FOR IMMEDIATE RELEASE December 5, 2006

COMSTAR UTS ANNOUNCES INTERIM FINANCIAL RESULTS

Moscow, Russia – December 5, 2006 – "COMSTAR – United TeleSystems" OJSC ("Comstar UTS" or "The Group") (LSE: CMST), the leading provider of integrated communications services in Moscow, today announced its unaudited consolidated US GAAP financial results for the third quarter and nine months ended September 30, 2006.

HIGHLIGHTS FOR THE THIRD QUARTER OF 2006

- Consolidated revenues up 34% year on year to US$ 291.8 million
- Net Alternative segment revenues up 29% year on year to US$ 109.4 million
- Net Traditional segment revenues up 38% year on year to US$ 182.4 million
- Revenue from CPP US$ 15.7 million
- Group OIBDA[1] up 18% year on year to US$ 113.9 million and OIBDA margin of 39.0%
- Operating income up 6% year on year to US$ 76.5 million
- Net income up 41% year on year to US$ 48.3 million
- Cash Flows from operations up 2% to US$ 88.9 million

HIGHLIGHTS FOR THE NINE MONTHS OF 2006

- Consolidated revenues up 30% year on year to US$ 828.2 million
- Net Alternative segment revenues up 27% year on year to US$ 311.7 million
- Net Traditional segment revenues up 32% year on year to US$ 516.5 million
- Group OIBDA[1] up 23% year on year to US$ 331.2 million and OIBDA margin of 40.0%
- Operating income up 20% year on year to US$ 240.0 million
- Net income up 74% year on year to US$ 145.6 million
- Cash Flows from operations up 14% to US$ 249.0 million for year to date

Eric Franke, Chief Executive Officer of Comstar UTS, commented: "We are reporting a healthy operating performance for both the quarter and year to date, with over 30% year on year revenue growth and 41% increase in net profit for the quarter. In addition to a solid underlying organic performance across our businesses, the newly acquired regional businesses added US$ 12.8 million of revenue in the quarter. Introduction of Calling Party Pays was very positive for us and contributed approximately US$ 15.7 million of revenues. We expect that fixed to mobile traffic volumes will continue to provide an additional source of revenue growth.

[1]OIBDA is defined as operating income before depreciation and amortisation. Please see Attachment A to this statement for a full definition of OIBDA and a reconciliation of OIBDA to operating income.

We also generated an increasing level of broadband subscriber intake in September following the seasonally quiet summer period. This strong growth has continued into the fourth quarter. We remain uniquely well-positioned to lead the development of the broadband market and bundled offerings by leveraging our extensive combined network infrastructure and the 3.6 million MGTS residential customers that are now being targeted through direct marketing campaigns. We will continue our regional expansion and we expect to benefit from anticipated changes to regulatory tariff structures".

Nikolay Tokarev, Chief Financial Officer, added: "We have focused on improvement in the operational efficiency of Comstar. We commenced the previously announced workforce reduction program beginning of November and intend to reduce staffing levels in Moscow alternative business by 20% by the end of 2006, reduce rented office space, cut and outsource non-core activities, optimize marketing spent and reexamine network capacity and maintenance purchasing. We expect these measures to result in approximately US$ 8 million annual cost savings starting from 2007".

KEY FINANCIAL INDICATORS

(US$ million)	3Q 2006	3Q 2005	Growth 3Q'06 vs. 3Q '05	2Q 2006	Growth 3Q'06 vs. 2Q '06	9m 2006	9m 2005	Growth 9m'06 vs. 9m '05
Revenue (net of inter-segment transactions)								
Alternative Segment…………	109.4	85.0	29%	102.8	6%	311.7	246.4	27%
Traditional Segment………….	182.4	132.4	38%	183.8	(1%)	516.5	390.4	32%
Total Consolidated Revenue……..	291.8	217.4	34%	286.6	2%	828.2	636.8	30%
OIBDA……………………………	113.9	96.3	18%	115.0	(1%)	331.2	269.7	23%
OIBDA margin……………………	*39.0%*	*44.3%*		*40.1%*		*40.0%*	*42.3%*	
Operating Income……………….	76.5	72.1	6%	88.1	(13%)	240.0	200.8	20%
Operating margin…………………	*26.2%*	*33.2%*		*30.8%*		*29.0%*	*31.5%*	
Net Income………………………	48.3	34.2	41%	58.2	(17%)	145.6	83.8	74%
Net margin………………………	*16.5%*	*15.8%*		*20.3%*		*17.6%*	*13.2%*	
Earnings per share - basic	0.13	-	-	0.16	(19%)	0.43	-	-
Earnings per share - diluted	0.12	-	-	0.14	(14%)	0.36	-	-
Cash Flow from Operations	88.9	87.3	2%	80.1	11%	249.0	218.0	14%
Total CAPEX[2]……………………	81.3	51.0	59%	82.2	0%	216.3	144.5	50%
CAPEX as % of revenue………	*27.9%*	*23.5%*		*28.7%*		*26.1%*	*22.7%*	

