

MOBILE TELESYSTEMS OJSC  
Form 6-K  
May 31, 2007

**FORM 6-K**  
**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Issuer**  
**May 31, 2007**

**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

Commission file number: 333-12032

**Mobile TeleSystems OJSC**

(Exact name of Registrant as specified in its charter)

**Russian Federation**

(Jurisdiction of incorporation or organization)

**4, Marksistskaya Street**  
**Moscow 109147**  
**Russian Federation**

(Address of principal executive offices)

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 whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

PRESS RELEASE

## FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED

MARCH 31, 2007

MOSCOW, RUSSIAN FEDERATION MAY 31, 2007 MOBILE TELESYSTEMS OJSC ( MTS - NYSE: MBT), THE LARGEST MOBILE PHONE OPERATOR IN RUSSIA AND THE CIS, ANNOUNCES ITS FIRST QUARTER 2007(1) FINANCIAL AND OPERATING RESULTS.

## Key Financial Highlights

- Consolidated revenues of \$1,741 million
- Consolidated OIBDA(2) of \$903 million (OIBDA margin of 51.9%)
- Consolidated net income of \$449 million
- Free cash-flow(3) positive with \$512 million

## Key Corporate and Industry Highlights

- Mrs. Cynthia Gordon appointed Chief Marketing Officer in January 2007
- Mr. Pavel Pavlovsky appointed Head of MTS Ukraine in February 2007
- 3G licenses received in Russia and Uzbekistan in April 2007
- Four independent candidates nominated for election to the BoD in April 2007
- Dividend for FY2006 proposed for approval at the AGM in the amount of \$747 million or \$1.87 per ADR
- Dividend policy adopted by BoD determining payout ratio of 50% of net income

## Financial Summary (Unaudited)

US\$ million	Q1 2007	Q1 2006	Change Y-on-Y	Q4 2006	Change Q-on-Q	
Revenues	1,741.4	1,288.7	35.1	% 1,805.9	- 3.6	%
OIBDA	903.1	598.6	50.9	% 937.9	- 3.7	%
<i>OIBDA margin</i>	<i>51.9</i>	<i>% 46.5</i>	<i>% + 5.4</i>	<i>pp 51.9</i>	<i>% + 0</i>	<i>pp</i>
Net operating income	597.2	334.2	78.7	% 648.8	- 8.0	%
<i>Net operating margin</i>	<i>34.3</i>	<i>% 25.9</i>	<i>% + 8.4</i>	<i>pp 35.9</i>	<i>% - 1.6</i>	<i>pp</i>
Net income	448.6	184.4	143.3	% 110.3	(4) 306.7	%

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- (1) Based on unaudited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ( US GAAP ).
- (2) See Attachment A for definitions and reconciliation of OIBDA and OIBDA margin to their most directly comparable US GAAP financial measures.
- (3) See Attachment B for reconciliation of free cash-flow to net cash provided by operating activity.
- (4) Reflecting an amendment of the FY 2006 financial statements.

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Leonid Melamed, President and Chief Executive Officer, commented, "Our results are an affirmation of our strategic direction and a validation of our common approach to our markets. The revenue and OIBDA improvement we have witnessed in the past few quarters lay a foundation for sustained growth for the Group: strengthening our brand for our customers, improving efficiencies and profitability throughout the organization and with our acquisition of a 3G license rolling out new technologies for our networks. At the same time, enhanced financial management and our recent adoption of a dividend policy will ensure on-going shareholder returns."

## **Operating Overview**

### *Market Growth*

Mobile penetration<sup>(5)</sup> increased from 105% to 107% in Russia and from 103% to 108% in Ukraine during the first quarter of 2007.

During the quarter mobile penetration in Uzbekistan increased from 9.4% to 11.5% and from 3.2% to 3.4% in Turkmenistan. In Belarus, mobile penetration increased from 60.8% to 63.8% for the same period.

