

Approved

Board of Directors of the Open Joint-Stock Company
« VSMPO - AVISMA Corporation »

Minutes May 13 2005 No.-

QUARTERLY REPORT

Public Stock Company « VSMPO - AVISMA Corporation »

Issuer code::

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For the 1th quarter of 2005

Issuer location:

1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region,
Russia

1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia,
624760

Postal address:

The information contained in the present quarterly report is subject to disclosure in
accordance with legislation of the Russian Federation on securities

Director General
Date May 13, 2005

Signature V.V.Tetjukhin

Chief Accountant
Date May 13, 2005

Signature T.V. Novosadova

Place for Seal

Contact: Tatyana Petrovna Shayakhmetova
Leading Economist for Financial Work

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Introduction

Full and abbreviated corporate name:

Open joint-stock company «VSMPO-AVISMA Corporation (JSC«VSMPO-AVISMA Corporation»)

Public stock company «VSMPO-AVISMA Corporation» («VSMPO-AVISMA Corporation»)

Location:

1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia

Postal address: 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760

Issuer's telephone numbers for contact:

Telephone: (34345) 2-13-60, 5-20-05

Fax: (34345) 2-47-36, 5-20-05

E-mail address: Shayahmetova@vsm-po.ru

Web-site where the full text of the quarterly report is available: www.vsm-po.ru

Web-site where the full text of the quarterly report is available: www.vsm-po.ru

Basic Information on securities placed:

Category: ordinary

Type of securities: registered uncertificated

Number of securities: 10625600

Par value of one security of the issue: 1 ruble

Based on the Federal Securities Commission Statement No. 03-18/ps dated 01.04.2003 and Federal Finance Control Order No. 04-933/pz-i Part 1 dated 11.11.2004, all issues of registered uncertificated securities of Joint-Stock Company Verkhnyaya Salda Metallurgical Production Association were combined (Federal Finance Control Notification No. 04-VG-03/10301 dated 16.11.2004). As a result of it, the following serial numbers issued to registered uncertificated securities of Joint-Stock Company Verkhnyaya Salda Metallurgical Production Association were cancelled:

- 62-1П-189 from 28.04.1993.
- 1-02-30202-D from 06.04.1998.
- 1-03-30202-D from 22.05.1998.

The specified above issues of registered uncertificated securities of Public Stock Company Verkhnyaya Salda Metallurgical Production Association were granted with the state serial number 1-01-30202-D from November 11, 2004.

On December 28, 2004, Special General Meeting of Shareholders has renamed the Joint Stock Company "Verkhnyaya Salda Metallurgical Production Association" into Public Stock Company «VSMPO-AVISMA Corporation». A certificate on making the entry into the Uniform Public Register of Legal Entities was issued on January 24, 2005; the public registration number is 2056600360254.

The present quarterly report contains assessments and forecasts produced by the authorized controls of the issuer concerning future events and/or actions, prospects for the development of the economic sector in which the issuer conducts its primary activities, and the performance results of the issuer including the issuer's plans and the probability of certain events and of certain actions. Investors should not fully rely on the assessment and forecasts of the issuer's controls because actual performance results of the issuer in the future can differ from the forecasts for various reasons. The acquisition of the issuer's securities is connected with the risks described in the present quarterly report.

I. Brief information on persons included in the Issuer's management bodies. Bank accounts. Auditor, appraiser, financial consultant. Other persons who have signed this Quarterly Report.

Persons included in the management authorities

Board of Directors:

Bresht, Vyacheslav Iosifovich, b.1953
 Kelly, Dennis, b. 1946
 Monahan, John, b. 1945
 Melnikov, Nikolai Konstantinovich, b.1955
 Levin, Igor Vasilyevich, b.1950
 Malygin, Igor Leonidovich, b.1961
 Ol'khovik, Yevgeny Nikolayevich, b.1955

One-Person Executive Body: Director General
 Tetjukhin, Vladislav Valentinovich, b. 1932

No collegial executive body is provided by the Charter.

1.2. Bank accounts

Type of Account	Account Number	Credit Organization	Location of the Credit Organization
1	2	3	4
Settlement a/c Deposit a/c Transit a/c, USD Current a/c, USD Current a/c, EUR Transit a/c, EUR	40702810100120001055 42101810100450015307 40702840900179001056 40702840800130001056 40702978700020001057 40702978400029001057	Open joint-stock company «Ural Commercial Bank for Foreign Trade» UVTB plc INN 6608000044 BIK 046577780 Corr.acc 30101810300000000780	620062 Ekaterin- burg, Chebyshev Str. 4B
Settlement a/c Deposit a/c	40702810100001125300 42101810500021125301	Closed joint-stock company «MDM-Bank-Ural» ZAO MDM-Bank-Ural INN 6608007402 BIK 046577870 Corr.acc 30101810100000000870	620075 Ekaterinburg Vostochnaya Str., 68

1	2	3	4
Settlement a/c Transit a/c, USD Current a/c, USD Special transit a/c, USD Current a/c, EUR Transit a/c, EUR Special transit a/c, EUR Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Corporate a/c, USD Special foreign currency a/c (frozen), USD	40702810400010004247 40702840300010004249 40702840000010004248 40702840200010110259 40702978500010221859 40702978900010221860 40702978200010221861 42108840900010004254 42108840300010004252 42108840500010004256 42108840200010004255 42108840600010004253 42108840300010148943 40702840100010312458 40702840000010277897 40702840700010277896 40702840000010368395	Closed joint-stock company INTERNATIONAL MOSCOW BANK ZAO IMB INN 7710030411 BIK 044583545 Corr.acc 30101810300000000545	Prechistenskaya Nab. 9, Moscow, 119034
Settlement a/c Transit a/c, USD Current a/c, USD	40702810000305659190 40702840500305659181 40702840600305659191	Open joint-stock company, commercial bank «EVROFINANCE MOSNARBANK» OAO CB «EVROFINANCE MOSNARBANK» INN 7703115760 BIK 044525204 Corr.acc 30101810900000000204	Novy Arbat 29, Moscow, 121099
Settlement a/c	40702810100000000262	CB «Natsionalnoye Kredit- noye Tovarithchestvo» CB «NKT» INN 7725009490 BIK 044585353 Corr.acc 30101810800000000353	1 st Krasnoselsky Pereulok 7/9, build- ing 4, Moscow, 107140
Settlement a/c	40702810100000000500	Closed joint-stock company Dialog Bank INN BIK 044525938 Corr.acc 30101810700000000938	Staropansky Pereu- lok 4, Moscow, 103012
Settlement a/c Settlement a/c	40702810700061000291 40702810100061000257	Open joint-stock company «Uralpromstroibank» OAO Uralpromstroibank INN 6608001175 BIK 046577806 Corr.acc 30101810200000000806	Marshal Zhukov Str. 5, Ekaterinburg, 620219

1	2	3	4
Settlement a/c	40702810200630000025	Moscow municipal bank «Bank of Moscow», Ekaterin- burg Branch INN 7702000406 BIK 046577965 Corr.acc 30101810400000000965	Marshal Zhukov Str. 10, Ekaterinburg, 620014
Settlement a/c	40702810100000000239	CB «Interkontinental» INN 7705020545 BIK 044583801 Corr.acc 30101810400000000801	1 st Shchipkovsky Pereulok 1, Mos- cow, 111093
Settlement a/c	40702810700000000240	CB «Mission-Bank» INN 7714015608 BIK 044579405 Corr.acc 30101810100000000405	Zorge Str. 24, Mos- cow, 125252
Settlement a/c	40702810200000005221	Rosdorbank INN 7718011918 BIK 044583666 Corr.acc 30101810700000000666	Stromynka Str. 11, Moscow, 107014
Settlement a/c	40702810800000000166	CB «Finvestbank» INN 7704113148 BIK 044583652 Corr.acc 30101810400000000652	Novopetrovskaya Str. 3, Moscow, 125239
Settlement a/c	40702810300000004621	Open joint-stock company, commercial bank for assis- tance to commerce and busi- ness OAO CB SKB-Bank INN 6608003052 BIK 046577756 Corr.acc 30101810800000000756	Kuibyshev Str. 75, Ekaterinburg, 620219
Settlement a/c Transit a/c, USD Current a/c, USD Special transit a/c, USD Current a/c, EUR Transit a/c, EUR Special transit a/c, EUR	40702810602800000042 40702840500000100018 40702840600000000018 40702978728000000480 40702978628000100480 40702978528000200480 40702840400000200018	Open joint-stock company Foreign Trade Bank OAO Vneshtorgbank INN 7702070139 BIK 046577952 Corr.acc 30101810400000000952	Stepan Razin Str. Ekaterinburg, 620142

1	2	3	4
Settlement a/c Settlement a/c Settlement a/c Settlement a/c Budget a/c Budget a/c Transit a/c, USD Current a/c, USD Current a/c, EUR Transit a/c, EUR	40702810116150100055 40702810116150100123 40703810216150100035 40702810216150100463 40404810016150030002 40404810316150030003 40702840416150200007 40702840516150100007 40702978116150100007 40702978016150200007	Ural Bank of Sberbank of Russia, Verkhnyaya Salda Branch No. 7169 INN 7707083893 BIK 046577674 Corr.acc 30101810500000000674	K.Marx Str. 5, Verkhnyaya Salda, 624760
Transit a/c, USD Current a/c, USD	40702840116030200223 40702840216030100223	Ural Bank of Sberbank of Russia INN 7707083893 BIK 046577674 Corr.acc 30101810500000000674	Moskovskaya Str. 11, Ekaterinburg, 620014
Clearing account of participants of settlement of accounts	30218810600000000157 30214810400000000157	ZAO NKO of Ural Clearing Chamber INN 6659027340 BIK 046577301 Corr.acc 30103810800000000301	Office 4, Clara Zetkin Str. 4, Ekaterinburg, 620075
Settlement a/c	40702810401010000639	Open joint-stock company «VUZ-Bank» OAO VUZ-Bank» INN 66080074731 BIK 046577781 Corr.acc 30101810600000000781	8 Marta Str. 63, Ekaterinburg, 620219
Settlement a/c	40702810200700916014 42102810803700916064 40702840300700916049 40702840000700916006 40702840300700916065 40702978600700916022 40702978400700916057 40702978400700916073 45018408017009160002 42102840103700916048 42102978203700916056	Closed joint-stock company CB «Citibank» INN 7710401987 BIK 044525202 Corr.acc 30101810300000000202	Gashek Str. 8-10, Moscow, 125047

1	2	3	4
Settlement a/c Overdraft a/c Deposit a/c Deposit a/c Transit a/c, USD Current a/c, USD Special transit a/c, USD Current a/c, EUR Transit a/c, EUR Special transit a/c, EUR Overdraft a/c, USD Overdraft a/c, EUR Deposit a/c, USD Deposit a/c, USD	40702810100020009977 45201810800020009977 42103810600020009977 42102810300020009977 40702840900025009977 40702840400020009977 40702840200026009977 40702978000020009977 40702978500025009977 40702978800026009977 45201840100020009977 45201978700020009977 42103840900020009977 42102840600020009977	Closed joint-stock company «Commercial and Investment Bank « Calion Rusbank», Mos- cow Branch INN 7831000612 BIK 044583843 Corr.acc 30101810400000000843	Bolshoi Zlatous- tovsky Pereulok 1, building 6, Moscow, 101000
Settlement a/c Transit a/c, USD Special transit a/c, USD Current a/c, USD	40702810200001402257 40702840200000402257 40702840400004402257 40702840500001402257	Closed joint-stock company «Reiffeisenbank Austria» ZAO «Reiffeisenbank Austria» BIK 044525700 INN 7744000302 Corr.acc 30101810200000000700	Troitskaya Str. 17/1, Moscow, 129090
Settlement a/c Current a/c, USD Transit a/c, USD	40702810800000012914 40702840100000012914 40702840000003012914	Open joint-stock company, commercial bank «Rosbank» OAO CB «Rosbank» BIK 044525256 INN 7730060164 Corr.acc 30101810000000000256	Mashi Poryvayevoi Str. 11, Moscow, 107078

1.3. Auditor

1.3.1. Full and abbreviated corporate names:

Closed joint-stock company «Analytic Express»

ZAO Analytic Express

Location: Building 2, 3 Gazetny Per., Moscow, 103918

Telephone number: (095) 229-8484, Fax (095) 229-3832

E-mail address: analitik@iet.ru

License No. to conduct audit activity: E 005434

Date of issue: RF Ministry of Finance Order No. 387 from 9.12.2003

License effective for 5 years

Agency which issued the above license: the Russian Federation Ministry of Finance

Fiscal years for which the auditor has carried independent audits of accounting practices and the financial reports of the issuer: since 1994.

Factors which can influence the independence of the auditor of issuer are none.

Procedure for appointing the auditor of the issuer: general meeting of shareholders appoints the auditor of the issuer.

Work performed by the auditor within the framework of special auditor tasks:

- Development of the new chart of book keeping accounts of JSC VSMPO at required level of analytic work for drawing up financial reports and tax returns;
- Introduction of the developed chart of book keeping accounts at the company;
- Documentary of the results of development work as an appendix to the order on the accounting policy at JSC VSMPO for 2002.

Vested interests relating the auditor (officials of the auditor) to the issuer (officials of the issuer), none:

- There are no participatory shares of the auditor (officials of the auditor) in the charter capital of the issuer;
- the issuer has not given any loan funds to the auditor (officials of the auditor);
- there are no close business relations (participation in the promotion of products (services) of the issuer, participation in joint enterprise activities, etc.), and there are no blood relations;
- Officials of the issuer being simultaneously officials of the auditor, none...

The auditor's commission is determined by the Board of Directors.

Payment for auditor services is made as follows:

50 % of the fee is transferred to the settlement account of the auditor within 30 days from the date of the beginning of work, the remaining sum of 50 % of the price of work is transferred to the settlement account of the auditor within three days after the signing off an acceptance/transfer report of the auditor's conclusion and the auditor's written report. There are no deferred or overdue payments for the services provided by the auditor.

1.3.2. Full and abbreviated corporate names:

Closed joint-stock company «PraisvoterhausKupers Audit»

ZAO «PraisvoterhausKupers Audit»

Location: Building 5, 52 Kosmodamianskaya Naberezhnaya, Moscow, 113054

Telephone number: (095) 967-60-00, Fax (095) 967-60-00

E-mail address: pwc.russia@ru.pwc.com

License No. to conduct audit activity: E 000367

Date of issue: RF Ministry of Finance Order No.98 from 20.05.2002

License effective for 5 years

Agency which issued the above license: the Russian Federation Ministry of Finance

Fiscal years for which the auditor has carried independent audits of accounting practices and the financial reports of the issuer: since 2003.

Factors which can influence the independence of the auditor of issuer are none.

Procedure for appointing the auditor of the issuer: tender.

Work performed by the auditor within the framework of special auditor tasks:

- Consulting in taxation issues (including customs payments and off-budget payments) and accounting per GAAP standards.

The auditor's commission is determined per concluded contracts.

Payment for auditor services is made as follows:

The invoices are presented monthly, accompanied by a brief description of the operations performed, a record on service delivery-acceptance is drawn up.

1.4. Appraiser

Full and abbreviated corporate names:

**Limited Liability Company “ROSEXPERTIZA”
(ROSEXPERTIZA, LLC)**

Location: 11, Masha Poryivaeva Str., Moscow, Russia, 107078

License No. 000140 from 17.08.2001.

License expiry date: 16.08.2004.

Agency issued the license: the RF Privity Ministry

Subject of Agreement: appraisal of the market value of JSC VSMPO shares for subsequent redemption of the stock by JSC VSMPO. The market value shall be determined by the Appraiser without accounting for any changes resulted from the Company’s actions associated with the appraisal and redemption of the stock to be carried out.

Payment: the Customer shall pay 50% Appraiser’s fee within 5 working days from the date of the , Agreement sign-off; the remaining sum of 50% Appraiser’s fee shall be paid within 3 working days from the date of signing off an acceptance/transfer report.

1.5. Consultant

Financial consultant in the securities market providing corresponding services to the issuer based on a contract and other persons providing consultancy services to the issuer in connection with the emission off securities and who have signed the quarterly report and the last registered prospectus of securities which are in circulation is none.

1.6. Other persons who signed the Quarterly Report

Other persons who signed this Quarterly Report and not named in the previous items of this section are none.

II. Basic information on financial and economic status

2.1. Financial and economic results

Indicator	Recommended calculation method	2000	2001	2002	2002, using 2003 methodology	2003	2004	1 st quarter of 2005	Analysis results
Net assets ,000Rb.	According to procedure established by the Ministry of Finance of the Russian Federation and the Federal Commission for joint-stock companies	2957739	4023284	5248116	5615354	6894976	8377043	8890435	
Ratio of total liabilities to capital and reserves,%	(Long-term liabilities at the end of reporting period + short-term liabilities at the end of reporting period) / Capital and reserves at the end of reporting period x 100	52.2	41.2	44.6	44.6	45.9	48.1	51.0	During 2004 and the 1 st quarter of 2005 Company's ratio has increased, but borrowings don't exceed own funds.
Ratio of total short-term liabilities to capital and reserves, %	Short-term liabilities at the end of reporting period / Capital and reserves at the end of reporting period x 100	52.0	41.2	44.6	44.6	45.8	47.9	50.7	Ratio does not exceed 100, positive factor
Debt payment cover, ,000 Rb.	(Net profit for the reporting period + depreciation for the reporting period - Dividends)/(Liabilities repayable in the reporting period + Interest payable in the reporting period)	0.58	0.88	0.60	0.60	0.13	0.41	0.13	
Overdue debts, %	Overdue debt at end of reporting period/ (Long-term liabilities at end of reporting period + Short-term liabilities at end of reporting period) x 100	39.4	39.8	13.9	13.9	4.0	0.07	0.08	Overdue debts have insignificantly increase in the 1 st quarter 2005 compared to 2004 .
Net assets turnover, times	Sales of goods, products, services less value added tax, excises and other taxes and compulsory payments / net	1.6	1.8	1.7	1.6	0.3	1.3	0.3	This indicator is less than in 2004, i.e. return on each unit of assets em-

	assets								ployed has decreased.
Turnover of accounts payable, times	Cost of sold goods, products, services less commercial and administration costs / accounts payable at end of reporting period	2.3	3.6	4.1	4.1	0.8	3.4	0.8	
Turnover of accounts receivable, times	Proceeds from sales of goods, products, services less value added tax, excises and other taxes and compulsory payments / (accounts receivable at end of reporting period – debts of participants (promoters) in terms of contribution to charter capital at end of reporting period)	9.1	8.0	5.2	5.2	1.1	4.6	1.1	Indicates that the volume of commercial credit given has decreased
Proportion of profit tax in profit before tax, %	Tax on profit / profit before tax	34.6	33.3	31.9	31.9	26.5	27.2	26.4	

2.2. Market Capitalization

Provided is information on the market capitalization of the issuer over the last 5 complete financial years with indication of information in market capitalization of the final of each financial year and the final date of the last complete reporting period.

As at 01.01.2001:

Weighted average price of one share \$ 8,90

Market capitalization of the issuer \$ 105`073`471

Description of the method used for estimating issuer's market capitalization: estimation by the cost of issuer's net assets..

As at 01.01.2002:

Weighted average price of one share \$ 11,31

Market capitalization of the issuer \$ 133`525`950

Description of the method used for estimating issuer's market capitalization: estimation by the cost of issuer's net assets..

As at 01.01.2003:

Weighted average price of one share \$ 15,54

Market capitalization of the issuer \$ 165`121`824

Description of the method used for estimating issuer's market capitalization: estimation by the cost of issuer's net assets..

As at 01.01.2004:

Weighted average price of one share \$ 28,46

Market capitalization of the issuer \$ 302`404`576

Description of the method used for estimating issuer's market capitalization: market capitalization is estimated as a product of the number of shares of corresponding category by the weighted average price of one share of this category calculated over 10 largest transactions accomplished through a dealer in the securities market over the three months preceding the month which is the end of the last reporting quarter. According to noncommercial partnership "Stock Exchange RTS" ..

As at 01.01.2005:

Weighted average price of one share \$ 108,02

Market capitalization of the issuer \$ 1`147`777`312

Description of the method used for estimating issuer's market capitalization: market capitalization is estimated as a product of the number of shares of corresponding category by the weighted average price of one share of this category calculated over 10 largest transactions accomplished through a dealer in the securities market over the three months preceding the month which is the end of the last reporting quarter. According to noncommercial partnership "Stock Exchange RTS" ..

As at 01.04.2005:

Weighted average price of one share \$ 114,27

Market capitalization of the issuer \$ 1`214`187`312

Description of the method used for estimating issuer's market capitalization: market capitalization is estimated as a product of the number of shares of corresponding category by the weighted average price of one share of this category calculated over 10 largest transactions accomplished through a dealer in the securities market over the three months preceding the month which is the end of the last reporting quarter. According to noncommercial partnership "Stock Exchange RTS" ..

