

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 6-K

April 14, 2005

---

**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 April 2005**

**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: April 14, 2005

By: /s/ Alexander V. Izosimov

Name: Alexander V. Izosimov

Title: Chief Executive Officer and General Director

	<b>Phone</b>	<b>Fax</b>
<b>OJSC &lt;VimpelCom&gt;</b>		
8 Marta str., 10, bldg. 14,		
127083, Moscow, Russia	+7 (095) 725 0700	+7 (095) 721 0017

**FOR IMMEDIATE RELEASE**

**VIMPELCOM ANNOUNCES FOURTH QUARTER  
AND ANNUAL 2004 FINANCIAL AND OPERATING RESULTS**

---

**61% YEAR-ON-YEAR INCREASE IN TOTAL OPERATING REVENUES**

**53% YEAR-ON-YEAR INCREASE IN NET INCOME**

**67% YEAR-ON-YEAR INCREASE IN OIBDA**

**APPROXIMATELY 31.2 MILLION SUBSCRIBERS AS OF TODAY**

**INCLUDING 1.2 MILLION SUBSCRIBERS IN KAZAKHSTAN**

**Moscow and New York (April 14, 2005) - Open Joint Stock Company Vimpel-Communications ( VimpelCom or the Company ) (NYSE: VIP),** a leading provider of wireless telecommunications services in Russia and Kazakhstan, today announced its financial and operating results for the fourth quarter of 2004 and year ended December 31, 2004.

During the fourth quarter of 2004 the Company continued its rapid growth in new subscribers, improving financial results on a year-on-year basis and establishing the platform for successful operations going forward. VimpelCom's consolidated financial statements are attached.

Commenting on today's announcement, Alexander Izosimov, Chief Executive Officer of VimpelCom, said, "2004 was another year of great success for VimpelCom. We increased our subscriber base by more than 15 million, from 11.44 million to 26.58 million, and we gained more than 3 market share percentage points in Russia. We substantially improved our financial position, with OIBDA exceeding \$1 billion and OIBDA margin of 47.8%, the highest in our history as a NYSE listed company. We made the first step in our CIS expansion by acquiring the number two operator in Kazakhstan. Based on these achievements, we look forward to continuing our advance in 2005 with an emphasis on high quality services, customer satisfaction and efficient marketing.

The principal results of operations with comments are presented in the following tables. All definitions as well as condensed consolidated financial statements of VimpelCom are presented in Attachments A and B, respectively. Reconciliation of each of OIBDA, OIBDA margin, ARPU and SAC to the most directly comparable U.S. GAAP financial measures follow the financial statements in Attachment B. As VimpelCom-Region was merged into VimpelCom on November 26, 2004 and ceased to exist as a legal entity, its consolidated financial

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

statements are no longer relevant. VimpelCom-Region's results of operations continue to be reflected in VimpelCom's consolidated financial statements. The financial results discussed in this press release reflect the impact of the Company's restatement of its historical financial statements for periods ending on or prior to December 31, 2003, as discussed in more detail below.

## Key Subscriber Statistics

	As of Dec. 31, 2004	As of Dec. 31, 2003	Change Y-on-Y (%)	As of Sept. 30, 2004	Change Q-on-Q (%)
<b>Moscow license area</b>	7,476,900	5,659,600	32.1%	6,645,700	12.5%
Contract	883,400 <sup>a)</sup>	819,900	7.7%	867,100	1.9%
Prepaid	6,593,500	4,839,700	36.2%	5,778,600	14.1%
<b>Regions</b>	18,247,700	5,777,300	215.9%	13,223,400	38.0%
Contract	1,552,900 <sup>b)</sup>	671,100	131.4%	1,417,700	9.5%
Prepaid	16,694,800	5,106,200	227.0%	11,805,700	41.4%
<b>Kazakhstan</b>	858,700	n/a		676,300	27.0%
Contract	748,200	n/a		580,600	28.9%
Prepaid	110,500	n/a		95,700	15.5%
<b>Total</b>	26,583,300	11,436,900	132.4%	20,545,400	29.4%
<b>Churn (quarterly)</b>	5.7%	9.7%		7.2%	

a) Including approximately 99% of postpaid (credit) and 1% of advance payment subscribers.

b) Including approximately 14% of postpaid (credit) and 86% of advance payment subscribers.