OPERATING REVIEW - GROUP

Comstar UTS reported 34% year on year consolidated revenue growth to US$ 291.8 million for the third quarter of 2006 from US$ 217.4 million for the same period of 2005. Net revenues of the Traditional segment grew by 38% year on year to US$ 182.4 million following the introduction of the Calling Party Pays ("CPP") Rule, which contributed approximately US$ 14.7 million to the revenues of the Traditional segment. The contribution from the federal budget (for the reimbursement of discounts on installation and monthly fees to certain categories of residential subscribers, such as pensioners and military veterans, granted according to the applicable

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

legislation prior to January 01, 2005) added a further US$ 8.0 million to the traditional segment revenues. Net revenues of the Alternative segment grew by 29% year on year to US$ 109.4 million and included a 32% year on year increase in residential broadband revenues from US$ 14.8 million to US$ 19.5 million. The regional operations, which also form part of the alternative segment, generated a more than seven fold year on year increase in revenues to US$ 12.8 million, following six key acquisitions in the fourth quarter of 2005 and during the current year.

Group OIBDA increased by 18% year on year in the third quarter to US$ 113.9 million from $96.3 million, and by 23% year on year from US$ 269.7 million to US$ 331.2 million for the nine month period. The Group's OIBDA margin declined slightly from 40.1% in the second quarter to 39.0% in the third quarter, which reflected the blended impact of lower margin CPP revenues and the positive effect of the budget contribution. The CPP introduction added approximately US$ 3.8 million to the Group's OIBDA for the third quarter of 2006. The year on year increase in costs continued to primarily reflect the previously announced increasing employee and network traffic costs. Employee costs rose year on year in line with the growth of the Alternative segment, which included the acquisition and consolidation of six regional businesses. The US$ 11.9 million traffic settlement costs reflected the new traffic termination costs for calls from fixed to mobile networks following the introduction of the CPP in the third quarter of 2006.

Group operating income increased by 6% year on year in the third quarter from US$ 72.1 million to $76.5 million, and by 20% from US$ 200.8 million to US$ 240.0 million for the year to date. The operating margin in the third quarter was 26%, compared to 31% in the second quarter and 33% a year ago.

The growth in operating income in absolute terms was impacted by higher non-cash depreciation charges in the quarter resulting from the revision of the estimated remaining useful lives of MGTS' analogue equipment, which is now being phased out at a more accelerated rate and is expected to be completely disposed by 2012. This accelerated phase out will benefit the business by lowering the ongoing operating costs when digitalized. Effect of above mentioned acceleration approximating US $6.4 million, together with US$ 3.7 million amortisation charge on the intangible assets at MGTS identified during preliminary allocation of the price of purchases of MGTS' shares throughout nine months ended September 30, 2006, raised the total depreciation and amortisation expense to US$ 37.4 million in the quarter and US$ 91.2 million for the year to date. Depreciation and amortisation expense is expected to be at approximately the same level in the fourth quarter of 2006 and for the quarters of 2007, before possible effect of future acquisitions.

Consolidated net income was up 41% year on year to US$ 48.3 million in the third quarter and by 74% to US$ 145.6 million for the year to date.

OUTLOOK

Comstar UTS is improving its operational performance, while keeping its business model the same. Following the observation that employee cost in alternative segment is growing faster than revenue, the Group has launched a workforce reduction process in the alternative segment in Moscow. As a result, Group's OIBDA margin for the fourth quarter of 2006 will be impacted by a restructuring charge, which is estimated to be approximately US$ 3 million. For the full year of 2006 OIBDA margin is expected to be slightly below the level of 2005.

