

## OJSC VimpelCom Consolidated Balance Sheets

|   | December 31,<br>2010 | December 31,<br>2009 |
|---|----------------------|----------------------|
| <i>(In thousands of US dollars, except share amounts)</i>   |                      |                      |
| <b>Assets</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 650,557           | \$ 1,446,949         |
| Trade accounts receivable, net of allowance for doubtful accounts   | 473,799              | 392,365              |
| Inventory   | 128,745              | 61,919               |
| Deferred income taxes   | 84,914               | 91,493               |
| Input value added tax   | 136,271              | 96,994               |
| Due from related parties  | 104,791              | 249,631              |
| Other current assets  | 438,255              | 627,257              |
| Total current assets  | <u>2,017,332</u>     | <u>2,966,608</u>     |
| Property and equipment, net   | 6,027,051            | 5,561,569            |
| Telecommunications licenses, net  | 459,577              | 542,597              |
| Goodwill  | 3,574,579            | 3,284,293            |
| Other intangible assets, net  | 610,188              | 700,365              |
| Software, net   | 492,191              | 448,255              |
| Investments in associates   | 446,130              | 436,767              |
| Non-Current Due from related party  | 509,405              | 1,101                |
| Other assets  | 570,711              | 790,986              |
| Total assets  | <u>\$ 14,707,164</u> | <u>\$ 14,732,541</u> |
| <b>Liabilities, redeemable noncontrolling interest and equity</b>   |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | \$ 922,017           | \$ 545,690           |
| Due to employees  | 84,099               | 113,368              |
| Due to related parties  | 13,317               | 9,211                |
| Accrued liabilities   | 177,416              | 314,987              |
| Taxes payable   | 166,481              | 212,767              |
| Customer advances, net of VAT   | 368,537              | 376,121              |
| Customer deposits   | 27,452               | 28,386               |
| Deferred income taxes   | 25,314               | 679                  |
| Short-term debt <i>(including related parties in the amount of US\$502,405)</i>   | 1,658,438            | 1,813,141            |
| Total current liabilities   | <u>3,443,071</u>     | <u>3,414,350</u>     |
| Deferred income taxes   | 517,703              | 596,472              |
| Long-term debt  | 4,498,861            | 5,539,906            |
| Other non-current liabilities   | 173,438              | 164,636              |
| Commitments, contingencies and uncertainties  | -                    | -                    |
| Total liabilities   | <u>8,633,073</u>     | <u>9,715,364</u>     |
| Redeemable noncontrolling interest  | 522,076              | 508,668              |
| Equity:   |                      |                      |
| Convertible voting preferred stock (.005 rubles nominal value per share), 10,000,000 shares authorized; 6,426,600 shares issued and outstanding   | -                    | -                    |
| Common stock (.005 rubles nominal value per share), 90,000,000 shares authorized; 51,281,022 shares issued (December 31, 2009: 51,281,022); 51,281,022 shares outstanding (December 31, 2009: 50,714,579) | 92                   | 92                   |
| Additional paid-in capital  | 1,164,337            | 1,143,657            |
| Retained earnings   | 4,996,522            | 4,074,492            |
| Accumulated other comprehensive loss  | (535,237)            | (488,277)            |
| Treasury stock, at cost, 10,508,608 shares of VimpelCom Ltd. common stock (December 31, 2009: 11,328,860)   | (215,763)            | (223,421)            |
| Total VimpelCom shareholders' equity  | <u>5,409,951</u>     | <u>4,506,543</u>     |
| Noncontrolling interest   | 142,064              | 1,966                |
| Total equity  | <u>5,552,015</u>     | <u>4,508,509</u>     |
| Total liabilities, redeemable noncontrolling interest and equity  | <u>\$ 14,707,164</u> | <u>\$ 14,732,541</u> |