2.3. Liabilities

2.3.1. Accounts payable

	2000	2 001	2002	2002, us- ing 2003 methodol- ogy	2003	2004	1 st quarter of 2005
1. Accounts pay- able, total	1542867	1739527	2505881	2505881	3167961	4030956	4532987
Including:							
- long-term liabili- ties	4 335	455	0	0	12 415	20 957	22 614
- borrowings	422964	59 615	1319722	1319722	1694902	1811324	2142805
- accounts payable	1115568	1137142	1185964	1185964	1446225	2147363	2186584
- other debts	0	8 315	195	195	14419	51312	180 84
2. Overdue accounts payable	608228	692330	349007	349007	126500	287811	347176
Including:							
- long-term liabili- ties	-	-	-	-	-	-	-
- short-term liabili- ties	-	-	-	-	-	-	-
- accounts payable	608228	692330	349007	349007	126500	287811	347176
Of these							
* debts to State extra-budgetary funds	-	-	-	-	-	-	-
* debts to the budget	-	-	-	-	-	-	-
3. Borrowings, total	427299	594070	1319722	1319 722	1707317	1832281	2165419
of these							
* long-term bor- rowings	4335	455	0				
* short-term bor- rowings	422964	593615	1319722				
4. Loans, total	414447	451615	1227715				

Of these:				In accordance with the RF Ministry of Finance Order No. 67H "Forms of Accounting Reports of Organizations dated 22 July 2003 ", starting from 2003 this information is not included in accounting reports.			
* credits from banks due in more than 12 months after reporting date	0	0	0				
* credits from banks due in more than 12 months after reporting date	414447	451615	1227715				
5. Borrowings, total	12852	142455	92007				
of these:							
* borrowings due in more than 12 months after reporting date	4335	455	0				
* borrowings due in more than 12 months after reporting date	8517	142000	92007				
* deferred tax	0	0	0	0	12415	20957	22614
6. Bond debt							
7. Other accounts payable, total	0	8315	195	195	14419	51312	180984
Of these:							
* other long-term obligations	0	0	0	0	0	0	0
* participants (promoters) in terms of income payment	0	0	0	0	0	709	707
* other short-term liabilities	0	8 315	195	195	14419	50603	180277
8. Accounts payable	288061	344356	317641	1185964	1446225	2147363	2186584
Of these:							
* suppliers and contractors	255025	281320	299437	317641	469494	629247	377497
* bills payable	33036	63036	18204	0	0	1982	0
9. Debt to affiliated persons	214015	188712	413292	413292	399582	440567	395877
Of these:							

* subsidiaries and dependent companies	0	0	0	0	0	0	0
* payroll	804	2 181	1998	1998	2213	1982	1932
* taxes and duties				385366	354067	415164	370547
* State extra-budgetary funds	31706	26551	25928	25928	43302	23421	23398
* taxes and duties	181505	159980	385366				
10. Other accounts payable	613492	604074	455031	455031	577149	1077549	1413210
Of these:							
* prepayments received	157031	209838	136887				
* other creditors	456461	394236	318144	455031	577149	1077 49	1413210
Total	1542867	1739527	2505881	2505881	3167961	4030956	4532987

Accounts Payable by Due Date as of 01.04.2005r.

Accounts Payable	Due date					
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	>From 91 to 180 days	From 181 days to 1 year	More than 1 year
Short-term and long-term liabilities, total, ,000 Rb.	2 043 006	17 142	1 025 764	985 758	456 510	4 806
Accounts payable, total, ,000 Rb.	1 839 408		342 209	68	93	4 806
Including:						
Suppliers and contractors, ,000 Rb.	301 943	75 486		68	93	4 806
Bill payable, ,000 Rb.						
Affiliated persons of the issuer, ,000 Rb.						
Salaries and wages, ,000 Rb.	1 932					

Debt to the budget and extra-budgetary funds, ,000 Rb.	23 398					
Taxes and duties,,000 Rb.	370 547					
Other accounts payable, ,000 Rb.	1 413 210					
Other liabilities, ,000 Rb.	180 984					
Borrowings, ,000 Rb.	22 614	17 142	683 555	985 690	456 417	0
including:						
Credits, total, ,000 Rb.		17 142	683 555	985 690	456 417	
Loans, total, '000 Rb.	22 614					
Of these:						
Bonded debts, ,000 Rb.						
Other liabilities, ,000 Rb.						
Of accounts payable – overdue accounts payable, total, ,000 Rb.	0	0	342 209	68	93	4 806
Total accounts payable, ,000 Rb.	0	0	342 209	68	93	4 806
Including,						
- the budget and extrabudgetary funds, ,000 Rb.						
- the budget and funds, ,000 Rb.	0					
- suppliers and contractors, ,000 Rb.			342 209	68	93	4 806
Overdue credits, ,000 Rb.						

Overdue loans, ,000 Rb.						
Total,,000 Rb.	2 043 006	17 142	1 025 764	985 758	456 510	4 806

Creditors the debt to each of which amounts to not less than 10 percent of total debt: No such creditors.

2.3.2. Credit History

The information for this item is not presented because the total principal debt with regard to each of the credit contracts and loan contracts amounts to less than 10 percent of the issuer's net assets.

2.3.3. Obligations from the Security Provided to the Third Parties

Obligations of the issuer from the security provided to third parties are none.

2.3.4. Other Obligations

There are no other obligations.

2.4. Purpose of issue and intended usage of resources raised by placing emission securities

Serial number of the share issue: 3

Category: ordinary

Form of securities: registered uncertificated

Number of securities in issue: 3`492`000

Par-value of one security in the issue: 1 ruble

Method placement: an open subscription

Period of placement: from 10.06.1998 to 10.06.1998

The price of placement is determined in terms of two ordinary registered shares of the open joint-stock company AVISMA Titanium and Magnesium Works, Berezniky, Perm Region, Russia for nine ordinary registered shares of the issuer.

Purpose of issue and usage of the funds: to increase the chartered capital.

2.5. Risks connected with acquisition of placed emission securities

A detailed analysis of the risk factors connected with the acquisition of the placed emission securities is presented below,

specifically:

Sectoral risks,

Country and regional risks,

Financial risks,

Legal risks,

Risks connected with the issuer's activities.

2.5.1. Sectoral Risks

The main consumers of VSMPO-AVISMA Corporation titanium products are companies in aerospace industry, power engineering, chemical mechanical engineering, oil and gas recovery, nonconven-

tional consumers, mainly manufacturers of sports goods, etc. Each of the above industries has its own tendencies of development, and therefore it is reasonable to analyze them separately.

About 65 percent of output is intended for use in aerospace industry, and therefore the state of affairs in this sector of the Russian and global economy has a substantial influence on the technological and economic indicators of the Association. The aerospace sector of the world market features a cyclic character of development with a period of about 4 years, and the world titanium market demonstrates a similar pattern. It should be noted, though, that in recent years these markets have been affected by the 1998 Asian financial crisis and the terrorist attack on 11 September 2001 in the USA. Nevertheless, the longer term perspective is constant growth in the consumption of titanium in this sector of the economy, and no alternative replacement for titanium alloys is expected in the foreseeable future.

Power engineering, and first of all the nuclear power sector is now a large enough consumer of titanium alloys, mainly for heat-exchange systems, particularly those employed at nuclear power stations using sea water. There is a large potential demand for titanium alloys in power installations being developed which use the water temperature difference between the surface and the depths of the world ocean.

Chemical industry employs the unique anticorrosive properties of titanium alloys and is now a stable and perspective consumer of these materials with their steadily growing use in this sector.

The prospecting of energy carriers (oil, gas, gas condensate) has been moving in recent years towards the sea shelf. Titanium alloys are practically an ideal structural material for offshore drilling and extracting platforms, riser pipes and pipeline systems considering that titanium and its alloys have absolute corrosion resistance to sea water.

Over the last five to seven years a significant volume of low-grade titanium alloys (up to five thousand tonnes a year) has been used for the manufacture of golf club heads. Even if a replacement is found to titanium alloys in this area in the near future, there will be significant potential markets remaining for the use of titanium alloys in the manufacture of goods for sports and leisure: bicycles, hiking and climbing equipment, manual tools, etc.

On the whole, industrial development does not assume any reduction in the use of titanium alloys, and risks here are minimal.

Moreover, in 2004 titanium alloy demand has sharply increased.. It was caused by overcoming of consequences of terrorist attack on September 11, 2001 in the USA and increase in aircraft production volumes by global producers. Simultaneously titanium alloy application market began to grow, especially in power engineering mainly in South-East Asia (China, India). This tendency will continue in 2005 and 2006: the orders from conventional aerospace customers have sharply risen, prices for titanium rolled products have grown 3-4 times for the last year. Due to the titanium scrap shortage and increase in ferrotitanium requirements for construction and stainless steels, the prices for ferrotitanium for the last six months have grown 5-7 times and reached \$35,0 per 1 kg of titanium in ferrotitanium, leaving behind prices for un-wrought titanium.

Consequently, titanium market is at unprecedented high rise.

>From the viewpoint of fluctuations in the world prices for raw and energy materials, titanium is not an exception from the general array of metals. In terms of prevalence in the nature, titanium occupies the fourth place among structural materials (after aluminum, magnesium and iron), and considerable stocks of raw materials have been discovered. Considering, therefore, that the manufacture of metal titanium consumes only about 5 % of the extracted raw material (the rest of the output is used for manufacturing dyes on the basis of titanium dioxide), risks associated with a shortage of this raw material and any rise in prices for it virtually do not exist.

Risks associated with decisions of other countries to impose protective duties or country quotas on import are present in the USA only, which consumes less than 50 % of the titanium exports. Moreover, the initiatives of the competitors of VSMPO-AVISMA Corporation in the US demanding the introduction of such protective measures have not been supported by the US industry and governmental agencies and have not been implemented.

Unfortunately, for political reasons during his election campaign, on September 7, 2004, George Bush, the President of the United States, has signed an Order on cessation in 60 days period (from November 6, 2004) of the GSP treatment for the Russian wrought titanium. It means that starting from that date an import duty in the amount from 5.5% (die forging) and up to 15% (bar, sheet, plate, tube) will be imposed on VSMPO products. This decision won't produce a significant detrimental effect on VSMPO-AVISMA Corporation business in the US, as most of VSMPO products are supplied to the aerospace

companies (Boeing, General Electric Aircraft Engines, Pratt & Whitney, Perryman, Dynamet), which export the majority of their products and can make up for the import duty using TIB system.

2.5.2. Country and Regional Risks

Political (within Russia) risks with regard to collaborating with VSMPO-AVISMA Corporation are minimal because:

- the Corporation is the main supplier of metallurgical semifinished titanium and aluminum products for aircraft and rocket production and the key economic sectors of the Russian Federation, and therefore it is supported by the regional and federal authorities irrespective of their political orientation;

- the Corporation exports about 80 % of its products for use in high technology industries, which is perceived and supported at the regional and federal levels as departure from the raw-material orientation of exports in the Russian Federation;

- the Corporation is one of the largest exporters in Sverdlovsk Region, a major taxpayer in the region, not to mention the town of Verkhnyaya Salda, and it is therefore supported by the regional and municipal authorities;

- in the rating compiled by Russian industrial analysts based on the performance results for 2004, VSMPO-AVISMA Group occupies the 121st place among the top 400 enterprises of the Russian Federation in terms of production volumes, at this VSMPO occupies the 30th place and AVISMA – the 96th place among the top 200 enterprises of the Russian Federation in terms of capitalization.

- for the reasons mentioned above, there is no risk de-privatization of the company. Inclusion of the "golden" share owned by the government, which is discussed in Mass Media, has no legislative basis in the Russian Federation yet.

Political (international) risks associated with dealing with VSMPO-AVISMA Corporation are minimal for the following reasons:

- The Russian Federation conducts a balanced foreign policy directed at creating a multipolar world, including the concept of mutually advantageous, restriction-free trade with all countries which do not violate the Charter of the United Nations, and therefore VSMPO-AVISMA Corporation as a Russian company is not subject to any discrimination in its export activities;

- the Corporation has had long-term and developing relations with the leading aerospace companies around the world such as the Boeing Company, EADS, General Electric, Rolls Royce, Pratt & Whitney, Snecma, General Electric and others, which guarantees support for the Association from governmental agencies and a positive image in all countries. The huge international corporations EADS and Boeing which are the major customers of VSMPO-AVISMA Corporation, have to lobby its interests both in The Russian Federation and in many other countries of the world.

- the Corporation is fully integrated into the world economy and meets the generally accepted international standards with regard to its performance indicators.

Production risks:

a) The raw-material base: the manufacture of sponge titanium is geographically close to the smelting facilities (at a distance of about 600 km); there is railway communication and motorways which ensure uninterrupted delivery of raw materials in contrast to the supply of sponge titanium, for example, to the US from Japan or Kazakhstan. Besides, integration of VSMPO and AVISMA into a single corporation is planned for 2005 that will ensure stable deliveries of raw materials to VSMPO. Due to titanium sponge shortage VSMPO plans to invest in development of titanium sponge production at AVISMA with annual growth of 7-8%.

b) Process potentialities: for each type of product the Corporation has several variants of manufacture, for example, ingot forging may be done using forging hammers, forging presses, or a radial forging machine, which guarantees that all orders are fulfilled even if separate pieces of equipment fail or may be overloaded.

c) Reserve production capacities: the equipment available at VSMPO is utilized to 40-70 % of capacity, which allows orders to be fulfilled or changed towards increase in volume within minimum terms.

d) Raw material processing effectiveness: the Corporation, in contrast to the majority of titanium companies around the world is an integrated Supplier manufacturing all types of metallurgical semifinished products from titanium alloys from raw ore materials. It allows VSMPO-AVISMA Corporation to influence the duration of the production cycle, price parameters and to bear full responsibility for the quality of its products.

e) Diversification: the Corporation has tool-making, repair, power (water, vapor, compressed air) and machine-building facilities, which provides independence from subsuppliers and an opportunity to provide Customers with not only rolled metal products of all types but also simple finished equipment from titanium alloys (heat-exchangers, containers, fans, pumps, etc.). Currently the Corporation is establishing machining facilities for rough machining of die forgings, and in the future – for production of finished parts for aircraft components and assemblies. It will allow the end Customers to reduce the number of subcontractors and items production cycle.

Besides, except for titanium products, the Corporation possesses and plans to expand in the future its production capacities for manufacture of semi-finished products from aluminum and magnesium alloys, high-strength steels and heat-resistant nickel based alloys. This will allow Customers to reduce the number of subcontractors and production certification costs. At this VSMPO-AVISMA Corporation reputation as a supplier of a number of complete value-added products from different materials will be significantly increased.

Human resource risk:

a) The Corporation is fully staffed because it is located in a small town where there are no other large enterprises; it is a mono-company town (meeting the concept of "plant-town"); in contrast to the US and the western countries, there is no staff migration in Russia for economic reasons, and the tradition is to live settled at one place.

b) There is no problem with staff rotation for age reasons because the staff average age at the Corporation is 40 years, and the demographic situation in the town of Verkhnyaya Salda allows the company to compensate for staff retiring upon reaching the pension age.

c) There is no problem with the supply of workers and technical staff at the Corporation because the town has a technical lyceum and a technical (aero-metallurgical) college most of the graduates of which find employment at the Corporation.

d) There is no problem with the provision of engineering staff because the town of Verkhnyaya Salda has a branch of the Ural State Technical University, and school leavers are sent higher education institutions where they receive education at the expense of the Corporation with the obligation to come back to work at the Corporation, and graduates from the leading universities of the Russian Federation are invited to come to work at the company. As of April 1, 2005 VSMPO employs 644 young specialists (under the age of 30) with a higher engineering background.

e) >From the viewpoint of staffing stability it should be noted that in the Urals where the Corporation is located, there are family traditions of working at the same enterprise, and there is a number of dynasties with several generations of the same family working at the facility.

f) Problems with strikes and labor conflicts, in contrast to, for example, TIMET, RMI, Albert Duval and others which confronted such difficulties in 2000-2004 with detrimental effects for their Customers, are excluded for the following main reasons:

- there is a trade union at the Corporation with which a Collective Agreement has been concluded and is regularly reviewed, and no frictions have ever occurred at concluding the Agreement;

- the level of pay at the Corporation is much higher than the average wages across the Russian Federation and in Sverdlovsk Region;

- the average wage is constantly increased to ensure that it is higher than the rate of inflation in the Russian Federation, which raises living standards of those working for the Corporation;

- the Corporation pursues a social policy directed at supporting low-income groups of the population, including pensioners and former members of staff;
- the staff and pensioners of the Corporation have access to highly skilled health services: there is a polyclinic, a diagnostic medical center where all the staff of the Association are annually screened, three health rehabilitation centers for the staff and pensioners, and the workshops have health centers: sports halls with the necessary equipment for sports and rest, and saunas;
- the Corporation has kept and continues to fund and develop social care facilities as part of its tangible assets, including a community center, sports complexes, libraries, country holiday homes for children to stay during vacations and for worker and pensioners at other times, etc.

Nature conditions:

VSMPO and AVISMA have their enterprise located on the border between Europe and Asia where natural (atmospheric, seismic, geological) disasters such as storms, typhoons, tornadoes, earthquakes, floods, etc., are an exclusion in contrast to the titanium companies in the US and Japan.

VSMPO is well placed in terms of stable power supply at the present time and in the near future, including:

- Sverdlovsk Region is abundant in electric energy and no problems arise with its supply;
- the Corporation is located in the area of the main Russian gas pipelines, close to their origin (the sources of gas), and therefore no problems arise in terms of getting gas at the required pressure and the input into the Association's system and receiving the required volume of gas;
- in terms of heat, vapor, compressed air, drinking and process water the Corporation has its own plants and does not experience any problems with these energy carriers;
- the Corporation receives sufficient quotas from government authorities for consumption of drinking and process water, discharge of waste water and air (after appropriate cleaning in accordance with the applicable sanitary standards) into aquatic and air environment and disposition of solid wastes to the special waste burial area.

2.5.3. Financial Risks

The activities of any export-oriented Russian company are associated with financial risks.

The main financial risks are: market risks and currency risks.

Currency risks arise when foreign currencies are involved in operations. The rate of exchange is influenced by trends in the economic development of the country and political situation from changes in the currency regulation policy to the extent of social tension in society.

The currency risk involves two components:

- Risks associated with changes in the exchange rate;
- Conversion risk.

Currency risks are present in all operations involving foreign currency because the company cannot influence these processes, and what remains is just to protect its interests by identifying risks at an early stage and limiting their possible consequences and losses.

It should be noted that for excluding **market risks** managers keep an eye on trends in prices in the world market because any lack of information concerning the behavior of the market leads to greater market risks and unavoidable losses.

There is, of course, an inflation risk. The company operates a significant production and financial cycle, which brings about inflationary profit and, therefore, experts draw up business plan allowing for inevitable inflation.

The financial stability of VSMPO-AVISMA Corporation is at a high level, which is proven to be true by the following arguments:

- Profitability of sales: the company, in contrast to other comparable firms, for example, TIMET, is profitable, the profitability of the sales as at 01.01.2004 being 16.5 %;
- As at 01.01.2004 the accounts receivable of the Corporation exceed the accounts payable 6.9 times;

- in 2004 the production volume of titanium alloys of the facility has increased by 30.9%;
- the Corporation has shown an ability to survive in critical conditions of an economic recession: being a closed enterprise working for the defensive complex of the former USSR, it then experienced a 40-fold fall in total orders, and 12 years later it turned into an outstanding player in the world market of titanium, strengthening its positions every year;
- the Corporation has no unfriendly companies amongst its shareholders, and, therefore, the management of the company has an opportunity to plan the strategy and tactics of development in the interests of its customers.

2.5.4. Legal Risks

Legal risks associated with changes in:

- Currency regulations
- Taxation legislation
- Customs control and duty regulations
- Requirements as to the licensing of the issuer's ordinary activity are currently not present..

2.5.5. Risks Connected with Activities

The issuer has not participated in litigations which could affect and interfere substantially with the issuer's economic activities or which would infringe on the interests of third parties.

III. Detailed information on the Company

3.1. Creation and development history

3.1.1. Corporate name

Full and abbreviated name:

Public stock company «VSMPO-AVISMA Corporation» (VSMPO-AVISMA Corporation)

Previous full and abbreviated name of the issuer:

1. Open-type joint-stock company «Verkhnyaya Salda Metallurgical Production Association» (AOOT «VSMPO»)

Legal entity state registration number: 162II-VI

Date of state registration: 18.02.1993

Name of the agency that effectuated the State registration: the administration of the municipal formation «Verkhnyaya Salda District».

Date of and grounds for changing the name of the issuer: Resolution of the general meeting of shareholders dated 14.06.1996 and Resolution of the Head of Verkhnyaya Salda administration No. 250-д dated 26.06.1996.

2. Open joint-stock company «Verkhnyaya Salda Metallurgical Production Association» (OAO VSMPO)

Legal entity state registration number: 162 II-VI

Date of state registration: 18.02.1993

Name of the agency that effectuated the State registration: the administration of the municipal formation «Verkhnyaya Salda District».

Date of and grounds for changing the name of the issuer: Resolution of the general meeting of shareholders dated 28.12.2004. Certificate of recording in the General State Registration of Legal Entities was granted on January 24, 2005 with general state registration number 2056600360254.

3.1.2. Information on the state registration

Legal entity state registration number: 162 II-VI

Date of state registration: 18.02.1993

Name of agency which effectuated the state registration: Head of Administration of Verkhnyaya Salda, Sverdlovsk Region.

Main state registration number of the legal entity: 1026600784011

Name of the registration agency (in accordance with data indicated in the certificate of entry in the United State Register of Legal Entities concerning legal entity registered before July 1, 2002): Interdistrict inspection of the Ministry of Taxation of Russia No. 3 for Sverdlovsk Region.

Date entry made: 11.07.2002.

3.1.3. Foundation and development

Date established: 18.02.1993

Date till which the issuer will exist: the issuer has been established for an indefinite term

Brief history of establishment and development:

The predecessor factory of VSMPO was built in 1933 near Moscow; it was the Soviet Union's first manufacturer of aluminum parts for engines and aircraft. During the Great Patriotic War the factory was evacuated to Verkhnyaya Salda in Sverdlovsk Region.

In 1957, the first titanium ingot was smelted, and in 1958 full-scale manufacture of primary titanium began.

From 1957 to 1990 VSMPO increased output substantially because in those years the Association was the only supplier of titanium for Soviet aerospace and military industry.

In 1991 the output of titanium ingots at "VSMPO" exceeded by 50 % that in the US, Europe and Japan taken together.

In the beginning of the 1990s', in connection with a reduction of the military budget and a sharp reduction in demand for domestic airplanes on the part of civil aviation, the internal demand for titanium reduced 20-30 times, and for aluminum 5-6 times, which put the Company on the verge of bankruptcy. The desire to keep the factory, which, in fact, was the only source of support for the town of 55,000 people with its high science and technology potential, VSMPO new management made a strategic decision to begin diversification and produce not only titanium for military purposes for the domestic market but also for export.

This task was complicated by the fact that the composition of titanium alloys made abroad differed from that used in the Russian aircraft industry.

New technologies were introduced, which allowed the company to produce titanium products of the quality that was required by foreign customers.

The facilities were reconstructed and new bays were set up mainly for finishing and inspection operations.

As a result, from 1993 to 1997 the Company managed to increase exports by 6 times.

The main element of the strategy for accessing the international markets was a program of certification the Company's products with potential foreign buyers.