Management believes that restructuring efforts should yield positive effect in 2007. OIBDA margin in 2007, without the effect of the new regulation, is expected to improve to around 40%.

The new regulation, including the introduction of CPP, long distance traffic routing rules and new Interconnect regime, is expected to result in a reduction of OIBDA margin by approximately 2%.

Divisional Financial Highlights – Alternative Segment (Moscow and regions)

(US$ million)	**3Q 2006**	**3Q 2005**	**Growth 3Q'06 vs. 3Q '05**	**2Q 2006**	**Growth 3Q'06 vs. 2Q '06**	**9m 2006**	**9m 2005**	**Growth 9m'06 vs. 9m '05**
Moscow metropolitan area								
Residential								
Voice……………………	0.6	0.8	(25%)	0.8	(25%)	2.3	2.4	(4%)
Data and internet								
"Stream" project…..	19.1	14.6	31%	19.4	(2%)	55.8	33.4	67%
Of which double play…	*2.0*	*0.1*	*1900%*	*0.9*	*122%*	*3.3*	*0.1*	*3200%*
Other broadband Internet……………	0.4	0.2	100%	0.4	0%	1.1	0.6	83%
Dial-up……………	2.3	3.4	(32%)	2.7	(15%)	8.4	13.1	(36%)
Other services…………….	0.1	0.0	100%	0.1	0%	0.2	0.1	100%
Total………………..........	22.5	19.0	18%	23.4	(4%)	67.8	49.6	37%
Corporate								
Voice……..........................	15.4	18.0	(14%)	19.0	(19%)	53.4	54.1	(1%)
Data and internet………..	20.1	15.6	29%	18.2	10%	56.1	44.6	26%
Value-added services..........	3.1	2.0	55%	2.8	11%	8.6	6.7	28%
Other……………………	0.5	0.6	(17%)	0.5	0%	1.5	1.8	(17%)
Total……............................	39.1	36.2	8%	40.5	(3%)	119.6	107.2	12%
Operators………………….	29.9	27.0	11%	27.3	10%	84.4	82.1	3%
Other revenues …….............	5.3	1.6	231%	2.3	130%	10.0	4.6	117%
Other regions……………….	12.8	1.8	611%	9.8	31%	30.8	3.8	711%
Total revenues of the Alternative Segment……….	109.6	85.6	28%	103.3	6%	312.6	247.3	26%
Intersegment revenue………	(0.2)	(0.6)	(67%)	(0.5)	(60%)	(0.9)	(0.9)	0%
Net Alternative Segment Revenue……………………	109.4	85.0	29%	102.8	6%	311.7	246.4	27%

Net revenues of the alternative segment were up 29% year on year to US$ 109.4 million. The Group's regional businesses contributed US$ 12.8 million to total segment revenues, which represented a seven fold growth year on year. Regional operations include Porttelecom, Comstar-Ukraine, Sochi branch, Povozhie branch, Overta, Conversia, Kontrast, Unitel, TNGS and Astelit.

Revenues from residential subscribers grew by 18% year on year to US$ 22.5 million. This growth reflected continued increase in the residential broadband subscriber base, which accounted for 87% of total residential revenues or US$ 19.5 million in the third quarter of 2006 compared to 78% or US$ 14.8 million a year ago. Revenues from the residential broadband segment were up 32% year on year. The launch of new advertising campaign in September 2006, including introduction of an unlimited tariff plan "STREAM-First" priced at US$ 15 per month has proven successful in attracting new subscribers. The total number of broadband subscribers increased to 313,189 customers as of the end of the third quarter of 2006, which represented a 58% growth year on year. Average revenue per ADSL line (ARPL)[3], excluding connection fee, increased by 6% year on year in the third quarter from US$ 18 to US$ 19, and by 5% from US$ 19 to US$ 20 for the year to date.

Revenues from residential subscribers charged for calls to other (primarily, mobile) operators under CPP contributed approximately US$ 0.3 million to residential voice revenues during the quarter.

Revenues from corporate subscribers were up 8% year on year to US$ 39.1 million.

The revenue growth in alternative segment is affected by the change in the long-distance traffic routing rules and corresponding change in reporting of revenues from long-distance services. Should the old rules prevail, the voice service revenue from corporate customers in the third quarter would have been approximately US$ 3.4 million higher yielding a 4% growth rate year on year.