### *Subscriber Development*

The Company added 1.3 million new customers during the first quarter of 2007 on a consolidated basis, all of which were added organically. MTS operations in Russia accounted for 0.3 million; 0.7 million were added in Ukraine, approximately 252.8 thousand in Uzbekistan and 14.9 thousand in Turkmenistan.

In the first quarter of 2007 the Company's churn rates in Russia increased from 5.1% to 6.1% and in Ukraine decreased from 8.2% to 7.8%.

Since the end of the first quarter to April 30, 2007, MTS has organically added a further 0.3 million users, expanding its consolidated subscriber base to 74.52 million.

### *Market Share*

In Russia, MTS had a leading market share in subscribers of approximately 33%. In Ukraine, the Company's market share was 40%. MTS market share<sup>(6)</sup> in Uzbekistan and Turkmenistan was at 56% and 83% respectively at the end of the first quarter of 2007.

In Belarus, the market share was 54%.

### *Customer Segmentation*

Subscriptions to MTS pre-paid tariff plans accounted for 87% of gross additions in Russia and 95% in Ukraine in the first quarter. At end of the first quarter 2007, 89% of MTS customers in Russia were signed up to pre-paid tariff plans. In Ukraine, the share of customers signed to pre-paid tariff plans remained at 93%.

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(5) The source for all market information based on the number of SIM cards in Russia and Ukraine in this press release is AC&M-Consulting.

(6) According to the Company's estimates.

**Key Operating Summary***IMPORTANT DISCLOSURE INFORMATION*

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Total consolidated subscribers, end of period (mln)	61.05	64.10	67.59	72.86	74.16
Russia	45.84	48.04	49.99	51.22	51.50
Ukraine	14.46	15.11	16.36	20.00	20.75
Uzbekistan(7)	0.67	0.82	1.09	1.45	1.70
Turkmenistan	0.09	0.12	0.14	0.18	0.20
MTS Belarus(8)	2.34	2.58	2.89	3.21	3.37

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
<b>Russia</b>					
ARPU (US\$)	6.6	7.5	8.6	8.5	8.2
MOU (minutes)	118	128	135	133	134
Churn rate (%)	6.3	5.4	6.4	5.1	6.1
SAC per gross additional subscriber (US\$)	18.7	23.8	22.3	29.1	26.2
<b>Ukraine</b>					
ARPU (US\$)	7.5	8.0	8.7	7.2	5.7
MOU (minutes)	147	152	157	147	135
Churn rate (%)	6.1	7.9	9.5	8.2	7.8
SAC per gross additional subscriber (US\$)	14.4	12.7	9.7	7.8	11.2

(7) MTS employs a two-month inactive churn policy in Uzbekistan

(8) MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated.

**Russia**

- First quarter revenues up 40.9% year-on-year to \$1,309.0 million(9)
- First quarter OIBDA up 57.2% year-on-year to \$681.9 million; OIBDA margin of 52.1%
- First quarter net income up 199.7% year-on-year to \$362.2 million

MTS average monthly minutes of usage per subscriber (MOU) in Russia slightly increased sequentially from 133 to 134 minutes in the first quarter of 2007. Post-paid subscribers MOU continued its growth and reached 456 minutes from 455 minutes in the previous quarter.

The average monthly service revenue per subscriber (ARPU) in Russia decreased from \$8.5 to \$8.2.

Subscriber acquisition costs (SAC) in the first quarter of 2007 decreased from \$29.1 to \$26.2.

**Ukraine**

- First quarter revenues up 10.7% year-on-year to \$351.0 million(10)
- First quarter OIBDA up 17.1% year-on-year to \$168.4 million; OIBDA margin of 48.0%
- First quarter net income up 2.9% year-on-year to \$63.8 million

MOU decreased sequentially in Ukraine in the first quarter from 147 minutes to 135 minutes.

ARPU in Ukraine decreased sequentially from \$7.2 to \$5.7 in the first quarter.