The Company also invested funds in upgrading of its production processes, specifically in a quality inspection system. The quality of VSMPO-AVISMA Corporation products is confirmed by more than 120 certificates of quality, including certificates from the largest manufacturers of aircraft and their suppliers. Today more than 68 % of the Company's titanium products are exported, mainly for use in aerospace industries in the US and Europe.

At present the Company is working on increasing the share of products with higher added value in total output such as thin titanium sheets, welded thin-walled titanium pipes, die forgings.

Also, non-conventional lines of business have been set up, including construction business, wheels, utensils, heat-exchanging titanium equipment, and gas-cleaning systems.

This has allowed the Company to keep the human resource potential, most engineers, designers, technologists and workers who are responsible for the town as it is a mono-company town, and also to keep

all its industrial potential, all production capacities, to maintain them in absolute working condition and, moreover, to update them to a higher level of technological and qualitative requirements.

Overall objectives:

- Manufacture of products which meet the requirements and expectations of customers, corresponding international and national standards and compulsory requirements of supervisory agencies.
- Enhancement of the competitiveness of the products in international markets.

VSMPO-AVISMA Corporation mission is ensuring of the Company viability, maintenance of the titanium industry in Russia, and integration into the world economy.

3.1.4. Contact information

Location: 1 Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia

Location of the present executive body: 1 Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia

Postal address: 1 Parkovaya Str., Verkhnyaya Salda, 624760, Sverdlovsk Region, Russia

Contact telephone, e-mail address:

Telephone: (34345) 2-13-60, 5-20-05

Fax: (34345) 2-47-36, 5-20-05

E-mail address: Shayahmetova@vsmpo.ru

Web-site address: www.vsmo.ru

3.1.5. Taxpayer identification number

INN 6607000556

3.1.6. Branches and representations

Name: VSMPO Branch

Established: November 22, 2004

Location: 12, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia

Director: Nickolay Konstantinovich Melnikov

Name: AVISMA Branch

Established: November 22, 2004

Location: 29, Zagorodnaya, Bereznikiy, Perm Region, Russia

Director: Vladimir Petrovich Tankeev

3.2. Main economic activities
3.2.1. Industrial Sector of the Company

Codes of the main industrial activities in accordance with OKVED:

27.45
 27.53
 28.12
 28.22.1
 28.75.12
 45.21.1
 55.51
 51.70

3.2.2. Main economic activities

The main type of economic activity of the Company is the manufacture of products from titanium alloys.

More detailed information is presented in para. 3.2.3

	2000	2001	2002	2003	2004	Q 1, 2005
Total sales of titanium products, K Rb.	3480655	6019441	6656904	6731795	8484272	2259142
Including exports, K Rb.	2571894	4805518	4491934	4138730	5780606	1607417
Share of titanium product exports in total titanium product output, K Rb, %	73.9	79.8	67.5	61.5	68.1	71.2
Share of titanium product exports by regions, K Rb						
USA	43.5	38.4	23.4	32.2	39.96	50.98
Germany	23.3	20	21.2	15.2	18.01	7.64
Japan	6.1	11.7	21.7	15.9	9.55	6.86
France	10.5	10.2	7.2	1.6	0.02	

UK	No data	4.6	6.01	6.80
Taiwan		5.9	6.75	15.84
Switzerland		20.1	17.58	
Canada				9.51

The factor of seasonal prevalence in the activity of the Company manifests itself only in the specificity of capital repair work involving the maintenance of the process equipment in working condition, and also modernization, reconstruction and updating of the technology, with most of the workload falling on the summer and autumn periods..

3.2.3. Main products (works, services)

The Company's main type of activity is the manufacture of products from titanium alloys.

At the same time, The Corporation is a multidiscipline enterprise, being engaged in various activities listed in the Company Charter Part 4.

The development of the Company is planned in two directions:

- improving the existing processes and facilities with the purpose of improving their quality and reducing specific material, financial and energy expenses on production;
- setting up new production facilities involving deeper processing of metallurgical raw material.

With regard to titanium rolled products, which is the main activity of the issuer, the intention is to keep the tendency towards increasing output:

- Exports: by increasing supplies of rolled products for aviation applications;
- Domestic market: by extending the range of application of titanium rolled products, primarily in thermal power engineering.

Indicator	2000	2001	2002	2003	2004	Q1 2005
Titanium product output, ton	10248	15036	15286	15887.3	20114	5293.426
Yearly average price of manufacturing titanium products, K Rb./t	386.6	433.6	465.1	440.8	443	479.98
Total sales proceeds (products, services) – K Rb.	4624299	7346341	8768747	8369.6	10 572	2 975
Share of proceeds from titanium products in total	75.3	81.9	75.9	80.2	80.95	77.80

proceeds, %						
Corresponding price index, cumulative total, %	120.2	118.6	115.1	112	111.7	105.3

Sales system concerning each of the specified types of products (works, services) as a percentage of sales of products (works, services).

Name of Product (Works, Services)	Organization of Sales of Products (Works, Services)	2000	2001	2002	2003	2004	Q 1 2005
Titanium products, total	Direct sales, %	99.6	99.0	99.1	100.0	100.0	100.0
	Own trading network, %	0.4	1.0	0.9	0	0	0

The structure of costs of the issuer involved in the manufacture and sale of each type of products (works, services) which account for not less than 10 percent of total proceeds from sale of products (works, services) under specified items as a percentage of total cost.

Costs Item	Reporting Period
Raw and other materials, %	Separate accounting for cost by types of product (works, services) is not provided by the Accounting Policy of the issuer
Purchased components, semi-finished products, %	
Works and services of production character performed by external contractors, %	
Fuel, %	
Power, %	
Salaries and wages, %	
Interest on credits, %	
Rent, %	
Deductions for social needs, %	
Depreciation of fixed assets, %	
Tax included in production price, %	

Other costs (to be explained), % amortization of intangible assets, % rewards for innovation, % compulsory insurance payments, % representation expenses, % other, %	
Total: costs of manufacturing and selling of products (works, services) (cost price), %	100
Proceeds from selling products (works, services), %	

3.2.4. Suppliers whose share amounts to 10 and more percent of total supplies of commodities and material assets, with indication of their share in total deliveries

Description of suppliers whose share amounts to 10 and more percent of total supplies of commodities and material assets is given in "Raw Materials" para. 3.2.7.

3.2.5. Markets for products (works, services)

Markets for the main (titanium) products are described in para. 3.2.2.

Consumers which account for a turnover of not less than 10 percent of issuer's total proceeds from sales of products (works, services) are none.

3.2.6. Practices concerning the working capital and inventories

The specific nature of the Company's policy concerning the working capital is caused by the features of its charter activities aimed at production control and coordination, comprehensive development of the Company, and also at other activities for ensuring the reliability and stability of its financial and economic condition.

In this connection the working capital policy of the Company consists in creating financial opportunities enabling systematic measures to provide for technical and technological conditions ensuring the operation of the production shops by systematic accumulation of financial resources for the purposes of manufacture, upgrading, technological renovation, overhauls and diagnostics of the production capacities, and also for taking measures to ensure environment safety.

The need for working capital is estimated on the basis of:

- Estimates of the need for resources in accordance with approved business plan;
- Estimates of the need for financing modernization, overhaul and diagnostics of production capacities, and also for ensuring environment safety on the basis of corresponding action plans.

Working capital is the most mobile part of Company's capital, which includes cash, inventories, debts of other enterprises (accounts receivable).

The notion "Current Assets" in estimations means working capital (section 2 on the assets side of the balance sheet).

The Association pursues a policy of escalating its working capital

Item	Calculation Method	2000	2001	2002	2003	2004	Q1 2005
Inventory turnover ratio, turnover	Cost of sales (form 2 column 20) / mean value of form1 (line 210 + line 220)	1.303	1.505	1.493	1.308	1.457	0.333
Inventory turnover, days	360 / turnover	276	239	241	275	247	274
Current assets turnover ratio, turnover	Cost of sales (form 2 column 20) / mean value of form 1, line 290	1.019	1.122	0.959	0.846	1.023	0.232
Current assets turnover, days	360 / turnover	353	321	375	425	352	392

3.2.7. Raw material

The suppliers which account for not less than 10 percent of all supplies of commodities and material assets and their share in total supplies as of 01.01.2005.

Russian suppliers:

- Public stock company «AVISMA Titanium and Magnesium Works», Bereznyky, Perm Region. – 40.0 % - price: \$2.65/kg in 2003; \$5.0/kg in 2004.
- Public stock company «RUSAL Russian Aluminum Management», Moscow – 8.0 % - prices per ton in US dollars without VAT: 2003 - 1534, 2004 - 2034.
- DP «Volnogorsk State Metallurgical Works» – 4.7 %, prices per ton in US dollars without VAT - 2003 – \$100/kg; 2004 – \$99/lg.

Import:

The issuer has no suppliers which account for not less than 10 percent of all supplies of commodities and material assets and their shares in total supplies as at 01.01.05

3.2.8. Main competitors

The share of titanium rolled products by VSMPO-AVISMA Corporation and its main competitors in the world market

Company	Country	Sales in 2004, ton	Market Share, %%**				
			2000	2001	2002	2003	2004
VSMPO-AVISMA	Russia	17,18*	18	24	28	29	28
Timet	USA	14,60*	28	27	22	25	24
ATI	USA	9,99	22	19	18	17	16
RTI	USA	3,00	9	9	9	6	5

Notes: * Sales include rolled products, and ingots and slabs reduced to rolled-product weight (0,6);
** The rest volume of products to 100 % is supplied by manufacturers from Japan and other countries.

3.2.9. Information on licenses

Number: TB 6476

Date of issue: 13.09.2002

Expiry date: 13.09.2007

Issuing agency: Ministry of Press and Information of the Russian Federation

Types of activity: television broadcasting

Number: 63-KA-1535

Date of issue: 23.11.2000

Expiry date: 23.11.2005

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: training of staff in the main trades for metallurgical industries and works

Number: 63-ПМ-000410

Date of issue: 06.02.2004

Expiry date: 06.02.2009

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: mine surveying (monitoring of the condition of mining leases and justification of their boundaries; keeping of mining graphic documentation; accounting and justification of volumes of mine workings)

Number: 63-KA-1462

Date of issue: 13.08.2001

Expiry date: 13.08.2006

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: training of executive staff, specialists and workers for gas equipment

Number: 10509/910009

Date of issue: 14.03.2003

Expiry date: 14.03.2006

Issuing agency: Nizhny Tagil Customs

Types of activity: establishment of the temporary storage warehouse

Number: 10509/0027
Date of issue: 23.10.2002
Expiry date: 23.10.2005
Issuing agency: Nizhny Tagil Customs
Types of activity: establishment of the customs warehouse

Number: CT-68
Date of issue: 18.01.2002
Expiry date: 18.01.2007
Issuing agency: Ural Department of Gosgortekhnadzor of Russia
Types of activity: erection of gas control points and installations for gas lines and gas equipment of industrial, agricultural enterprises companies providing maintenance services to public and residential buildings

Number: 63-ПР-1174
Date of issue: 4.09.2000
Expiry date: 4.09.2005
Issuing agency: Ural Department of Gosgortekhnadzor of Russia
Types of activity: design of metallurgical plants and projects

Number: Б 813989
Date of issue: 16.08.2001
Expiry date: 16.08.2006
Issuing agency: Sverdlovsk Region Licensing and Accreditation Commission for Health
Types of activity: pharmaceutical activity

Number: 63-ЭК-1532
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing agency: Ural Department of Gosgortekhnadzor of Russia
Types of activity: production of ferroalloys, special steels, alloys of nonferrous metals, sheet and high-quality rolled products, pipes

Number: 63-PT-1534
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing agency: Ural Department of Gosgortekhnadzor of Russia
Types of activity: repair of metallurgical units and equipment of metallurgical plants and projects

Number: 63-MT-1533

Date of issue: 23.11.2000

Expiry date: 23.11.2005

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: installation (starting-up and adjustment) of metallurgical units and equipment of metallurgical plants and projects

Number: 63-ЭК-874

Date of issue: 21.07.2000

Expiry date: 21.07.2005

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: development of mineral deposits, extraction of minerals by open-pit method

Number: CBE №01256

Date of issue: 23.09.2002

Expiry date: 1.07.2027

Issuing agency: Main Department for Natural Resources and Environmental Protection of the Ministry of Natural Resources of Russia for Sverdlovsk Region

Types of activity: right to use subsurface resources

Number: CBE №00330

Date of issue: 11.03.2002

Expiry date: 11.03.2007

Issuing agency: Department of Natural Resources for the Ural Region

Types of activity: water use

Number: Д 378805

Date of issue: 28.07.2003

Expiry date: 27.06.2008

Issuing agency: Ministry of Power of the Russian Federation

Types of activity: storage of oil, gas and products of their processing

Number: PPC-63-00047

Date of issue: 7.07.2003

Expiry date: 7.07.2008

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: Permit to manufacture and use vessels and devices under pressure according to the attached list of austenitic and carbonaceous steels, titanium and aluminum alloys

Number: cep.PЭA-P №0118

Date of issue: 18.06.2003

Expiry date: 31.12.2005

Issuing agency: Rosenergoatom Concern

Types of activity: Certificate of accreditation and entry in the Register of Potential Suppliers of Rosenergoatom Concern

Number: YO-11-101-0774

Date of issue: 20.08.2002

Expiry date: 1.10.2006

Issuing agency: Material and Technical Supplies Department of Gosatomnadzor of the Russian Federation

Types of activity: design of equipment for nuclear stations

Number: YO-12-115-0787

Date of issue: 12.09.2002

Expiry date: 20.09.2007

Issuing agency: Material and Technical Supplies Department of Gosatomnadzor of the Russian Federation

Types of activity: manufacture of equipment for structures, complexes, installations with nuclear materials intended for manufacture, processing, transportation of nuclear fuel and nuclear materials

Number: 63-CT-68

Date of issue: 18.01.2002

Expiry date: 18.01.2007

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: construction of gas control points and installations, gas equipment industrial and agricultural enterprises, companies providing maintenance services, and residential buildings

Number: YO-12-101-0786

Date of issue: 12.09.2002

Expiry date: 20.09.2007

Issuing agency: Material and Technical Supplies Department of Gosatomnadzor of the Russian Federation

Types of activity: manufacturing of equipment for nuclear stations

Number: A 118095

Date of issue: 18.01.2002

Expiry date: 18.01.2007

Issuing agency: Ural Department of Gosgortekhnadzor of Russia

Types of activity: construction of gas control points (installations), gas lines, gas equipment for industrial, agricultural enterprises, companies providing maintenance services, and residential buildings

Number: CBE 01114

Date of issue: 07.09.2001

Expiry date: 31.12.2005

Issuing agency: Uralgeocom

Types of activity: the right to develop part of Ozerskoye peat deposit

Number: 63-ЭХ-000543(ЖХ)

Date of issue: 14.05.2004

Expiry date: 14.05.2009

Issuing agency: Gosgortekhnadzor of Russia

Types of activity: operation of chemical hazardous production objects

Number: 63-ЭВ-000542(ЖКМС)

Date of issue: 14.05.2004

Expiry date: 14.05.2009

Issuing agency: Gosgortekhnadzor of Russia

Types of activity: operation of explosive production objects

Number: YO-12-106-0450/01

Date of issue: 04.05.2001

Expiry date: 01.05.2007

Issuing agency: Material and Technical Supplies Department of Gosatomnadzor of the Russian Federation

Types of activity: manufacturing of the equipment for structures and complexes with industrial nuclear reactors as specified in the terms and conditions of the present license

3.2.10. Joint activities

The issuer does not conduct joint activities with other organizations.

The issuer has no subsidiary companies set up using investments from third parties.

3.4. Future prospects

SMELTING AND FOUNDRY

Aspiring to keep the positions in global aerospace complex and to increase competitiveness in the market of aviation engine titanium, and also to supply high quality metal to the Russian market, VSMPO-AVISMA Corporation organizes capacities for smelting titanium alloy ingots of very high quality by establishing an area of plasma-arc melting in a cold-hearth furnace. At present, starting-up and adjustment are being conducted.

An automated system for inspection and controlling titanium ingot melting processes has been installed on the basis of Allen-Bradley equipment for 11 vacuum-arc furnaces.

Further on it is planned to re-equip 3 to 5 vacuum-arc furnaces annually with melting process inspection and control systems.

The purpose of this project is to increase metal yield when remelting complex alloys, to ensure reproducibility of the process and to increase of explosion safety.

With the purpose of ensuring good quality of charge materials VSMPO-AVISMA Corporation has concluded a contract for the manufacture and delivery of two units of magnetometric and X-ray inspection of chips. Significant growth in the Company's own manufacture of alloying materials and expansion of their range are planned. Preproject review is being performed.

SHEET ROLLING

Entry to the world market with rolled products and marketing studies have created the following tasks for the experts of the Association concerning the manufacture of competitive products:

- Export aviation plates and sheets of 6AL-4V alloy,
- Sheets and strips from 0.5 to 2.0 mm thick commercial titanium for welded pipes and plate heat-exchangers.

A significant amount of work and investment has already been carried out in this direction. The greater part of the new imported auxiliary equipment for polishing and cutting of coil has already been mounted and put into operation.

High-quality strip is an actual topic for the Association, because manufacture of thin-walled welded pipes is being expanded significantly. To develop sheet-rolling manufacture it is planned to reconstruct the following industrial areas:

- Reconstruction of the "2000" hot rolling mill;
- Installation of a strip profile adjustment and inspection system;
- Installation of "Duo" dressing mill based on one of the current mills (for instance, "Bliss-2") for dressing of coil up to 1300 mm wide with additional equipment: unreeler, reeler, coil storage.

To increase the output of flat rolled product, design and construction of heating furnaces are being carried out (for rolling and annealing of slabs and billets).

Sheet etching unit No. 2 is designed; it will allow to increase the volume of etching of sheets and plates by 25%.

Contracts have been concluded for delivery of specialized imported equipment for grinding and cutting of sheet products.

PRESS-FORGING

In connection with an increasing number of orders for the high quality press-forgings, VSMPO-AVISMA Corporation has significantly reconstructed the main and auxiliary facilities, including repairs and upgrading of the presses; electric furnaces for heating long blanks with an automatic control system ensuring the required accuracy of heating have been put into operation.

A number of immersion ultrasonic inspection units for machined bars and billets from titanium alloys with the length up to 5000 mm have been made and put into operation, including the world's 4-th unit for multizoned ultrasonic inspection. Modern instruments and test machines have been purchased for metallurgical quality inspection of finished goods.

Overhaul and modernization of the control system of 6000 ton forging press have been conducted.

Furnace areas have been re-equipped: electric heating furnaces are replaced by gas ones, 8 modern gas furnaces have been installed.

To master new product types – rolled rings from titanium and aluminium alloys and Inconels, the rolling machine was purchased and assembled. The ring rolling mill was upgraded that allowed to increase the output at the expense of mastering of shaped ring manufacture.

Press for straightening of ring products was put into operation.

The area for forging of ingots and billets based on 2000 ton hydraulic press equipped with manipulators, furnaces and auxiliary facilities.

The area for finished product release was organized.

A number of die forgings for leading aircraft building companies was mastered. This work is going to be the priority for the corporation in the nearest future. To develop the press-forging production:

- Overhaul and modernization of the control system of the 3 000 t forging press is planned;
- The works are started to set up the area for shaping (forging per the sketch) based on 1500 ton forging press, which will be equipped with gas furnaces, forging and handling manipulators;
- The area for abrasive grinding of forged billets is being built;
- Expansion of die forging machining is being conducted. The contracts have been concluded for delivery of machines; construction, start-up and commissioning are being carried out; the 1st line for rough machining of titanium alloy die forgings has been started.

PIPE PRODUCTION

At present, the Corporation has implemented the 2nd stage of the project for manufacturing welded pipes from titanium and stainless steels ranging in diameter from 10 to 40 mm.. Four tube welding lines are in operation.

To increase the output of pipes and extending the range of 30-114 mm products four more pipe-welding lines have been purchased, which are now being mounted and adjusted.

NONCONVENTIONAL GOODS

- Manufacture of kitchen utensils with a heat-distribution "sandwich" base from stainless steel.

In 1991, manufacture of household and kitchen utensils from stainless steel was mastered.

In order to successfully compete with similar products by both Russian and international manufacturers it is essential to manufacture "sandwich"-bottom utensils. The process engineering and design services have carried out research and design work to the manufacture of new products. For implementing the project the following equipment has been purchased and mounted:

- Base leveling installation,
- Base soldering equipment,
- Base machining equipment,
- "8П1еТ" grinding machines have been upgraded.

Manufacture of stainless steel kitchen utensils is planned to be expanded, and additional equipment will be purchased.

- Manufacture of die forged wheel discs from aluminium alloys.

To develop this production line, expand the product range and increase the output, special-purpose machines for turning and milling are being purchased.

The rolling machine to produce wheel discs by rolling has been purchased and is under commissioning.

- Manufacture of titanium and stainless steel products for power engineering and oil-gas chemical industry.

To develop this production line, expand the product range and increase the output, special-purpose equipment, including inspection units, is planned to be purchased.

QUALITY ASSURANCE

In accordance with VSMPO-AVISMA Corporation Quality and Certification Program and the requirements of the auditors, in order to enhance reliability of inspection operations and also with the purpose to replace physically worn out and outdated equipment, the Company plans to purchase inspection devices for product quality testing.

Blue etching and fluorescent inspection areas have been set up, and a contract has been concluded for purchasing modern ultrasonic inspection unit for disks.

3.5. Participation in industrial, bank and financial groups, holdings, concerns and associations

The issuer does not participate in any industrial, bank, financial groups, holdings, concerns and associations.

3.6. Subsidiaries and dependant companies

Full and abbreviated corporate name:

«TIRUS HOLDING» Limited Liability Company («TIRUS HOLDING» LLC)

Location: 18 Viktor Ambartsumyan Street, Ap. 8, Yerevan, Armenia

Postal address: 18 Viktor Ambartsumyan Street, Ap. 8, Yerevan, 375033, Armenia,

Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital

Participatory share in the charter capital of the subsidiary: 100%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 100%

Subsidiary's participatory share in issuer's charter capital: 0
Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0
Description of company's main business: holding activities.
Description of the role of such company in issuer's activity: holding activities.