The Company reported record subscriber growth in the fourth quarter of 2004, which was achieved primarily due to the general acceleration in subscriber growth in the Russian regions enhanced in December 2004 by Christmas and New Year promotions. The overall subscriber growth in 2004 more than 15 million new additions was driven by the expansion of VimpelCom's operations to 19 new regions in Russia and to Kazakhstan, improvements in coverage and quality of services and aggressive marketing strategy.

Based on independent research, VimpelCom estimates its market share in Russia at 34.8% at the end of 2004, compared to an estimated 31.5% at the end of 2003. VimpelCom's market share in the Moscow license area was 44.4% at the end of 2004, compared to the Company's estimated market share of 49.3% at the end of 2003.

VimpelCom recorded a significant improvement in its 2004 annualized churn rate. The decrease in 2004 to 29.6% from 39.3% in 2003 is primarily attributed to strong acceleration in subscriber growth and implementation of effective churn-reducing activities. As the Russian marketplace continues to mature and the Company shifts its focus from customer acquisition to customer retention, churn management remains one of VimpelCom's priority tasks.

## Key Consolidated Financial and Operating Indicators

	Three months ended			Years ended		
	Dec. 31,	Dec. 31,	Change	Dec. 31,	Dec. 31,	Change
	2004	2003		2004	2003	
			(%)			(%)
<b>Total operating revenues (US\$,000)</b>	635,671	407,740	55.9%	2,146,629	1,335,598	60.7%
<b>OIBDA (US\$,000)</b>	284,339	186,893	52.1%	1,026,721	613,230	67.4%
<b>OIBDA margin</b>	44.7%	45.8%		47.8%	45.9%	
<b>Gross margin (US\$,000)</b>	515,328	334,329	54.1%	1,755,014	1,090,113	61.0%
<b>Gross margin percentage</b>	81.1%	82.0%		81.8%	81.6%	
<b>Net income (US\$,000)</b>	83,742	65,629*)	27.6%	350,396	228,809*)	53.1%
<b>Net income per share (US\$)</b>	1.87	1.69*)		8.50	5.98*)	
<b>Net income per ADS (US\$)</b>	0.47	0.42**)		2.13	1.50**)	
<b>ARPU (US\$)</b>	9.1	12.6	-27.8%	10.2	13.7	-25.5%
<b>MOU (min)</b>	97.3	89.3	9.0%	96.5	89.8	7.5%
<b>SAC (US\$)</b>	12.3	18.1	-32.0%	13.9	19.3	-28.0%

\*) Numbers restated in accordance with newly adopted by the Company accounting practice described below

\*\*\*) On November 22, 2004, we changed the ratio of our ADSs traded on The New York Stock Exchange from four ADSs for three common shares to four ADSs for one common share. VimpelCom ADS holders as of record date at the close of business on November 19, 2004 received two additional ADSs for every ADS held. There were no changes to VimpelCom's underlying common shares. All ADS information presented herein reflects the change in the ratio.

Significant improvements in VimpelCom's financial and operating results in the fourth quarter and full year 2004, as compared with the fourth quarter and full year 2003, were achieved largely as a result of rapid subscriber growth combined with the effects of economies of scale, efficient cost control and lower acquisition costs per subscriber in the regions outside of Moscow. In the fourth quarter of 2004 we recorded a 5.5% increase in total operating revenues compared with the third quarter of 2004 notwithstanding the seasonal decline in roaming revenue and a substantial reduction in average price per minute due to promotional campaigns.

Record subscriber growth in the fourth quarter of 2004 led to an increase in total subscriber acquisition expenses. This negatively impacted our OIBDA, net income and the corresponding margins for the fourth quarter of 2004 as compared with the third quarter of 2004. Net income was also affected by an increase in the depreciation and amortization expense as the Company continues its network expansion as well as by provisions in the aggregate amount of \$16.2 million for fines, penalties and taxes relating to the 2001 and 2002 tax audits which were reflected in the line "Other expense" in our condensed consolidated statements of income.

SAC trend remains unchanged notwithstanding large investments in subscriber acquisitions in the fourth quarter of 2004. SAC declined in the fourth quarter of 2004 as compared to the third quarter of 2004 due to several factors: growing proportion of our new subscribers were located in the regions of Russia, where SAC is substantially lower than in Moscow, the number of sales grew faster than advertising expenses, and the decrease in average dealer commission in Moscow as a result of a new dealer commission structure adopted in Moscow earlier in 2004.