To comply with the new long-distance traffic routing rules, the Group entered into agent agreements with authorized long-distance providers and started migration of its end-user customer base to the agent contracts in June 2006. The migration is expected to be completed by the end of 2006. Under the agent agreements, the Group distributes the services of authorized long distance operators, receiving a share in long-distance revenues generated by the end users from authorized operators in the form of commission. This commission is approximately equal to the gross margin that was earned under the old rules. Under the old rules, the Group reported all long-distance revenues on a gross basis, i.e. full amount earned from customer was shown as revenue and corresponding settlement cost was included in operating expenses. Under the new rules, the long-distance revenues generated by the customers are reported on a net basis, i.e. only the commission is shown as revenue from a long-distance operator with no corresponding settlement cost. The long-distance revenues from customers that were not yet transferred in the third quarter to the agent scheme were reported on a gross basis.

	New - Agent scheme (Net basis)	**Old scheme (Gross basis)**
Revenue…………….	1.7	7.6
Settlement (traffic) cost ………………….	-	4.9

Should the Group continue to recognize all proceeds collected from customers for long-distance traffic on behalf of long-distance providers as its own revenue, the US$ 1.7 million commission revenue recognised in the third quarter of 2006 would have been reported as approximately US$ 3.4 million revenue with US$ 1.7 million of settlement cost included in operating expenses. This revenue would have been reported as corporate end user revenue, while now it is shown as revenue from a long distance carrier – in the operators section. This change primarily affects presentation of revenues and costs in the Income Statement and has no material impact on the Group's underlying performance.

Revenue from corporate subscribers charged for calls to mobile operators under CPP contributed approximately US$ 0.7 million to corporate voice revenues during the quarter.

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

Revenue from data and Internet services to corporates was up 29% to US$ 20.1 million primarily as a result of an increase in number of installed channels.

Contribution from introduction of CPP is expected to have continued positive effect on revenues in the fourth quarter of 2006 for both corporate and residential voice customers.

Revenues from operators increased by US$ 2.9 million year on year to US$ 29.9 million. Partially this increase is the result of the reclassification of $1.7 million agent fee revenue from distribution of long-distance services of authorized long-distance operators to corporate customers that was previously reported as revenues from corporates.

Other revenues increased by 231% to US$ 5.3 million primarily due to growth in sales of ADSL modems and other equipment to our subscribers.

Divisional Financial Highlights – Traditional Segment (Moscow)

(US$ millions)	3Q 2006	3Q 2005	Growth 3Q'06 vs. 3Q '05	2Q 2006	Growth 3Q'06 vs. 2Q '06	9m 2006	9m 2005	Growth 9m'06 vs. 9m '05
Residential								
Voice ……….....................	87.6	54.1	62%	84.9	3%	237.2	163.5	45%
Payphones………………………	0.3	0.3	0%	0.4	(25%)	1.0	3.1	(68%)
Additional telecommunications services…………………………	2.1	1.6	31%	3.0	(30%)	7.7	6.6	17%
Other...	1.4	0.4	250%	0.6	133%	2.5	2.1	19%
Total	91.4	56.4	62%	88.9	3%	248.4	175.3	42%
Corporates								
Voice...	37.5	26.7	40%	34.3	9%	105.3	94.7	11%
Access node / Trunk rental	14.8	10.4	42%	12.3	20%	37.3	26.7	40%
Additional telecommunication services…………………………	3.6	1.9	89%	4.0	(10%)	10.6	9.0	18%
Other…………………………	2.5	2.0	25%	2.3	9%	9.0	5.2	73%
Total …………....................	58.4	41.0	42%	52.9	10%	162.2	135.6	20%
Operators………………………….	58.7	58.7	0%	67.8	(13%)	183.1	152.0	20%
Total revenues of the Traditional Segment…………………………	208.5	156.1	34%	209.6	(1%)	593.7	462.9	28%
Intersegment revenue……………...	(26.1)	(23.7)	10%	(25.8)	1%	(77.2)	(72.5)	6%
Net Traditional Segment Revenue	182.4	132.4	38%	183.8	(1%)	516.5	390.4	32%

Net Revenues of the traditional segment were up 38% year on year to US$ 182.4 million.

