FOR IMMEDIATE RELEASE June 14, 2007

COMSTAR UNITED TELESYSTEMS OJSC

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2007

Moscow, Russia – June 14, 2007 – "COMSTAR – United TeleSystems" OJSC ("Comstar" or "the Group") (LSE: CMST), the leading combined telecommunications operator in Russia and the CIS, today announced its unaudited consolidated US GAAP financial results for the three months ended March 31, 2007.

FIRST QUARTER HIGHLIGHTS

- **Revenues up 32% year on year to US$ 328.9 million**
- **39% year on year growth in Moscow broadband Internet subscriber base to 398,000 customers**
- **Sevenfold year on year increase in "Double play" Moscow subscriber base to 100,500 customers**
- **OIBDA[1] up 27% year on year to US$ 130.4 million with margin of 39.6% (up quarter on quarter from underlying 33.3% margin in the fourth quarter of 2006)**
- **Reorganization of Comstar Moscow contributes to improvement in OIBDA margin quarter on quarter from 18.4%[2] to 28.1%**
- **Operating profit up 23% year on year to US$ 92.8 million with margin of 28%**
- **Net income up 12% year on year to US$ 43.7 million**
- **Cash flow from operations up year on year to US$ 89.1 million**
- **Sale of 45% stake in Metrocom for US$ 20.0 million**

Nikolai Tokarev, Chief Financial Officer, commented: "The first quarter saw strong growth across the board in our underlying businesses, despite being a seasonally weak period of the year. The growth was supported by the high customer demand for the unlimited tier of the tariff plans introduced by MGTS from February, as well as the positive year on year impact of the introduction of the 'Calling Party Pays' (CPP) regime. Our broadband business also continued its growth, with the number of subscribers up 39% year on year and surpassing the 400,000 milestone shortly after

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[1] OIBDA is defined as operating income before depreciation and amortization. Please see Attachment A to this statement for a full definition of OIBDA and a reconciliation of reported OIBDA and OIBDA before non-recurring items to operating income.

[2] Excl. corporate costs (net of non-recurring stock bonus) of US$ 2.7 million for the fourth quarter of 2006 and US$ 5.7 million for the first quarter of 2007.

the end of the quarter. We achieved the targeted level of cost savings at Comstar Moscow following the restructuring and reorganization of the business, and Comstar Moscow consequently delivered a quarter on quarter increase in OIBDA margin from 18.4%[3] to 28.1%[3]. The development of the Group's businesses since the beginning of the year has been encouraging and we have a positive outlook for the full year.

"As previously indicated, we have changed our disclosure and segmental reporting structure with effect from this quarter by integrating the announcement of our key performance indicators and reporting operating results, and by providing a breakdown for four, rather than two, operating business segments. The change has been made in order to reflect the new operating structure of the Group, to provide greater transparency, and to facilitate greater understanding of the key drivers of our operating performance."

FINANCIAL SUMMARY

(US$ millions)	**Q1 2007**	Q1 2006	*Year on year Growth*	Q4 2006	*Quarter on quarter Growth*	Full year 2006
Revenues	**328.9**	249.8	*32%*	292.1	*13%*	1,120.2
OIBDA[4]	**130.4**	102.3	*27%*	97.4	*34%*	428.6
Margin	***39.6%***	*40.9%*	–	*33.3%*	–	*38.3%*
Operating Profit[3]	**92.8**	75.4	*23%*	57.7	*61%*	297.7
Margin	***28.2%***	*30.2%*	–	*19.7%*	–	*26.6%*
Net income before non-comparable items[3]	**32.9**	39.1	*(16%)*	32.5	*1%*	178.1
Margin	***10.0%***	*15.7%*	–	*11.1%*	–	*15.9%*
Non-recurring stock bonus	**–**	–	–	(62.1)	–	(62.1)
Change in fair value of call and put option less minority share	**7.5**	–	–	(33.4)	–	(33.4)
Gain from sale of shares	**3.2**	–	–	–	–	–
Net income / (Loss)	**43.7**	39.1	*12%*	(63.1)	–	82.5
Earnings / (loss) per share – basic and diluted	**$0.12**	$0.13	*(8%)*	$(0.18)	–	$0.24
Cash flow from operations[3]	**89.1**	79.1	*13%*	104.8	*(15%)*	348.8
Total CAPEX[3]	**79.6**	52.8	*51%*	117.4	*(32%)*	333.4
CAPEX as % of revenue	**24.2%**	21.1%	–	40.2%	–	29.8%
Total Assets	**3,671.5**	2,674.8	*37.3%*	3,537.6	*3.8%*	3,537.6

[3] Excluding corporate costs (net of non-recurring stock bonus) of US$ 2.7 million for the fourth quarter of 2006 and US$ 5.7 million for the first quarter of 2007

[4] Please see Attachment A to this statement for a reconciliation of OIBDA, Operating and Net Income and Cash Flow from Operations before non-recurring items, and a full definition of CAPEX.

OPERATING REVIEW

As previously announced, Comstar has introduced a new segmental reporting structure in this report in order to reflect the new operating structure of the organization, to provide greater transparency, and to facilitate greater understanding of the Group's businesses and their drivers. The previous 'Traditional' and 'Alternative' reporting segments have been replaced with commentary, key performance indicators and financial results (revenues and OIBDA) for Moscow City Telephone Network (MGTS), Comstar Moscow, Comstar Direct, and Comstar Regions & International. For the purposes of comparability, Appendix C has been included at the end of this report to provide aggregated historic results (revenues and OIBDA) for each segment for each quarter of 2006.

Group Overview

The Group's 32% year on year revenue growth primarily reflected the high customer demand for the unlimited tier of the tariff plans introduced by MGTS from February 2007, the positive impact of the introduction of 'Calling Party Pays' (CPP), the healthy development of the Comstar Direct broadband Internet and double-play offerings and the continuing appreciation of the Russian Ruble against the US dollar. The year on year underlying, or organic, growth rate was 30%, when excluding the US$ 3.5 million revenue contribution from businesses that were acquired after the end of the first quarter of 2006 – DG Tel and Technologic Systems in Ukraine, Cornet and Callnet in Armenia, and Astelit in Russia. With the exception of Astelit, which was acquired in June 2006, the other operations were acquired and consolidated in the fourth quarter of 2006 with the entire full year results therefore accounted for in the fourth quarter alone. Group revenues would have been up 33% year on year if the Group had continued to recognize revenues collected from customers for long distance calls, rather than account for the margin from long distance providers under the new regulations introduced in 2006.