SAC increased sequentially from \$7.8 to \$11.2 in the first quarter.

**Uzbekistan**

**Revenues in Uzbekistan in the first quarter added \$49.1 million(11) to the Company's consolidated revenues (up 93.2% y-o-y), \$31.3 million to its consolidated OIBDA (up 99.0% y-o-y) with an OIBDA margin of 63.7%, and \$16.8 million to its consolidated net income (up 175.4% y-o-y). First quarter ARPU was \$10.3, a decrease from \$12.0 in the previous quarter. First quarter MOU was 463 minutes, a decrease from 515 minutes in the previous quarter.**

**Turkmenistan**

MTS operations in Turkmenistan contributed \$35.2 million to the Company's consolidated revenues (up 85.1%) and \$21.6 million to its consolidated OIBDA (up 300.6%) with an OIBDA margin of 61.2% in the first quarter of 2007. First quarter ARPU was at \$61.4, an increase from \$60.2 in the previous quarter. First quarter MOU was 227 minutes down from 239 minutes in the previous quarter.

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- (9) Excluding intercompany eliminations of \$0.9 million.
- (10) Excluding intercompany eliminations of \$1.8 million.
- (11) Excluding intercompany eliminations of \$0.2 million.

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**Financial Position**

MTS expenditure on property, plant and equipment in the first quarter totaled \$206.5 million, of which \$95.0 million was invested in Russia, \$107.4 million in Ukraine, \$2.7 million in Uzbekistan and \$1.4 million in Turkmenistan.

MTS spent \$17.4 million on the purchase of intangible assets during the first quarter (\$15.3 million in Russia and \$2.1 million in Ukraine).

As of March 31, 2007, MTS total debt<sup>(12)</sup> was at \$3.0 billion, resulting in a ratio of total debt to LTM OIBDA<sup>(13)</sup> of 0.9 times. Net debt amounted to \$2.3 billion at the end of the quarter and the net debt to LTM OIBDA of 0.6 times.

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For further information, please contact:  
Mobile TeleSystems, Moscow  
Investor Relations  
Tel: +7 495 223 2025  
E-mail: ir@mts.ru

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Mobile TeleSystems OJSC ( MTS ) is the largest mobile phone operator in Russia and the CIS. Together with its subsidiaries, the Company services over 74.52 million subscribers. The regions of Russia, as well as Belarus, Turkmenistan, Ukraine, and Uzbekistan, in which MTS and its associates and subsidiaries are licensed to provide GSM services, have a total population of more than 230 million. Since June 2000, MTS Level 3 ADRs have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about MTS can be found on MTS website at [www1.mtsgsm.com](http://www1.mtsgsm.com).

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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 MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as expect, believe, anticipate, estimate, intend, will, could, may or might, and such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned Risk Factors that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, risks associated with operating in Russia, volatility of stock price, financial risk management and future growth subject to risks.

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(12) Total debt is comprised of the current portion of debt, current capital lease obligations, long-term debt and long-term capital lease obligations; net debt is the difference between the total debt and cash and cash equivalents and short-term investments; see Attachment B for reconciliation of net debt to our consolidated balance sheet.

(13) LTM OIBDA represents the last twelve months of rolling OIBDA. See Appendix B for reconciliations to our consolidated statements.



## Attachments to the First Quarter 2007 Earnings Press Release

## Attachment A

*Non-GAAP financial measures.* This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

*Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin.* OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, 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 calculation is commonly used as one of the bases for 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 can be reconciled to our consolidated statements of operations as follows:

US\$ million	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Operating income	334.2	465.2	685.5	648.8	597.2
Add: depreciation and amortization	264.4	265.1	277.3	289.2	305.9
OIBDA	598.6	730.3	962.8	937.9	903.1