Revenues from residential subscribers were up 62% year on year to US$ 91.4 million, including the compensation received by MGTS from the federal budget in the amount of US$ 8.0 million for the discounts granted to certain categories of residential subscribers of MGTS prior to January 1, 2005. This payment was recognized as revenue upon cash collection.

As a result of the introduction of the CPP Rule, revenues from residential subscribers were up by approximately US$ 11.0 million in the third quarter of 2006.

Revenues from corporate subscribers were up 42% year on year to US$ 58.4 million driven primarily by the increase in regulated tariffs. Corporate voice revenues were positively impacted by the introduction of the CPP Rule, which contributed approximately US$ 3.7 million.

Revenues from operators were down by 13% quarter on quarter to US$ 58.7 million largely due to the recognition of revenues from Rostelecom for transition of certain types of traffic in the second quarter of 2006. Revenues from these traffic streams were not recognized in the third quarter of 2006 pending resolution of the Group's commercial dispute with Rostelecom in court.

FINANCIAL REVIEW

Net cash provided by operating activities during the third quarter of 2006 was up 2% to US$ 88.9 million year on year.

During the third quarter of 2006, Comstar UTS purchased 728,000 ordinary shares of MGTS representing 0.91% of voting interest and 0.76% of all MGTS' shares for the total cash consideration of US$ 13.2 million in comparison to US$ 4.4 million spent during the second quarter of 2006. This transaction is reflected in cash flows used in investing activities.

Net cash used in investing activities was US$ 182.1 million and apart from the purchase of MGTS' shares included US$ 75.7 million spent on purchases of equipment and US$ 2.8 million spent on purchases of intangible assets. Additional US$ 138.1 million were comprised of purchases of short-term investments and constituted primarily of a portion of IPO proceeds temporarily invested in short-term deposits.

Cash and cash equivalents as of September 30, 2006 were US$ 525.8 million and short term investments were US$ 488.0 million.

Total CAPEX grew by 59% year on year to US$ 81.3 million for the third quarter of 2006 and by 50% to US$ 216.3 million year to date. Approximately 85% of CAPEX spent during the third quarter of 2006 is attributable to traditional segment.

RECENT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

On September 15, 2006, the Extraordinary General Meeting of shareholders approved the share option program for the Board of Directors and the senior management of Comstar UTS. The program is being implemented based on separate decisions of the Board of Directors. In order to fund the share option program, on September 25, 2006 the Board of Directors of Comstar UTS approved the share buyback of up to 4.5% of the total number of shares in the form of GDRs to be completed by the end of 2009. From the launch of the program on October 30, 2006 to November 30, 2006, Comstar UTS acquired 8,776,761 shares in form of GDRs or 2.10% of its total issued shares, for a total consideration of approximately US$ 59.9 million.

Within the framework of the approved stock option program, and in accordance with a separate decision of the Board of Directors, on November 15, 2006, Comstar UTS entered into agreements granting stock bonuses in the form of shares (GDRs) for the total of 8,776,757 (2.10% of total issued shares) to certain members of its Board of Directors. Per one of these agreements, on December 1, 2006 Comstar UTS transferred 2,507,645 shares in the form of GDRs (0.60% of total issued shares) to Mr. Schebetov, Chairman of the Board of Directors. Market value of this award as of the grant date was approximately US$ 17.8 million.

On October 26, 2006, Comstar announced the acquisition of 1,605,500 ordinary shares in MGTS. The acquired shares represented 2.01% of the MGTS' ordinary shares, or 1.68% of the MGTS' total shares. Upon completion of this transaction, Comstar UTS interest in MGTS amounts to 66.88% of MGTS' ordinary shares, or 55.73% of MGTS' total shares.

On October 27, 2006, Comstar announced the purchase of 75% stake plus one share in Callnet, a transit operator, and Cornet, an Internet Services Provider, which together represent the second largest alternative telecommunications group in the Republic of Armenia.

On October 27, 2006, Comstar announced the signing of a cooperation agreement between OJSC Sheremetyevo International Airport and CJSC PortTelecom, a 100% owned subsidiary of Comstar-UTS. The agreement covers a range of activities, including the development, construction and operation on a concessionary basis of a modern broadband and multimedia telecommunications network on the airport territory.

On October 31, 2006, Comstar announced the acquisition of 100% stake in two telecom operators in Kiev, Ukraine – DG Tel and Technologic Systems – through its local subsidiary Comstar – Ukraine for a total cash consideration of US$ 4.7 million.