Operating costs, excluding depreciation and amortization charges, were up 34% year on year to US$ 198.5 million in the first quarter, but were stable quarter on quarter when excluding the US$ 62.1 million non-recurring stock bonus awards in the fourth quarter of 2006. The year on year increase was driven by US$ 17.0 million cost impact of the introduction of CPP and changes in the interconnection regime at MGTS; US$ 4.2 million of costs reported in the first quarter of 2007 by companies acquired in the second and fourth quarters of 2006; US$ 13.0 million growth in salary costs in MGTS; approximately US$ 7.0 million impact on MGTS costs of Ruble appreciation against US dollar and other factors. Employee costs in the other Group operating segments were relatively stable year on year. The Group also reported US$ 1.3 million of expenses relating to the stock options granted to senior management and members of the Board of Directors in November 2006, which was in line with the previous guidance level.

Comstar reported a 27% year on year increase in OIBDA to US$ 130.4 million and a first quarter OIBDA margin of 40%. The Group OIBDA margin was up quarter on quarter from an underlying[5] level of 33% in the fourth quarter of 2006 due to the net positive effect of the introduction of new tariffs at MGTS and the improvement in Comstar Moscow's margin.

[5] Excluding US$ 62.1 million impact of stock bonus awards. See Attachment A for a reconciliation of OIBDA before non-comparable items (or underlying OIBDA).

The Group's depreciation and amortization charges increased by 40% year on year to US$ 37.6 million, but were stable quarter on quarter in line with the previous guidance. This year on year increase reflected the growth in the Group's fixed and intangible asset base over the past twelve months; depreciation and amortization charges for businesses acquired during 2006; the previously announced accelerated depreciation of analogue equipment by MGTS; and the positive currency effect of an appreciating ruble on MGTS's growing ruble-denominated depreciation and amortisation charges.

The Group reported a net interest expense of US$ 10.5 million in the first quarter, compared to a net interest income of US$ 1.6 million for the comparable period of 2006. This reflected the interest payable on the US$ 675.0 million loan arranged in December 2006, as well as the year on year reduction in the Group's cash deposits following the acquisition of the Svyazinvest stake at the end of 2006. The Group's capitalized interest costs were negligible in the first quarter of 2006 but totaled US$ 3.7 million in the first quarter of 2007, due to the increased amount of debt outstanding during the period. The Group also reported a US$ 3.4 million foreign exchange rate gain in the first quarter, as a result of the impact of the strengthening of the ruble against the US dollar on the Group's ruble-denominated net monetary assets.

As announced in the Group's full year 2006 results, the put and call option that was issued over Comstar shares owned by MGTS Finance S.A. (a subsidiary of MGTS), as part of the purchase of the Svyazinvest stake, continued to impact on the Group's financial results in the first quarter. The liability is revalued at each balance sheet date and gave rise to a US$ 13.5 million non-cash gain in the quarter. The impact on the Group's net income was however reduced to US$ 7.5 million by MGTS's 44% minority interest in the gain[6].

The Group also reported a US$ 3.2 million gain on the sale of its 45% equity interest in Metrocom in March 2007. Comstar sold its stake in the St. Petersburg alternative fixed-line telecommunications operator for a cash consideration of US$ 20.0 million, which compared with a cash acquisition cost of US$ 12.2 million in September 2005. The disposal was in line with Comstar's objective to have controlling stakes and management control in all of its operating subsidiaries. The book value of the holding had increased since to US$ 16.8 million at the time of the disposal due to the Group's non-cash equity participation in the earnings of Metrocom.

Income before tax was therefore up 24% year on year to US$ 102.4 million. The Group's effective tax rate increased year on year from 20% to 26% in the first quarter, primarily as a result of the year on year decrease in non-taxable foreign exchange gains in the US GAAP accounts, and a decrease in tax deductible foreign exchange losses in the Group's statutory accounts resulting from a decrease in cash and short-term investments outstanding during the period, as well as an increase in certain non-tax deductible expenses.

Comstar UTS has adopted the provisions of the Financial Accounting Standards Board Interpretation No. 48 ("FIN No. 48"), "Accounting for Uncertainty in Income Taxes – an interpretation of Statement on Financial Accounting Standard No. 109", with effect from January 1, 2007. Under FIN No. 48, the impact of an uncertain income tax position on the income tax provision must be recognized as the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxation authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The adoption of FIN No. 48 resulted in a cumulative effect adjustment to the opening balance of retained earnings and minority interest liability as at January 1, 2007 of approximately US$ 2.4 million and US$ 1.1 million, respectively. As at March 31, 2007, the

[6] See Attachment A for reconciliation of net income before non-comparable items.

Company's liability for unrecognized income tax benefits totaled US$ 4.4 million. The adoption of FIN No. 48 also increased the Group's income tax expense for the first quarter of 2007 by approximately US$ 0.9 million. Comstar expects to complete the comprehensive analysis of all open tax positions as required by FIN No. 48, and to estimate and record the respective adjustments, by the end of 2007 but believes that the result of such analysis will not differ materially from the analysis performed to date.

Comstar reported US$ 0.6 million of income from affiliates in the quarter, as the Group continued to account for its 45% equity participation in the earnings of Metrocom up until the sale of the asset on March 14, 2007.

The year on year increase in minority interests in the Groups' earnings to total an expense of US$ 32.5 million reflected the growth in MGTS's earnings, whilst the fourth quarter 2006 gain of US$ 10.4 million reflected the impact of the non-cash put and call option revaluation charge reported in MGTS's accounts.

Group net income increased by 12% year on year to US$ 43.7 million. Following the Group's initial public offering of shares in February 2006, the weighted average number of outstanding Comstar shares increased year on year from 303,053,916 to 358,228,356, and the Group therefore reported basic and diluted earnings per share of US$ 0.12 in the first quarter of 2007, compared to US$ 0.13 for the same period of 2006.

The management of the Group is continuing to evaluate the appropriate accounting treatment for the Group's investment in Svyazinvest. In the first quarter of 2007 the Group did not recognize any income from Svyazinvest in its consolidated financial statements and carried this investment at original cost as of March 31, 2007.

Moscow City Telephone Network (MGTS)

MGTS is Moscow's incumbent fixed-line telecommunications operator and has over 3.6 million subscribers. Comstar owns 56% of MGTS.