US\$ million	Q1 2006			
	Russia	Ukraine	Uzbekistan	Turkmenistan
Operating income	229.9	92.9	9.9	1.5
Add: depreciation and amortization	203.9	50.8	5.8	3.9
OIBDA	433.8	143.7	15.7	5.4

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US\$ million	Q2 2006			
	Russia	Ukraine	Uzbekistan	Turkmenistan
Operating income	316.6	126.5	9.1	13.0
Add: depreciation and amortization	195.7	58.6	6.9	3.9
OIBDA	512.4	185.1	16.0	16.9

US\$ million	Q3 2006			
	Russia	Ukraine	Uzbekistan	Turkmenistan
Operating income	485.3	173.5	15.4	11.2
Add: depreciation and amortization	206.4	60.3	6.8	3.8
OIBDA	691.7	233.8	22.2	15.1

US\$ million	Q4 2006			
	Russia	Ukraine	Uzbekistan	Turkmenistan
Operating income	479.0	137.6	22.1	10.1
Add: depreciation and amortization	213.3	64.1	7.5	4.3
OIBDA	692.3	201.7	29.6	14.4

US\$ million	Q1 2007			
	Russia	Ukraine	Uzbekistan	Turkmenistan
Operating income	463.6	92.9	23.6	17.2
Add: depreciation and amortization	218.3	75.5	7.7	4.4
OIBDA	681.9	168.4	31.3	21.6

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OIBDA margin can be reconciled to our operating margin as follows:

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Operating margin	25.9 %	31.2 %	38.1 %	35.9 %	34.3 %
Add: depreciation and amortization as a percentage of revenue	20.6 %	17.8 %	15.4 %	16.0 %	17.6 %
OIBDA margin	46.5 %	48.9 %	53.6 %	51.9 %	51.9 %

	Q1 2006		Ukraine		Uzbekistan		Turkmenistan	
	Russia							
Operating margin	24.8	%	29.3	%	39.0	%	7.7	%
Add: depreciation and amortization as a percentage of revenue	21.9	%	16.0	%	22.8	%	20.6	%
OIBDA margin	46.7	%	45.3	%	61.8	%	28.3	%

	Q2 2006		Ukraine		Uzbekistan		Turkmenistan	
	Russia							
Operating margin	29.2	%	35.3	%	32.7	%	54.3	%
Add: depreciation and amortization as a percentage of revenue	18.0	%	16.4	%	24.6	%	16.4	%
OIBDA margin	47.2	%	51.7	%	57.3	%	70.7	%

	Q3 2006		Ukraine		Uzbekistan		Turkmenistan	
	Russia							
Operating margin	36.8	%	41.8	%	41.6	%	33.9	%
Add: depreciation and amortization as a percentage of revenue	15.6	%	14.5	%	18.3	%	11.5	%
OIBDA margin	52.4	%	56.4	%	59.9	%	45.4	%

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	<b>Q4 2006</b>		<b>Ukraine</b>		<b>Uzbekistan</b>		<b>Turkmenistan</b>	
	<b>Russia</b>							
Operating margin	35.9	%	34.4	%	47.8	%	33.9	%
Add: depreciation and amortization as a percentage of revenue	16.0	%	16.0	%	16.2	%	14.6	%
OIBDA margin	51.9	%	50.4	%	64.0	%	48.5	%

	<b>Q1 2007</b>		<b>Ukraine</b>		<b>Uzbekistan</b>		<b>Turkmenistan</b>	
	<b>Russia</b>							
Operating margin	35.4	%	26.5	%	48.0	%	48.8	%
Add: depreciation and amortization as a percentage of revenue	16.7	%	21.5	%	15.7	%	12.4	%
OIBDA margin	52.1	%	48.0	%	63.7	%	61.2	%

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**Attachment B**

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Net debt can be reconciled to our consolidated balance sheets as follows:

