0%
Broadband subscribers (000)	6	n/a		4	50.0%
ARPU broadband, US\$	32.7	n/a		39.4**	-17.0%
ARMENIA					
Mobile subscribers (000)	655	471	39.1%	520	26.0%
Subscriber market share ^{*)} , %	30.5%	33.5%		26.9%	
MOU mobile, min	164.9	185.1	-10.9%	158.9	3.8%
ARPU mobile, US\$	15.3	17.3	-11.6%	16.1	-5.0%
UZBEKISTAN					
Mobile subscribers (000)	2,754	1,192	131.0%	2,422	13.7%
Subscriber market share ^{*)} , %	31.2%	32.7%		33.6%	
MOU, min	294.6	265.6	10.9%	265.3	11.0%
ARPU, US\$	6.6	7.2	-8.3%	5.8	13.8%
TAJIKISTAN					
Mobile subscribers (000)	435	205	112.2%	378	15.1%
Subscriber market share ^{*)} , %	17.4%	15.2%		16.5%	
MOU, min	241.1	224.2	7.5%	205.8	17.2%
ARPU, US\$	9.4	10.1	-6.9%	8.0	17.5%
GEORGIA					
Mobile subscribers (000)	169	14	1107%	146	15.8%
Subscriber market share ^{*)} , %	4.9%	0.8%		4.7%	
MOU, min	89.3	82.5	8.2%	87.1	2.5%
ARPU, US\$	8.2	4.8	70.8%	7.4	10.8%

* Source: AC&M-Consulting. The drop in the reported market share is caused by the fact that starting from January 1, 2008 VimpelCom s market share is calculated on the basis of active subscribers, while before that date it was based on registered subscribers.

** Broadband ARPU for March 2008 only.

CIS OIBDA Development

	2Q 2008	2Q 2007	y-o-y	1Q 2008	q-o-q
KAZAKHSTAN (US\$ mln)					
OIBDA total	96.4	80.3	20.0%	82.0	17.6%
Mobile	94.2	80.3	17.3%	81.6	15.4%
Fixed	2.2	n/a		0.4	
OIBDA Margin, %	52.0%	53.8%		50.4%	
UKRAINE (US\$ mln)					
OIBDA total	9.4	-3.1	n/a	3.2	193.8%
Mobile	2.5	-3.1	n/a	1.1	127.3%
Fixed	6.9	n/a		2.1	
OIBDA margin, %	13.2%	n/a		7.1%	
ARMENIA (US\$ mln)					
OIBDA total	30.3	30.1	0.7%	29.1	4.1%
Mobile	10.3	11.6	-11.2%	10.4	-1.0%
Fixed	20.0	18.5	8.1%	18.7	7.0%
OIBDA Margin, %	46.8%	51.5%		49.2%	
UZBEKISTAN (US\$ mln)					
OIBDA total	27.8	11.4	143.9%	20.9	33.0%
Mobile	27.2	11.4	138.6%	20.6	32.0%
Fixed	0.6	n/a		0.3	
OIBDA Margin, %	53.5%	49.1%		52.9%	
TAJIKISTAN (US\$ mln)					
OIBDA total	2.6	0.1	2500%	1.3	100.0%
Mobile	2.6	0.1	2500%	1.3	100.0%
Fixed	n/a	n/a		n/a	
OIBDA Margin, %	23.2%	1.9%		15.5%	
GEORGIA (US\$ mln)					
OIBDA total	-2.1	-1.9	n/a	-2.2	n/a
Mobile	-2.1	-1.9	n/a	-2.2	n/a
Fixed	n/a	n/a		n/a	
OIBDA Margin, %	n/a	n/a		n/a	

CIS OIBDA (US\$ mln)	2Q	2Q	y-o-y	1Q	q-o-q
	2008	2007		2008	
OIBDA total	164.4	116.9	40.6%	134.3	22.4%
Mobile	134.7	98.4	36.9%	112.8	19.4%
Fixed	29.7	18.5	60.5%	21.5	38.1%
OIBDA margin, %	42.4%	44.9%		42.3%	

For more information on financial and operating data for specific countries, please refer to the supplementary file **FinancialOperatingQ22008.xls** on our website at <http://www.vimpelcom.com/news/qrep.wbp>.

Recent Developments

In July 2008 VimpelCom signed a definitive agreement to establish GTEL-Mobile, a joint venture in Vietnam created to build a GSM network in the country. According to the terms of this agreement VimpelCom will receive a 40% interest in GTEL-Mobile for \$267 million*.

In July 2008 VimpelCom acquired a 90% stake in Sotelco, a company holding a GSM license in Cambodia, for \$28 million**.

VimpelCom announced today it has signed an agreement with Apple to bring iPhone 3G to Russia expected later this year.

* * *

The Company's management will discuss its second quarter results during a conference call and slide presentation on August 28, 2008 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 will be available through September 4, 2008. The slide presentation webcast will also be available for download on VimpelCom's website <http://www.vimpelcom.com>.