Full and abbreviated corporate name:

Limited liability company «Tirshop» (OOO Tirshop)

Location: 36 Engels Str., Verkhnyaya Salda, Sverdlovsk Region, Russia.
Postal address: 36 Engels Str., Verkhnyaya Salda, Sverdlovsk Region, 624760.
Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital
Participatory share in the charter capital of the subsidiary: 70%
Proportion of ordinary shares in the subsidiary which belong to the issuer: 70%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to the subsidiary: 0
Description of company's main business: retail and wholesale realization of consumer goods.
Description of the role of such company in issuer's activity: retail and wholesale realization of consumer goods.

Full and abbreviated corporate name:

**Closed joint-stock company «Titan» Firm
(ZAO «Titan» Firm)**

Location: 61 Engels Str., Verkhnyaya Salda, Sverdlovsk Region, Russia.
Postal address: 61 Engels Str., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760.
Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital
Participatory share in the charter capital of the subsidiary: 70%
Proportion of ordinary shares in subsidiary which belong to the issuer: 70%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to the subsidiary: 0
Description of company's main business: retail trade
Description of the role of such company in issuer's activity: verification of the competitiveness of consumer goods manufactured by the issuer in the local market.

Full and abbreviated corporate name:

***Open joint-stock company «AVISMA Titanium and Magnesium Works»
(JSC AVISMA)***

Joint Stock Company «AVISMA Titanium-Magnesium Works» (JSC AVISMA)
Location: Berezniki, Perm Region, Russia.
Postal address: Berezniki, Perm Region, 618421, Russia.
Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital.
Participatory share in the charter capital of the subsidiary: 56.64%
Proportion of ordinary shares in the subsidiary which belong to the issuer: 75.53%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to the subsidiary: 0
Description of company's main business: manufacture of other nonferrous metals.
Description of the role of such company in issuer's activity: supply of the basic raw material (spongy titanium) the issuer's production of titanium semi-finished products.

Full and abbreviated corporate name:

Open joint-stock company «Ural» (JSC URAL)

Location: 1 Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia.
Postal address: 1 Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760.
Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital
Participatory share in the charter capital of the subsidiary: 51%
Proportion of ordinary shares in the subsidiary which belong to the issuer: 51%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to the subsidiary: 0

Description of company's main business: manufacture of tableware and kitchen utensils, provision of services to producing departments in terms of manufacturing small parts for consumer goods.
 Description of the role of such company in issuer's activity: use of previously created fixed assets and personnel.

Full and abbreviated corporate name:

Closed joint-stock company «Tirus Medservis Medical Insurance Company» (ZAO MSK «Tirus Medservis»)

Location: 105 Molodezhny Poselok Str., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Postal address: 105 Molodezhny Poselok Str., Verkhnyaya Salda, Sverdlovsk Region, 624760, Russia.

Grounds for acknowledging the company as dependent: the issuer owns more than twenty percent of the voting shares

Participatory share in charter capital of dependent company: 31.4%

Proportion of ordinary shares in the dependent company which belong to the issuer: 31.4%

Dependent company's participatory share in issuer's charter capital: 0

Proportions of issuer's ordinary shares belonging to the dependent company: 0

Description of company's main business: activities in the field of compulsory social security.

Description of the role of such company in issuer's activity: social protection of the issuer's employees, first of all medical insurance.

Full and abbreviated corporate name:

Open joint-stock company «Tekhnolog» (OAO Tekhnolog)

Location: Onezhskaya Str., 24/1, Moscow, Russia.

Postal address: Onezhskaya Str., 24/1, Moscow, 125413, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation in the charter capital

Participatory share in the charter capital of the subsidiary: 50.07%

Proportion of ordinary shares in the subsidiary which belong to the issuer: 50.07%

Subsidiary's participatory share in issuer's charter capital: 0

Proportions of issuer's ordinary shares belonging to the subsidiary: 0

Description of company's main business: 33.10.1(OKVED code)

Description of the role of such company in issuer's activity: setting up a future service center.

3.7. Composition, structure and value of fixed assets. Plans associated with purchasing, replacement, retirement of tangible assets. Facts of fixed assets encumbrance

3.7.1. Fixed Assets

Seq. No.	Group of Fixed Assets	Full Cost before Revaluation, Rb.	Depreciated Cost (Less Depreciation) before Revaluation, Rb.	Date of Revaluation	Full Cost after Revaluation, Rb.	Depreciated Cost (Less Depreciation) after Revaluation, Rb.
1	All short life assets with useful life from year 1 to 2 years inclusive	11 567	-	-	-	-
2	Assets with useful life over 2 years to 3 years inclusive	4 374 534	2 448 681	-	-	-

3	Assets with useful life over 3 years to 5 years inclusive	230 956 767	110 532 819	-	-	-
4	Assets with useful life over 5 years to 7 years inclusive	189 405 135	90 420 928	-	-	-
5	Assets with useful life over 7 years to 10 years inclusive	1 401 787 633	580 832 021	-	-	-
6	Assets with useful life over 10 years to 15 years inclusive	1 238 634 790	358 553 088	-	-	-
7	Assets with useful life over 15 years to 20 years inclusive	1 030 996 858	506 290 249	-	-	-
8	Assets with useful life over 20 years to 25 years inclusive	110 446 915	22 007 179	-	-	-
9	Assets with useful life over 25 years to 30 years inclusive	116 333 766	20 976 857	-	-	-
10	Assets with useful life over 30 years	895 838 530	602 134 682	-	-	-
Total, Rub:		5 218 786 495	2 294 196 504			

The issuer has no plans concerning purchasing, replacement, and retirement of the fixed assets with cost of 10 and more percent of the total fixed assets.

The balance sheet value of the issuer's tangible assets in pawn as of 01.04.2005: 1`515`267`430,90 rubles.

The depreciated cost of the issuer's tangible assets in pawn as of 01.04.2005: 1`038`830`709,55 rubles.

The balance sheet cost of the issuer's tangible assets under lease as of 01.04.2005: 87`580`008,44 rubles.

The depreciated cost of the issuer's tangible assets under lease as of 01.04.2005: 56`807`714,78 rubles.

3.7.2. Value of the real estate

Total cost of the real estate as of 01.04.2005: 1`453`390`484,02 rubles.

Accumulated depreciation): 719`343`051,85 rubles.

No estimation of the real estate within 12 months before the end date of the reporting quarter has been made.

IV. Financial and economic activities information

4.1. Financial and economic performance results

4.1.1. Profit (Loss)

Indicator	Recommended Calculation Method	2000	2001	2002	2002, using 2003 methodology	2003	2004	1Q 2005	Notes
Sales, ,000 Rb.	Total proceeds from selling goods, products, works, services	4624299	7346341	8768747	8768747	8369550	10571946	2975356	
Gross profit, ,000 Rb.	Proceeds (proceeds from sales) – cost of goods, products, works, services sold (less trade and administration costs)	2056973	3276869	3865790	3865790	3146119	3194553	1132793	
Net profit (retained profit (uncovered loss), ,000 Rb.	Profit (loss) from ordinary activity + extraordinary income – extraordinary expenses	833963	1480061	1390330	1390330	1279415	1600767	513331	
Labor productivity, ,000 Rb./person	Sales (proceeds from sales)/average payroll number of staff (employees)	344.9	497.6	589.9	589.9	549.4	691.9	192.2	
Return on fixed assets, %	Sales (proceeds from sales)/total fixed assets	4.29	6.13	6.54	6.5	4.3	4.71	1.30	Shows how effectively fixed assets are used, in dynamics the indicator increases, i.e. a positive factor
Return on assets, %	Net profit /assets (balance-sheet value)	18.53	24.81	17.12	17.1	12.7	12.90	3.82	Characterizes financial stability, i.e. how effectively company owners' resources and borrowings are used.

Indicator	Recommended Calculation Method	2000	2001	2002	2002, using 2003 methodology	2003	2004	1Q 2005	Notes
Return on equity, %	Net profit /(capital and reserves – earmarked funds and earnings + deferred income – own shares repurchased from shareholders)	28.2	37.5	24.8	24.8	18.6	19.11	5.77	Shows profit on every ruble of own funds invested
Profit margin, %	Profit from sales /net sales (proceeds from sales)	29.3	32.2	32.3	33.81	23.01	16.54	24.17	Shows profit on every unit of sales
Total uncovered loss as at reporting date, '000 Rb.	Uncovered loss for prior years + uncovered loss for reporting year	0	0	0	0	0			
Ratio of uncovered loss as at reporting date to balance-sheet value of assets, %	Total uncovered loss as at reporting date /balance-sheet value of assets	0	0	0	0	0			

4.1.2. Factors impacted on the change in proceeds from sales of goods, products, works and services and the profit (loss) from primary activities

With regard to the increase in proceeds:

- In 1999, the sharp increase in the dollar exchange rate in August 1998 with a 2.3-fold effect, the share of exports in total sales constitutes 62.1;

- In 2001, the beginning of a 4-year cycle of growth in the need for titanium products in the aerospace market (the output of titanium for export increased in comparison with 2000 in physical terms 1.6 times), interrupted in September 2001 by the terrorist attack in the USA.

- In 2003, a decrease in proceeds in comparison with 2002 by 4.5 %, the effect of the consequences of the terrorist attack in the US in September 2001 and the negative effect of a decrease in the dollar exchange rate (exports amount to 60 % of total sales).

- In 2004, the proceeds increased by 26.3 % including the increase in export sales by 42.6%, mainly for value-added products.

4.2. Liquidity

Indicator	Recommended Calculation Method	2000	2001	2002	2002, using 2003 methodology	2003	2004	1Q 2005	Notes
Own working assets, '000 Rb.	Capital and reserves (net of own shares repurchased from shareholders) – earmarked funds and earnings + deferred income – fixed assets – long-term debts	1497156	2199482	3500698	3500698	3170722	4061210	4548276	
Debt to equity ratio	Long-term liabilities + short-term liabilities (excluding deferred income)/capital and reserves (net of own shares repurchased from shareholders) – earmarked funds and earnings + deferred income	0.522	0.441	0.446	0.446	0.459	0.481	0.510	Shows the extent to which assets are funded through borrowings: the less the ratio, the less dependence
Capital to assets ratio	Capital and reserves (net of own shares repurchased from shareholders) – earmarked funds and earnings + deferred income / fixed assets + current assets	0.657	0.662	0.691	0.691	0.685	0.675	0.662	Shows the share of own capital in assets, characterizes the degree of financial independence from creditors. Shall not go below 0.5:- 0.6
Coverage of inventories with own current as-	Own current assets / inventories	0.665	0.791	1.089	1.089	0.815	0.803	0.795	Shows to what extent stocks are covered

Indicator	Recommended Calculation Method	2000	2001	2002	2002, using 2003 methodology	2003	2004	1Q 2005	Notes
sets									with own current assets
Fixed asset-to-equity ratio	Fixed assets + long-term receivables /capital and reserves (net of own shares repurchased from shareholders) - earmarked funds and earnings + deferred income	0.494	0.443	0.377	0.377	0.540	0.515	0.488	Recommended value <= 0.9
Current ratio	Current assets - long-term receivables/short-term liabilities (net of deferred income)	1.976	2.425	2.397	2.397	2.009	2.018	2.014	Statutory ratio not lower than 2
Quick ratio	(Current assets – stock – value added tax on acquisitions - long-term receivables) / short-term liabilities (net of deferred income)	0.400	0.709	0.967	0.967	0.612	0.591	0.604	Optimum value = 0.8-:-1.0

4.3. Size, structure and adequacy of capital and current assets

4.3.1. Size and structure of capital and current assets

In thousand rubles

	2000	2001	2002	2002, using 2003 methodol- ogy	2003	2004	1Q 2005
Charter capital	11 806	11 806	10 626	10 626	10 626	10 626	10 626
Total cost of issuer's shares repurchased by the issuer for subsequent resale (transfer), with indication of percentage of such shares in placed shares (charter capital) of issuer, %	0	10	0	0	0	2 056	2 056
Size of issuer's reserve capital formed at the expense of deductions from issuer's profit	624	624	624	624	624	624	624
Size of issuer's paid-in surplus reflecting increase in the value of assets resulting from revaluation, and difference between sale price (placement price) and par value of shares of the company resulting from sale of shares at a price exceeding par value	1 379 647	1 359 991	1 359 991	1 359 991	1 359 991	1 359 991	1 359 991
Size of issuer's retained net profit	1 565 662	2 853 588	4 243 918	4 243 918	5 523 333	7 007 255	7 520 586
Social sphere funds	0	0	0			0	0
Size of issuer's earmarked funds including total funds allocated for conducting special actions, funds received from other organizations and persons, budget funds, etc.	42	92	0			0	0
Issuer's total capital	2 957 781	4 226 101	5 615 159	5 615 159	6 894 574	8 376 440	8 889 771
Inventories	2 251 699	2 781 023	3 215 343	3 215 343	3 888 810	5 055 928	5 722 612
Value added tax on acquisitions	172 323	202 785	367 238	367 238	517 178	664 201	634 444
Accounts receivable (due in more than 12 months after reporting date)	0	0	0	0	0	0	0

	2000	2001	2002	2002, using 2003 methodol- ogy	2003	2004	1Q 2005
Accounts receivable (due within 12 months after reporting date)	509 627	912 935	1 693 415	1 693 415	1 724 344	2 296 611	2 687 480
Short-term financial investments	26 407	279 885	712 579	712 579	175 827	36	35
Cash	80 009	40 341	17 809	17 809	32 122	74 787	36 028
Other current assets	0	0	0	0	0	0	0
Total current assets	3 040 065	4 216 969	6 006 384	6 006 384	6 338 281	8 091 563	9 080 599

The issuer's policy for financing current assets is described in para. 3.2.6.

4.3.2. Capital and current assets adequacy

In thousand rubles

	2000	2001	2002	2002, using 2003 meth- odology	2003	2004	1Q 2005	Notes
Interest payable	35 347	35 528	86 255	86 255	97 038	83 032	31 149	
Other operating expenses	3 707 599	5 093 730	6 804 896	6 804 896	5 453 051	7 592 456	2 232 541	
Issuer's total capital	2 957 781	4 226 101	5 615 159	5 615 159	6 894 574	8 376 440	8 889 771	
Short-term liabilities	1 538 532	1 739 072	2 505 881	2 505 881	3 155 546	4 009 999	4 510 373	The condition of own capital adequacy for covering current operating expenses and short-term liabilities is met
Total current assets	3 040 065	4 216 969	6 006 384	6 006 384	6 338 281	8 091 563	9 080 599	

4.3.3. Cash

The issuer borrows funds (short-term credits) to meet the needs for working capital, and for development (reconstruction, renovation) of the company according to the budget of charges.

The need for borrowed funds for the next quarter amounts to 6 – 8 million \$.

There are no payables gathered by the bank on its files.

4.3.4. Financial investments

The amount of all financial investments as of 01.04.2005: 1`031`929`188 rubles.

The list of financial investments which constitute 10 and more percent of its total financial investments at the end date of the reporting quarter:

Type of securities: ordinary registered uncertificated shares.

Full and abbreviated name of the issuer of securities: Open joint-stock company «Tekhnolog» (OAO Tekhnolog)

Location: 24/1 Onezhskaya Str., Moscow, 125413

Information on issue of securities of this category (type) which are in possession of the issuer:

Date of State registration of the issue	State registration number of the issue	State agency which registered the issue
14.07.2003	1-02-03611-A	Regional Division of Russian Federal Securities Commission in Central Federal District

Par value of one security: 2 Rb.

Number of securities which are in possession of the issuer: 2`272`825.

Total par value of securities held by the issuer: 4`545`650 rubles.

Total balance sheet value of financial investment: 833`149`460.25 rubles.

Dividends on shares have not been paid.

Dividends have not been announced.

Information on provisions for diminution in value of securities: provisions for diminution in value of securities have not been created.

Accounting standards (rules) in accordance with which the issuer has made the estimations presented under this section of the quarterly report: financial investments are accounted for in the Balance Sheet Account 58 according to the ПБУ 19/02 Accounting Regulation "Accounting for financial investments" approved by the Russian Federation Ministry of Finance Order No.126н dated 10.12.2002.

4.3.5. Intangible assets

No.	Group of Intangible Assets	Full Cost, Rb.	Accrued Amortization, Rb.	Amortization for 1Q 2005
1.	Right to invention	2`524`380	1`463`117	37`760
2.	Right to trademark	1`500	988	62

The issuer presents information on his intangible assets in accordance with ПБУ 14/2000 Accounting Rule approved by the Russian Federation Ministry of Finance Order No.91н dated 16.10.2000.

4.4. Policy and expenses for scientific and technological development associated with licenses and patents, new researches and developments

As of 01.04.2005, the books account for intangible assets in the amount of 2`525`880 rubles, including:

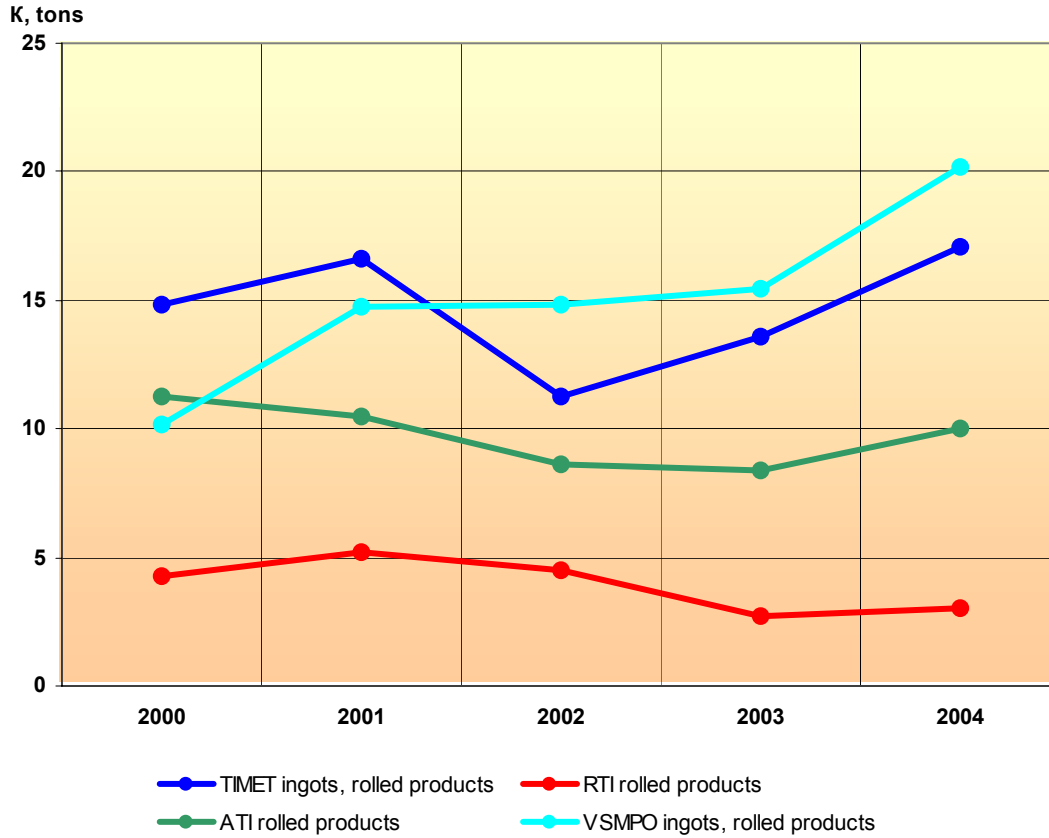
- trademarks of 1`500 rubles
- the right to inventions and prototypes of 2`524`380 rubles.

4.5 Overview of development trends in primary activities

About 65 percent of the products manufactured by VSMPO-AVISMA Group are intended for use in the aerospace industry, therefore the condition of this sector of the Russian and world economy has a substantial influence on the technical and economic indicators of the Association. The aerospace sector of the world market features a cyclic character of development with a period of about 4 years, and the global titanium market is developing similarly. It should be noted, though, that in recent years these markets have been affected by the 1998 Asian financial crisis and the terrorist attack on 11 September 2001 in the USA.

The leading titanium companies of the world, therefore, have recently experienced serious difficulties with sales, losing annually 15-25 % of output (Fig.1, table 1).

Fig.1 SHIPMENTS OF TITANIUM PRODUCTS BY US COMPANIES AND VSMPO-AVISMA IN 2000 – 2004



Source: Companies' reports

Table 1. Timet, RTI, ATI and VSMPO-AVISMA Performance in 1999-2004

Indicators/ Companies	Unit of Measurement	Years				
		2000	2001	2002	2003	2004
Sales	\$ mln					
Timet		426.8	486.9	366.5	385.3	501.8
RTI		249.4	285.9	270.9	195.0	214.6
ATI, total		2460.4	2128.0	1907.8	1937.4	2733.0
Titanium rolled product (estimated)		320.0	290.0	240.0	230.0	290.0
VSMPO-AVISMA		163.0	247.7	275.5	268.1	362.9
Net profit (loss)	\$ mln					
Timet		(38.9)	(41.8)	(111.5)	(13.1)	39.9
RTI		6.7	12.1	15.1	4.7	(2.8)
ATI		132.5	(25.2)	(65.8)	(314.6)	19.8
VSMPO-AVISMA		29.6	50.6	45.3	41.5	55.7
Shipment of titanium products	'000 tonnes					
Timet, total		14.81	16.60	11.26	13.60	17.09
rolled products		11.37	12.18	8.86	8.88	11.73

Indicators/ Companies	Unit of Measurement	Years				
		2000	2001	2002	2003	2004
ingots, slabs		3.47	4.41	2.40	4.72	5.36
RTI, rolled products		4.26	5.22	4.54	2.68	3.00
ATI, rolled products		11.26	10.48	8.65	8.37	9.99
VSMPO-AVISMA, total		10.15	14.74	14.83	15.42	20.18
rolled products		6.35	9.68	9.72	10.47	12.67
ingots, slabs		3.80	5.06	5.11	4.95	7.51
Average product price	\$ / kg					
Timet, total (price calculated)		25.15	25.73	27.80	24.78	26.22
rolled products		28.70	29.80	31.40	31.50	32.05
ingots, slabs		13.65	14.50	14.50	12.15	13.45
RTI, rolled products		34.65	29.48	33.33	35.13	30.81
ATI, rolled products		23.94	25.77	26.06	25.33	27.18
VSMPO-AVISMA export, total		13.51	14.81	13016	12.15	13.01
rolled products		18.30	18.50	16.64	15.07	16.47
ingots, slabs		7.78	9.38	8.63	7.80	8.59
Domestic market		11.93	13.96	17.90	20.75	23.77

Source: Companies' reports

In contrast to its main competitors the Group features stable growth of output and hence stable growth of profit, ensuring the possibility of reconstruction and development.