	Q1 2007	Q1 2006	*Year on year growth*	Q4 2006	*Quarter on quarter growth*	Full year 2006
Residential subscribers						
Revenue, millions						
Voice	**$108.2**	$64.7	*67%*	$82.2	*32%*	$319.5
Value added services	**2.8**	2.6	*7%*	2.8	*(2%)*	10.6
Other	**0.8**	0.8	*(2%)*	1.1	*(24%)*	4.6
Total revenue	**$111.8**	$68.1	*64%*	$86.1	*30%*	$334.6
Number of subs./active lines, *000s*	**3,575.3**	3,544.4	*1%*	3,571.6	*0%*	3,571.6
ARPU per month[7]	**$10.2**	$6.2	*64%*	$7.8	*30%*	$7.0
Corporate subscribers						
Revenue, millions						
Voice	**$38.1**	$32.7	*17%*	$39.9	*(5%)*	$142.8
Access node/Trunk rental	**19.7**	16.4	*20%*	19.4	*2%*	73.3
Value added services	**3.4**	3.0	*15%*	3.8	*(10%)*	14.4
Other	**3.9**	4.2	*(9%)*	2.4	*60%*	11.4
Total revenues	**$65.2**	$56.3	*16%*	$65.6	*(1%)*	$241.9
Number of active lines, *000s*	**762.3**	759.8	*0%*	762.8	*0%*	762.8
Number of subs., *000s*	**70.7**	77.4	*(9%)*	72.6	*(3%)*	72.6
ARPU (excl. revenue from access nodes)	**$198.2**	$160.5	*23%*	$192.8	*3%*	$171.9
Number of access nodes, *000s*	**28.4**	30.8	*(8%)*	28.8	*(1%)*	28.8
Average Revenue per Access Node	**$229.9**	$177.4	*30%*	$223.2	*3%*	$204.8
Operators						
Revenue, millions						
Rent of data transmission ports[8]	**$17.3**	$13.8	*26%*	$14.7	*18%*	$48.9
Initiation & termination of LD traffic	**6.6**	7.5	*(13%)*	(4.8)	*(236%)*	23.1
Access nodes/Trunk rental	**41.3**	29.0	*42%*	43.2	*(4%)*	138.9
Other	**5.2**	0.9	*497%*	3.6	*43%*	14.6
Total revenues, millions	**$70.4**	$51.2	*38%*	$56.7	*24%*	$225.6
Long-distance traffic, minutes, 000s [9]	**371,713**	606,371	(38%)	270,539	*37%*	2,250,061
LD traffic charges per minute	**$0.02**	$0.01	*50%*	$0.01	*72%*	$0.01
Access nodes with operators, 000s	**189.6**	184.6	*3%*	188.0	*1%*	188.0
Average Revenue per Access Node	**$47.3**	$51.4	*(8%)*	$54.9	*(14%)*	$54.0
TOTAL MGTS REVENUE, millions	**$247.3**	**$175.6**	***41%***	**$208.4**	***19%***	**$802.2**
	$(30.9)	$(24.6)	*26%*	$(29.8)	*4%*	$(107.3)

[7] Excluding US$ 25.8 million of compensation received from the Federal Budget in the second and third quarters of 2006
[8] Primarily to Comstar Direct
[9] DLD/ILD minutes in Q1 2006 and FY 2006 include zonal traffic, which were free of charge for subscribers before the introduction of the CPP Rule from July 1, 2006

Intersegment sales, millions						
NET MGTS REVENUES, millions	**$216.4**	**$151.0**	***43%***	**$178.6**	***$21%***	**$694.9**
OIBDA, millions	**$114.4**	$82.9	*38%*	$84.1	*36%*	$356.0
Margin	**46.3%**	47.2%		40.3%		44.4%

Residential customer revenues and ARPU increased by 64% year on year and 30% quarter on quarter following the high customer demand for the unlimited tier of the tariff plans introduced by MGTS from February, 2007, as well as the continuing impact of the introduction of CPP from July 2006. As at the end of the quarter, 53% of MGTS subscribers had chosen the unlimited tariff plan and signed up to an increased tariff of RUR 380 per month. Residential fixed to mobile traffic revenues increased by 4% quarter on quarter following the introduction of the new rules, and increased from US$ 12.9 million in the fourth quarter of 2006 to US$ 13.6 million in the first quarter of 2007.

Although revenue from payphones declined in line with market trends, Comstar announced after the end of the quarter that it will equip 200 of MGTS's 7,000 payphones in Moscow with Wi-Fi hot spots by the end of 2007, and thereby enable Internet access in public places such as airports and railway stations.

Corporate customer revenues increased by 31% year on year following a 20% increase in Access node/Trunk rental revenues. Average revenue per month per access node rented to corporate subscriber increased by 29% year on year largely as a result of increase in sales of additional services to corporate customers together with access nodes. The 15% year on year increase in corporate voice revenues reflected the introduction of CPP, whilst the quarter on quarter decline is attributable to the seasonally weaker period of the year. Corporate ARPU also increased by 23% year on year following the introduction of the new tariff structures.

The number of active corporate customer lines increased year on year by 2,500 lines to a total of 762,300 lines by the end of the quarter. The year on year and quarter and quarter decline in the number of corporate subscribers primarily reflected the consolidation of various accounts into single customer account contracts to simplify billing and collection processes.

The growth in 'Operator' revenues reflected the change in the interconnect regime in 2006. Long distance traffic revenues were negative in the fourth quarter of 2006 due to the new agreement with licensed long-distance operator 'Rostelecom' from July 2006 and the subsequent retrospective recalculation of related revenues for the third and fourth quarters of 2006. The retrospective recalculation reduced revenues from traffic charges due to lower tariffs, but increased revenues from Access nodes/Trunk rental. The 37% quarter on quarter increase in the volume of billable long-distance traffic also reflects the agreement with Rostelecom on the definition and applicable prices for all traffic types. This increased volume of billable traffic is expected to be maintained throughout 2007. Per minute traffic charges increased year on year due to the introduction of the compensation surcharge of 0.37 rubles payable by Rostelecom with effect from February 1, 2007.

The near 40% year on year and quarter on quarter increases in OIBDA primarily reflected the high customer uptake of the new voice tariff plans. The OIBDA margin increased substantially quarter on quarter but was stable year on year, largely due to the combined effects of increasing salary levels from October 2006 and lower margin CPP revenues from July 2006.

COMSTAR MOSCOW

Comstar Moscow is a leading alternative telecommunications operator in Moscow and the Moscow region, offering voice and data services to nearly 40,000 residential and corporate subscribers. The

Company's operations primarily comprise Comstar, MTU-Inform, Telmos, Golden Line, Contrast Telecom, Unitel, Port Telecom and Astelit. Results for the latter four operations, which are located in the Moscow region, were previously reported as part of Comstar's regional business.