The VimpelCom Group consists of telecommunications operators providing voice and data services through a range of wireless, fixed and broadband technologies. The Group includes companies operating in Russia, Kazakhstan, Ukraine, Uzbekistan,

* Full text of the relevant press-release can be found at <http://www.vimpelcom.com/vietnam.wbp>

** Full text of the relevant press-release can be found at <http://www.vimpelcom.com/cambodia.wbp>

Tajikistan, Georgia and Armenia, in territories with a total population of about 250 million. 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' .

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, the CIS and South-East Asia, general political uncertainties in Russia, the CIS and South-East Asia and general economic developments in Russia, the CIS and South-East Asia, continued volatility in the world economy, challenges to 3G and Far East tenders and/or litigation with third parties. 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 and specific transactions), if the Company is unable to successfully integrate newly-acquired businesses, including Golden Telecom, 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, 2007 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:

Alexander Boreyko
VimpelCom
Tel: 7(495) 910-5977
Investor_Relations@vimpelcom.com

Michael Polyviou
FD
Tel: 1(212) 850-5600
mpolyviou@fd-us.com

- Definitions and tables are attached

Attachment A: Definitions

Mobile 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.

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 subscribers during the period and dividing by the number of months in that period. 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.

Broadband subscribers are those subscribers in the registered subscriber base who were a party to a revenue generating activity in the past three months. Such activities include monthly internet access using FTTB, xDSL and WiFi technologies.

CIS Geographic Segment for the purpose of VimpelCom reporting includes our operations in the following countries: Kazakhstan, Ukraine, Uzbekistan, Tajikistan, Armenia and Georgia.

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

General and administrative costs (G&A) include salaries and outsourcing costs, including related social contributions required by Russian law; stock price-based compensation expenses; repair and maintenance expenses; rent, including lease payments for base station sites; utilities; other miscellaneous expenses, such as insurance, operating taxes, license fees, and accounting, audit and legal fees.

Household passed are households located within buildings, in which indoor installation of all the FTTB equipment necessary to install terminal residential equipment has been completed.

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

Mobile services are wireless voice and data transmission services excluding WiFi.

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 subscribers during the period and dividing by the number of months in that period.

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.

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

Sales and marketing costs (S&M) include marketing, advertising and dealer commissions expenses.

Take-up rate for the FTTB network is calculated by dividing the number of FTTB subscribers by the total number of households passed.

Attachment B: VimpelCom financial statements

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Statements of Operations

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
<i>(In thousands of US dollars, except per share (ADS) amounts)</i>				
Operating revenues:				
Service revenues and connection fees	\$ 2,604,081	\$ 1,715,482	\$ 4,709,353	\$ 3,201,674
Sales of handsets and accessories	2,719	1,263	4,398	2,785
Other revenues	5,700	1,236	8,147	2,202
Total operating revenues	2,612,500	1,717,981	4,721,898	3,206,661
Revenue based tax	(1,843)	(814)	(3,342)	(1,447)
Net operating revenues	2,610,657	1,717,167	4,718,556	3,205,214
Operating expenses:				
Service costs	596,316	313,011	1,027,310	578,337
Cost of handsets and accessories sold	2,382	1,491	3,993	3,219
Selling general and administrative expenses	773,589	494,445	1,302,034	933,912
Depreciation	385,012	285,365	742,004	554,537
Amortization	100,864	53,807	168,258	107,096
Provision for doubtful accounts	15,704	11,462	36,641	26,571
Total operating expenses	1,873,867	1,159,581	3,280,240	2,203,672
Operating income	736,790	557,586	1,438,316	1,001,542
Other income and expenses:				
Interest income	24,687	7,657	39,408	12,309
Interest expense	(121,078)	(47,643)	(200,215)	(93,448)
Net foreign exchange gain	25,737	8,362	210,745	25,091
Other expenses	(2,531)	(7,866)	(10,691)	(18,680)
Total other income and expenses	(73,185)	(39,490)	39,247	(74,728)
Income before income taxes and minority interest	663,605	518,096	1,477,563	926,814
Income taxes expense	178,648	143,648	374,276	263,594
Minority interest in net earnings of subsidiaries	14,796	15,175	31,841	26,672
Net income	470,161	359,273	1,071,446	636,548
Net income per common share	\$ 9.26	\$ 7.07	\$ 21.10	\$ 12.52
Net income per ADS equivalent	\$ 0.46	\$ 0.35	\$ 1.05	\$ 0.63
Weighted average common shares outstanding (thousands)	50,797	50,833	50,787	50,862

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Balance Sheets

	June 30, 2008	March 31, 2008
	<i>(In thousands of US dollars)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 978,782	\$ 620,680
Trade accounts receivable	535,080	525,599
Other current assets	791,227	685,934
Total current assets	2,305,089	1,832,213
Non current assets		
Property and equipment, net	7,117,382	6,879,895
Telecommunication licenses and allocation of frequencies, net	1,035,420	1,062,501
Other intangible assets, net	5,307,097	4,946,283
Other assets	1,943,911	1,305,242
Total non current assets	15,403,810	14,193,921
Total assets	\$ 17,708,899	\$ 16,026,134
Liabilities and shareholders equity		
Current liabilities:		
Accounts payable	\$ 689,374	\$ 634,414
Dividends Payable	505,193	0
Customer advances and deposits	436,785	431,011
Short-term debt	1,248,033	968,772
Accrued liabilities	939,355	686,983
Total current liabilities	3,818,740	2,721,180
Deferred income taxes	880,300	945,265
Long-term debt	6,502,874	5,709,263
Accrued liabilities	71,036	66,688
Minority Interest	373,504	406,265
Shareholders equity	6,062,445	6,177,473
Total liabilities and shareholders equity	\$ 17,708,899	\$ 16,026,134