Selling, general and administrative expenses (SG&A) for the year 2004, as a percentage of total operating revenues, improved to 33.5%, as compared with the 35.0% reported for 2003. SG&A in the fourth quarter of 2004, as a percentage of total operating revenues, was 36.3%, the same as in the fourth quarter of 2003. The increase in SG&A from \$192.5 million in the third quarter of 2004 to \$231.1 million in the fourth quarter of 2004 was in part due to traditional Christmas and New Year sales campaigns, growth in operating expenses connected with the increased customer base and network expansion.

In 2004, the Company's MOU was stable with expected seasonal variations between the quarters. In 2004, MOU was 96.5 minutes, which was 7.5% higher than 89.8 minutes recorded for 2003. On the other hand, there was a 25.5% decline in ARPU, from \$13.7 in 2003 to \$10.2 in 2004. ARPU in the fourth quarter of 2004 fell by approximately 15.7% compared with the third quarter of 2004. This was primarily due to the decline in average price per minute that came about as a result of competitive pressure, particularly in the fourth quarter of 2004, and the growing proportion of regional subscribers who generate lower ARPU than subscribers in Moscow.

VimpelCom's total capital investments for 2004 were approximately \$1,680.9 million, with \$1,242.0 million of capital expenditures for purchase of property and equipment and \$438.9 million of acquisitions of new entities.

## 2002 and 2003 Financial Statements

The Company undertook a review of its lease accounting practices as a result of changes in lease accounting announced by other public companies in January and February of 2005 and guidance provided by the U.S. Securities and Exchange Commission in its February 7, 2005 letter to the accounting industry. As a result of this review, the Company determined that it should change the periods used to calculate depreciation expense relating to its capitalized leasehold improvement expenses for base station positions. Accordingly, the Company restated its historical financial statements.

The primary effect of this accounting correction was to accelerate to earlier periods depreciation expense with respect to certain of the Company's capitalized leasehold improvement expenses, resulting in an increase in non-cash expenses compared to what was previously reported. Net income decrease in 2002 and 2003 as a result of this restatement is the following: 2002 - \$2.8 million or 2.2%, 2003- \$5.2 million or 2.2%. The restatement does not affect the Company's historical or future cash flows provided by operating activities.

The Company will disclose details of above mentioned adjustments for periods preceding 2004 in its Annual report on Form 20-F.

The Company's management will discuss its fourth quarter and the 2004 results during a conference call and slide presentation on April 14, 2005 at 6:30 pm Moscow time (10:30 am ET in New York). The call and slide presentation may be accessed via webcast at the following URL address <http://www.vimpelcom.com>. The conference call replay and the slide presentation webcast will be available through April 21, 2005 and May 16, 2005, respectively. The slide presentation will also be available for download on VimpelCom's website <http://www.vimpelcom.com>.

VimpelCom is a leading provider of telecommunications services in Russia and Kazakhstan, operating under the Beeline brand in Russia and K-mobile and EXCESS brands in Kazakhstan. The VimpelCom Group's license portfolio covers approximately 94% of Russia's population (136 million people), including the City of Moscow, the Moscow Region and the City of St. Petersburg, as well as the entire territory of Kazakhstan. 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 and developments in the telecommunications market. 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 wireless telecommunications industry, general political uncertainties in Russia and Kazakhstan and general economic developments in Russia and Kazakhstan, the Company's ability to continue to grow its overall subscriber base, continued volatility in the world economy and other factors. As a result of such risks and*

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

*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 Kazakh telecommunications industry 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, 2003 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:

Valery Goldin  
VimpelCom (Moscow)  
Tel: 7(095) 974-5888  
Investor\_Relations@vimpelcom.com

**Ian Bailey/Michael Polyviou**  
Financial Dynamics  
Tel: 1(212) 850 5600  
[mpolyviou@fd-us.com](mailto:mpolyviou@fd-us.com)

**-Definitions and tables are attached -**

**Attachment A: Definitions**

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

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

**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, amortization and the one-time write-down of AMPS/D-AMPS related assets in the Samara region of \$7,354 thousand in the second quarter of 2004. 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, amortization and the one-time write-down of AMPS/D-AMPS related assets in the Samara region of \$7,354 thousand in the second quarter of 2004, 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 tables section.

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

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

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

**Each ADS** represents 0.25 of one share of common stock. This ratio was established effective November 22, 2004. Previously each ADS represented 0.75 of one share of common stock.

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

figures reported under U.S. GAAP.