	Q1 2007	Q1 2006	*Year on year Growth*	Q4 2006	*Quarter on quarter Growth*	Full year 2006
Residential subscribers						
Revenue, millions Total revenue	**$1.5**	$2.3	*(36%)*	$1.4	*4%*	$8.2
Number of residential subscribers, 000s	**16.5**	15.3	*8%*	16.6	*0%*	16.6
ARPU	**$28.3**	$48.9	*(42%)*	$27.6	*3%*	$41.7
Number of Active Lines, 000s	**19.3**	16.6	*16%*	18.7	*3%*	18.7
Corporate subscribers						
Revenue, millions						
Voice	**$17.1**	$18.9	*(9%)*	$14.0	*22%*	$70.9
Data and internet	**12.1**	9.9	*22%*	11.1	*10%*	44.9
Value-added services	**3.4**	2.6	*31%*	3.3	*2%*	11.9
Other	**1.3**	0	-	0.6	*124%*	0.9
Total revenues	**$34.0**	$31.4	*8%*	$29.0	*17%*	$128.7
Number of active lines, 000s	**144.4**	139.3	*4%*	144.4	*0%*	144.4
Number of subscribers, 000s	**20.8**	20.0	*4%*	21.2	*(2%)*	21.2
ARPU	**$508.9**	$493.7	*3%*	$430.5	*18%*	$490.3
Operators						
Revenue, millions						
Total revenue	**$29.0**	$28.4	*2%*	$32.7	*(11%)*	$120.6
Other revenues, millions	**$0.6**	$0.3	*121%*	$1.4	*(61%)*	$5.9
TOTAL REVENUES, millions	**$65.0**	$62.4	*4%*	$64.6	*1%*	$263.4
Intersegment sales, millions	**$(1.2)**	$(1.2)	*(2%)*	$(1.8)	*(32%)*	$(6.7)
NET REVENUES, millions	**$63.8**	$61.2	*4.3%*	$62.8	*2%*	$256.8
OIBDA [10], millions	$18.3	$14.2	29%	$11.9	61%	$58.2
Margin	28.1%	22.7%		18.4%		22.1%

The year on year change in revenues generated from residential customers reflected the introduction of the new long distance regulations in 2006. Under the new rules, Comstar Moscow recognized the margin on long-distance traffic as agent fees from authorized long distance providers and classified it as 'Operator' revenues in the first quarter of 2007, while Comstar Moscow recognized the full per minute charge as its own residential or corporate customer revenues in the first quarter of 2006.

[10] Excluding corporate costs (net of non-recurring stock bonus award costs) of US$ 2.7 million for the fourth quarter of 2006 and US$ 5.7 million for the first quarter of 2007

Revenues from residential subscribers for calls to mobile operators, under the newly introduced CPP Rule, contributed approximately US$ 0.1 million of residential voice revenues during the first quarter, whilst revenues generated from corporate subscribers for calls to mobile operators contributed approximately US$ 3.4 million of corporate voice revenues.

Had the Group continued to recognize all proceeds collected from customers for long distance traffic on behalf of long distance providers as its own revenues, approximately US$ 2.9 million of commission revenue recognized in the first quarter of 2007 would have been reported as approximately US$ 5.7 million of corporate voice revenue with a corresponding US$ 2.8 million of settlement costs included in operating expenses. Corporate customer voice revenues would then have increased by approximately 21% year on year. CPP revenues, and the effect of fixing the currency exchange rate at 28.7 rubles per US dollar for a significant part of the subscriber base during the first quarter, contributed to the solid growth in Data & Internet and Value added services. Corporate revenues increased by 17% quarter on quarter, which was due primarily to the increase in CPP revenues and the aforementioned fixing of the exchange rate for subscriber billings, despite the seasonality effect of the lower number of working days in the first quarter of the year.

Revenue from operators decreased by 11% quarter on quarter, which was primarily due to seasonal decline in DLD/ILD traffic.

ARPU for corporate subscriber increased by 18% quarter on quarter to US$ 508.9, and partially reflected the fixing of tariffs for a substantial part the subscriber base in Russian rubles at an exchange rate of 28.7 Rubles per US dollar during the first quarter of 2007. The lower year on year increase in ARPU reflected the change in DLD/ILD regulations.

The February 2007 introduction of an intra-office Wi-Fi solution for corporate wireless networks was the first commercial project of its kind in Russia. The service enables Comstar-UTS corporate clients to introduce secure intra-office wireless telephony networks without the need for significant investment in new equipment. The usage rates are competitive compared to mobile tariffs and offer significant savings to users, who are charged fixed line rates for making local, zonal, intercity and international calls, while intra-office calls are free of charge.

The number of active corporate lines and price levels were largely stable period on period so the increase in revenue per customer and line demonstrated the increased uptake of value added services, as well as the prevailing regulatory changes.

Comstar Moscow’s OIBDA was up year on year and increased quarter on quarter from 18.4%[11] to 28.1%[12], in line with the cost saving and workforce reduction programs implemented in 2006.

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[11] Excluding corporate costs (net of non-recurring stock bonus award costs) of US$ 2.7 million for the fourth quarter of 2006 and US$ 5.7 million for the first quarter of 2007

COMSTAR DIRECT

Comstar Direct provides broadband and dial-up internet access and services. Comstar Direct is 52% owned and fully consolidated by the Group, with Sistema Mass Media owning a 48% minority stake in the entity.

	Q1 2007	Q1 2006	*Year on year Growth*	Q4 2006	*Quarter on quarter Growth*	Full year 2006
Residential subscribers						
Revenue, million						
Data and Internet						
Broadband Internet	**$23.7**	$17.3	*36%*	$20.2	*17%*	$76.0
Incl. broadband Internet + Pay TV	***7.3***	*0.4*	*-*	*6.0*	*21%*	*4.7*
Dial-up Internet	**1.5**	2.6	*(44%)*	1.9	*(21%)*	8.5
Other	**0.1**	0.2	(16%)	0.1	1%	0.6
Total revenues	**$25.3**	$20.2	*26%*	$22.2	*14%*	$85.1
Number of broadband Internet subscribers, 000s	**397.7**	286.5	*39%*	350.2	*11%*	359.9
Incl. Broadband Internet+Pay TV subscribers, 000s	***100.5***	*14.3*	*604%*	*83.3*	*21%*	*83.3*
ARPL per month	**$20.29**	$20.52	(1%)	$19.5	4%	$20.2
Number of dial-up Internet subscribers, 000s	**89.4**	164.9	*(46%)*	109.6	*(18%)*	109.6
ARPU per month	**$5.0**	$5.1	*(2%)*	$5.4	*(7%)*	$4.9
Corporate subscribers						
Revenue, millions						
Total revenues	**$8.5**	$8.3	*3%*	$9.2	*(7%)*	$36.0
Number of ADSL lines, 000s	**14.1**	13.1	8%	14.0	1%	14.0
ARPL per month	**$164.3**	$138.5	19%	$176.6	(7%)	$163.9
Other revenues, millions	**$3.4**	$2.0	*70%*	$2.9	*17%*	$8.9
TOTAL REVENUES, millions	**$37.2**	**$30.4**	***22%***	**$34.3**	***8%***	$130.0
Intersegment sales, millions	**(0.2)**	(0.2)	*(8%)*	(0.1)	*5%*	(0.6)
NET REVENUES, millions	**$37.1**	**$30.2**	***23%***	**$34.2**	***8%***	$129.4
OIBDA, millions	**$4.6**	$4.9	(5%)	$6.5	(29%)	$19.2
Margin	**12.4%**	16.0%		19.0%		15%

The number of residential broadband subscribers increased by 39% year on year and 11% quarter on quarter to 398,000, despite the fact that the first quarter is the seasonally weakest period of the year. Comstar Direct became the first broadband operator in Moscow to pass the 400,000 broadband subscriber mark shortly after the end of the quarter. The number of double-play subscribers also increased by 21% quarter on quarter to over 100,000, whilst the dial-up subscriber base continued to decline as Comstar successfully upsold its subscriber base to higher ARPU broadband services. A new ‘Try & Buy’ marketing campaign was launched after the end of the quarter, in order to accelerate upselling and customer acquisition. For US$ 8 per month, new and existing subscribers are being offered a three month trial period with a service upgrade and modem, in order to enable unlimited internet usage with a one megabit per second broadband connection.