US\$ million	As of Dec 31, 2006	As of Mar 31, 2007
Current portion of debt and of capital lease obligations	150.7	550.6
Long-term debt	2,924.5	2,484.9
Capital lease obligations	3.3	2.7
Total debt	3,078.5	3,038.2
Less:		
Cash and cash equivalents	(220.0 )	(643.9 )
Short-term investments	(56.0 )	(106.3 )
Net debt	2,802.5	2,288.0

Last twelve month (LTM) OIBDA can be reconciled to our consolidated statements of operations as follows:

US\$ million	Year ended Dec 31, 2006 A	Three month ended Mar 31, 2006 B	Nine month ended Dec 31, 2006 C=A-B
Net operating income	2,133.7	334.2	1,799.5
Add: depreciation and amortization	1,096.0	264.4	831.6
OIBDA	3,229.7	598.6	2,631.1
OIBDA for the three months ended March 31, 2007			903.1
LTM OIBDA at March 31, 2007			3,534.2

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Free cash-flow can be reconciled to our consolidated statements of cash flow as follows:

US\$ million	For three months ended March 31, 2006	For three months ended March 31, 2007
Net cash provided by operating activities	372.6	736.1
Less:		
Purchases of property, plant and equipment	(297.2 )	(206.5 )
Purchases of intangible assets	(38.1 )	(17.4 )
Purchases of other investments	(2.8 )	
Acquisition of subsidiaries, net of cash acquired	(23.6 )	
Free cash-flow	10.9	512.2

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**Attachment C**

**Definitions**

*Subscriber.* We define a subscriber as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

*Average monthly service revenue per subscriber (ARPU).* We calculate our ARPU by dividing our service revenues for a given period, including interconnect and guest roaming fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

*Average monthly minutes of usage per subscriber (MOU).* MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

*Churn.* We define our churn as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber's request), expressed as a percentage of the average number of our subscribers during that period.

*Subscriber acquisition cost (SAC).* We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

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**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**

(Amounts in thousands of U.S. dollars, except share and per share amounts)

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>Net operating revenue</b>		
Service revenue and connection fees	\$ 1 719 303	\$ 1 250 548
Sales of handsets and accessories	22 128	38 161
	<b>1 741 431</b>	<b>1 288 709</b>
<b>Operating expenses</b>		
Cost of services	362 987	239 028
Cost of handsets and accessories	40 899	62 119
Sales and marketing expenses	138 468	128 422
General and administrative expenses	253 163	205 935
Depreciation and amortization	305 909	264 427
Provision for doubtful accounts	18 332	35 728
Other operating expenses	24 458	18 829
<b>Net operating income</b>	<b>597 215</b>	<b>334 221</b>
Currency exchange and transaction gains	(28 669	) (11 161
<b>Other expenses / (income):</b>		
Interest income	(7 623	) (3 747
Interest expense	37 870	42 075
Other expenses / (income)	(27 301	) 17 666
<b>Total other expenses, net</b>	<b>2 946</b>	<b>55 994</b>
<b>Income before provision for income taxes and minority interest</b>	<b>622 938</b>	<b>289 388</b>
Provision for income taxes	168 091	102 908
Minority interest	6 266	2 056
<b>Net income</b>	<b>448 581</b>	<b>184 424</b>
Weighted average number of common shares outstanding, in thousands	1 987 610	1 987 926
Earnings per share - basic and diluted	0,23	0,09



**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2007 AND DECEMBER 31, 2006**

(Amounts in thousands of U.S. dollars, except share amounts)