On November 16, 2006, Comstar announced that it has purchased regional licenses for provision of WiMAX-based services in the range of 5.4 – 5.7 GHz through a regional tender in Kiev, Kiev region, Odessa, Odessa region, Lvov and Lvov region. The total cost of this license was approximately US$ 0.8 million.

On December 4, 2006 Comstar announced that it has reached an agreement with Intracom Holdings (ASE:INTRK) to subscribe to a 51% stake in Hellas On Line SA (HoL) for a cash consideration of € 47.9 million. The closing of the transaction, which is subject to certain conditions precedent including approval of Greek regulatory authorities, is expected during the first quarter of 2007.

CONFERENCE CALL INFORMATION

The Group's management will discuss its third quarter 2006 results during a conference call today at 5 PM (Moscow time). To participate in the conference call, please dial in on the following numbers:

UK: +44 20 7138 0817
US: +1 718 354 1171
International: +44 20 7138 0817

A replay facility will also be made available and can be accessed using the numbers below:
UK: +44 20 7806 1970
US: +1 718 354 1112
International: +44 20 7806 1970

The replay access pin code is 4027548#

Attachment A

NON-GAAP FINANCIAL MEASURES

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

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

	3Q 2006		**2Q 2006**		**3Q 2005**		**9m 2006**		**9m 2005**	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Operating profit	76.5	26.2%	88.1	30.8%	72.1	33.2%	240.0	29.0%	200.8	31.5%
Add:										
Depreciation and amortisation	37.4	12.8%	26.9	9.3%	24.2	11.1%	91.2	11.0%	68.9	10.8%
OIBDA	113.9	39.0%	115.0	40.1%	96.3	44.3%	331.2	40.0%	269.7	42.3%

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

Average revenue per ADSL line (Residential Segment)

	3Q 2006	**2Q 2006**	**3Q 2005**	**9m 2006**	**9m 2005**
Revenue from Stream, residential subscribers, excluding connection fee (US$)………….....………..........................	17,489,683	19,129,882	9,877,028	53,050,051	25,511,083
Average monthly number of Stream broadband subscribers..	303,534	294,702	178,510	288,360	152,178
ARPL (US$)……………………………………….	19	22	18	20	19

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

	3Q 2006		**2Q 2006**		**3Q 2005**		**9m 2006**		**9m 2005**	
	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues	US$ 'mln	% of revenues
Purchases of property, plant and equipment…	75.7	25.9%	68.6	23.9%	38.2	17.6%	195.4	23.6%	127.1	20.0%
Purchases of intangible assets…………………	2.8	1.0%	12.4	4.3%	5.3	2.4%	16.1	1.9%	9.8	1.5%
Non-cash additions of property, plant and equipment and intangible assets……………….	2.8	1.0%	1.2	0.5%	7.5	3.5%	4.8	0.6%	7.6	1.2%
CAPEX……………	81.3	27.9%	82.2	28.7%	51.0	23.5%	216.3	26.1%	144.5	22.7%

Attachment B

"COMSTAR – United TeleSystems" OJSC
CONSOLIDATED AND COMBINED INCOME STATEMENTS

(US$ thousand, except for per share amounts)	**Unaudited Three months ended September 30,**		**Unaudited Nine months ended September 30,**	
	2006	**2005**	**2006**	**2005**
Operating revenues………………..	$ 291,795	$ 217,379	$ 828,193	$ 636,823
Operating expenses, net…………..	(215,305)	(145,287)	(595,796)	(441,831)
Other operating gains……………..	–	–	7,616	5,806
Operating income…...……………	**76,490**	**72,092**	**240,013**	**200,798**
Interest income………..……….	13,917	1,857	35,748	5,449
Interest expense ……………...	(3,375)	(4,146)	(13,760)	(12,168)
Foreign currency transactions gain, net...	5,216	1,951	15,063	1,043
Income before income taxes, income from affiliates and minority interests…………………	**92,248**	**71,754**	**277,064**	**195,122**
Income tax expense…………..	(21,906)	(16,388)	(57,839)	(50,304)
Income from affiliates………..	632	4	2,045	96
Minority interests…………….	(22,722)	(21,124)	(75,651)	(61,102)
Net income……..…………………	**$ 48,252**	**$ 34,246**	**$ 145,619**	**$ 83,812**
Weighted average number of common shares outstanding for the three and nine months ended September 30, 2006 – basic	360,198,360	–	341,359,532	–
Earnings per common share for the three and nine months ended September 30, 2006 – basic	0.13	–	0.43	–
Weighted average number of common shares outstanding for the three and nine months ended September 30, 2006 – diluted	417,940,860	–	399,102,032	–
Earnings per common share for the three and nine months ended September 30, 2006 – diluted	0.12	–	0.36	–