## OJSC VimpelCom Consolidated Statements of Income

|   | Years ended December 31,            |             |             |
|---|-------------------------------------|-------------|-------------|
|   | 2010                                | 2009        | 2008        |
|   | <i>(In thousands of US dollars)</i> |             |             |
| <b>Operating revenues:</b>                                    |                                     |             |             |
| Service revenues  | \$9,363,638                         | \$8,580,815 | \$9,999,850 |
| Sales of equipment and accessories                            | 190,520                             | 109,959     | 107,946     |
| Other revenues  | 16,251                              | 19,788      | 17,190      |
| <b>Total operating revenues</b>                               | <b>9,570,409</b>                    | 8,710,562   | 10,124,986  |
| Revenue based tax   | -                                   | (7,660)     | (8,054)     |
| <b>Net operating revenues</b>                                 | <b>9,570,409</b>                    | 8,702,902   | 10,116,932  |
| <b>Operating expenses:</b>                                    |                                     |             |             |
| Service costs   | 2,163,720                           | 1,878,443   | 2,262,570   |
| Cost of equipment and accessories                             | 209,696                             | 110,677     | 101,282     |
| Selling, general and administrative expenses                  | 2,755,135                           | 2,389,998   | 2,838,508   |
| Depreciation  | 1,397,889                           | 1,393,431   | 1,520,184   |
| Amortization  | 276,280                             | 300,736     | 360,980     |
| Impairment loss   | -                                   | -           | 442,747     |
| Provision for doubtful accounts                               | 47,797                              | 51,262      | 54,711      |
| <b>Total operating expenses</b>                               | <b>6,850,517</b>                    | 6,124,547   | 7,580,982   |
| <b>Operating income</b>                                       | <b>2,719,892</b>                    | 2,578,355   | 2,535,950   |
| <b>Other income and expenses:</b>                             |                                     |             |             |
| Interest income   | 49,267                              | 51,714      | 71,618      |
| Net foreign exchange loss                                     | (9,337)                             | (411,300)   | (1,142,276) |
| Interest expense  | (533,974)                           | (598,531)   | (495,634)   |
| Equity in net gain/(loss) of associates                       | 53,189                              | (35,763)    | (61,020)    |
| Other expenses, net   | (87,403)                            | (32,114)    | (17,404)    |
| <b>Total other income and expenses</b>                        | <b>(528,258)</b>                    | (1,025,994) | (1,644,716) |
| <b>Income before income taxes</b>                             | <b>2,191,634</b>                    | 1,552,361   | 891,234     |
| Income tax expense  | 572,454                             | 435,030     | 303,934     |
| <b>Net income</b>   | <b>1,619,180</b>                    | 1,117,331   | 587,300     |
| Net income/(loss) attributable to the noncontrolling interest | 42,444                              | (4,499)     | 62,966      |
| <b>Net income attributable to VimpelCom</b>                   | <b>\$1,576,736</b>                  | \$1,121,830 | \$524,334   |

