GOLDEN TELECOM INC
Form 10-Q
April 29, 2005

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

(Commission file number: 0-27423)

Golden Telecom, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**51-0391303**
(State of incorporation)	(I.R.S. Employer Identification No.)

Representation Office Golden TeleServices, Inc.
1 Kozhevnichesky Proezd
Moscow, Russia 115114
(Address of principal executive office)

(011-7-501) 797-9300
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes þ No o

At April 27, 2005 there were 36,324,490 outstanding shares of common stock of the registrant.

TABLE OF CONTENTS

* Please refer to the special note regarding forward-looking statements in this section.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements of Golden Telecom, Inc.

GOLDEN TELECOM, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of US$, Except Share Data)

	December 31, 2004 (audited)	March 31, 2005 (unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 53,699	$ 62,672
Accounts receivable, net of allowance for doubtful accounts of $23,205 and $25,530 at December 31, 2004 and March 31, 2005, respectively	89,177	95,106
VAT receivable	19,022	18,988
Prepaid expenses and advances to suppliers	13,793	12,140
Deferred tax asset	7,863	8,874
Other current assets	16,738	20,848
TOTAL CURRENT ASSETS	200,292	218,628
Property and equipment, net of accumulated depreciation of $185,781 and $199,649 at December 31, 2004 and March 31, 2005, respectively	347,891	352,269
Goodwill and intangible assets:		
Goodwill	146,254	146,254
Intangible assets, net of accumulated amortization of $41,999 and $46,525 at December 31, 2004 and March 31, 2005, respectively	101,316	97,866
Net goodwill and intangible assets	247,570	244,120
Restricted cash	1,012	1,016
Other non-current assets	9,003	8,528
TOTAL ASSETS	$ 805,768	$ 824,561

See notes to condensed consolidated financial statements.

Table of Contents

GOLDEN TELECOM, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands of US$, Except Share Data)

	December 31, 2004 (audited)	March 31, 2005 (unaudited)
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 81,474	$ 86,029
VAT payable	14,235	15,322
Current capital lease obligation	2,301	2,234
Deferred revenue	11,761	12,856
Due to affiliates and related parties	3,199	2,921
Other current liabilities	3,572	3,228
TOTAL CURRENT LIABILITIES	116,542	122,590
Long-term debt, less current portion	200	253
Long-term deferred tax liability	24,244	23,933
Long-term deferred revenue	23,124	25,351
Long-term capital lease obligations	1,538	972
Other non-current liabilities	2,001	10
TOTAL LIABILITIES	167,649	173,109
Minority interest	11,738	12,284
SHAREHOLDERS EQUITY		
Preferred stock, $0.01 par value (10,000,000 shares authorized; none issued and outstanding at December 31, 2004 and March 31, 2005)		
Common stock, $0.01 par value (100,000,000 shares authorized; 36,322,490 and 36,324,490 shares issued and outstanding at December 31, 2004 and March 31, 2005, respectively)	363	363
Additional paid-in capital	669,777	669,801
Accumulated deficit	(43,759)	(30,996)
TOTAL SHAREHOLDERS EQUITY	626,381	639,168
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 805,768	$ 824,561

See notes to condensed consolidated financial statements.

Table of Contents

GOLDEN TELECOM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands of US$, Except Per Share Data)
(unaudited)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2005
REVENUE:		
Telecommunication services	$ 132,580	$ 155,598
Revenue from affiliates and related parties	594	867
TOTAL REVENUE	133,174	156,465
OPERATING COSTS AND EXPENSES:		
Access and network services (excluding depreciation and amortization)	68,279	79,997
Selling, general and administrative (excluding depreciation and amortization)	26,393	27,586
Depreciation and amortization	17,368	19,721
TOTAL OPERATING COSTS AND EXPENSES	112,040	127,304
INCOME FROM OPERATIONS	21,134	29,161
OTHER INCOME (EXPENSE):		
Equity in losses of ventures		(98)
Interest income	269	376
Interest expense	(195)	(87)
Foreign currency gain	827	364
TOTAL OTHER INCOME	901	555
Income before minority interest and income taxes	22,035	29,716
Minority interest	315	546
Income taxes	7,069	9,143
NET INCOME	$ 14,651	$ 20,027
Basic earnings per share of common stock:		
Net income per share basic	$ 0.41	$ 0.55

Weighted average common shares basic	36,045	36,324
Diluted earnings per share of common stock:		
Net income per share diluted	$ 0.40	$ 0.55
Weighted average common shares diluted	36,507	36,575
Cash dividends per common share	$ 0.20	$ 0.20

See notes to condensed consolidated financial statements.