“COMSTAR – United TeleSystems” OJSC
CONSOLIDATED BALANCE SHEETS

(US$ thousand)		**Unaudited September 30, 2006**		**Audited December 31, 2005**
Assets				
Current assets:				
Cash and cash equivalents…………………………..	$	525,777	$	61,961
Short-term investments …………………………….		487,964		128,812
Trade receivables, net ………………………………		120,171		78,310
Other receivables and prepaid expenses……………		82,143		80,572
Inventories and spare parts …………………………		36,255		26,881
Assets held for resale……………………………….		–		15,260
Deferred tax assets, current portion………………...		19,874		13,432
Total current assets……………………………………..		1,272,184		405,228
Property, plant and equipment, net…………………		1,339,096		1,144,149
Intangible assets, net ……………………………….		157,096		55,355
Long-term investments ……………………………..		45,383		30,510
Restricted cash……………………………………		4,067		2,272
Deferred tax assets, long-term portion ……………..		8,232		3,847
Total assets…………………………………………..	**$**	**2,826,058**	**$**	**1,641,361**

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

(US$ thousand)	**Unaudited September 30, 2006**	**Audited December 31, 2005**
Liabilities and shareholders’ equity:		
Current liabilities:		
Accounts payable……………………………………	$ 39,652	$ 28,707
Deferred connection fees, current portion…………..	42,480	42,598
Subscriber prepayments……………………………..	42,314	41,228
Accrued expenses and other current liabilities……..	51,249	43,409
Taxes payable……………………………………….	13,693	17,837
Debt, current portion………………………………...	105,394	86,617
Capital lease obligations, current portion …………..	13,740	14,050
Total current liabilities………………………………….	308,522	274,446
Long-term liabilities:		
Deferred connection fees, net of current portion……	115,793	110,514
Debt, net of current portion…………………………	40,986	102,184
Capital lease obligations, net of current portion ……	20,055	30,765
Post-retirement obligations …………………………	12,576	16,216
Property, plant and equipment contributions…..……	111,177	102,746
Deferred tax liabilities, long-term portion ………….	44,153	9,005
Total long-term liabilities………………………………	344,740	371,430
Total liabilities………………………………………….	653,262	645,876
Minority interests ………………………………………	545,347	516,114
Shareholders’ equity:		
Share capital………………………………………....	23,900	18,982
Treasury stock……………………………………	(3,929)	(3,929)
Additional paid-in	1,068,460	100,051

capital…………………………..		
Retained earnings…………………………………..	496,293	352,647
Accumulated other comprehensive income…………	42,725	11,620
Total shareholders' equity……………………………..	1,627,449	479,371
Total liabilities and shareholders' equity……………	**$ 2,826,058**	**$ 1,641,361**