## OJSC VimpelCom Consolidated Statements of Cash Flows

|   | Years ended December 31,            |                     |                    |
|---|-------------------------------------|---------------------|--------------------|
|   | 2010                                | 2009                | 2008               |
|   | <i>(In thousands of US dollars)</i> |                     |                    |
| <b>Operating activities</b>   |                                     |                     |                    |
| Net income  | \$ 1,619,180                        | \$ 1,117,331        | \$ 587,300         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                     |                     |                    |
| Depreciation  | 1,397,889                           | 1,393,431           | 1,520,184          |
| Amortization  | 276,280                             | 300,736             | 360,980            |
| Impairment loss   | -                                   | -                   | 442,747            |
| (Gain)/loss from associates   | (53,189)                            | 35,763              | 61,020             |
| Provision for deferred taxes  | (56,855)                            | (19,541)            | (92,654)           |
| Loss on foreign currency translation  | 9,337                               | 411,300             | 1,142,276          |
| Provision for doubtful accounts   | 47,797                              | 51,262              | 54,711             |
| Stock-based compensation expense/(gain)   | 2,239                               | 2,323               | (121,890)          |
| Loss from early debt redemption   | -                                   | 19,063              | -                  |
| Other adjustments   | (660)                               | (380)               | (5,078)            |
| Changes in operating assets and liabilities:                                      |                                     |                     |                    |
| Trade accounts receivable   | 43,058                              | (57,452)            | (240,629)          |
| Inventory   | (50,288)                            | 64,927              | (90,221)           |
| Input value added tax   | (21,770)                            | 78,972              | (103,941)          |
| Other assets  | (144,885)                           | 135,212             | (415,735)          |
| Accounts payable  | 33,938                              | (69,290)            | 281,725            |
| Customer advances and deposits  | (8,822)                             | (23,010)            | 75,098             |
| Taxes payable and accrued liabilities   | (47,643)                            | 72,122              | (34,035)           |
| <b>Net cash provided by operating activities</b>                                  | <b>3,045,606</b>                    | <b>3,512,769</b>    | <b>3,421,858</b>   |
| <b>Investing activities</b>   |                                     |                     |                    |
| Purchases of property and equipment   | (1,318,343)                         | (691,445)           | (2,002,452)        |
| Purchases of intangible assets  | (58,604)                            | (15,685)            | (75,012)           |
| Purchases of software   | (226,684)                           | (184,481)           | (313,652)          |
| Acquisition of subsidiaries, net of cash acquired                                 | (52,165)                            | -                   | (4,134,609)        |
| Investments in associates   | -                                   | (12,500)            | (491,265)          |
| Payment for shares in Golden Telecom  | (143,569)                           | -                   | -                  |
| Cash increase due to Sky Mobile consolidation                                     | 4,702                               | -                   | -                  |
| Escrow cash deposit   | -                                   | -                   | 200,170            |
| Loan granted  | (537,357)                           | -                   | (350,000)          |
| Loan receivable repayment   | 22,910                              | -                   | -                  |
| Investments in deposits   | 455,187                             | (488,580)           | 43,179             |
| Proceeds from sale of property, plant and equipment                               | 11,492                              | -                   | -                  |
| Purchases of other assets, net  | (25,122)                            | (40,799)            | (53,575)           |
| <b>Net cash used in investing activities</b>                                      | <b>(1,867,553)</b>                  | <b>(1,433,490)</b>  | <b>(7,177,216)</b> |
| <b>Financing activities</b>   |                                     |                     |                    |
| Proceeds from bank and other loans  | 1,678,953                           | 1,270,248           | 6,209,392          |
| Proceeds from sale of treasury stock  | -                                   | -                   | 25,488             |
| Repayments of bank and other loans  | (2,898,291)                         | (2,432,862)         | (721,222)          |
| Payments of fees in respect of debt issues  | (5,068)                             | (53,071)            | (68,159)           |
| Net proceeds from employee stock options  | 7,339                               | 18,142              | -                  |
| Purchase of noncontrolling interest in consolidated subsidiaries                  | (12,594)                            | (18,198)            | (992,825)          |
| Payment of dividends  | (654,170)                           | (315,644)           | (587,302)          |
| Payment of dividends to noncontrolling interest                                   | (72,370)                            | (13,977)            | -                  |
| Purchase of treasury stock  | -                                   | -                   | (114,476)          |
| <b>Net cash (used in)/from financing activities</b>                               | <b>(1,956,201)</b>                  | <b>(1,545,362)</b>  | <b>3,750,896</b>   |
| Effect of exchange rate changes on cash and cash equivalents                      | (18,244)                            | (1,651)             | (84,566)           |
| <b>Net increase in cash and cash equivalents</b>                                  | <b>(796,392)</b>                    | <b>532,266</b>      | <b>(89,028)</b>    |
| <b>Cash and cash equivalents at beginning of period</b>                           | <b>1,446,949</b>                    | <b>914,683</b>      | <b>1,003,711</b>   |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 650,557</b>                   | <b>\$ 1,446,949</b> | <b>\$ 914,683</b>  |

## OJSC VimpelCom Consolidated Statements of Cash Flows

|  | Years ended December 31,            |            |            |
|--|-------------------------------------|------------|------------|
|  | 2010                                | 2009       | 2008       |
|  | <i>(In thousands of US dollars)</i> |            |            |
| <b>Supplemental cash flow information</b>                            |                                     |            |            |
| <b>Cash paid during the period:</b>                                  |                                     |            |            |
| Income tax   | \$ 609,840                          | \$ 428,761 | \$ 647,597 |
| Interest (net of amounts capitalized)                                | 538,460                             | 532,012    | 362,081    |
| <b>Non-cash activities:</b>  |                                     |            |            |
| Equipment acquired under financing agreements                        | 4,930                               | -          | 2,726      |
| Accounts payable for property, equipment and other long-lived assets | 519,380                             | 210,159    | 448,218    |
| Non-cash discounts from suppliers of equipment                       | -                                   | 239        | 2,464      |
| Issue of promissory notes  | -                                   | -          | 81,660     |