Table of Contents

GOLDEN TELECOM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of US$)
(unaudited)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2005
OPERATING ACTIVITIES		
Net income	$ 14,651	$ 20,027
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	12,964	15,182
Amortization	4,404	4,539
Equity in losses of ventures		98
Foreign currency gain	(827)	(364)
Bad debt expense	1,179	2,609
Other	(827)	(878)
Changes in assets and liabilities:		
Accounts receivable	(11,674)	(8,215)
Accounts payable and accrued expenses	12,561	6,182
VAT, net	846	1,126
Other changes in assets and liabilities	(3,754)	(1,385)
NET CASH PROVIDED BY OPERATING ACTIVITIES	29,523	38,921
INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(25,887)	(21,717)
Acquisitions, net of cash acquired	(4,215)	(946)
Restricted cash	(2)	(4)
Other investing	26	455
NET CASH USED IN INVESTING ACTIVITIES	(30,078)	(22,212)
FINANCING ACTIVITIES:		
Net proceeds from exercise of employee stock options	2,079	24
Cash dividends paid	(7,223)	(7,264)
Other financing	(1,121)	(633)
NET CASH USED IN FINANCING ACTIVITIES	(6,265)	(7,873)
Effect of exchange rate changes on cash and cash equivalents	299	137

Net increase (decrease) in cash and cash equivalents		(6,521)		8,973
Cash and cash equivalents at beginning of period		65,180		53,699
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	58,659	$	62,672

See notes to condensed consolidated financial statements.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

Golden Telecom, Inc. (the Company) is a provider of a broad range of telecommunication services to businesses, other telecommunications service providers and consumers. The Company provides these services through its operation of voice, Internet and data networks, international gateways, local access and various value-added services in the Commonwealth of Independent States (CIS), primarily in Russia, and through its fixed line and mobile operations in Ukraine.

The financial statements included herein are unaudited and have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) for interim financial reporting and United States Securities and Exchange Commission (SEC) regulations. Certain information and footnote disclosures normally included in complete financial statements prepared in accordance with US GAAP and SEC rules and regulations have been condensed or omitted pursuant to such US GAAP and SEC rules and regulations. In the opinion of management, the financial statements reflect all adjustments of a normal and recurring nature necessary to present fairly the Company s financial position, results of operations and cash flows for the interim periods. These financial statements should be read in conjunction with the Company s 2004 audited consolidated financial statements and the notes related thereto. The results of operations for the three months ended March 31, 2005 may not be indicative of the operating results for the full year.

Note 2: Summary of Significant Accounting Policies and New Accounting Pronouncements

Summary of Significant Accounting Policies

Goodwill and Intangible Assets

The total gross carrying value and accumulated amortization of the Company s intangible assets by major intangible asset class is as follows:

	As of December 31, 2004		As of March 31, 2005	
	(in thousands)			
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Amortized intangible assets:				
Telecommunications service contracts	$ 92,250	$ (21,917)	$ 92,464	$ (24,217)
Contract-based customer relationships	36,849	(10,883)	36,849	(12,740)
Licenses	4,358	(2,515)	5,169	(2,676)
Other intangible assets	9,858	(6,684)	9,909	(6,892)
Total	$ 143,315	$ (41,999)	$ 144,391	$ (46,525)

Other intangible assets include software, Internet software and related content, as well as other intangible assets.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from non-owner sources. For the three months ended March 31, 2004 and 2005, respectively, comprehensive income for the Company is equal to net income.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock-Based Compensation

The Company follows the provisions of Statement of Financial Accounting Standard (SFAS) No. 123, Accounting for Stock-Based Compensation, for its Equity Participation Plan. SFAS No. 123 establishes a fair value method of accounting for employee stock options and similar equity instruments. The fair value method requires compensation cost to be measured at the grant date based on the value of the award and to be recognized over the service period. SFAS No. 123 generally allows companies to either account for stock-based compensation under the fair value method of SFAS No. 123 or under the intrinsic value method of APB No. 25, Accounting for Stock Issued to Employees. The Company has elected to account for its stock-based compensation in accordance with the provisions of APB No. 25 and to present pro forma disclosures of results of operations as if the fair value method had been adopted.