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

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

## Attachment B: VimpelCom financial statements and pertinent reconciliation tables

## Open Joint Stock Company Vimpel-Communications

## Condensed Consolidated Statements of Operations

	Three months ended		Years ended	
	December 31,		December 31,	
	2004	2003	2004	2003
	<i>Unaudited</i> (In thousands of US dollars, except per share (ADS) amounts)			
<b>Operating revenues:</b>				
Service revenues	US\$ 619,924	US\$ 388,979	US\$ 2,090,478	US\$ 1,274,593
Connection fees	193	202	720	1,279
Sales of handsets and accessories	14,369	17,397	51,860	55,765
Other revenues	1,185	1,162	3,571	3,961
<b>Total operating revenues</b>	<b>635,671</b>	<b>407,740</b>	<b>2,146,629</b>	<b>1,335,598</b>
<b>Operating expenses:</b>				
Service costs	107,481	61,893	352,399	209,038
Cost of handsets and accessories sold	12,862	11,516	39,216	36,435
Cost of other revenues		2		12
Selling, general and administrative expenses	231,064	148,764	720,127	467,655
Depreciation and amortization	112,425	55,815*)	345,201	196,833*)
Impairment of long-lived assets			7,354	
Provision for doubtful accounts	(75)	(1,328)	8,166	9,228
<b>Total operating expenses</b>	<b>463,757</b>	<b>276,662*)</b>	<b>1,472,463</b>	<b>919,201*)</b>
<b>Operating income</b>	<b>171,914</b>	<b>131,078</b>	<b>674,166</b>	<b>416,397</b>
<b>Other income and expenses:</b>				
Other income	5,792	5,197	7,412	6,296
Other expense	(16,985)	(960)	(19,565)	(3,251)
Interest income	1,647	2,512	5,712	8,378
Interest expense	(33,957)	(16,339)	(85,663)	(68,246)
Net foreign exchange loss	(948)	(3,255)	3,563	(1,279)
<b>Total other income and expenses</b>	<b>(44,451)</b>	<b>(12,845)</b>	<b>(88,541)</b>	<b>(58,102)</b>
<b>Income before income taxes and minority interest</b>	<b>127,463</b>	<b>118,233*)</b>	<b>585,625</b>	<b>358,295*)</b>
<b>Provision for income taxes</b>	<b>21,868</b>	<b>37,504*)</b>	<b>155,000</b>	<b>105,879*)</b>
<b>Minority interest in net earnings (losses) of subsidiaries</b>	<b>21,853</b>	<b>14,773*)</b>	<b>80,229</b>	<b>23,280*)</b>
<b>Cumulative effect of changes in accounting principles</b>		<b>(379)</b>		<b>(379)</b>

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

Minority interest on cumulative effect of changes in accounting principles

		52		52
<b>Net income</b>	US\$ 83,742	US\$ 65,629*)	US\$ 350,396	US\$ 228,809*)
<b>Net income per common share</b>	US\$ 1.87	US\$ 1.69*)	US\$ 8.50	US\$ 5.98*)
<b>Net income per ADS equivalent</b>	US\$ 0.47	US\$ 0.42*)	US\$ 2.13	US\$ 1.50*)
<b>Weighted average common shares outstanding (thousands)</b>	44,834	38,722	41,224	38,241

\*) Numbers restated

## Open Joint Stock Company Vimpel-Communications

## Condensed Consolidated Balance Sheets

	December 31, 2004	December 31, 2003
<i>(In thousands of US dollars)</i>		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	US\$ 305,857	US\$ 157,611
Accounts receivable	119,566	113,092
Other current assets	371,999	255,540
<b>Total current assets</b>	<b>797,422</b>	<b>526,243</b>
Non-current assets		
Property and equipment, net	2,314,405	1,439,758*)
Telecommunication licenses and allocation of frequencies, net	757,506	103,817
Goodwill	368,204	9,816*)
Other intangible assets, net	212,595	49,553
Other assets	330,109	152,261
<b>Total non-current assets</b>	<b>3,982,819</b>	<b>1,755,205*)</b>
<b>Total assets</b>	<b>4,780,241</b>	<b>2,281,448</b>
<b>Liabilities and shareholders equity</b>		
Current liabilities:		
Accounts payable	345,187	158,467
Due to related parties	7,290	8,603
Customer advances and deposits	278,170	181,475
Deferred revenue	1,893	2,701
Ruble denominated bonds payable		101,852
Bank loans, current portion	115,111	35,343
Capital lease obligations, current portion	2,851	6,587
Equipment financing obligations, current portion	71,577	70,935
Accrued liabilities	103,246	127,689
<b>Total current liabilities</b>	<b>925,325</b>	<b>693,652</b>
Deferred income taxes	296,967	28,943*)
Bank loans, less current portion	1,240,199	330,112
Capital lease obligations, less current portion	5,004	9,154
Accrued liabilities, less current portion	6,837	4,046
Ruble denominated bonds payable	108,113	
Equipment financing obligations, less current portion	38,283	53,008
Minority interest	2,380	174,882*)
Shareholders equity	2,157,133	987,651*)
<b>Total liabilities and shareholders equity</b>	<b>US\$ 4,780,241</b>	<b>US\$ 2,281,448*)</b>