The main advantages of the enterprise in comparison with the competitors:

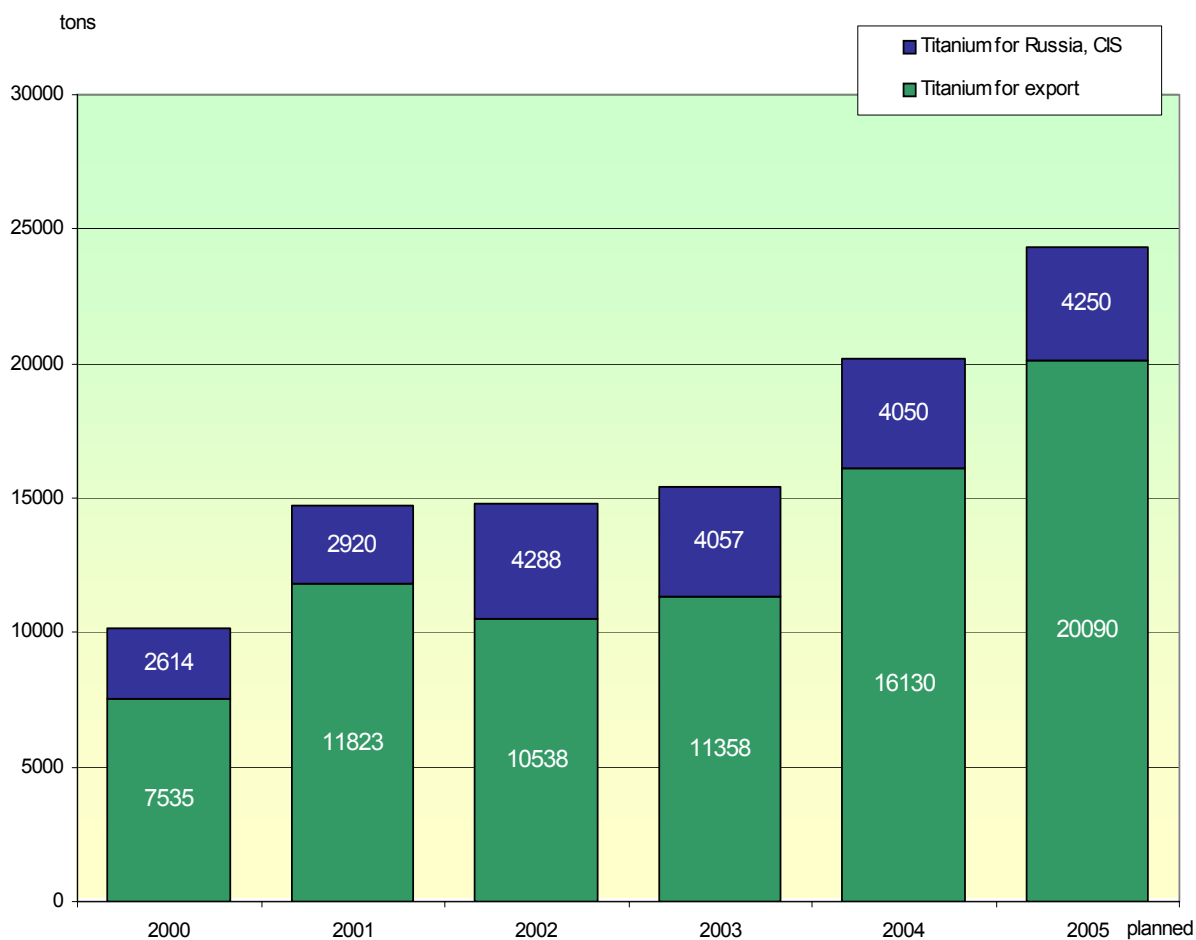
- Existence of VSMPO-AVISMA corporation possessing a full range of titanium production from raw material to metallurgical semifinished items and finished products for machine building (heat-exchanging and container equipment)
- Diversification allows the Company to move resources from the titanium sector to the manufacture of other types of product: aluminum, steel, ferrotitanium, and consumer goods (table 2).

Table 2. Structure of product types shipped by VSMPO-AVISMA

Type of Product	Years				
	2000	2001	2002	2003	2004
	%				
Titanium products	81.0	84.7	82.1	82.7	80.7
Aluminum products	4.3	4.6	5.5	5.7	4.1
Non-conventional aluminum products	5.4	3.1	3.2	3.4	2.8
Steel	3.2	2.9	2.6	2.4	2.6
Ferrotitanium	3.9	2.8	4.7	3.2	5.6
Non-conventional products	0.5	0.3	0.3	0.4	0.6
Other goods	1.7	1.6	1.6	2.2	3.6
Total	100.0	100.0	100.0	100.0	100.0

Source: VSMPO-AVISMA reports

Fig.2. SHIPMENTS OF TITANIUM PRODUCTS BY VSMPO-AVISMA TO DOMESTIC AND FOREIGN MARKETS



- VSMPO-AVISMA is an integrated manufacturer of titanium semi-finished products, and in contrast to its competitors the Company implements all processes and also control and tests on its own (without involving subcontractors);
- the implementation of the program aimed at increasing the share of value-added products (die forgings, welded pipes, sheets) instead of supplying ingots and slabs consolidates the position of VSMPO in the global titanium market

One of the stabilizing factors which strengthen the position of VSMPO-AVISMA in the market is the agreement made recently with SUAL concerning cooperation in the manufacture and supply of aluminum products to the world market, first of all the aerospace sector.

V. Members of the executive bodies, financial control bodies and employees

5.1. Structure and powers of executive management bodies

The executive management bodies of the Company are:

- General meeting of shareholders;
- Board of Directors;
- One-person executive body (Director-General)

The powers of the general meeting of shareholders (participants) shall be in accordance with the Charter (constituent documents).

The competence of the general meeting of shareholders shall include the following issues:

- Making of alterations in and amendments to the Charter of the Bank or approval of a new edition of the Charter (except for cases provided for by items 2-5 of Article 12 of the Federal Law "On Joint-Stock Societies";
- Reorganization of the Company;
- Liquidation of the Company, appointment of a liquidation committee and approval of the interim and final liquidation balance sheets;
- Determination of the numerical membership of the Board of Directors, election of members thereto and termination of their powers before time;
- Election of one-person executive body;
- Termination of the powers of one-person executive body before time;
- Determination of numerical membership of the Internal Auditing Committee, election of the Internal Auditing Committee and termination of its powers before time;
- Approval of the Company's auditor;
- Determination of the number, par value, category (type) of declared shares and rights granted by these shares;
- Increase of the charter capital of the Company by means of increasing the par value of the shares;
- Increase of the charter capital of the Company by means of placing additional shares in cases provided for by federal legislation and the Charter of the Company;
- Increase of the charter capital of the Company by means of placing additional shares within the number and category (type) of declared shares at the expense of the property of the Company when the placement of additional shares is effectuated by means of distribution thereof amongst shareholders if the Board of Directors has failed to make a unanimous decision on this issue;
- Reduction of the charter capital of the Company by means of reducing the par value of the shares, by means of repurchasing part of the shares by the Company for the purposes of reducing their total number and by means of redeeming shares which have been acquired or repurchased by the Company (shares which are at the disposal of the Company);
- Approval of annual reports, annual financial reports, including the profit and loss account of the Company and the distribution of profit, including payment (declaration) of dividends, and losses of the Company based on the results of the financial year;
- Determination of a procedure for transacting general meetings of shareholders;
- Sub-division and consolidation of shares;
- Adoption of decisions concerning the approval of major transactions in instances provided for by Article 83 of the Federal Law "On Joint-Stock Societies";
- Adoption of decisions concerning the approval of major transactions in instances provided for by item 2, Article 79 of the Federal Law "On Joint-Stock Societies";
- Adoption of decisions concerning the approval of major transactions in instances provided for by item 3, Article 79 of the Federal Law "On Joint-Stock Societies";
- Adoption of decision concerning participation in holding companies, financial-industrial groups, associations and other unions of commercial organizations;
- Approval of internal documents regulating the activities of the bodies of the Company;
- Adoption of decision concerning the remuneration and (or) compensation of expenses of the Internal Auditing Committee connected with the performance of its functions during the effective period of these functions; determination of the size of such remuneration and compensation;
- Adoption of decisions concerning the remuneration and (or) compensation of expenses of members of the Board of Directors connected with the performance of the functions of members of the Board of Directors by them during the effective period of such functions, determination of the size of such remuneration or compensation;
- Adoption of decisions concerning the reimbursement, at the expense of the funds of the Company, of expenses on preparing and holding an extraordinary general meeting of shareholders incurred by persons and bodies who initiated such general meeting of shareholders;

- Determination of the list of additional documents which shall be kept at the Company mandatorily;
- Decision of other issues relegated by the Federal Law to the competence of the general meeting of shareholders.

The general meeting of shareholders shall not have the right to consider and adopt decisions concerning issues not relegated to its competence by the Federal Law and the Charter.

The general meeting of shareholders shall not have the right to adopt decisions not included in the agenda of the general meeting of shareholders or to change the agenda.

The competence of the Board of Directors shall be in accordance with the Charter.

The Board of Directors shall effectuate current direction over the activity of the Company except for the deciding of issues relegated by the effective legislation of the Russian Federation and the Charter to the competence of the general meeting of shareholders.

The following shall be relegated to the competence of the Board of Directors:

- Determination of priority lines of business for the Bank;
- Convocation of an annual general or extraordinary meeting of shareholders except for cases provided for in item 8, Article 55 of the Federal "On Joint-Stock Societies";
- Approval of the agenda of a general meeting of shareholders;
- Determination of a date for drawing up a list of shareholders entitled to attend the general meeting and other issues relegated to the competence of the Board of Directors in accordance with the provisions of Article VII of the Federal Law "On Joint-Stock Societies" concerning the preparation and transaction of general meetings;
 - Preliminary approval of annual reports of the Company;
 - Increase of the charter capital of the Company by means of placing additional shares within the limits on the quantity and categories (types) of declared shares at the expense of the property of the Company when the placement of additional shares is effectuated by means of placing them amongst shareholders;
 - Increase of the charter capital of the Company by means of placing additional shares within the limits on the quantity and categories (types) of declared shares by an open subscription to ordinary shares in the amount constituting 25 percent and less of the previously placed ordinary shares;
 - Increase of the charter capital of the Bank by means of placing additional shares within the limits on the quantity and categories (types) of declared shares by an open subscription to preference shares;
 - Placement of additional shares at the expense of the property of the Company when the placement of additional shares is effectuated by means of distribution thereof amongst shareholders;
 - Placement of debentures not convertible into shares and other emission securities not convertible into shares;
 - Approval of decisions concerning the issue of securities, security issue prospectus, reports on the results of issue of securities, making of alterations and amendments in them;
 - Determination of the price (monetary value) of property, a price for placement and repurchase of emission securities in cases provided for by the Federal Law "On Joint-Stock Societies";
 - Repurchase of shares placed by the Company in accordance with item 2, Article 72 of the Federal Law "On Joint-Stock Societies";
 - Repurchase of debentures and other securities placed by the Company in cases provided for by the Federal Law "On Joint-Stock Societies";
 - Approval of the results of repurchasing of shares acquired in accordance with item 1, Article 72 of the Federal Law "On Joint-Stock Companies";
 - Recommendations to the general meeting of shareholders as to the amount of remuneration and compensations to be paid to the members of the Internal Auditing Committee;
 - Determination of the amount of pay for the services of the Auditor of the Company;
 - Recommendations to the general meeting of shareholders as to the amount of dividend on shares of all categories and the procedure for the payment thereof;
 - Recommendations to the general meeting of shareholders as to the distribution of profits and losses of the Company based on the results of the financial years;
 - Use of the reserves or others funds of the Company;
 - Approval of the Company's internal documents except for internal documents regulating activities of the management bodies of the Company to be approved by resolution of the general meeting of shareholders and other internal documents of the Company the approval of which is relegated by the

Charter to the competence of the one-person executive body of the Company, and the making of alterations in and amendments thereto;

- Creation and closing of branches, creation and closing of representations of the Company, approval of statutes on branches and representations, making of alterations in and amendments thereto, and appointment of heads of branches and representations and termination of their powers

- Making of changes in the Charter connected with the creation of branches, opening of representations of the company and their closing;

- Approval of major transactions in cases provided for by Chapter X of the Federal Law "On Joint-Stock Societies";

- Approval of transactions provided for by Chapter XI of the Federal Law "On Joint-Stock Societies";

- Approval of Registrar of the Company and the terms of contract therewith, and dissolution of the contract therewith;

- Adoption of decision at any time to audit the financial and economic activities of the Company;

- Appointment of a person authorized to sign a contract on behalf of the Company with a one-person executive body;

- Determination of the list of additional documents to be mandatory kept at the Company;

- Approval of the contract with a person who shall effectuate the powers of one-person executive body of the Company;

- Adoption of a decision to terminate the powers of the one-person executive body of the Company;

- Other issues provided for by the provided for by the Federal Law "On Joint-Stock Societies".

The competence of the one-person and collective executive bodies shall be in accordance with its Charter (constituent documents).

The management of current activities of the Company shall be effectuated by the Director General (a one-person executive body of the Company).

The one-person executive body shall report to the general meeting of shareholders and the Board of Directors.

To the competence of the Director-General shall be relegated all issues of management of current activity of the Company except for questions relegated to the exclusive competence of the general meeting of shareholders and the Board of Directors.

The Director General shall organize the implementation of decisions adopted by general meetings of shareholders and the Board of Directors.

The Director General shall act without power of attorney on behalf of the Company, including that she/he shall:

- effectuate the management of activities of the Company;
- have the right of first signature in financial documents;
- manages the property of the Company for ensuring its current activity within the limits established by the Charter;
- represent the interests of the Company both within and outside the Russian Federation, including in foreign countries;
- approve of staffing lists, conclude labor contracts with employees of the Company, apply incentive measures to employees and impose penalties thereon;
- conduct transactions on behalf of the Company except for cases provided for by the Federal Law "On Joint-Stock Societies" and the Charter of the Company;
- issue powers of attorney on behalf of the Company;
- open accounts of the Company in banks;
- organize book-keeping and reporting in the Company;
- issue orders and give instructions which shall be binding on all employees of the Company;
- perform such other functions as may be necessary to achieve the objectives of the Company and ensure its normal operation in accordance with effective legislation and the Charter except for functions relegated by the Federal Law "On Joint-Stock Societies" and the Charter to the other executive bodies of the Company.

The Director-General shall be elected by the general meeting of shareholders for a term of 4 years.

The issuer has no code of corporate conduct (management) or any similar document.

Changes introduced into VSMPO Charter as well as into the internal documents regulating the activities of the Company's management bodies during the reporting period: None.

The full text of the effective edition of the Charter and internal documents regulating the activities of the Company's management bodies is provided for the open access in the Internet at web-site www.vsm-po.ru.

5.2. Persons included in the executive bodies

Board of Directors:

Chairman: Bresht, Vyacheslav Iosifovich, b.1953.

Members of the Board of Directors:

Bresht, Vyacheslav Iosifovich, b.1953.

Education: higher vocational

Positions for the last 5 years:

Period: 2000

Position: Adviser to Director-General, JSC VSMPO

Period: 2000 – 2002

Position: Assistant Director-General, Foreign Trade Activities, JSC VSMPO

Period: 2002 – June 2004

Position: Assistant Director-General, Marketing and Sales, JSC VSMPO

Period: June 2004 – present time

Position: Chairman of the Board of Directors

Share in the charter capital: 0.0012%

Shares in subsidiary / dependent companies: none

Melnikov, Nikolay Konstantinovich, b.. 1955.

Education: higher vocational

Positions for the last 5 years:

Period: 1999 – 2001

Position: Head, Marketing and Contractual Work, JSC VSMPO

Period: 1999 – 2001

Position: Deputy Director, Manufacturing, JSC VSMPO

Period: 2001 - 2003

Period: 2004r. - present time

Position: Assistant Director-General, Production Planning and Management, JSC VSMPO

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Levin, Igor Vasilyevich, b. 1950.

Education: higher vocational

Positions for the last 5 years:

Period: 1999 – 2002

Position: Chief Metallurgist, JSC VSMPO

Period: 2002r. - present time

Position: Director, Science and Technology, JSC VSMPO

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Malygin, Igor Leonidovich, b. 1961.

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 - present time

Position: Head, Press-Forging, JSC VSMPO

Share in the charter capital: less than 0,0001

Shares in subsidiary / dependent companies: none

Ol'khovik, Eugeny Nikolaevich, b. 1955.

Education: higher vocational

Positions for the last 5 years:

Period: 1999 – 2003

Position: from 1999 - Director-General, ZAO RENOVA

Period: 1999 – 2003

Position: Deputy Director-General, ZAO Komvek

Period: 1999 – 2000

Position: Deputy Director-General, Corporate Development, JSC Siberian-Ural Aluminum Company

Period: 2000 – 2003

Position: First Vice-President, JSC SUAL-HOLDING

Period: 2000 – present time

Position: First Deputy President – First Vice-President, Business in Russia, JSC SUAL-HOLDING

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Kelly Dennis, b. 1946.

Education: Seton Hall University, Accounting Faculty

Positions for the last 5 years:

Period: 2000-2002

Position: Vice President, Strategic Planning, Metallurgist Group, New York

Period: 2003-present time

Position: Vice President, Finance, Tirus US Company

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Monahan John, b. 1945.

Education: San Francisco College, Economy and History

Positions for the last 5 years:

Period: 2000

Position: Vice President, Sales and Marketing, Timet Company

Period: 2000-present time

Position: President, Tirus US Company

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

One-Person Executive Body:

Tetjukhin, Vladislav Valentinovich, b. 1932.

5.3. Remuneration, benefits and/or fee expenses of management bodies

Total income of all members of the Board of Directors for 2004 was 4`221`896,37 rubles.

In accordance with the Regulations on the Board of Directors, the remuneration for 2005 is determined and paid to the members of the Board of Directors based on the resolution of the general meeting of shareholders in accordance with the performance results of the Company for the year; besides, in 2005, the members of the Board of Directors who are full-time staff employees of VSMPO-AVISMA receive salaries according to the staffing list of VSMPO-AVISMA.

5.4. Structure and competencies of the bodies auditing financial and economic activities

The financial, economic and legal activities of the Company are audited by the Auditing Committee.

Any shareholder or any person nominate by a shareholder may be a member of the Internal Auditing Committee.

The members of the Auditing Committee of the Company may not be concurrently members of the Supervisory Board or the executive bodies of the Company.

The Internal Auditing Committee is elected at an annual general meeting for a term of 1 year and consists of at least three persons.

The Internal Auditing Committee elects Chairperson and secretary to the Internal Auditing Committee from among its members.

Verification (an internal audit) of the financial and business activities of the Company is carried out with regard to the results of the Company's performance for the year and at any time at the initiative of the Internal Auditing Committee itself, decision of a general meeting of shareholders, the Supervisory Board or a shareholder (shareholders) of the Company who holds in aggregate not less than 10 percent of the voting shares in the Company.

The following is relegated to the competence of the Internal Auditing Committee:

- Verification of the Company's financial documents, accounting reports, conclusions of the property inventorying committee and comparison of the above documents with prime book keeping records;
- Analysis of the book keeping, taxation, management and statistical books for correctness and comprehensiveness;
- Analysis of the financial position of the Company, its solvency, liquidity of the assets, ratio between own and borrowed funds, net assets and the charter capital, identification of potential for improving the financial status of the Company, development of recommendations for the management bodies of the Company;
- Verification of the timeliness and correctness of payments made to the suppliers of products and services, payments to the budget and extrabudgetary funds, determination and payment of dividends, interest on debentures, discharge of other obligations;
- Confirmation of data included in annual reports of the Company, annual accounting reports, profit and loss accounts, distribution of profit, reporting documents for taxation and statistic agencies, and State authorities;
- Verification the validity of decisions adopted by the Supervisory Board, Director-General, liquidation committee and their compliance with the Charter and resolutions of the general meeting of shareholders;
- Analysis of decisions of the general meeting of shareholders for their conformity to the law and the Charter.

The Internal Auditing Committee has the right to:

- Demand personal explanations from members of the Supervisory Board, employees of the Company including any officials, on questions which are within the competence of the Internal Auditing Committee;
- Bring to the attention of the management bodies issues concerning the responsibility of employees of the Company including officials in the event of violation by them of the Charter, provisions, rules and instructions adopted by the Company;
- Contract experts who do not occupy full-time positions in the Company in performing their functions.

At the demand of the Internal Auditing Committee persons occupying posts in the management bodies of the Company are obliged to grant access to documents on the financial and economic activities of the Company.

The Internal Auditing Committee has the right to demand convocation of an extraordinary general meeting of shareholders in the procedure provided for by the Charter.

Following an audit of financial and economic activities of the Company the Internal Auditing Committee draws up a conclusion which should contain:

- Confirmation that the data contained in the reports, and other financial documents of the Company are valid;

- Information on any facts of violation of regulations concerning book keeping and presentation of financial reports stipulated by legal acts of the Russian Federation, and also of the laws of the Russian Federation in conducting financial and economic activities.

5.5. Members of the control body responsible for auditing of financial and economic activities

Named membership of the Internal Auditing Committee for auditing financial and business activities:

Ryzhova, Tatyana Eliseyevna, b. 1950.

Education: secondary vocational

Positions in the last 5 years:

Period: 2000 – present time

Position: Chairperson, Internal Auditing Committee

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Kharlampieva, Lydia Kuzminichna, b. 1937.

Education: higher vocational

Positions in the last 5 years:

Period: 2000 – 2002

Position: auditor

Period: 2002 – present time

Position: Deputy Chairperson, Internal Auditing Committee

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Nikiforova, Vera Vasilievna, b. 1937.

Education: secondary vocational

Positions in the last 5 years:

Period: 2000 – present time

Position: Auditor

Share in the charter capital: 0.0002%

Shares in subsidiary / dependent companies: none

Pryanichnikova, Nadezhda Ivanovna, b. 1950.