The renaming of MTU-Intel to the integrated Comstar Direct brand was completed at the end of the quarter, with STREAM remaining the primary customer facing brand.

Seven new TV channels - RUTV, Vesti, Viasat Sport, Bridge TV, Dom Kino, 2x2 and TeleNanny - were added to the Comstar Direct video content offering since the beginning of 2007, in order to further strengthen the combined double-play offering.

Broadband revenues from residential subscribers consequently increased by 36% year on year and 17% quarter on quarter, whilst double-play revenues increased by over five times year on year as subscribers opted for a number of Comstar Direct's value added services.

Average revenue per ADSL line (ARPL)[12] increased by 4% quarter on quarter from US$ 19.5 to US$ 20.3, which reflected the increasing proportion of higher revenue 'double-play' subscribers as a percentage of the total broadband customer base.

The OIBDA margin for the period would have been at approximately the same level as in the first and fourth quarters of 2006, were it not for a 16% quarter on quarter increase in the cost base due to the higher fees payable for the utilization of the MGTS copper cable network.

COMSTAR REGIONS & INTERNATIONAL

Comstar's regional and international business comprises the Group's operations in the Russian regions (Sochi and Povolgie branches, as well as Conversya, Overta and Tymenneftegazsvyaz (TNGS)) and in the CIS (DG Tel and Technologic Systems in Ukraine, and Cornet and Callnet in Armenia, which were acquired in the fourth quarter of 2006).

	Q1 2007	Q1 2006	*Year on year Growth*	Q4 2006	*Quarter on quarter Growth*	**Full year 2006**
Residential subscribers						
Total revenues, million	**$2.4**	$2.8	*(13%)*	$2.5	*(3%)*	$9.7
Number of subs., *000s*	**80.7**	74.4	8%	76.5	5%	76.5
Corporate subscribers						
Total revenues, million	**$5.0**	$4.4	*13%*	$6.6	*(24%)*	$19.9
Number of subs, 000s	**9.4**	6.5	*45%*	8.3	*13%*	8.3
Operators						
Total revenues, million	**$4.1**	$0.3	*1,467%*	$7.4	*(44%)*	$9.3
Number of Operators, 000s	**0.036**	0.050	*(28%)*	0.040	*(10%)*	0.040
Other revenues	**$0.1**	$0.0	*108.4%*	$0.1	*(52%)*	$0.3
TOTAL REVENUES	**$11.6**	**$7.5**	***55%***	**$16.6**	***(30%)***	$39.2
OIBDA	**$0.7**	$1.3	*(45%)*	$(0.4)		*$4.0*
Margin	**6.2%**	17.5%		(2%)		*10.3%*

[12] Please see Attachment A to this statement for a full definition of ARPL.

The total number of residential subscribers increased by 8% year on year to 80,700 as a result of the acquisition of the operations in Armenia and the Ukraine, as well as the organic development of Comstar's existing regional operators. The quarter on quarter development in residential subscriber revenues reflected the fact that the Ukrainian and Armenian operations were only acquired in the fourth quarter of 2006 and their combined full year results were reported in total in the fourth quarter of 2006, according to the Group's accounting policy.

The corporate subscriber base demonstrated strong year on year and quarter on quarter growth as a result of the acquisition of the operations in Armenia and Ukraine, as well as the organic development of regional operations, primarily at Tyumenneftegassvyaz ("TNGS") following the the completion of the network digitalization process and the subsequent launch of new marketing campaigns.

The business was profitable in the first quarter with a 6.2% OIBDA margin. The margin is expected to improve as the operations are more closely integrated and new service offerings are rolled out. Comstar announced after the end of the quarter that TNGS has now launched a zonal telephony network in the Khanty-Mansy Autonomous Region of Russia. TNGS is the second operator in the region to provide zonal traffic exchange services under the newly introduced regulations, and its revenues are expected to increase by over 10% year on year in 2007 from US$ 18.2 million in 2006.

Comstar's regional strategy is to develop significant operating clusters around its regional branches. The Group has already opened regional branches in Sochi and Samara and will open additional branches in St. Petersburg, Saratov and Tymen. The Group is also reviewing further targeted acquisition opportunities in priority regions across Russia. Comstar also continued its strategic plan of expanding its regional presence to address corporate and high end residential customers in priority areas by securing IP Voice and Data transmission licenses in the key regions.

Victor Koresh was appointed after the end of the quarter as Vice President with responsibility for the development of the Group's existing and newly acquired regional operations. His role is focused on the integration of the businesses and driving improved profitability levels by enhancing the companies' business processes, maximizing potential synergies and leveraging the Group's increased scale and range of product offerings. Mladen Pejnovic was appointed as Vice President for International Development after the end of the quarter in order to coordinate and drive the operating performance of the businesses outside Russia.

Comstar seeks management control and consolidation of each of its operations, and therefore announced the acquisition of the remaining 25% of Comstar-Ukraine from its local partner after the end of the quarter, as described later in this report. Comstar announced a public share purchase offer to TNGS ordinary and preferred shareholders after the end of the quarter. These minority shareholders own 25% of TNGS.

FINANCIAL REVIEW

The Group's operations generated a year on year increase in net cash flow from operations to US$ 89.1 million. Group capital expenditure increased by 51% year on year to US$ 79.6 million, which was comfortably in line with the Group's guidance for total capital expenditure of no more than US$ 350.0 million in 2007. The investments primarily comprised the ongoing digitalization process and development of Next Generation Network ("NGN") infrastructure at MGTS, as well as the upgrading of information systems throughout the Group, and TV content acquisition at Comstar

Direct. The Group's working capital deficit declined by 9% quarter on quarter to US$ 633.1 million. Accounts receivable increased by 57% since the year end to US$ 150.3 million, which was primarily attributable to the introduction of the new MGTS tariffs and the additional time provided for customers to familiarize themselves with the new payment structure. The level of receivables is expected to be lower moving forward. Net cash used in investing activities was substantially lower, both year on year and quarter on quarter, at US$ 66.8 million and included US$ 20.0 million of cash received from the sale of the Group's 45% equity stake in ZAO Metrocom to MST in March 2007. Comstar acquired the shareholding from Antel Holdings LLC in September 2005 for a total cash consideration of US$ 12.2 million.