The effect of applying SFAS No. 123 on the reported net income, as disclosed below is not representative of the effect on net income in future periods due to the vesting period of the stock options and the fair value of additional stock options in future periods.

	Three Months Ended March 31,	
	2004	2005
	(in thousands, except per share data)	
Net income, as reported	$ 14,651	$ 20,027
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	440	181
Pro forma net income	$ 14,211	$ 19,846
Net income per share:		
Basic as reported	$ 0.41	$ 0.55
Basic pro forma	0.39	0.55
Diluted as reported	0.40	0.55
Diluted pro forma	0.39	0.54

Income Taxes

The Company accounts for income taxes using the liability method required by SFAS No. 109, Accounting for Income Taxes. For interim reporting purposes, the Company also follows the provisions of Accounting Principles Board No. 28, Interim Financial Reporting, which requires the Company to account for income taxes based on the Company s best estimate of the effective tax rate expected to be applicable for the full fiscal year on a current year-to-date basis. The rate so determined is based on the currently enacted tax rates of the Company in the United States and the Company s subsidiaries in Russia and other CIS countries and includes the Company s best estimate of the annual tax effect of non-deductible expenses, primarily related to amortization of intangible assets, foreign exchange and other permanent differences as well as estimates as to the realization of certain deferred tax assets.

Deferred income taxes result from temporary differences between the tax basis of assets and liabilities and the basis as reported in the consolidated financial statements. The Company does not provide for deferred taxes on the undistributed earnings of its foreign subsidiaries, as such earnings are generally intended to be reinvested in those operations permanently. In the case of non-consolidated entities where our partner requests that a dividend be paid, the amounts are not expected to have a material impact on the Company s income tax liability. It is not practical to determine the amount of unrecognized deferred tax liability for such reinvested earnings.

Use of Estimates in Preparation of Financial Statements

The preparation of these consolidated financial statements, in conformity with US GAAP, requires management to make estimates and assumptions that affect amounts in the financial statements and accompanying notes and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Comparative Figures

Certain 2004 amounts have been reclassified to conform to the presentation adopted in the current year.

New Accounting Pronouncements

In December 2004, Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standard (SFAS) No. 123R, Share Based Payment , which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation SFAS No. 123R supersedes APB No. 25, Accounting for Stock Issued to Employees and amends SFAS No. 95, Statement of Cash Flows . Under SFAS No. 123R, companies must calculate and record the cost of equity instruments, such as stock options or restricted stock, awarded to employees for services received in the income statement; pro forma disclosure is no longer permitted. The cost of the equity instruments is to be measured based on the fair value of the instruments on the date they are granted (with certain exceptions) and is required to be recognized over the period during which the employees are required to provide services in exchange for the equity instruments. SFAS No. 123R is effective in the first annual reporting period beginning after June 15, 2005.

SFAS No. 123R provides two alternatives for adoption: (1) a modified prospective method in which compensation cost is recognized for all awards granted subsequent to the effective date of this statement as well as for the unvested portion of awards outstanding as of the effective date and (2) a modified retrospective method which follows the approach in the modified prospective method, but also permits entities to restate prior periods to reflect compensation cost calculated under SFAS No. 123 for pro forma amounts disclosure. The Company plans to adopt SFAS No. 123R using the modified prospective method. As the Company currently accounts for share based payments to employees in accordance with the intrinsic value method permitted under Accounting Principles Board No. 25, no compensation expense is recognized. On March 30, 2005, the SEC released Staff Accounting Bulletin No. 107, Share Based Payments, (SAB 107), which expresses the views of the SEC staff regarding the application of SFAS No. 123R. The impact of adopting SFAS No. 123R and SAB 107 cannot be accurately estimated at this time, as it will depend on the amount of share based awards granted in future periods. However, had the Company adopted SFAS No. 123R and SAB 107 in a prior period, the impact would approximate the impact of SFAS No. 123 as described in the disclosure of pro forma net income and earnings per share. SFAS No. 123R also requires that tax benefits received in excess of compensation cost be reclassified from an operating cash flow to a financing cash flow in the Consolidated Statement of Cash Flows. This change in classification will reduce net operating cash flows and increase net financing cash flows in the periods after adoption.

In March 2005, the FASB issued FASB Interpretation No. 47 (FIN No. 47), Accounting for Conditional Assets Retirement Obligations . FIN No. 47 clarifies that an entity must record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. FIN No. 47 is effective no later than the end of the fiscal year ending December 15, 2005. The Company does not expect that the adoption of FIN No. 47 will have a material effect on the financial position, results of operations, or cash flow.