\*) Numbers restated

## Condensed Consolidated Statements of Cash Flows

	Years ended	
	December 31,	
	2004	2003
	<i>(In thousands of US dollars)</i>	
<b>Net cash provided by operating activities</b>	US\$ 805,407	US\$ 511,877
Proceeds from bank and other loans	1,064,927	160,285
Proceeds from issuance of ruble denominated bonds	94,214	97,119
Capital contributions in a consolidated subsidiary by minority shareholders		58,520
Repayment of senior convertible notes		(1,300)
Repayment of rouble denominated notes	(94,214)	
Payments of fees in respect of debt issue	(16,133)	(4,207)
Payments of fees in respect of capital contributions		(2,478)
Repayment of bank and other loans	(82,637)	(86,261)
Repayment of equipment financing obligations	(110,744)	(256,902)
Repayment of capital lease obligations	(857)	(917)
<b>Net cash provided by (used in) financing activities</b>	854,556	(36,141)
Purchase of property and equipment	(925,133)	(506,716)
Proceeds from sale of property and equipment		12,433
Purchase of Kar-Tel stock, net of cash acquired of US\$7,556	(344,414)	
Purchase of DTI stock, net of cash acquired of US\$382	(73,689)	
Purchase of StavTeleSot stock, net of cash acquired of US\$658		(42,455)
Purchase of minority interest in Bee-Line Samara	(12,884)	
Purchase of intangible assets	(18,169)	(18,654)
Purchase of other assets	(142,964)	(38,561)
<b>Net cash used in investing activities</b>	(1,517,253)	(593,953)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	5,536	12,171
<b>Net increase in cash</b>	148,246	(106,046)
<b>Cash and cash equivalents at beginning of year</b>	157,611	263,657
<b>Cash and cash equivalents at end of year</b>	US\$ 305,857	US\$ 157,611
<b>Supplemental cash flow information</b>		
Non-cash activities:		
Equipment acquired under financing and capital lease agreements	US\$ 14,216	US\$ 88,689
Accounts payable for equipment and other long-lived assets	211,378	78,032
Operating activities financed by sale of treasury stock	1,546	4,729
Conversion of Senior convertible notes		91,236
Accrued capital contributions costs	2,082	
Purchase of minority interest in VCR	794,795	
Acquisitions:		
Fair value of assets acquired	487,781	73,290
Difference between the amount paid and the fair value of net assets acquired	174,771	(4,699)
Cash paid for the capital stock	(426,041)	(43,113)
<b>Liabilities assumed</b>	US\$ 236,511	US\$ 25,478





**Reconciliation of OIBDA to operating income (Unaudited)***(In thousands of US dollars)*

	<b>Three months ended</b>		<b>Years ended</b>	
	<b>Dec. 31</b>	<b>Dec. 31</b>	<b>Dec. 31</b>	<b>Dec. 31</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
OIBDA	284,339	186,893	1,026,721	613,230
Less: Impairment loss			(7,354)	
Less: Depreciation	(81,970)	(46,732)*	(281,129)	(162,769)*
Less: Amortization	(30,455)	(9,083)	(64,072)	(34,064)
<b>Operating income</b>	<b>171,914</b>	<b>131,078*</b>	<b>674,166</b>	<b>416,397*</b>

**Reconciliation of OIBDA margin to operating income as percentage of net operating revenues (Unaudited)**

	<b>Three months ended</b>		<b>Years ended</b>	
	<b>Dec. 31,</b>	<b>Dec. 31,</b>	<b>Dec. 31,</b>	<b>Dec. 31,</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
OIBDA margin	44.7%	45.8%	47.8%	45.9%
Less: Impairment loss as percentage of net operating revenues			(0.3)%	
Less: Depreciation as percentage of net operating revenues	(12.9)%	(11.5)%*	(13.1)%	(12.2)%*
Less: Amortization as percentage of net operating revenues	(4.8)%	(2.2)%	(3.0)%	(2.6)%
<b>Operating income as percentage of net operating revenues</b>	<b>27.0%</b>	<b>32.1%*</b>	<b>31.4%</b>	<b>31.2%*</b>