Education: secondary vocational

Positions in the last 5 years:

Period: 2000 – 2002

Position: Bookkeeper, Shop 16

Period: 2002 – present time

Position: Auditor, Finance, Economics

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

Akhvatova, Marina Evgenievna, b. 1959.

Education: higher vocational

Positions in the last 5 years:

Period: 2000 – present time

Position: Manager, Auditing, JSC RENOVA

Share in the charter capital: none

Shares in subsidiary / dependent companies: none

5.6. Remuneration, benefits and/or fee expenses of the control body responsible for auditing of financial and economic activities

Total income of all members of the Internal Auditing Committee for 2004: 661`487.21 rubles.

“Regulations Concerning the Activity of the Internal Auditing Committee of JSC VSMPO” regulate the payment of remuneration and compensations to members of the Internal Auditing Committee. By resolution of the general meeting of shareholders, members of the Internal Auditing Committee may be paid remuneration and (or) compensations of expenses connected with the performance of the functions of members of the Internal Auditing Committee. The total sum of such remunerations and compensations is determined by resolution of the general meeting of shareholders. There were no such remuneration and compensations in 2003.

The members of the Internal Auditing Committee working on a full-time basis receive compensation as salaries in the procedure effective for employees of the Company.

5.7. Number of employees. General data on employees' education and qualification. Changes in number of employees

Index Designation	Reporting Period					
	2000	2001	2002	2003	2004	As of 01.04 2005
Average Number of Employees, persons	13408	14765	14866	15234	15280	15484
Funds Spent For Remuneration of Labor, krub	579005	951519	1184550	1395517	1682325	486855
Funds Spent For Social Purposes, krub	221957	324497	383193	437663	526023	122801
Total Volume of Funds, krub	800962	1276015	1567743	1833181	2208348	609656

Index Designation	Reporting Period					
	2000	2001	2002	2003	2004	As of 01.04 2005
Staff (Employees), aged under 25, %	12	11	15	16	17	16
Staff (Employees), aged 25 – 35, %	23	26	25	26	35	26
Staff (Employees), aged 35 – 55, %	59	56	55	53	41	50
Staff (Employees), aged over 55, %	6	7	5	5	7	8
Total	100,0	100,0	100,0	100,0	100,0	100,0
Among them:						
Having secondary and/or complete general education, %	37,1	34,1	32,6	30,2	26,6	24,5
Having primary and/or secondary vocational education, %	44,4	47,3	48,8	49,3	52,5	54,5
Having higher vocational education, %	18,3	18,3	18,3	20,1	20,5	20,6

Having postgraduate vocational education, %	0,2	0,3	0,3	0,4	0,4	0,4
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A Trade Union Body was established for the Issuer's staff (employees): Primary Trade Union Authority of Russian Aircraft Toilers Union JSC VSMPO-AVISMA.

5.8. Any Issuer's obligations to the staff (employees) associated with their participation in the capital

There are no agreements or obligations concerning the possibility of participation of the issuer's staff (employees) in the charter capital.

VI. Participants (shareholders). Transactions with vested interest

6.1. Total number of shareholders (participants)

The number of persons registered in the Shareholders' Register as of the final date of the reporting quarter is 2715, including 10 nominal holders.

6.2. Participants (shareholders) who hold no less than 5 percent of the charter (share) capital (share funds) or no less than 5 percent of ordinary shares. Participants (shareholders) who hold no less than 20 percent of the charter (share) capital (share funds) or no less than 20 percent of ordinary shares.

Full and abbreviated name of the nominal holder of the issuer:

Closed joint-stock company «Deposit and Clearing Company» (ZAO DKK)

Location: 31, Building B, Shabolovka Str., Moscow, 115162

Share of the charter capital: 78,4331.

Proportion of ordinary shares held: 78,4331.

Full and abbreviated name of the nominal holder of the issuer:

“ING BANK (Eurasia) Closed Joint-Stock Company (“ING BANK (Eurasia) ZAO”)

Location: 31, Krasnaya Presnya, Moscow, 123022

Share of the charter capital: 6,8791.

Proportion of ordinary shares held: 6,8791.

Full and abbreviated name of the nominal holder of the issuer:

Closed joint-stock company “Citybank” Commercial Bank (ZAO “Citybank”)

Location: 8-10, Gashek Street, Moscow, 125047.

Share of the charter capital: 5,4749.

Proportion of ordinary shares held: 5,4749.

6.3. Participatory share of the state or municipal formation in the charter (share) capital (share funds). Special right (“golden share”)

The State (municipal formation) has no share in the charter capital of the Company.

No special right (“golden share”) to participation of the Russian Federation, subjects of the Russian

Federation, municipal formations in management of the Company, a public stock company, is provided.

6.4. Limitations on participation in the charter (share) capital (share funds)

There are no restrictions of the number of shares belonging to one shareholder and/or their total par value, and/or maximum number of votes given to one shareholder..

There are no restrictions on the share of participation of foreign persons in the charter capital of the Company.

6.5. Changes in the membership and the share of participants (shareholders) who hold no less than 5 percent of the charter (share) capital (share funds) or no less than 5 percent of ordinary shares

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **23.04.2001**.

Full and abbreviated corporate name: Closed joint-stock company «Soyuz VS» (ZAO Soyuz VS)

Share in the charter capital: 38,6098

Proportion of ordinary shares held: 38,6098

Full and abbreviated corporate name: Open joint-stock company «Avitrans» (OAO Avitrans)

Share in the charter capital: 8,1922

Proportion of ordinary shares held: 8,1922

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the charter capital of the issuer: 15,5

Proportion of ordinary shares held: 15,5

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **09.04.2002**.

Full and abbreviated corporate name: Closed joint-stock company «Soyuz VS» (ZAO Soyuz VS)

Share in the charter capital: 38,6110

Proportion of ordinary shares held: 38,6110

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the charter capital of the issuer: 17,6037

Proportion of ordinary shares held: 17,6037

Full and abbreviated corporate name: Nikitas Brokerage Limited

Share in the charter capital of the issuer: 14,1312

Proportion of ordinary shares held: 14,1312

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **10.04.2003**.

Full and abbreviated corporate name: Closed joint-stock company «Soyuz VS» (ZAO Soyuz VS)

Share in the charter capital: 42,9003

Proportion of ordinary shares held: 42,9003

Full and abbreviated corporate name: Nikitas Brokerage Limited

Share in the charter capital: 13,1082

Proportion of ordinary shares held: 13,1082

Full and abbreviated corporate name: open joint-stock company «AVISMA Titanium-Magnesium Works» (OAO AVISMA)

Share in the charter capital: 17,7025

Proportion of ordinary shares held: 17,7025

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **05.12.2003.**

Full and abbreviated corporate name: Closed joint-stock company «Soyuz VS» (ZAO Soyuz VS)

Share in the charter capital: 8,1595

Proportion of ordinary shares held: 8,1595

Full and abbreviated corporate name: Limited liability company «RENOVA-INVESTITSII» (OOO RENOVA-INVESTITSII)

Share in the charter capital: 5,5941

Proportion of ordinary shares held: 5,5941

Full and abbreviated corporate name: Colbridge Limited

Share in the charter capital: 20,0000

Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Colgrove Limited

Share in the charter capital: 6,3526

Proportion of ordinary shares held: 6,3526

Full and abbreviated corporate name: Finecroft Limited

Share in the charter capital: 11,2499

Proportion of ordinary shares held: 11,2499

Full and abbreviated corporate name: Maxbay Limited

Share in the charter capital: 6,3517

Proportion of ordinary shares held: 6,3517

Full and abbreviated corporate name: Rockcastle Enterprises Limited

Share in the charter capital: 5,0812

Proportion of ordinary shares held: 5,0812

Full and abbreviated corporate name: Winfair Limited

Share in the charter capital: 10,4888

Proportion of ordinary shares held: 10,4888

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **29.03.2004.**

Full and abbreviated corporate name: Deplex Limited

Share in the charter capital: 20,0000

Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Finebond Limited

Share in the charter capital of the issuer: 20,0000

Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Osengo Investments limited

Share in the charter capital of the issuer: 12,0164

Proportion of ordinary shares held: 12,0164

Full and abbreviated corporate name: Coldsteam Limited

Share in the charter capital of the issuer: 10,0134

Proportion of ordinary shares held: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the charter capital: 10,0134
Proportion of ordinary shares held: 10,0134

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **05.08.2004.**
Full and abbreviated corporate name: Deplex Limited
Share in the charter capital: 20,0000
Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Finebond Limited
Share in the charter capital: 20,0000
Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
Share in the charter capital: 12,0206
Proportion of ordinary shares held: 12,0206

Full and abbreviated corporate name: Coldsteam Limited
Share in the charter capital: 10,0134
Proportion of ordinary shares held: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the charter capital: 10,0134
Proportion of ordinary shares held: 10,0134

Date of drawing up the list of persons who have the right to attend the general meeting of shareholders (participants) of the issuer: **22.11.2004.**
Full and abbreviated corporate name: Deplex Limited
Share in the charter capital: 20,0000
Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Finebond Limited
Share in the charter capital: 20,0000
Proportion of ordinary shares held: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
Share in the charter capital: 12,0206
Proportion of ordinary shares held: 12,0206

Full and abbreviated corporate name: Coldsteam Limited
Share in the charter capital: 10,0134
Proportion of ordinary shares held: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the charter capital: 10,0134
Proportion of ordinary shares held: 10,0134

6.6. Transactions with vested interest

No transactions with vested interest were made during the reporting quarter.

6.7. Accounts receivable

Accounts Receivable	Due Date, '000 rubles, as of 01.04.2005					
	Less than 30 days	From 30 to 60 days	From 60 to 90 days	From 90 to 180 days	>From 180 days to 1 year	Over 1 year
Total accounts receivable, including:	373939	0	184080	152317	67102	1910042
including:						
Overdue debts	0	0	607956	152317	67102	135112
Buyers and customers	373939	184080	86473	152 317	67102	135112
Bill receivable	According RF Ministry of Finance Order No.67H "Forms of Accounting Reports of Organizations" dated July 22, 2003, starting from 2003 this information is not included in accounting reports.					
Subsidiaries and dependent companies						
Participants (promoters) in terms of contributions to charter capital						
Prepayments						
Other debtors						

VII. Financial reports of the issuer and other financial information

7.1. Annual financial reports of the issuer

The annual financial reports of the issuer for the last completed financial year made according to the requirements of the legislation of the Russian Federation.

The annual financial reports of the issuer include:

a) Balance Sheet – Form No.1

b) Profit and Loss Account – Form No.2

c) Attachment to Balance Sheet and Profit and Loss Account:

- Report on Changes in Capital – Form No.3;
- Cash Flow Statement – Form No.4;
- Attachment to Balance Sheet – Form No.5;

d) Auditor's Conclusion, issued on the basis of the result of a compulsory audit of the financial statements in accordance with legislation of the Russian Federation.

BALANCE SHEET

		Codes
	Form No. 1 according to OKUD	710001
As of December 31, 2004	Date (year, month, day)	
Organization: VSMPO-AVISMA Corporation	OKPO	07510017
Taxpayer identification number	INN	6607000556
Type of activity: metallurgical production	OKVED	27.45
Legal-organizational form / form of ownership: Public stock company	KOPF/OKFS	47/34
Unit of measurement: '000 Rb.	OKEI	384
Location (address)	Verkhnyaya Salda, Sverdlovsk Oblast	

ASSETS	Indicator code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	1 266	1 087
Fixed assets	120	1 966 585	2 245 965
Construction in progress	130	841 080	1 035 802
Long-term financial investments	140	915 254	1 032 910
Deferred tax assets	145	69	69
TOTAL, Section I	190	3 724 254	4 315 833
II. CURRENT ASSETS			
Inventories including:	210	3 888 810	5 055 928
Raw and other materials and other similar assets	211	907 946	1 329 029
work in progress	213	1 102 521	1 202 189
finished products and goods for resale	214	925 828	1 049 653
shipped products	215	944 258	1 462 704
Deferred expenses	216	8 257	12 353
Value added tax on assets acquired	220	517 178	664 201
Accounts receivable (due within 12 months after reporting date) including:	240	1 724 344	2 296 611
buyers and customers	241	678 887	804 673
Short-term financial investments	250	175 827	36

Cash	260	32 122	74 787
TOTAL, Section II	290	6 338 281	8 091 563
BALANCE	300	10 062 535	12 407 396

LIABILITIES	Indicator code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
III. CAPITAL AND RESERVES			
Charter capital	410	10 626	10 626
Own shares repurchased from shareholders	411	0	(2 056)
Additional capital	420	1 359 991	1 359 991
Reserve capital including:	430	624	624
reserves formed in accordance with legislation	431	624	624
Undistributed profit (uncovered loss)	470	5 523 333	7 007 255
including undistributed profit of the reporting period	471	0	1 600 767
TOTAL, Section III	490	6 894 574	8 376 440
IV. LONG-TERM LIABILITIES			
Deferred tax liabilities	515	12 415	20 957
TOTAL, Section IV	590	12 415	20 957
V. SHORT-TERM LIABILITIES			
Loans and credits (66)	610	1 694 902	1 811 324
Accounts payable including:	620	1 446 225	2 147 363
suppliers and contractors	621	469 494	629 247
payroll	622	2 213	1 982
state extrabudgetary funds	623	43 302	23 421
taxes and duties	624	354 067	415 164
other creditors	625	577 149	1 077 549
Debts to participants (promoters) in terms of income payment	630	0	709
Deferred income	640	402	603

Forthcoming expenses reserve	650	14 017	50 000
TOTAL over Section V	690	3 155 546	4 009 999
BALANCE	700	10 062 535	12 407 396

INFORMATION ON ASSETS ACCOUNTED FOR IN OFF BALANCE SHEET ACCOUNTS

Name of indicator	Indicator code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
Leased fixed assets	910	0	22 388
including under leasing agreements	911	0	21 931
Tangible assets received for critical storage	920	0	5
Written-off debts of insolvent debtors	940	5 676	141 011
Securities for obligations and payments issued	960	100	2 430 937
Other	1000	0	276 093

PROFIT AND LOSS ACCOUNT

		Codes
	Form No. 2 according to OKUD	710002
As of December 31, 2004	Date (year, month, day)	
Organization: VSMPO-AVISMA Corporation	OKPO	7510017
Taxpayer identification number	INN	6607000556
Type of activity: metallurgical production	OKVED	27.45
Legal-organizational form / form or ownership: Public stock company	OKOPF/OKFS	47/34
Unit of measurement: '000 Rb	OKEI	384
Address	Verkhnyaya Salda, Sverdlovsk Oblast.	

Indicator		For the report- ing period	For the same period of the previous year
Name	Code		
1	2	3	4
Income and expenses on ordinary activities			
Proceeds (net) from sales of goods, products, works, services (less value added tax, excises and similar payments)	10	10 571 946	8 369 550
Cost of goods, products, works, services sold	20	(7 377 393)	(5 223 431)
Gross profit	29	3 194 553	3 146 119
Sales expenses	30	(318 040)	(223 645)
Management expenses	40	(1 127 988)	(904 923)
Profit (loss) from sales	50	1 748 525	2 017 551
Other income and expenses			
Interest receivable	60	1 587	34 900
Interest payable	70	(83 032)	(97 038)
Other operating income	90	7 368 392	5 179 708
Other operating expenses	100	(7 592 456)	(5 453 051)
Off-sales income	120	1 203 818	493 492
Off-sales expenses	130	(447 938)	(414 760)
Profit (loss) before tax	140	2 198 896	1 760 802
Deferred tax assets	141	0	69

Deferred tax liabilities	142	(8 541)	(12 415)
Current profit tax	150	(589 588)	(469 041)
Net profit (loss) for the reporting period	190	1 600 767	1 279 415
For reference. Permanent tax liabilities (assets)	200	70 394	58 794

DESCRIPTION OF INDIVIDUAL PROFIT AND LOSS ITEMS

Indicator	For the reporting period		For the same period of the previous year			
	Name	Code	profit	loss	profit	loss
	1	2	3	4	5	6
Fines, penalties and forfeits acknowledged or for which court (arbitration court) resolutions on recovery thereof received		210	1 017	4 414	63	1 395
Profit (loss) for previous years		220	129 999	29 215	227 253	45 536
Recovery of losses caused by failure to meet or improper fulfillment of obligations		230	0	116	20	40
Exchange difference in operations involving foreign currency		240	158 991	72 637	186 625	79 854
Writing off accounts receivable and payable for which action limitation period has expired		260	4 944	19 993	38 927	26 839

REPORT ON CHANGES IN CAPITAL

	Form No. 3 according to OKUD	Codes
for 2004	Date (year, month, day)	710003
Organization: VSMPO-AVISMA Corporation	OKPO	07510017
Taxpayer identification number	INN	6607000556
Type of activity: metallurgical production	OKVED	27.45
Legal-organizational form / form of ownership: Public stock company	OKOPF/ OKFS	47/34
Unit of measurement: '000 Rb.	OKEI	384

I. Change in Capital

Indicator		Charter capital	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Name	Code					
1	2	3	4	5	6	7
Balance as of December 31 of the year preceding the previous year <u>2003</u> (previous year)	10	10 626	1 359 991	624	4 243 918	5 615 159
Balance as of January 1 of the previous year	20	10 626	1 359 991	624	4 243 918	5 615 159
Net profit	25	x	x	x	1 279 415	1 279 415
Balance as of December 31 of the previous year <u>2004</u> (reporting year)	60	10 626	1 359 991	624	5 523 333	6 894 574
Balance as of January 1 of the reporting year	100	10 626	1 359 991	624	5 523 333	6 894 574
Net profit	105	x	x	x	1 600 767	1 600 767
Dividends	106	x	x	x	(116 845)	(116 845)
Balance as of December 31 of the reporting year	140	10 626	1 359 991	624	7 007 255	8 378 496

II. Reserves

Indicator		Balance	Received	Utilized	Balance
Name	Code				
1	2	3	4	5	6
Reserves formed in accordance with legislation:					
Reserve fund					
Name of reserve					
Data for the previous year		624	0	0	624
Data for the reporting year		624	0	0	624
Reserves for forthcoming expenses:					
For holiday pay					
Name of reserve					
Data for the previous year		0	210 268	(210 268)	0
Data for the reporting year		0	216 900	(216 900)	0
Repair of fixed assets					
Name of reserve					
Data for the previous year		0	351 364	(337 347)	14 017
Data for the reporting year		14 017	563 076	(527 093)	50 000

INFORMATION

Indicator		Balance at the beginning of the reporting year		Balance at the end of the reporting year	
Name	Code				
1	2	3		4	
1) Net assets	200	6 894 976		8 377 043	
		From the budget		From extrabudgetary funds	
		For the reporting year	For the previous year	For the reporting year	For the previous year
		3	4	5	6
2) Received for: expenses on ordinary activities – total,	210	0	0	0	32 482
other purposes		0	0	0	32 482

CASH FLOW STATEMENT

		Form No. 4 according to OKUD	Codes
For 2004		Date (year, month, day)	710004
Organization: VSMPO-AVISMA Corporation		OKPO	7510017
Taxpayer identification number		INN	6607000556
Type of activity: metallurgical production		OKVED	27.45
Legal-organizational form / form of ownership: Public stock company		OKOPF/ OKFS	47/34
Unit of measurement : '000 Rb.		OKEI	384

Indicator		For the reporting period	For the same period of the previous year
Name	Code		
1	2	3	4
Cash balance at the beginning of the reporting year	10	207 779	17 809
Cash flow regarding current activities			
Funds from buyers and customers	20	11 801 696	9 625 940
Funds from operations with foreign currency	30	10 507 209	5 214 578
Other income	50	663 472	2 188 525
Funds spent on:			
Payment for acquired goods, works, services, raw materials and other current assets	150	(8 228 606)	(6 820 197)
salaries and wages	160	(1 234 248)	(1 037 032)
dividends, interest	170	(103 362)	(0)
taxes and duties	180	(831 465)	(786 915)
extrabudgetary funds	181	(468 923)	(391 272)
purchasing foreign currency	182	(466 570)	(687 089)
selling foreign currency	183	(10 064 825)	(4 537 990)
other expenses	190	(338 292)	(2 408 708)
Net cash from current activities	200	1 236 086	359 840

Investing activities			
Profit from sale of fixed assets and other non-current assets	210	5 748	1 113
Profit from sale of securities and other financial investments	220	10	1 526 360
Dividends received	230	921	209
Purchasing of subsidiaries	280	(68 174)	(861 919)
Acquisition of fixed assets, gainful investments into tangible assets, and intangible assets	290	(1 469 102)	(483 801)
Acquisition of securities and other financial investments	300	(0)	(27 359)
Loans given to other organizations	310	(4 000)	(812 526)
Net cash from investing activities	340	(1 561 597)	(657 923)
Financing			
Proceeds from loans and credits given by other organizations	360	4 019 247	5 462 599
Repurchase of own stocks and shares	380	(1 962)	(0)
Repayment of loans and credits (no interest)	390	(3 824 766)	(4 974 546)
Net cash from financing	410	192 519	488 053
Net increase (decrease) in cash and cash equivalents	420	(132 992)	189 970
Cash balance at the end of the reporting period	430	74 787	207 779

Line 10 (column3) is equal to form 1 (column 3) line 260 (less account 57 for the amount of 125,000 Rb) plus line 250 (less account 58 for the amount of 45,000 Rb)

ATTACHMENT TO BALANCE SHEET

	Form No. 5 according to OKUD		Codes
For 2004	Date (year, month, day)		710005
Organization: VSMPO-AVISMA Corporation	OKPO		07510017
Taxpayer identification number	INN		6607000556
Type of activity: metallurgical production	OKVED		27.45
Legal-organizational form / form of ownership: Public stock company	OKOPF/ OKFS		47/34
Unit of measurement: '000 Rb.	OKEI		384

Intangible Assets

Indicator		At the beginning of the reporting year	Received	Retired	At the end of the reporting year
Name	Code				
1	2	3	4	5	6
Intellectual property (exclusive rights to intellectual property results)	10	2 513	0	(0)	2 513
including: rights of patent holder to invention, prototype, useful model	11	2 513	0	(0)	2 513