Comstar used US$ 4.0 million of cash in its financing activities in the first quarter of 2007, and the Group's cash and cash equivalents therefore increased by US$ 18.6 million during the first quarter to US$ 155.2 million at the end of the reporting period. The quarter on quarter increase in the Group's cash balances reflected the significant increase in revenues and reduced level of capital expenditure. Total Group borrowings remained stable since the end of 2006 at US$ 839.3 million. Comstar is currently finalizing the replacement of the US$ 675 million six-month loan facility arranged by ABN Amro and Morgan Stanley in December 2006 with a a RUR 26 billion (approximately US$ 1 billion) credit facility from leading Russian bank Sberbank, which will provide a longer term financing solution.

Free cash flow, calculated as net cash provided by operations less net cash used in investing activities, was positive for the period and amounted to US$ 22.3 million in the first quarter of 2007.

Standard & Poor's Ratings Services assigned a 'BB-' long term corporate credit rating to Comstar United TeleSystems (JSC) in February 2007, with a 'positive' outlook. Standard & Poors also assigned its 'ruAA' Russia national scale rating to the Group.

The Group's net debt level declined quarter on quarter from US$ 706.3 million to US$ 684.0 million. The Group's debt to equity ratio[13] was reduced quarter on quarter from 54% to 52%. The total debt to OIBDA ratio[14] decreased from 2.3x as at the end of the fourth quarter of 2006 to 2.1x as at the end of the first quarter of 2007.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Comstar announced the appointment of Sergey Pridantsev as President and Chief Executive Officer with effect from June 13, 2007. Mr. Pridantsev is the former General Director of JSC CenterTelecom, a provider of fixed-line telecommunications services in the Central Federal District of Russia.

Comstar signed a 5-year ruble-denominated credit facility of RUR 26 billion (approximately US$ 1 billion) at a fixed annual interest rate of 7.6% with the Savings Bank of the Russian Federation (Sberbank) on June 8, 2007. The credit line is expected to be used to finance Comstar's investment in the development of its telecommunications network development and the refinancing of existing loan facilities.

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[13] Calculated as total debt (including long-term and short-term borrowings and capital lease obligations) divided by total equity.

[14] Calculated as total debt, as at the balance sheet date, divided by OIBDA for the twelve months preceding the balance sheet date

Comstar received a total of approximately US$ 20 million of payments from the Federal Budget in April and May 2007, in compensation for discounts provided by MGTS to certain categories of low income residential subscribers, including pensioners and military veterans, under the terms of pre-2005 legislation. These payments will be included in the Group's accounts for the second quarter of 2007. Comstar continues to expect the full year 2007 payments to total approximately US$ 36 million and for the remaining payments to be made in the third and fourth quarters of the year.

Comstar announced on June 4 that it had acquired the remaining 25% minority stake in its Ukrainian subsidiary, Comstar-Ukraine, from its Ukranian partner, Neotel, for a total cash consideration of US$ 0.9 million. Following the closing of this transaction, Comstar will become the 100% owner of Comstar-Ukraine. For compliance purposes Comstar purchased a 24% stake in Comstar-Ukraine, while UTS MGTS (a 100% subsidiary of MGTS), acquired the remaining 1% stake.

Comstar announced on May 31 that its subsidiary, Tyumenneftegassvyaz ("TNGS"), had launched a zonal telephone network in the Khanty-Mansy Autonomous Region of Russia. TNGS is the second operator in the region to provide traffic and transit exchange services under the newly introduced regulations.

The Board of Directors of Comstar announced on May 23 that the Annual General Meeting of Shareholders will be held on June 27, 2007. The Comstar Board of Directors is recommending the payment of a dividend of RUR 62.7 million (approximately US$ 2.4 million) for the twelve month period ended December 31, 2006, to shareholders as at the record date of May 17, 2007. The proposed dividend of RUR 0.15 per ordinary share, or approximately US$ 0.006 per share or Global Depositary Receipt, would be due to be paid within 60 days of the date of the Meeting.

The Board of Directors of Moscow City Telephone Network announced on May 24 that the MGTS Annual General Meeting of Shareholders will be held on June 29, 2007. The Board is recommending the payment of a dividend for the twelve months ended December 31, 2006, of approximately RUR 1.3 billion (approximately US$ 51.5 million) to shareholders as at the record date of May 12, 2007. The dividend payment of RUR 8.75 per ordinary share (approximately US$ 0.34) and RUR 39.77 per preferred share (approximately US$ 1.54) would represent the distribution of 21% of MTGS's net income (under Russian accounting standards) of RUR 6.3 billion (approximately US$ 245.5 million) for the period.

Comstar announced on May 16 that its Board of Directors had accepted the resignation of Mr. Eric Franke as President and Chief Executive Officer of the Company and released Mr. Franke from his employment contract so that he could take up a position with another business. The Board of Directors appointed Nikolay Tokarev as interim President and CEO of the Company.

Comstar announced on May 11 that Moody's Investors Service had assigned the Company a 'Ba3' corporate credit rating with a Stable outlook.

Comstar announced on April 23 that it had acquired 100% of Golden Line, which was a wholly owned subsidiary of Comstar Direct, for a total cash consideration of US$10.2 million. Golden Line is a provider of dedicated leased access lines to corporate clients in Moscow, using its own fiber optic network and MGTS switches. The company offers a backbone including 48 core network nodes, and leases circuits to over 100 telecommunication providers and carriers. The company was established in 1993 as a joint venture between Alcatel and MGTS.

Comstar announced on April 23 that it had commenced the roll-out of a network of 200 Wi-Fi hot spots at MGTS coin-operated telephone boxes in Moscow. The hot spots provide customers with access to wireless Wi-Fi connection using pre-paid cards, SMS authorization and MGTS phone cards. The enhanced facilities are being installed at train stations, airports and hotels.

Comstar announced on April 20 that it had signed an agreement with Multiregional TransitTelecom (MTT), Russia's nationwide domestic long-distance and international telecommunications operator, to use Comstar's Wi-Fi network to provide WLAN roaming wireless access for MTT's Russian and international mobile operator and Wi-Fi provider partners. The service will be available from the third quarter of 2007. Comstar subscribers will also be able to use Wi-Fi services provided by network operators with whom MTT has roaming agreements.

Comstar announced on April 19 that it had been awarded 10 licenses to provide data transmission in the Krasnoyarsk, Krasnodar and Khabarovsk territories, and the Volgograd, Vladimir, Irkutsk, Leningrad, Tver, Saratov and Ulyanovsk regions. Comstar has now received 18 licenses for data transmission and 20 licenses for IP Voice Data transmission in the first four months of 2007, covering almost 40 key regions in Russia.