	As of March 31, 2007	As of December 31, 2006
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 643 863	\$ 219 989
Short-term investments	106 335	56 047
Trade receivables, net	325 275	298 479
Accounts receivable, related parties	8 496	8 434
Inventory and spare parts	181 369	196 265
VAT receivable	296 146	339 614
Prepaid expenses and other current assets	542 945	510 291
<b>Total current assets</b>	<b>2 104 429</b>	<b>1 629 119</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>5 714 769</b>	<b>5 297 669</b>
<b>INTANGIBLE ASSETS</b>	<b>1 388 876</b>	<b>1 406 876</b>
<b>INVESTMENTS IN AND ADVANCES TO ASSOCIATES</b>	<b>167 349</b>	<b>141 473</b>
<b>OTHER INVESTMENTS</b>	<b>3 856</b>	<b>3 856</b>
<b>OTHER ASSETS</b>	<b>97 321</b>	<b>94 952</b>
<b>Total assets</b>	<b>9 476 600</b>	<b>8 573 945</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	424 670	309 712
Accrued expenses and other current liabilities	1 113 447	1 124 710
Accounts payable, related parties	126 563	135 256
Current portion of long-term debt, capital lease obligations	550 570	150 626
<b>Total current liabilities</b>	<b>2 215 250</b>	<b>1 720 304</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	2 484 934	2 924 539
Capital lease obligations	2 697	3 287
Deferred income taxes	64 929	86 349
Deferred revenue and other	36 254	42 879
<b>Total long-term liabilities</b>	<b>2 588 814</b>	<b>3 057 054</b>
<b>Total liabilities</b>	<b>4 804 064</b>	<b>4 777 358</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>MINORITY INTEREST</b>	<b>51 204</b>	<b>44 806</b>
<b>SHAREHOLDERS EQUITY:</b>		
Common stock: (2,096,975,792 shares with a par value of 0.1 rubles authorized and 1,993,326,138 shares issued as of March 31, 2007 and December 31, 2006, 776,521,375 and 776,550,625 of which are in the form of ADS as of March 31, 2007 and December 31, 2006)	50 558	50 558
Treasury stock (15,922,129 common shares at cost as of March 31, 2007 and December 31, 2006)	(114 778	) (114 778
Additional paid-in capital	571 611	571 718

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Unearned compensation		
Shareholder receivable		
Accumulated other comprehensive income	516 983	89 916
Retained earnings	3 596 958	3 154 367
<b>Total shareholders equity</b>	<b>4 621 332</b>	<b>3 751 781</b>
<b>Total liabilities and shareholders equity</b>	<b>9 476 600</b>	<b>8 573 945</b>

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**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**

(Amounts in thousands of U.S. dollars)

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net cash provided by operating activities</b>	\$ 736 114	\$ 374 437
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of subsidiaries, net of cash acquired		(23 618 )
Purchases of property, plant and equipment	(206 486 )	(297 180 )
Purchases of intangible assets	(17 390 )	(38 071 )
Purchases of short-term investments	(103 968 )	(55 472 )
Proceeds from sale of short-term investments	55 231	25 325
Purchase of other investments		(2 799 )
Investments in and advances to associates		
Decrease / (Increase) in restricted cash	537	(1 869 )
<b>Net cash used in investing activities</b>	<b>(272 076 )</b>	<b>(393 684 )</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from stock options exercised		
Proceeds from issuance of notes		
Repurchase of common stock		
Repayment of notes		
Notes and debt issuance cost	(525 )	(682 )
Capital lease obligation principal paid	(966 )	(2 067 )
Dividends paid		
Proceeds from loans		204 538
Loan principal paid	(39 553 )	(144 750 )
Payments from Sistema		3 219
<b>Net cash (used in) / provided by financing activities</b>	<b>(41 044 )</b>	<b>60 258</b>
Effect of exchange rate changes on cash and cash equivalents	880	(35 )
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS:</b>	<b>423 874</b>	<b>40 976</b>
<b>CASH AND CASH EQUIVALENTS, at beginning of period</b>	<b>219 989</b>	<b>78 284</b>
<b>CASH AND CASH EQUIVALENTS, at end of period</b>	<b>643 863</b>	<b>119 260</b>

**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.

**MOBILE TELESYSTEMS OJSC**

By: Leonid Melamed  
Name: Leonid Melamed  
Title: CEO

Date: May 31, 2007

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