Note 3: Net Earnings Per Share

Basic earnings per share at March 31, 2004 and 2005 is computed on the basis of the weighted average number of common shares outstanding. Diluted earnings per share at March 31, 2004 and 2005 is computed on the basis of the weighted average number of common shares outstanding plus the effect of outstanding employee stock options using the treasury stock method. The number of stock options excluded from the diluted earnings per share computation, because their effect was antidilutive for the three months ended March 31, 2004 and 2005, was 10,000 stock options.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of basic and diluted earnings per share were as follows:

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2005
	(in thousands, except per share data)	
Net income	$ 14,651	$ 20,027
Weighted average outstanding of:		
Common stock shares	36,045	36,324
Dilutive effect of:		
Employee stock options	462	251
Common stock and common stock equivalents	36,507	36,575
Earnings per share:		
Basic	$ 0.41	$ 0.55
Diluted	$ 0.40	$ 0.55

Note 4: Business Combinations

In March 2005, the Company completed the acquisition of 75% ownership interest in OOO Daicom (Daicom), an early stage wireless broadband enterprise, for approximately $0.5 million in cash. In conjunction with the acquisition, the Company entered into a participants agreement whereby the Company agreed to provide a secured loan to finance Diacom s initial working capital requirements. The amount of this secured loan has not yet been determined. The participants agreement also provided the seller with a put option that, if exercised, would require the Company to purchase the seller s remaining 25% interest at fair market value. In addition, the participants agreement provided the Company with a call option that, if exercised, would require the seller to sell after February 1, 2008 the seller s 25% interest in Diacom at any time beginning after February 1, 2008, if Diacom s valuation exceeds targeted levels by February 1, 2008.

In March 2005, the Company expensed approximately $1.0 million in external legal, financial and consulting fees related to an acquisition opportunity the Company decided not to pursue, including advisory fees of approximately $0.1 million paid to an affiliate of Alfa Telecom Limited, a significant shareholder of the Company.

Note 5: Shareholders Equity

Common Stock

The Company s outstanding shares of common stock increased by 259,162 shares and 2,000 shares in the three months ended March 31, 2004 and 2005, respectively, which shares were issued in connection with the exercise of employee stock options.

Dividends

In February 2005, the Board of Directors of the Company declared a cash dividend of $0.20 per common share to shareholders of record as of March 17, 2005. The Company paid the total amount payable of approximately $7.3 million to shareholders on March 31, 2005.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6: Commitments and Contingencies

Tax Matters

The Company s wholly-owned subsidiary, Sovintel, is engaged in litigation with the Russian tax inspectorate in regard to claims against OAO Comincom (Comincom) and OAO Combellga (Combellga), both of which merged into Sovintel on December 1, 2004, issued by the tax inspectorate on July 8, 2004 and September 1, 2004, respectively. In accordance with the tax inspectorate decision, Comincom and Combellga are required to pay additional taxes, fines and penalties in the amount equal to approximately $5.5 million for years ended December 31, 2001 and 2002. Comincom and Combellga filed lawsuits against the tax inspectorate disputing the claims, and the court ruled in favor of the Company in both cases by dismissing the tax inspectorate s claims on January 21, 2005 and December 20, 2004, respectively. The Company expects that the tax inspectorate will appeal this decision. The term for last appeal expires in May 2005. The Company does not consider an unfavorable outcome of this matter probable at this time. While the Company intends to defend its position vigorously, it is difficult to predict with any degree of certainty the ultimate outcome of this litigation due to the state of the Russian judicial system. Since the tax claims relate to periods before the Company acquired 100% of shares of Comincom, they are covered by the indemnification provisions of the Share Exchange Agreement between the Company and Nye Telenor East Invest (Telenor). Therefore, in case of an unfavorable outcome of this litigation, the Company intends to seek indemnification from Telenor.

In March 2005, the Company reversed a $2.0 million accrued liability related to estimated taxes, including $0.6 million related to income taxes. This accrued liability was recorded upon the acquisition of one of the Company s Russian subsidiaries. Management has concluded that the probability of this accrued liability arising in the future is remote due to the expiry of Russian regulatory statutes of limitations for any potential tax claims from the Russian tax inspectorate. The net effect of the reversal of this accrued liability was $1.4 million reduction in selling, general and administrative expenses in the three months ended March 31, 2005 and $0.6 million reduction in intangible assets for the portion associated with income tax.