Indicator		At the beginning of the reporting year	At the end of the reporting period
Name	Code		
1	2	3	4
Depreciation of intangible assets - total	50	1 247	1 426

Fixed Assets

Indicator		At the beginning of the reporting year	Received	Retired	At the end of the reporting period
Name	Code				

1	2	3	4	5	6
Buildings	110	643 765	132 798	(50 615)	725 948
Constructions and transfer units	111	546 822	51 303	(43 319)	554 806
Machines and equipment	112	3 003 668	365 585	(61 791)	3 307 462
Transport	113	66 547	7 373	(2 012)	71 908
Fixtures and fittings	114	185 819	70 759	(20 182)	236 396
Perennial plants	117	641	0	(0)	641
Other fixed assets types	118	148 852	74 114	(45 970)	176 996
Land and natural objects	119	61 576	0	(0)	61 576
Total	130	4 657 690	701 932	(223 889)	5 135 733

Indicator		At the beginning of the reporting year	At the end of the reporting period
Name	Code		
1	2	3	4
Depreciation of fixed assets – total	140	2 691 105	2 889 768
including:			
buildings and constructions	141	671 633	722 491
machines, equipment, transport	142	1 946 823	2 118 872
Other	143	72 649	48 405
Fixed assets leased out – total	150	21 497	22 691
including:			
buildings	151	5 962	22 368
construction	152	148	251
Fixed assets for conservation	155	221 998	120 446
Real estate accepted for operation which are at the stage of state registration	165	11 390	100 302

	Code	At the beginning of the reporting year	At the end of the reporting period
1	2	3	4
Change in value of fixed assets as a result of completion of construction, equipment, reconstruction, partial liquidation	180	375 191	165 128

Expenses in research, design and development

Type of work		Available at the beginning of the reporting year	Received	Written off	Available at the end of the reporting period
Name	Code				
1	2	3	4	5	6
Total	310	0	8 768	(8 768)	0
Expenses on research, design and development which did not produce positive results and referred to off-sales charges			Code	For the reporting period	For the same period of the previous year
			2	3	4
			330	53	0

Financial investments

Indicator		Long-term		Short-term	
Name	Code	At beginning of reporting year	At end of reporting period	At beginning of reporting year	At end of reporting period
1	2	3	4	5	6
Contributions to charter (share) capital of other organizations - total	510	914 654	1 032 310	0	0
Including subsidiaries and dependent economic entities	511	901 532	1 021 954	0	0
Loans given	525	0	0	45	35
Deposits	530	0	0	175 782	1
Other	535	600	600	0	0
Total	540	915 254	1 032 910	175 827	36

ACCOUNTS RECEIVABLE AND PAYABLE

Indicator		Balance at beginning of reporting year	Balance at end of reporting period
Name	Code		
1	2	3	4
Accounts receivable:			
Short-term – total	610	1 724 344	2 296 611
including:			
settlements of accounts with buyers and customers	611	678 887	803 881
advanced funds	612	714 760	864 629
other	613	330 697	628 101
Total	630	1 724 344	2 296 611
Accounts payable:			
Short-term – total	640	3 141 127	3 958 687
including:			
settlements of accounts with suppliers and contractors	641	469 494	623 430
advances received	642	234 377	463 544
taxes and duties	643	354 067	415 989
credits	644	1 626 713	1 811 324
loans	645	68 189	0
other	646	388 287	644 400
Total	660	3 141 127	3 958 687

Expenses on ordinary activities (by cost elements)

Indicator		For reporting year	For previous year
Name	Code		
1	2	3	4
Tangible costs	710	6 683 783	4 765 456
Payroll costs	720	1 580 813	1 322 112
Deductions to social needs	730	515 546	446 539
Depreciation	740	214 723	152 393
Other costs	750	418 074	642 388
Total over cost elements	760	9 412 939	7 328 888
Changes in balances (gain [+], decrease [-]); unfinished goods			

	765	+99 668	+275 302
Deferred expenses	766	+4 097	+910
Provision for future expenses	767	+35 983	+14 017

Pledge Securities

Indicator		Balance at beginning of reporting year	Balance at beginning of reporting year
Name	Code		
1	2	3	4
Total received	830	100	0
including: bills of exchange	831	100	0
Pledged property	840	642 138	2 000 832
of this: objects of fixed assets	841	642 138	628 582

Auditor's report on the financial (accounting) reports of JSC «Verkhaya Salda Metallurgical Association (VSMPO)» for 2003.

«24» March 2005 Ref No л 36-05

Addressee: VSMPO-AVISMA Corporation

Auditor:

Name: Closed joint-stock company «Analytic Express».

Location: Building 2, Gazteny Per. 3, Moscow, 103918,

State registration: Certificate of state registration MRP No. 539688 dated 24.12.93, Certificate on making the entry in the Uniform Public register of legal entities registered before July 1, 2002, Series 77 № 004301111, basic registration number 1027700047451. The date of entry introduction is July 22, 2002.

License of the Ministry of Finance of the Russian Federation No. E 005434 issued by the Ministry of Finance of the Russian Federation on 09 December 2003 (for a term of five years) to conduct audit activities.

Entity audited:

Name: VSMPO-AVISMA Corporation

Location: 1 Parkovaya Str., Verkhaya Salda, Sverdlovsk Oblast, 324760.

State registration:

Main Registration Number №	1026600784011.
Taxpayer identification number TIN (INN) №	6607000556
Code of reason for registration (KPP)	660850001

We have audited the enclosed financial (accounting) reports of VSMPO-AVISMA Corporation for the period from January 1 to December 31, 2004, inclusive.

The financial (accounting) report includes:

Balance Sheet

Profit and Loss Account

Attachments to Balance Sheet and Profit and Loss Account

Explanatory Note.

The preparation and presentation of these financial (accounting) reports is the responsibility of the executive management organ of the organization JSC VSMPO. Our responsibility is to express an opinion, in all material aspects, on the accuracy of these reports and the conformity of the accounting practices to the legislation of the Russian Federation on the basis of our audit

We have conducted our audit in accordance with:

the Federal Law "On Auditing Activities" No. 119-Φ3 dated 7 August 2001 ;

the Federal Regulations (standards) of audit activity approved by the resolution of the Government of the Russian Federation No.696 (amended) dated 23.09.2002, the Auditor's corporate regulations (standards) of audit activity of ZAO Analytic Express.

We planned and performed the audit so as to obtain reasonable assurance about whether the financial (accounting) reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial (accounting) statements of information on financial and business activity. An audit also includes assessing the accounting principles and practices, rules of preparation of financial (accounting) reports, and significant estimates made by the management of the audited person as well as evaluating the overall financial (accounting) statement presentation. We believe that our audit provides a reasonable basis for our opinion on the accuracy, in all material respects, of the financial (accounting) reports and the conformity of the accounting practices to the legislation of the Russian Federation.

In our opinion, the financial (accounting) reports of the organization VSMPO-AVISMA Corporation present fairly, in all material respects, its financial position as at 31 December 2004 and the results of its

financial and business operations in the period from 1 January to 31 December 2004 inclusive per the legislation of the Russian Federation on financial (accounting) reporting.

«24» March, 2005

Director-General

Audit Firm

ZAO «Analytic Express»

Yu.Gritsun

Auditor qualification certificate No. K003059, issued on 14 April 2003 for replacement per resolution of the Central qualification-licensing auditing Committee of the Russian Federation Ministry of Finance, minutes #77 for general audit activity starting from March 14, 2003 for an unlimited term.

Head of the Audit,

Lead Auditor

of the Auditing Firm

«Analytic Express»

Postelnikov A.A.

Auditor qualification certificate No. K003059, issued on 14 April 2003 for replacement per resolution of the Central qualification-licensing auditing Committee of the Russian Federation Ministry of Finance, minutes #77 for general audit activity starting from March 14, 2003 for an unlimited term.

7.2. Quarterly accounting reports of the issuer for the last full reporting quarter

The quarterly accounting reports of the issuer for the reporting quarter have been prepared in accordance with the requirements of the legislation of the Russian Federation.

The issuer's quarterly accounting reports include:

- a) Balance Sheet – form No.1
- б) Profit and Loss Account – form No.2

BALANCE SHEET

	Form № 1 according to OKUD	Codes
As at April 2005	Date (year, month, day)	710001
Organization: VSMPO-AVISMA Corporation	OKPO	07510017
Taxpayer identification number	INN	6607000556
Type of activity: metallurgical production	OKVED	27.45
Legal-organizational form / form of ownership: Joint-stock company	KOPF/OKFS	47/34
Unit of measurement: '000 Rb	OKEI	384
Location (address)	V.Salda, Sverdlovsk oblast	

ASSETS	Code of indicator	At beginning of reporting year	At end of reporting period
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	1 087	1 062
Tangible assets	120	2 245 965	2 295 222
Construction in progress	130	1 035 802	1 013 877
Income-bearing investments in tangible assets	135	0	0
Long-term financial investments	140	1 032 910	1 031 929
Deferred tax assets	145	69	69
Other fixed assets	150	0	0
TOTAL over Section I	190	4 315 833	4 342 159
II. CURRENT ASSETS			
Inventories	210	5 055 928	5 722 612
Including:			
Raw and other materials and other similar assets	211	1 329 029	1 547 951
livestock for breeding and fattening	212	0	0
work in progress	213	1 202 189	1 443 753
finished goods and goods for resale	214	1 049 653	1 096 769
goods in transit	215	1 462 704	1 616 675
prepaid expenses	216	12 353	17 464
other inventories and costs	217	0	0
Value added tax on assets acquired	220	664 201	634 444
Accounts receivable (due in more than 12 months after reporting date)	230	0	0
including:			
Buyers and customers	231	0	0
Accounts receivable (due within 12 months from reporting date)	240	2 296 611	2 687 480
including:			

Buyers and customers	241	804 673	999 023
Short-term financial investments	250	36	35
Cash	260	74 787	36 028
Other current assets	270	0	0
TOTAL over Section II	290	8 091 563	9 080 599
BALANCE	300	12 407 396	13 422 758

LIABILITIES	Code of indicator	At beginning of reporting year	At end of reporting period
1	2	3	4
III. CAPITAL AND RESERVES			
Charter capital	410	10 626	10 626
Own shares repurchased from shareholders	411	2 056	2 056
Paid-in surplus	420	1 359 991	1 359 991
Reserve capital including:	430	624	624
reserves formed in accordance with legislation	431	624	624
reserves formed in accordance with constituent documents	432	0	0
Retained profit (uncovered loss)	470	7 007 255	7 520 586
As well as retained profit of reporting year	471	0	513 331
TOTAL over Section III	490	8 376 440	8 889 771
IV. LONG-TERM LIABILITIES			
Loans and credits	510	0	0
Deferred tax liabilities	515	20 957	22 614
Other long-term liabilities	520	0	0
TOTAL over Section IV	590	20 957	22 614
V. SHORT-TERM LIABILITIES			
Loans and credits (66)	610	1 811 324	2 142 805
Accounts payable including:	620	2 147 363	2 186 584
suppliers and contractors	621	629 247	377 497
payroll	622	1 982	1 932
state extrabudgetary funds	623	23 421	23 398
taxes and duties	624	415 164	370 547
other creditors	625	1 077 549	1 413 210
Debts to participants (promoters) in terms of income payment	630	709	707
Deferred income	640	603	664

Reserves for prepaid expenses)	650	50 000	179 163
Other short-term liabilities	660	0	0
TOTAL over Section V	690	4 009 999	4 510 373
BALANCE	700	12 407 396	13 422 758

INFORMATION ABOUT AVAILABILITY OF ASSETS, ON THE OFF-BALANCE ACCOUNTS

Name of indicator	Code of indicator	At beginning of reporting year	At end of reporting period
1	2	3	4
Leased fixed assets	910	22 388	22 388
including under leasing agreements	911	21 931	21 931
Tangible assets received for custody	920	5	5
Goods accepted on commission	930	0	0
Written-off debts of insolvent debtors	940	141 011	139 585
Securities for obligations and payments received	950	0	0
Securities for obligations and payments issued	960	2 430 937	3 059 270
Wear and tear of housing	970	0	0
Wear and tear of improvements and other similar assets	980	0	0
Intangible assets received for use	990	0	0
Other	1000	276 093	283 080

PROFIT AND LOSS ACCOUNT

	Form № 2 according go OKUD		Codes
As at April 1, 2005	Date (year, month, day)		710002
Organization: VSMPO-AVISMA Corporation	OKPO		7510017
Taxpayer identification number	INN		6607000556
Type of activity: metallurgical production	OKVED		27.45
Legal-organizational form / form or ownership: Joint-stock company	OKOPF/OKFS		47/34
Unit of measurement: '000 Rb.	OKEI		384
Address	Verkhnyaya Salda, Sverdlovsk Oblast		

Indicator		For reporting period	For same period in previous year
Name	Code		
1	2	3	4
Income and expenses with regard to ordinary activities			
Proceeds (gross) from sales of goods, products, works and services (net of value added tax, excises and similar payments)	10	2 975 356	2 343 760
Cost of goods, products, works and services sold	20	1 842 563	1 564 999
Gross profit	29	1 132 793	778 761
Trade expenses	30	86 377	60 166
Management expenses	40	327 276	235 989
Profit (loss) from sales	50	719 140	482 606
Other income and expenses			
Interest receivable	60	13	100
Interest payable	70	31 149	23 020
Income from participation in other organizations	80	0	0
Other operating income	90	2 154 625	1 715 225
Other operating expenses	100	2 232 541	1 778 780
Extraordinary income	120	197 894	377 680
Extraordinary expenses	130	110 443	108 524
Profit (loss) before tax	140	697 539	665 287
Deferred tax assets	141	0	0
Deferred tax liabilities	142	1 657	2 222
Current tax on profit	150	182 551	171 681
Net profit (loss) for reporting period	190	513 661	491 384
For reference.			
Permanent tax liabilities (assets)	200	16 799	14 234
Base profit (loss) per share		0	0

Diluted profit (loss) per share		0	0
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DESCRIPTION OF INDIVIDUAL PROFIT AND LOSS ITEMS

Indicator		For reporting period		For similar period of previous year	
Name	Code	profit	loss	profit	loss
1	2	3	4	5	6
Fines, penalties and forfeits acknowledged or for which court (arbitration court) resolutions on recovery thereof received	210	0	291	11	25
Profit (loss) for previous years	220	92 308	1 404	39 527	14 445
Recovery of damage caused by failure to meet or improper fulfillment of obligations	230	0	0	0	80
Exchange rate difference in operations involving foreign currency	240	43 197	36 475	39 403	16 246
Deductions to evaluation reserves	250	x	0	x	
Writing off accounts receivable and payable for which limitation period has expired	260	6 568	520	0	5 676
	270				

7.3. Consolidated accounting reports of the issuer for the last full financial year

The consolidated accounting reports of the issuer for the last full financial year is included in the quarterly report for the second quarter.

7.4. Information on total exports and the proportion of exports in total sales

Name of indicator	2002	2003	2004	Q1 2005
I. Income and expenses with regard to ordinary activities				
1. ... Proceeds (net) from sales of goods, products, works and services (less VAT, excises and similar compulsory payments), '000 Rb..	8 768 747	8369550	10 571 946	2 975 356
including				
2. Proceeds (net) from exports of goods, '000 Rb.	4 885 681	4510042	6431529	1953111
3. Share of income from exports in total sales, %	55.7	53.9	60.84	65.64

7.5. Information on significant changes in the issuer's property which have taken place since the final date of the last full financial year

No substantial changes in the real assets of the issuer happened after the final date of the last full financial year till the final date of the reporting quarter.

7.6. Information on the participation of the issuer in proceedings in cases where such participation could have a substantial effect on the financial and economic activities of the issuer

The issuer has not taken part in any proceeding which could have a substantial effect on the financial and economic activities of the issuer.

VIII. Additional information on the Issuer and emission securities placed

8.1. Additional information on the Issuer

8.1.1. Size and structure of the charter capital of the Issuer

Size of the charter capital as at 01.04..2005: 10`625`600 rubles.

Breakdown of the charter capital by category of shares:

Ordinary shares: 10`625`600

Total par value: 10`625`600 rubles

Proportion in the charter capital: 100%

Preference shares: none
Total par value: none
Proportion in the charter capital: none

8.1.2. Changes in the size of the charter capital of the Issuer

Size of the charter capital as at 01.01.1998: 4`157`004 rubles.

Breakdown of the charter capital by category of shares:

Ordinary shares: 4`157`004
Total par value: 4`157`004 rubles
Proportion in the charter capital: 100%
Preference shares: none
Total par value: none
Proportion in the charter capital: none

Size of the charter capital as at 06.04.1998: 8`314`008 rubles.

Breakdown of the charter capital by category of shares:

Ordinary shares: 8`314`008
Total par value: 8`314`008 rubles
Proportion in the charter capital: 100%
Preference shares: none
Total par value: none
Proportion in the charter capital: none

Name of the issuer's management body which adopted the decision to change the size of the charter capital: general meeting of shareholders

Date and number of the minutes of the general meeting of shareholders at which the resolution to change the size of the charter capital was adopted: numberless, dated 16.01.1998

Size of the charter capital as at 22.05.1998: 11`806`008 rubles.

Breakdown of the charter capital by category of shares:

Ordinary shares: 11`806`008
Total par value: 11`806`008 rubles
Proportion in the charter capital: 100%
Preference shares: none
Total par value: none
Proportion in the charter capital: none

Name of the issuer's management body which adopted the decision to change the size of the charter capital: Board of Directors

Date and number of the minutes of the general meeting of shareholders at which the resolution to change the size of the charter capital was adopted: numberless, dated 23.04.1998

Size of the charter capital as at 12.07.2002: 10`625`600 rubles.

Breakdown of the charter capital by category of shares:

Ordinary shares: 10`625`600
Total par value: 10`625`600 rubles
Proportion in the charter capital: 100%
Preference shares: none
Total par value: none
Proportion in the charter capital: none

Name of the issuer's management body which adopted the decision to change the size of the charter capital: general meeting of shareholders

Date and number of the minutes of the general meeting of shareholders at which the resolution to change the size of the charter capital was adopted: numberless, dated 24.05.2002.

8.1.3. Formation and use of the reserve fund and other funds of the Issuer

Name of fund: reserve fund

Size of the fund established by the constituent documents: in accordance with item 20.2. of the current Edition of the Charter, the Company shall create a reserve fund in the amount of 25 percent of the Company's charter capital.

Size of the fund in monetary terms as at 01.04.2005: 623`551 rubles

Reserve fund to the charter capital: 5.9.

8.1.4. procedure for calling and holding of a general meeting of the supreme management body of the Issuer

The Issuer's supreme management body is **the general meeting of the shareholders**.

Notification of shareholders concerning a general meeting of the supreme management body of the issuer:

Notice of a general meeting of shareholders shall be served not later than 20 days, and notice of a general meeting the agenda of which contains an issue of reorganization of the Company not later than 30 days before the date of the general meeting.

Within the above specified periods of time notice of a general meeting of shareholders shall be published in the "Novator" newspaper, and also within the above specified periods of time notice of a general meeting of shareholders shall be served by a registered letter or personally against signature to each person indicated in the list of persons who are entitled to participate in the general meeting.

The company shall have the right to additionally notify shareholders of a general meeting of shareholders through mass media (TV, radio) and also through the Internet.

Persons (bodies) which shall have the right to call an extraordinary meeting of the supreme management body:

An extraordinary general meeting of shareholders may be held by decision of the Board of Directors at its own initiative, the requirement of the Internal Auditing Committee, the auditor of the Company, and also shareholders (shareholder) who hold not less than 10 percent of the voting shares of the Company as of the date of such requirement.

Calling of an extraordinary general meeting of shareholders at the requisition of the Internal Auditing Committee, the auditor of the Company or shareholders (shareholder) who hold not less than 10 percent of the voting shares of the Company shall be done by the Board of Directors.

The procedure for setting the date of a meeting of the supreme management body of the issuer:

The Company shall hold an annual general meeting of shareholders every year on a date which is not earlier than 2 months and not later than 6 months after the final date of the financial year.

Calling of annual and extraordinary general meetings of shareholders, except for cases provided for by item 8, Article of 55 of the Federal Law on Joint-Stock Companies is the competence of the Board of Directors.

Persons who have the right to make proposals for the agenda of the meeting of the supreme management body of the issuer, and the procedure for submission of such proposals:

Shareholders (shareholder) who hold together not less than 2 percent of the voting shares of the Company have the right to propose questions for the agenda of the annual general meeting shareholders.

Such proposals shall be received by the Company not later than 30 days after the end of the financial year.

A proposal to include a question into the agenda of a general meeting of shareholders shall contain the formulation of each question proposed.

A proposal to include questions into the agenda of a general meeting of shareholders may contain the formulation of a resolution for each question proposed.

Proposals concerning the inclusion of questions into the agenda of a general meeting of shareholders and the nomination of candidates shall be presented in writing with indication of the name of the shareholders (shareholder) who have presented them, number and categories (types) of shares held by them and shall be signed by these shareholders (shareholder).

The Board of Directors shall consider all proposals submitted and make a decision to include them into the agenda of the general meeting of shareholders or refuse to include them into the agenda

not later than 5 days after the end of the period established by the Charter for submission of proposals for the agenda of an annual general meeting of shareholders and nomination of candidates for the Board of Directors and for the Internal Auditing Committee, and also a candidate for the post of Director-General .

A question proposed by shareholders (shareholder) is subject to inclusion into the agenda of a general meeting of shareholders and nominated candidates are subject to inclusion into the list of nominees for voting for elections to relevant bodies of the Company, except for cases where:

- shareholders (shareholder) have failed to observe the deadlines established by the Charter for submission of questions for the agenda and nomination of candidates for an annual general meeting of shareholders;
- shareholders (shareholder) have failed to observe the deadlines established by the Charter for nominating candidates for election as members of the Board of Directors at an extraordinary general meeting of shareholders;
- shareholders (shareholder) do not hold the number of voting shares in the Company as provided for in items 1 and 2, Article 53 of the Federal Law on Joint-Stock Companies;
- the proposal does not correspond to the requirements provided for in items 3 and 4, Article 53 of the Federal Law on Joint-Stock Companies and to the requirements of the Charter based on the above law;
- the question proposed for inclusion into the agenda of a general meeting of shareholders is not relegated to its competence by the law and the Charter and (or) does not correspond to the requirements of the Federal Law on Joint-Stock Companies and other legal acts of the Russian Federation.