Open Joint Stock Company Vimpel-Communications

Unaudited Condensed Consolidated Statements of Cash Flows

	Six month ended June 30,	
	2008	2007
	<i>(In thousands of US dollars)</i>	
Net cash provided by operating activities	\$ 1,821,228	\$ 1,351,512
Proceeds from bank and other loans	4,955,985	291,896
Proceeds from sale of treasury stock	17,457	34,995
Payments of fees in respect of debt issues	(52,766)	(1,288)
Repayment of bank and other loans	(319,362)	(215,434)
Purchase of treasury shares	(41,783)	(81,069)
Net cash provided by financing activities	4,559,531	29,100
Purchase of property and equipment	(883,834)	(558,550)
Purchase of intangible assets	(37,603)	(14,185)
Purchase of software	(139,985)	(83,636)
Acquisition of subsidiaries, net of cash acquired	(4,102,305)	(55,924)
Late payment of purchase price		(12,688)
Loans granted	(350,000)	
Short term deposits	(101,343)	
Exercise of escrow cash depositing	200,170	
Prepayment for Limnotex	(561,800)	
Purchase of minority interest in consolidated subsidiaries	(425,254)	
Purchase of other assets, net	(29,654)	(55,454)
Net cash used in investing activities	(6,431,608)	(780,437)
Effect of exchange rate changes on cash and cash equivalents	25,920	5,997
Net increase (decrease) in cash and cash equivalents	(24,929)	606,172
Cash and cash equivalents at beginning of period	1,003,711	344,494
Cash and cash equivalents at end of period	\$ 978,782	\$ 950,666
Supplemental cash flow information		
Cash paid during the period:		
Income tax	\$ 330,721	\$ 260,199
Interest	\$ 127,444	\$ 99,475
Non cash activities:		
Equipment acquired under financing agreements	\$ 54,880	\$ 25,873
Accounts payable for equipment and license	275,074	199,033
Acquisitions:		
Fair value of assets acquired	2,544,330	41,636
Fair value of minority interest acquired	48,770	
Difference between the amount paid and the fair value of net assets acquired	3,152,540	14,288
Cash paid for the acquisition of subsidiaries	(4,748,556)	(55,924)

Change in Fair value of Liabilities assumed

\$ 997,084

Attachment C: Reconciliation Tables (Unaudited)

**Reconciliation table of segments presented to segments
reported in financial statements due to inter-segment revenue adjustments**

(In millions of US dollars)

	Russia	CIS	Total
Segment operating revenue	2,239	388	2,627
Inter-segment revenues	-5	-11	-16
Operating revenues from external customers	2,234	377	2,611

	Mobile business	Fixed business	Total
Segment operating revenue	2,178	477	2,655
Inter-segment revenues	-1	-5	-6
Elimination adjustments	-1	-37	-38
Operating revenues from external customers	2,176	435	2,611

Reconciliation of Consolidated OIBDA

(In millions of US dollars)

	Three months ended		
	June 30, 2008	June 30, 2007	Mar 31, 2008
OIBDA Consolidated Total			
OIBDA	1,223	897	1,126
Depreciation	(385)	(285)	(357)
Amortization	(101)	(54)	(67)
Operating income	737	558	702

Reconciliation of OIBDA Margin

	Three months ended		
	June 30, 2008	June 30, 2007	Mar 31, 2008
OIBDA Margin Consolidated Total			
OIBDA margin	46.8%	52.2%	53.4%
Less: Depreciation as a percentage of net operating revenue	(14.7)%	(16.6)%	(16.9)%
Less: Amortization as a percentage of net operating revenue	(3.9)%	(3.1)%	(3.2)%
Operating income as a percentage of net operating revenue	28.2%	32.5%	33.3%

Attachment D: Capex Development

CAPEX (in US\$ mln)	2Q	2Q	y-o-y	1Q	q-o-q
	2008	2007		2008	
Total capex	664.0	334.8	98.3%	358.5	85.2%
Russia	425.1	189.0	124.9%	212.5	100.0%
CIS	238.9	145.8	63.9%	146.0	63.6%
Kazakhstan	55.4	45.8	21.0%	42.6	30.0%
Ukraine	54.1	46.0	17.6%	26.6	103.4%
Armenia	20.9	20.4	2.5%	14.6	43.2%
Uzbekistan	82.8	18.5	347.6%	48.0	72.5%
Tajikistan	13.5	5.7	136.8%	7.2	87.5%
Georgia	12.2	9.4	29.8%	7.0	74.3%