The Company s policy is to accrue for contingencies in the accounting period in which a liability is deemed probable and the amount is reasonably determinable. In this regard, because of uncertainties associated with Commonwealth of Independent States taxes (CIS Taxes), the Company s final CIS Taxes may be in excess of the estimated amount expensed to date and accrued at March 31, 2005. It is the opinion of management that the ultimate resolution of the Company s CIS Tax liability, to the extent not previously provided for, will not have a material effect on the financial condition of the Company. However, depending on the amount and timing of an unfavorable resolution of any contingencies associated with CIS Taxes, it is possible that the Company s future results of operations or cash flows could be materially affected in a particular period.

Russian Environment and Current Economic Situation

The Russian economy, while deemed to be of market status beginning in 2002, continues to display certain traits consistent with that of a market in transition. These characteristics have in the past included higher than normal historic inflation, lack of liquidity in the capital markets, and the existence of currency controls which cause the national currency to be illiquid outside of Russia. The continued success and stability of the Russian economy will be significantly impacted by the government s continued actions with regard to supervisory, legal, and economic reforms.

On January 1, 2004, the new law On Telecommunications (the New Law) came into effect in Russia. While most of the supporting regulations to implement the New Law have not been enacted, the Russian government approved in March 2005 new rules for interconnection (Interconnection Rules) that affect various areas of the telecommunications industry in Russia. The Company believes that the Interconnection Rules will impact the Company s operations in the areas of numbering capacity, licenses for international long distance traffic, voice over Internet Protocol traffic, and interconnect pricing. In addition, the New Law creates a universal service charge, effective July 1, 2005, calculated as 1.2% of revenue from services provided to customers, excluding interconnection and other operators traffic routing revenue. The Company is awaiting implementing rules from the government that will detail specifics of the universal service charge and the ability to provide services under the universal service fund.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On March 5, 2005, the Company submitted an application for an intercity and international telecommunications license in Russia. According to the application procedures, Rossvyaznadzor, a governmental body reporting to the Russian Ministry of Communications and responsible for the control and supervision of information technology and communications, has 75 days to respond to the application. If the license is granted and if the Company affirmatively decides to utilize the license, the Company has committed to Rossvyaznadzor to satisfy the network requirements specified in the Interconnection Rules within 18 months of accepting the license. The comprehensive interpretation and implementation of the Interconnection Rules are subject to and dependent upon pending regulations yet to be released by the Russian government. These include Regulations of the Register of Incumbents, Rules of Price Establishment for Interconnection and Traffic Routing, Regulations of Network Design, Rules of Non-Discriminatory Access to Infrastructure, and Calling Party Pays Regulations.

Other Commitments and Contingencies

In the ordinary course of business, the Company has issued financial guarantees of debt for the benefit of certain of the Company s equity investees, which is all collateralized by cash. The Company expects that all the collateralized debt will be repaid by the equity investees.

The Company has future purchase commitments of $69.0 million and $83.6 million as of March 31, 2004 and 2005, respectively. These purchase commitments primarily include the Company s contractual legal obligations for the future purchase of equipment, interconnect, and satellite transponder capacity.

In the ordinary course of business, the Company may be party to various legal and tax proceedings, and subject to claims, certain of which relate to the developing markets and evolving fiscal and regulatory environments in which the Company operates. In the opinion of management, the Company s liability, if any, in all pending litigation, other legal proceeding or other matters, will not have a material effect upon the financial condition, results of operations or liquidity of the Company.

Note 7: Segment Information

Line Of Business Data

The Company operates in four segments within the telecommunications industry. The four segments are: (1) Business and Corporate Services; (2) Carrier and Operator Services; (3) Consumer Internet Services; and (4) Mobile Services. The following tables present financial information for both consolidated subsidiaries and equity investee ventures, segmented by the Company s lines of businesses for the three months ended March 31, 2004 and 2005, respectively. Transfers between lines of businesses are included in the adjustments to reconcile segment to consolidated results. The Company evaluates performance based on the operating income (loss) of each strategic business unit, among other performance measures. In accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information , the Company has presented the following four segments consistent with the information used by the chief operating decision maker to manage the operations for purposes of making operating decisions and allocating resources.

Table of Contents

GOLDEN TELECOM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

							Adjustments to Reconcile Business Segment to Consolidated Results
	Business and	Carrier and	Consumer	Mobile	Corporate &	Business Segment	Equity