\*) Numbers restated

**Reconciliation of SAC to selling, general and  
administrative expenses (Unaudited)**

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

	Three months ended		Year ended	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Selling, general and administrative expenses	231,064	148,764	720,127	467,655
Less: General and administrative expenses	141,025	91,533	454,050	290,870
Sales and marketing expenses, including <i>advertising &amp; marketing expenses</i>	90,039	57,231	266,077	176,785
<i>dealers' commission expense</i>	21,649	16,236	68,142	50,867
New gross subscribers, '000	68,390	40,995	197,935	125,918
Subscriber Acquisition Cost (SAC) (US\$)	7,343	3,170	19,204	9,144
	<b>12.3</b>	<b>18.1</b>	<b>13.9</b>	<b>19.3</b>

**Reconciliation of ARPU to service revenue and  
connection fees (Unaudited)**

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

	Three months ended		Year ended	
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Service revenue and connection fees	620,117	389,181	2,091,198	1,275,872
Less: Connection fees	193	202	720	1,279
Less: Revenue from rent of fiber-optic channels	527	417	1,788	1,299
Service revenue used to calculate ARPU	619,397	388,562	2,088,690	1,273,294
Average number of subscribers, '000	22,764	10,277	16,986	7,749
Average revenue per subscriber per month (US\$)	9.1	12.6	10.2	13.7

	Phone	Fax
<b>OJSC &lt;VimpelCom&gt;</b>		
8 Marta str., 10, bldg. 14,		
127083, Moscow, Russia	+7 (095) 725 0700	+7 (095) 721 0017

**FOR IMMEDIATE RELEASE**

**VIMPELCOM ANNOUNCES AGREEMENT ON SALE OF**

**A MINORITY STAKE OF KAR-TEL**

**Moscow and New York (April 14, 2005) - Open Joint Stock Company Vimpel-Communications and VimpelCom Finance B.V. ( VimpelCom or the Company ) (NYSE: VIP)** announced that in accordance with its previously disclosed plans to sell 50%-1 (minus one) share in Limnotex, the parent company of KaR-Tel, to a partner with local knowledge, it has entered into a purchase and sale agreement with Crowell Investments Limited, a Cypriot company beneficially owned and controlled by certain shareholders of ATF Bank. ATF Bank is the fourth largest bank in Kazakhstan.

The purchase price for the stake is US\$175 million. The closing of the sale is subject to certain conditions and is expected to occur during the second quarter of 2005. VimpelCom and Crowell have also entered into a shareholders agreement that, among other things, grants call options to VimpelCom to reacquire up to the entire stake from Crowell under certain circumstances, thus allowing VimpelCom to own up to 100% of KaR-Tel's parent company. The exercise prices for the call options are based upon a prescribed formula.

Alexander Izosimov, Chief Executive Officer of VimpelCom said, "We are very pleased to have reached this agreement with our new partner, whose support and local knowledge will add great value. Together with our partner, we believe we are well positioned to become the number one operator in Kazakhstan."

VimpelCom is a leading provider of telecommunications services in Russia and Kazakhstan, operating under the Beeline brand in Russia and K-mobile and EXCESS brands in Kazakhstan. The VimpelCom Group's license portfolio covers approximately 94% of Russia's population (136 million people), including the City of Moscow, the Moscow Region and the City of St. Petersburg, as well as the entire territory of Kazakhstan. 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. The forward-looking statements contained in this press release, including the anticipated closing of the transaction and the intended benefits to VimpelCom from the transaction described herein, are based on Management's best assessment. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of unforeseen developments from competition, governmental regulations in Kazakhstan, general political uncertainties and general economic developments in Kazakhstan, and other factors. Certain additional 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*

- more -

*VimpelCom Announces Agreement On Sale Of A Minority Stake Of KaR-Tel*

*Page 2 of 2*

*Annual Report on Form 20-F for the year ended December 31, 2003 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 press release, or to make corrections to reflect future events or developments.*

For more information, please contact:

Valery Goldin

VimpelCom (Moscow)

Tel: 7(095) 974-5888

[Investor\\_Relations@vimpelcom.com](mailto:Investor_Relations@vimpelcom.com)

**Ian Bailey/Michael Polyviou**

Financial Dynamics

Tel: 1(212) 850 5600

[mpolyviou@fd-us.com](mailto:mpolyviou@fd-us.com)