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

(US$ thousand)	Unaudited Three months ended September 30,		Unaudited Nine months ended September 30,	
	2006	**2005**	**2006**	**2005**
Operating activities:				
Net income………………..…………………………….........	$ 48,252	$ 34,246	$ 145,619	$ 83,812
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortisation………………………………	37,449	24,159	91,208	68,861
(Gain)/loss from disposal of fixed assets and assets held for resale and other non-cash items, net…………………………..	(2,114)	244	(4,191)	(4,644)
Deferred taxes………………………………………………	104	160	(1,257)	2,516
Income from affiliates………………………………………	(632)	(4)	(2,045)	(96)
Foreign currency transactions gain on non-operating activities, net………………………………………………..	(4,009)	(1,927)	(9,517)	(1,043)
Postretirement benefits……………………………………...	(412)	2,292	(4,407)	6,359
Minority interests…………………………………………...	22,722	21,124	75,651	61,102
Provision for doubtful debts………………………………...	3,450	757	9,561	3,472
Inventory obsolescence charge………………………………..	–	–	1,013	–
Changes in operating assets and liabilities:				
Trade receivables…………………………………………...	(14,084)	(4,060)	(52,648)	(17,070)
Other receivables and prepaid expenses………………………	(2,298)	(5,525)	(1,690)	(15,444)
Inventories and spare parts……………………………………	(2,845)	356	(8,919)	(2,553)
Accounts payable……………………………………………..	13,921	24,586	14,154	13,843
Deferred connection fees……………………………………	(172)	995	(2,513)	11,261
Subscriber prepayments………………………………………	(6,013)	(1,599)	(1,436)	747
Taxes payable……………………………………………….	(6,194)	(2,226)	(5,013)	1,643
Accrued expenses and other current liabilities………………	1,819	(6,243)	5,422	5,187
Net cash provided by operating activities……………………	**88,944**	**87,335**	**248,992**	**217,953**
Investing activities:				
Purchases of property, plant and equipment…………………	(75,667)	(38,192)	(195,417)	(127,125)
Proceeds from sale of property, plant and equipment and assets held for resale…………………………………………..	4,066	180	29,001	441
Proceeds from property insurance recovery…………………..	–	3,878	–	5,806
Purchases of intangible assets………………………………	(2,836)	(5,259)	(16,063)	(9,758)
Acquisition of subsidiaries, net of cash acquired……………...	–	(8,529)	(12,456)	(8,529)
Acquisition of minority interests………………………………	(13,216)	–	(150,241)	–
Purchases of long-term investments…………………………..	–	(36,394)	–	(36,394)
Proceeds from sale of long-term investments…………………	341	–	341	–
Purchases of short-term investments………………………….	(138,082)	(162,243)	(499,456)	(235,998)
Proceeds from sale of short-term investments………………...	45,088	168,762	146,424	205,804
Increase in restricted cash…………………………………….	(1,795)	(2,014)	(1,795)	(579)
Net cash used in investing activities……………………………	**(182,101)**	**(79,811)**	**(699,662)**	**(206,332)**

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

(US$ thousand)	**Unaudited Three months ended September 30,**		**Unaudited Nine months ended September 30,**	
	2006	**2005**	**2006**	**2005**
Financing activities:				
Proceeds from issuance of common stock, net of issuance costs…………………………….	(1,490)	–	975,519	–
Contributions from the controlling shareholder	–	5,513	–	12,508
Contributions from minority shareholders of subsidiaries…………………………………….	510	–	510	–
Proceeds from borrowings…………………….	4,995	27,046	163,833	117,023
Principal payments on borrowings …………….	(7,420)	(13,173)	(216,036)	(108,959)
Principal payments on capital lease obligations	(1,740)	(3,234)	(10,178)	(5,389)
Dividends and other distributions to shareholders……………………………………	(1,662)	(14,660)	(1,662)	(17,393)
Net cash provided by / (used in) financing activities…………………………………………..	**(6,807)**	**1,492**	**911,986**	**(2,210)**
Effects of foreign currency translation on cash and cash equivalents………………………………	627	193	2,500	(764)
Net increase / (decrease) in cash and cash equivalents………………………………………..	**(99,337)**	**9,209**	**463,816**	**8,647**
Cash and cash equivalents, beginning of the period	625,114	66,874	61,961	67,436
Cash and cash equivalents, end of the period…..	**$ 525,777**	**$ 76,083**	**$ 525,777**	**$ 76,083**

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

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Comstar UTS is a leading provider of integrated communications services in Moscow and the Moscow region in terms of revenues and subscribers and also offers communications services in other regions of Russia and the Commonwealth of Independent States. Comstar UTS had 3.6 million subscribers in its traditional segment of the business, 477.3 thousand subscribers in its alternative segment in Moscow and 92.2 thousand subscriber in its alternative segment in the regions at September 30, 2006. Comstar UTS offers voice, data and Internet, pay-TV and various value-added services to corporate, operator and residential subscribers, using its alternative and traditional fixed-line networks. Comstar UTS had consolidated operating revenues of US$ 828.2 million for the nine months of 2006 and Comstar UTS' consolidated assets totalled US$ 2.8 billion at September 30, 2006. Comstar UTS ordinary shares are listed on the Moscow Stock Exchange and on the London Stock Exchange under the symbol "CMST".

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 you 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.