Comstar announced on April 16 that Comstar Direct, the leading provider of broadband Internet access in Moscow under the "STREAM" brand, had become the first operator to reach the milestone of 400,000 subscribers and had increased its subscriber base by 11% since the end of 2006.

The Extraordinary General Meeting of shareholders of Telecommunication Investment Joint Stock Company (Svyazinvest), which was held on April 5, elected Sergei Shchebetov (Chairman of the Comstar Board of Directors) and Anton Abugov (First Vice President and Head of Strategy and Development at Sistema) to the Svyazinvest Board of Directors. The appointments followed COMSTAR's acquisition of a 25% stake plus one share in Svyazinvest in December 2006.

OTHER INFORMATION

Annual General Meeting of Shareholders

The 2007 Comstar Annual General Meeting of shareholders will be held on June 27, 2007 at 10.00 at 12 Petrovsky Boulevard, Bldg. 3, Moscow. Further details about the meeting can be found in the Notice, which is available in the Investors / Corporate Governance section of Comstar's corporate website – www.comstar-uts.com.

Conference call

Comstar management 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 the following numbers in order to access the call:

UK / International:	+44 20 7806 1951
US:	+1 718 354 1385

A replay facility will also be made available for 7 days after the call and may be accessed by dialing the following numbers and using the '549497#' pin code:

UK / International:	+44 20 7806 1970
US:	+1 718 354 1112

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Comstar UTS is the leading combined telecommunications operator in Moscow and the Moscow region, 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 unique last mile access to 98% of Moscow households. The Company also offers communications services in several Russian regions, CIS and Eastern European countries. Comstar had 3.6 million MGTS subscribers, almost 40,000 Comstar Moscow subscribers, nearly 500,000 Comstar Direct Internet subscribers, and over 90,000 regional and international subscribers, as at March 31, 2007. Comstar UTS reported increased operating revenues of US$ 329 million and consolidated assets of US$ 3.67 billion for the three months ended March 31, 2007 . Comstar securities are listed under the symbol "CMST" on the Moscow Stock Exchange and 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 amortization, 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 amortization 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 before non-comparable items

	Q1 2007		Q1 2006		4Q 2006		Full year 2006	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Operating profit/loss (reported)	92.8	28.2%	75.4	30.2%	(4.5)	(1.5%)	235.5	21.0%
Add: Depreciation and amortisation	37.6	11.4%	26.9	10.8%	39.7	13.6%	130.9	11.7%
OIBDA (reported)	130.4	39.6%	102.3	40.9%	35.3	12.1%	366.5	32.7%
Add: stock bonus	—	—	—	—	62.1	21.3%	62.1	5.5%
OIBDA (before non-comparable items)	130.4	39.6%	102.3	40.9%	97.4	33.3%	428.6	38.3%

Reconciliation of Operating Profit before non-comparable items

	Q1 2007		Q1 2006		4Q 2006		Full year 2006	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Operating profit/loss (reported)	92.8	28.2%	75.4	30.2%	(4.5)	(1.5%)	235.5	21.0%
Add: stock bonus	—	—	—	—	62.1	21.3%	62.1	5.5%
Operating profit (before non-comparable items)	92.8	28.2%	75.4	30.2%	57.7	19.7%	297.7	26.6%

Reconciliation of Net Income before non-comparable items

	Q1 2007		Q1 2006		4Q 2006		Full year 2006	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Net income / (loss) (reported	43.7	13.3%	39.1	15.7%	(63.1)	(21.6%)	82.5	7.4%
Add: stock bonus	—	—	—	—	62.1	21.3%	62.1	5.5%
Add/(less): change in fair value of financial instrument (call and put option)	(13.5)	(4.1%)	—	—	60.0	20.5%	60.0	5.4%
Less/(add): minority share in change in fair value of financial instrument (call and put option)	6.0	1.8%	—	—	(26.6)	(9.1%)	(26.6)	(2.4%)
Less: gain on sale of shares	(3.2)	(1.0%)						
Net income (before non-comparable items)	32.9	10.0%	39.1	15.7%	32.5	11.1%	178.1	15.9%

Reconciliation of Operating Cash Flows before non-comparable items

	Q1 2007		Q1 2006		4Q 2006		Full year 2006	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Cash flows from operations (reported)	89.1	27.1%	79.1	31.7%	44.7	15.3%	288.7	25.8%
Less: non-cash element of stock-based compensation	—	—	—	—	(2.7)	(0.9%)	(2.7)	(0.2%)
Add: total costs of stock-based compensation	—	—	—	—	62.8	21.5%	62.8	5.6%
Cash flows from operations (before non-comparable items)	89.1	27.1%	79.1	31.7%	104.8	35.9%	348.8	31.1%

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)

	Q1 2007	Q1 2006	Q4 2006	Full year 2006
Revenue from Stream, residential subscribers, excluding connection fee (US$)	23,110,357	16,430,486	19,744,668	72,794,718
Average monthly number of Stream broadband subscribers	379,619	266,844	337,860	300,735
ARPL (US$), monthly	20.29	20.52	19.48	20.17

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:

	Q1 2007		**Q1 2006**		**4Q 2006**		**Full year 2006**	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Purchases of property, plant and equipment	54.7	16.6%	50.3	20.1%	89.9	30.8%	280.3	25.0%
Purchases of intangible assets	9.5	2.9%	0.8	0.3%	10.4	3.6%	26.2	2.3%
Non-cash additions of property, plant and equipment and intangible assets	15.5	4.7%	1.6	0.7%	17.1	5.9%	27.0	2.4%
CAPEX	79.6	24.2%	52.8	21.1%	117.4	40.2%	333.4	29.8%

Attachment B

"COMSTAR – United TeleSystems" OJSC
UNAUDITED CONSOLIDATED INCOME STATEMENTS

(US$ thousand, except for share and per share amounts)	Three months ended March 31, 2007	Three months ended March 31, 2006 (*)
Operating revenues	$ 328,859	$ 249,839
Operating expenses, excluding depreciation and amortization, net	(198,487)	(147,585)
Depreciation and amortization	(37,596)	(26,879)
Operating income / (loss)	**92,776**	**75,375**
Interest income	2,227	8,408
Interest expense	(12,700)	(6,808)
Change in fair value of derivative financial instrument (call and put option)	13,500	–
Foreign currency transactions gain, net	3,388	5,419
Gain from disposal of an affiliate	3,216	–
Income / (loss) before income taxes, income from affiliates and minority interests	**102,407**	**82,394**
Income tax expense	(26,822)	(16,604)
Income from affiliates	620	625
Minority interests	(32,536)	(27,276)
Net income / (loss)	**$ 43,669**	**$ 39,139**
Weighted average number of common shares outstanding – basic	358,228,356	303,053,916
Earnings per common share – basic	$ 0.12	$ 0.13
Weighted average number of common shares outstanding – diluted	367,878,713	303,053,916
Earnings per common share – diluted	$ 0.12	$ 0.13