A reasoned resolution of the Board of Directors to refuse to include a proposed question into the agenda of a general meeting of shareholders or a candidate into the list of nominees for voting in elections to corresponding body of the Company shall be sent to the shareholders (shareholder) who brought in the question or put forward the candidate not later than 3 days of the date on which it was received.

The Board of Directors has no right to make changes in the formulations of questions proposed for inclusion into the agenda of a general meeting of shareholders, and the formulations of decisions concerning such questions.

In addition to questions proposed by shareholders for inclusion into the agenda of a general meeting of shareholders, and also in case no such proposals have been put forward or no candidate or an insufficient number of candidates have been nominated by shareholders for forming a corresponding body, the Board of Directors has the right to include questions into the agenda of a general meeting of shareholders or candidates into the list of nominees at its discretion.

Persons who have the right to access information (materials) made available for preparation and transaction of a meeting of the supreme management body of the issuer, and also the procedure for gaining access to such information (materials):

In accordance with the Federal Law on Joint-Stock Companies, relegated to such persons are those who have the right to participate in a general meeting of shareholders.

The list of persons who have the right to participate in a general meeting of shareholders is drawn up on the basis of data contained in the register of shareholders of the Company.

The procedure for gaining access to information made available for preparation of a meeting of shareholders: at the location of the executive bodies of the Company; during the general meeting of shareholders at the place where it is held; in other places specified in the notice of the general meeting of shareholders; at shareholder's request during not more than five days, and in such cases payment for copies shall not exceed the cost of making them; at the office of the one-person executive body.

8.1.5. Commercial organizations in which the Issuer holds no less than 5 percent of the charter (share) capital (share funds) or no less than 5 percent of ordinary shares

«TIRUS HOLDING» Limited Liability Company («TIRUS HOLDING» LLC)
Location: Viktor Ambartsumyan Str. 18, ap. 8, Yerevan, 375033, Armenia

Participatory share in the charter capital of the subsidiary: 100%
Proportion of ordinary shares in the subsidiary which belong to the issuer: 100%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to the subsidiary: 0

Membership of the board of directors (supervisory board):

No board of directors is provided for by the Charter of the company.

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the Charter.

Person who performs the function of one-person executive body:

Retanova Lyudmila Anatolyevna, b. 1964.

Participatory share of Retanova L.A. in the charter capital: 0

Proportion of ordinary shares held by Retanova L.A.: 0

The Registrar has no information as at 01.07.2004 concerning the holding of shares by Retanova L.A. who accounts for her securities through nominal holders.

Full and abbreviated corporate name:

Limited liability company "Tirshop" (OOO Tirshop)

Location: Engels Str. 36, Verkhnyaya Salda, Sverdlovsk Region, 624760 Russia.

Participatory share in the charter capital of the subsidiary: 70%

Proportion of ordinary shares in the subsidiary which belong to the issuer: 70%

Subsidiary's participatory share in issuer's charter capital: 0

Proportions of ordinary shares belonging to the subsidiary: 0

Membership of the board of directors (supervisory board):

No board of directors is provided for by the charter of the company.

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the charter.

Person who performs the function of one-person executive body:

Golovanova Tatyana Nikolaevna, b. 1954.

Participatory share of Golovanova T.N. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Golovanova T.N.: 0

Full and abbreviated corporate name:

Closed joint-stock company «Titan» Firm (ZAO TD «Titan»)

Location: Engels Str. 61, Verkhnyaya Salda, Sverdlovsk Region, 624760, Russia.

Issuer's participatory share in charter capital of subsidiary: 70%

Proportion of ordinary shares in subsidiary which belong to issuer: 70%

Subsidiary's participatory share in issuer's charter capital: 0

Proportions of issuer's ordinary shares belonging to subsidiary: 0

Membership of the board of directors (supervisory board):

Chernova Galina Vladimirovna, b. 1959

Participatory share of Chernova G.V. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Chernova G.V.: 0

Panteleyeva Tatyana Maksimovna, b. 1960.

Participatory share of Panteleyeva T.M. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Panteleyeva T.M.: 0

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the charter.

Person who performs the function of one-person executive body:

Chernova Galina Vladimirovna, b. 1959.

Participatory share of Chernova G.V. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Chernova G.V.: 0

Open Joint Stock Company «AVISMA Titanium-Magnesium Works» (JSC «AVISMA»)

Location: Zagorodnaya Str. 1, Berezniki, Perm Region, 618421, Russia.

Issuer's participatory share in charter capital of subsidiary: 56,64%

Proportion of ordinary shares in subsidiary which belong to issuer: 75,53%

Subsidiary's participatory share in issuer's charter capital: 0

Proportions of issuer's ordinary shares belonging to subsidiary: 0

Membership of the board of directors (supervisory board):

Besedin Vasily Aleksandrovich (chairman of the Board of Directors), b. 1953.

Participatory share of Besedin V.A. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Besedin V.A.: 0

Sementsov Alexander Vladimirovich, b. 1966

Participatory share of Sementsov A.V. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Sementsov A.V.: 0

Korkin Nikolay Pavlovich, b. 1950.

Participatory share of Korkin N.P. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Korkin N.P.: 0

Trifonov Victor Ivanovich, b. 1950

Participatory share of Trifonov V.I. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Trifonov V.I.: 0

Shalaev Mikhail Nikolaevich, b. 1954.

Participatory share of Shalaev M.N. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Shalaev M.N.: 0

Ol'khovik Eugeny Nikolaevich, b. 1955

Participatory share of Ol'khovik E.N. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Ol'khovik E.N.: 0

Membership of collegial executive body (board, directors):

Tankeev Vladimir Petrovich, b. 1938

Participatory share of Tankeyev V.P. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Tankeyev V.P.: 0

Styrnikov Yury Nikolaevich, b. 1952

Participatory share of Styrnikov Yu.N. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Styrnikov Yu.N.: 0

Ovchinnikov Sergey Evgenjevich, b. 1952

Participatory share of Ovchinnikov S.E. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Ovchinnikov S.E.: 0

Sizikov Igor Anatolyevich, b. 1964

Participatory share of Sizikov I.A. in issuer's charter capital: 0

Proportion of ordinary shares of the issuer held by Sizikov I.A.: 0

Bragina Elena Gennadyevna, b. 1959
Participatory share of Bragina E.G. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Bragina E.G.: 0

Vydrina Liubov Valentinovna, b. 1950
Participatory share of Vydrina L.V. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Vydrina L.V.: 0

Gorban Vyacheslav Ivanovich, b. 1954
Participatory share of Gorban V.I. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Gorban V.I.: 0

Yefimov Alexander Vasilyevich, b. 1953
Participatory share of Yefimov A.V. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Yefimov A.V.: 0

Potekha Sergey Ivanovich, b. 1953
Participatory share of Potekha S.I. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Potekha S.I.: 0

Filippova Tatyana Gennadyevna, b. 1963
Participatory share of Filippova T.G. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Filippova T.G.: 0

Noskova Tatyana Evgenyevna, b. 1949
Participatory share of Noskova T.E. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Noskova T.E.: 0

Kashkarov Igor Aleksandrovich, b. 1966
Participatory share of Kashkarov I.A. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Kashkarov I.A.: 0

Nikulin Pavel Alekseyevich, b. 1938
Participatory share of Nikulin P.A. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Nikulin P.A.: 0

Vasilyev Gennady Pavlovich, b. 1951
Participatory share of Vasilyev G.P. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Vasilyev G.P.: 0

Agalakov Vadim Vladimirovich, b. 1956
Participatory share of Agalakov V.V. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Agalakov V.V.: 0

Rymkevich Dmitry Anatolyevich, b. 1968
Participatory share of Rymkevich D.A. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Rymkevich D.A.: 0

Person who performs the function of one-person executive body:

Tetyukhin Vladislav Valentinovich, b. 1932
Participatory share of Tetyukhin V.V. in issuer's charter capital: 0.0012
Proportion of ordinary shares of the issuer held by Tetyukhin V.V.: 0.0012

Full and abbreviated corporate name:

Open joint-stock company «Ural» (OAO Ural)

Location: 1, Parkovaya Str., Verkhnyaya Salda, Sverdlovsk Region, 624760, Russia.

Issuer's participatory share in charter capital of subsidiary: 51%
Proportion of ordinary shares in subsidiary which belong to issuer: 51%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to subsidiary: 0

Membership of the board of directors (supervisory board):

Shagovaleyev Vladimir Alekseevich, b. 1950
Participatory share of Shagovaleyev V.A. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Shagovaleyev V.A.: 0

Lomko Alexey Petrovich, b. 1976
Participatory share of Lomko A.P. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Lomko A.P.: 0

Semenov Alexander Evgenjevich,
Participatory share of Semenov A.E. in issuer's charter capital: 0,0046
Proportion of ordinary shares of the issuer held by Semenov A.E.: 0,0046

Odinokikh Victor Vasilyevich (chairman of the Board of Directors), b. 1949
Participatory share of Odinkikh V.V. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Odinkikh V.V.: 0

Shashkina Nadezhda Nikolayevna, b. 1974
Participatory share of Shashkina N.N. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Shashkina N.N.: 0

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the charter.

Person who performs the function of one-person executive body:

Shagovaleyev Vladimir Alekseyevich, b. 1950

Full and abbreviated corporate name:

Closed joint-stock company «Medical Insurance Company «Tirus-Medservis» (ZAO MSK «Tirus-Medservis»)

Location: Molodezhny Poselok 105, Verkhnyaya Salda, Sverdlovsk Region, 624760, Russia.

Issuer's participatory share in charter capital of subsidiary: 31,4%
Proportion of ordinary shares in subsidiary which belong to issuer: 31,4%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to subsidiary: 0

Membership of the board of directors (supervisory board):

No board of directors is provided for by the charter.

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the charter.

Person who performs the function of one-person executive body:

Oks Igor Mikhaylovich, b. 1953
Participatory share of Oks I.M. in issuer's charter capital: less than 0.0001
Proportion of ordinary shares of the issuer held by Oks I.M.: less than 0.0001

Full and abbreviated corporate name:

Open joint-stock company «Tekhnolog» (OAO Tekhnolog)

Location: Onezhskaya Str. 24/1, Moscow ,125413, Russia.

Issuer's participatory share in charter capital of subsidiary: 50.06%

Proportion of ordinary shares in subsidiary which belong to issuer: 50.06%
Subsidiary's participatory share in issuer's charter capital: 0
Proportions of issuer's ordinary shares belonging to subsidiary: 0

Membership of the board of directors (supervisory board):

Gorbunova Marina Yurievna, b. 1963
Participatory share of Gorbunova M.Yu. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Gorbunova M.Yu.: 0

Zvereva Marina Victorovna, b. 1961
Participatory share of Zvereva M.V. in issuer's charter capital: 0.0001
Proportion of ordinary shares of the issuer held by Zvereva M.V.: 0.0001

Kosarev Alexander Leonidovich, b. 1948
Participatory share of Kosarev A.L. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Kosarev A.L.: 0

Liokumovich Anatoly Khatskelevich, b. 1943
Participatory share of Liokumovich A.Kh. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Liokumovich A.Kh.: 0

Marokhin Sergey Mikhaylovich, b. 1958
Participatory share of Marokhin S.M. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Marokhin S.M.: 0

Tikhomirov Mikhail Filipovich, b. 1947
Participatory share of Tikhomirov M.F. in the issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Tikhomirov M. F.: 0

Sidorenko Pavel Vladimirovich, b. 1963
Participatory share of Sidorenko P.V. in the issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Sidorenko P.V.: 0

Shemyakin Anatoly Gavrilovich, b. 1953
Participatory share of Shemyakin A.G. in the issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Shemyakin A.G.: 0

Lebedev Andrey Borisovich, b. 1956
Participatory share of Lebedev A.B. in the issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Lebedev A.B.: 0

Membership of collegial executive body (board, directors):

No collegial executive body is provided for by the charter.

Person who performs the function of one-person executive body:

Yakimovich Valery Evgenievich, b. 1954
Participatory share of Yakimovich V.E. in issuer's charter capital: 0
Proportion of ordinary shares of the issuer held by Yakimovich V.E.: 0

8.1.6. Information on material transactions effected by the Issuer

Major deals accomplished by the issuer, the size of obligations under which amounts to 10 and more percent of the balance sheet value of the issuer's assets according to his financial reports for the last full reporting period preceding the date of such transactions, have not been registered.

8.1.7. Credit ratings of the Issuer

No credit rating (ratings) has been given to the issuer and/or issuer's securities.

8.2. Categories (types) of shares

Categories of shares of four issues: ordinary

Par value of each share: 1 ruble

Number of shares in circulation: 10`625`600

Number of shares accounted for by the issuer in his balance sheet: 970

State registration number of the first issue: 62-1П-189

Date of state registration: 28.04.1993. The issue was cancelled.

State registration number of the second issue 1-02-30202-D

Date of state registration: 6.04.1998 The issue was cancelled.

State registration number of the third issue: 1-03-30202-D

Date of state registration: 22.05.1998 The issue was cancelled.

State registration number of the fourth issue: 1-01-30202-D

Date of state registration: 11.11.2004.

The Company has the right to place, in addition to the already placed shares, the following categories of shares (declared shares):

Preference shares numbering 2`500`000 (two million five hundred thousand) at a par value of each share of 1 ruble.

Declared preference shares shall grant the following rights:

- The right to receive dividend every year in the amount of 2.25 of the par value of the share;
- Preferential right as compared with ordinary shares to receive accumulated but not paid dividends;
- Preferential right to receive part of the price of the property (liquidation cost) on preference shares remaining after liquidation of the Company.

The Company has the right to place, in addition to the already placed shares, 1 339 685 (one million three hundred thirty nine thousand six hundred eighty five) ordinary registered shares at a par value of each share of 1 ruble (declared shares).

Rights granted by shares to their holders:

General rights of holders of shares of all categories (types):

- To dispose of the shares which they hold without the consent of the other shareholders and the Company per the procedure provided for by the Charter;
- the shareholders of the Company who voted against or did not take part in the voting with regard to placement by closed subscription of shares and emission securities convertible into shares have a priority right to purchase additional shares and emission securities convertible into shares placed by means of closed subscription in quantities proportional to the quantity of shares of this category (type) belonging to them.

This right shall not apply to the placement of shares and other emission securities convertible into shares carried out by means of closed subscription only among shareholders, if shareholders have a possibility to purchase an integer number of such shares and other issue securities convertible in shares in proportion to number of shares of a corresponding category (type) belonging to them;

- to receive part of net profit (dividends) subject to distribution among the shareholders in the procedure provided for by the law and the Charter depending on the category (type) of shares belonging to him;
- To receive part of the property of the Company (liquidation quota) remaining upon liquidation of the Company in proportion to the number of shares of a corresponding category (type) held by him;
- To have access to the documents of the Company in the procedure provided for by the law and the Charter, and to receive copies thereof for a charge;
- To delegate all or some of the rights granted by a share of corresponding category (type) to a representative (representatives) based on power of attorney;
- to exercise other rights provided for by the legislation of the Russian Federation, the Charter and resolutions of the general meeting of shareholders adopted within its competence.

Ordinary shares:

Each ordinary share of the Company has the same par-value and grants shareholders who own them the same rights.

The ordinary shares of the Company are voting shares with regard to all questions within the competence of the general meeting.

Shareholders who own ordinary shares of the Company may, according to the Federal Law on Joint-Stock Companies, participate in general meetings of shareholders with a vote with regard to all questions which are within its competence.

Shareholders who own ordinary shares have the right to receive dividends but only after the holders of preference shares, the size of dividends for which is determined in the Charter of the Company.

Shareholders who own ordinary shares participate in the distribution of property in case of liquidation of the Company enjoying third priority after payments on shares which should be redeemed first, after payment of accumulated but not paid dividends on preference shares and part of the price of the property (liquidation cost) remaining upon liquidation of the Company on preference shares (second priority).

Preference shares:

The preference shares of the Company of one type have the same par-value and grant shareholders who own them the same rights.

Shareholders who own preference shares have the right to take part in general meetings the Company without a vote except for cases provided for by the current legislation of the Russian Federation and the Charter.

A shareholder who owns preference shares participates in general meetings of shareholders with a vote in the event of resolving the issue of reorganization of the Company.

A shareholder who owns preference shares has the preferential right in comparison with holders of ordinary shares with regard to receipt of:

- Dividends in amounts and the procedure provided for by the present Charter;
- Accrued but not paid dividends at liquidation of the Company;
- Part of the price of the Company's property (liquidation cost) remaining upon its liquidation.

The size of annual dividend on one preference share is determined at a rate of 9 par-values of one preference share.

Voting shares:

The voting share is a share giving the shareholder who owns it a vote with regard to all issues which are within the competence of the general meeting or individual issues provided for by the Federal Law.

A share gives a vote with regard to all issues which are within the competence of the general meeting if it is:

- a fully paid up ordinary share except for shares which are at the Company's disposal;
- a preference share the amount of dividend on which is determined in the Charter starting from the annual general meeting at which, irrespective of reasons therefore, no decision to pay dividends was adopted or the decision was to pay part of the dividends on preference shares. The right of shareholders who own preference shares to participate in general meetings shareholders with a vote ceases to be effective from the moment of payment of dividends on these shares in full amount.

A preference share of any type gives a vote in deciding the issue of reorganization and liquidation of the Company.

A preference share of a certain type grants a vote in deciding an issue of making alterations in and amendments to the Charter limiting the rights of shareholders who own preference shares of this type, including cases of determination or increase of the amount of dividend and (or) determination or increase of the liquidation cost paid on preference shares of the preceding priority and cases of granting shareholders who own preference shares of another type advantages in the order of priority for receipt of dividends and (or) the liquidation cost of the shares.

Shares voting on all issues which are within the competence of the general meeting of shareholders grant their owners the following rights:

- To take part in attendee or absentee voting at general meetings with regard to all issues within its competence;

- To nominate candidates and to elect them to the bodies of the Company in the procedure and on conditions established by the law and the Charter;

- To make proposals for the agenda of an annual general meeting of shareholders in the procedure and on conditions provided for by the law and the Charter;

- To elect the working bodies of the meeting in cases provided for by the Charter;

- to requisition the convocation of an extraordinary general meeting of shareholders, an audit of the financial and economic activities of the Company by the Internal Auditing Committee of the Company in the procedure and on conditions provided for by the law and the Charter;

- to demand the repurchasing of all or some of the shares belonging to them by the Company in the procedure and cases provided for by the Federal Law on Joint-Stock Companies;

- To requisition the convocation of a meeting of the Board of Directors in the procedure and on conditions provided for by the Charter.

Preference shares voting only on certain questions within the competence of the general meeting of shareholders give their owners the right:

- To take part in attendee or absentee voting at general meetings only with regard to individual questions;

- To demand that the Company repurchases all or some of the shares belonging to them in cases provided for by the Federal law..

8.3. Previous issues of emission securities except for shares

No issues of emission securities have been effectuated by the issuer except for securities.

8.3.1. Issues of securities which have been redeemed (cancelled)

8.3.2. Issues of securities which are in circulation

8.3.3. Issues with regard to which the issuer's obligations have not been discharged (default)

8.4. Persons who have provided security for debenture stock

No debentures have been issued.

8.5. Terms and conditions for discharge of obligations under issued debenture stock

No debentures have been issued.

8.6. Organizations keeping records of rights to emission securities

Full and abbreviated name of the Registrar:

Open joint-stock company «Central Moscow Depository» (JSC «TsMD»)

Location: Orlikov per. 3B, Moscow, 107078, Russia

Mailing address: Olkhovskaya Str. 22, Moscow, 107066, Russia

License No. 10-000-1-00255 dated 13.09.2002

Effective term of the license: without limit of term

Issuing agency: Federal Securities Commission of the Russian Federation.

No unitized custody of the issuer's security in the reporting quarter has been accomplished.

8.7. Legislation regulating import and export of capital which may affect the payment of dividends, interest and other payments to non-residents

- Civil Code of the Russian Federation
- Law of the Russian Federation dated 09.10.1992 No.3615-1 «On Currency Regulation and Currency Control»
- Resolution of the Government of the Russian Federation dated 24.09.2002 No.699 «On Procedure for Issuing Permits to Non-Residents for Delay of Payment for a Period of More than 90 Days with Regard to Export of Goods (Works, Services, Results of Intellectual Activity)».
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation dated 04.10.2000 No.91-И and No.01-11/28644 «On Procedure for Exercising Currency Control over the Validity of Payment for Imported Goods to Residents»
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation dated 13.10.1999 No.86-И No.01-23/26541 « On Procedure for Currency Control over Receipt of Proceeds from Export of Goods in the Russian Federation»

8.8. Taxation of income from emission securities placed and being placed

The procedure and conditions of taxation of physical persons (both who are taxable residents of the Russian Federation and who are not but who receive income from sources in the Russian Federation) tax on income as dividends and interests received from securities issuer, and income from realization of shares and other securities of the issuer in the Russian Federation or outside it are determined by item 214.1 of the Tax Code of the Russian Federation.

The rates of corresponding taxes are determined by item 224 of the Tax Code of the Russian Federation.

The procedure and conditions of taxation of legal persons (both Russian organizations and foreign organizations conducting activities in the Russian Federation through permanent missions and/or receiving income from sources in the Russian Federation) with regard to tax on profit calculated allowing for income received by the organization from realization of securities is determined by item 275 of the Tax Code of the Russian Federation.

The rates of corresponding taxes are determined by item 284 of the Tax Code of the Russian Federation.

8.9. Announced (accumulated) and paid dividends on shares. Income from debentures

Information on announced and paid dividends in 2003..

Shares	Total Dividends Announced	Dividends Per Share	Date of the General Meeting of Shareholders held	Decision of the General Meeting of Shareholders	Date for Payment of Announced Dividends	Payment	Period for which Dividends Paid	Total Dividends Paid	Total Dividends Unpaid/Cause
Ordinary	116845157	11.00	May 14, 2004	Minutes dated 2..06.04	No less than 60 days from the decision made by the general meeting of shareholders	In money terms	2003	116012732	832425 Cause: no full information on shareholders' bank accounts. Inquires have been sent.

8.10. Other information

There is no other information about the Company and securities.