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

"COMSTAR – United TeleSystems" OJSC
UNAUDITED CONSOLIDATED BALANCE SHEETS

(US$ thousand)	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 155,246	$ 136,621
Short-term investments	87,610	67,662
Trade receivables, net	150,308	95,868
Other receivables and prepaid expenses	94,150	87,654
Inventories and spare parts	32,166	33,740
Deferred tax assets, current portion	27,233	23,545
Deferred finance charges	1,618	–
Total current assets	548,331	445,090
Property, plant and equipment, net	1,515,314	1,477,329
Intangible assets, net	94,915	91,835
Long-term investments	1,496,798	1,508,790
Restricted cash	9,066	4,008
Deferred tax assets, long-term portion	7,104	6,725
Deferred finance charges	–	3,808
Total assets	**$ 3,671,528**	**$ 3,537,585**

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

(US$ thousand)	**March 31, 2007**	**December 31, 2006**
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	$ 44,473	$ 51,023
Deferred connection fees, current portion	39,960	39,812
Subscriber prepayments	39,596	45,540
Accrued expenses and other current liabilities	96,525	49,631
Taxes payable	28,960	12,999
Debt, current portion	781,234	777,837
Capital lease obligations, current portion	14,167	14,107
Derivative financial instrument (call and put option)	136,500	150,000
Total current liabilities	1,181,415	1,140,949
Long-term liabilities:		
Deferred connection fees, net of current portion	106,649	109,040
Debt, net of current portion	30,588	33,529
Capital lease obligations, net of current portion	13,296	17,467
Post-retirement obligations	9,195	10,182
Property, plant and equipment contributions	105,083	103,793
Deferred tax liabilities, long-term portion	54,242	47,619
Other long-term liabilities	16,384	8,066
Total long-term liabilities	335,437	329,696
Total liabilities	1,516,852	1,470,645
Minority interests	534,552	496,745
Shareholders' equity:		
Share capital	23,900	23,900
Treasury stock	(4,004)	(4,004)
Additional paid-in capital	1,065,546	1,064,225
Retained earnings	474,396	433,145
Accumulated other comprehensive income	60,286	52,929
Total shareholders' equity	1,620,124	1,570,195
Total liabilities and shareholders' equity	**$ 3,671,528**	**$ 3,537,585**

"COMSTAR – United TeleSystems" OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(US$ thousand)	Three months ended March 31,	
	2007	**2006 (*)**
Operating activities:		
Net income / (loss)	$ 43,669	$ 39,139
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortisation	37,596	26,879
Stock-based compensation	1,322	–
Change in fair value of derivative financial instrument (call and put option)	(13,500)	–
(Gain)/loss from disposal of fixed assets and assets held for resale and other non-cash items, net	788	(845)
Compensation of losses from third parties	(1,502)	(814)
Gain from disposal of an affiliate	(3,216)	–
Amortization of deferred finance charges	2,190	–
Deferred taxes	3,258	(6)
Income from affiliates	(620)	(625)
Foreign currency transactions gain / (loss) on non-operating activities, net	(1,254)	(4,361)
Postretirement benefits	(1,089)	(371)
Minority interests	32,536	27,276
Provision for doubtful debts	758	2,687
Inventory obsolescence charge	3,344	750
Changes in operating assets and liabilities:		
Trade receivables	(55,253)	(20,662)
Other receivables and prepaid expenses	(6,830)	(1,104)
Inventories and spare parts	(1,519)	(300)
Accounts payable	(641)	2,556
Deferred connection fees	(3,864)	(2,339)
Subscriber prepayments	(6,073)	1,958
Taxes payable	12,388	2,416
Accrued expenses and other current liabilities	46,571	6,868
Net cash provided by operating activities	**89,059**	**79,102**

(*) 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 December 31,	
	2007	**2006 (*)**
Investing activities:		
Purchases of property, plant and equipment	(54,662)	(50,335)
Proceeds from sale of property, plant and equipment and assets held for resale	753	1,989
Purchases of intangible assets	(9,476)	(788)
Acquisition of subsidiaries, net of cash acquired	–	(4,644)
Acquisition of minority interests	–	(132,611)
Proceeds from sale of long-term investments	20,597	–
Purchases of short-term investments	(40,718)	(39,795)
Proceeds from sale of short-term investments	21,777	47,843
Increase in restricted cash	(5,058)	–
Net cash used in investing activities	(66,787)	(178,341)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	–	977,009
Proceeds from borrowings	6,899	150,150
Principal payments on borrowings	(7,660)	(167,754)
Principal payments on capital lease obligations	(3,288)	(6,495)
Net cash provided by / (used in) financing activities	**(4,049)**	**952,910**
Effects of foreign currency translation on cash and cash equivalents	402	1,093
Net increase / (decrease) in cash and cash equivalents	**18,625**	**854,764**
Cash and cash equivalents, beginning of the period	136,621	61,961
Cash and cash equivalents, end of the period	**155,246**	**916,725**

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

Attachment C

SUMMARIZED QUARTERLY SEGMENTAL INFORMATION

Revenue

(US$ millions)	**Q1 2006**	**Q2 2006**	**Q3 2006**	**Q4 2006**	**Full year 2006**	**Q1 2007**
MGTS	175.6	209.7	208.4	208.4	802.2	247.3
Comstar - Moscow	62.4	68.2	68.2	64.6	263.4	65.0
Comstar - Direct	30.4	32.4	32.9	34.3	130.0	37.2
Comstar - Regions & International	7.5	7.0	8.2	16.6	39.3	11.6
Intersegment sales	(26.1)	(30.8)	(26.0)	(31.8)	(114.6)	(32.3)
Total revenue, net of intersegment transactions	249.8	286.6	291.8	292.1	1,120.2	328.9

OIBDA

(US$ millions)	**Q1 2006**	**Q2 2006**	**Q3 2006**	**Q4 2006**[15]	**Full year 2006**[16]	**Q1 2007**
MGTS	82.9	101.8	87.3	84.1	356.0	114.4
Comstar - Moscow	14.2	13.0	19.1	11.9	58.2	18.3
Comstar - Direct	4.9	1.0	6.8	6.5	19.2	4.6
Comstar - Regions & International	1.3	1.4	1.7	(0.4)	4.0	0.7
Corporate Centre	–	–	–	(2.7)	(2.7)	(5.7)
Effect of eliminations and other consolidation adjustments	(1.0)	(2.1)	(1.0)	(2.0)	(6.1)	(1.9)
Comstar UTS Group	102.3	115.0	113.9	97.4	428.6	130.4

[15] Excluding stock bonus of US$ 62.1 million.