

Approved by

Board of Directors of Public Stock Company
VSMPO-AVISMA Corporation

Minutes dd. November 11, 2005 No. -

QUARTERLY REPORT

Public Stock Company VSMPO-AVISMA Corporation

Issuer Code:

3	0	2	0	2	-	D
---	---	---	---	---	---	---

For the Third Quarter 2005

Issuer's Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region,
624760Russia,
Postal Address: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, 624760,
Russia,

Information contained in this Quarterly Report is subject to disclosure under the law on securities
of the Russian Federation

Director General

Date November 11, 2005

Signature

V.V.Tetyukhin

Chief Accountant

Date November 11, 2005

Signature

T.V. Novosadova

Place of Seal

Contact: Tatyana Petrovna Shayakhmetova
Leading Economist, Finances

Telephone: (34345) 5-20-05

Fax: (34345) 2-47-36

E-mail: Shayahmetova@vsmpto.ru

Web-site: www.vsmpto.ru/core.php?p=214

Table of Contents

QUARTERLY REPORT	1
Table of Contents	2
Introduction	5
I. Brief information on persons included in the Issuer's Control Authorities, on issuer's bank accounts, auditor, appraiser and financial consultant as well as on other persons who have signed this Quarterly Report	6
1.1. Persons included in Issuer's Control Authorities	6
1.2. Issuer's Bank Accounts	6
1.3. Issuer's Auditor	7
1.4. Issuer's Appraiser	8
1.5. Issuer's Consultants	8
1.6. Other Persons Signed Quarterly Report	8
II. Basic Information on Issuer's Financial and Economic Status	8
2.1. Issuer's Financial and Economic Figures	8
2.2. Issuer's Market Capitalization	10
2.3. Issuer's Liabilities	10
2.3.1. Accounts Payable	10
2.3.2. Issuer's Credit History	11
2.3.3. Issuer's Obligations Resulting from Collateral Given to Thirds Parties	11
2.3.4. Other Obligations	12
2.4. Issue and Usage of Funds Generated from Placement of Securities	12
raised by placing emission securities	12
2.5. Risks connected with acquisition of placed emission securities	14
2.5.1. Industrial Branch Risks	14
2.5.2. National and Regional Risks	15
2.5.3. Financial Risks	17
2.5.4. Legal Risks	18
2.5.5. Risks connected with issuer's activities	18
III. Detailed Information on the Issuer	18
3.1. Issuers' Establishment and Development History	18
3.1.1. Issuer's Corporate Name	18
3.1.2. Information on Issuer's State Registration	19
3.1.3. Issuer's Establishment and Development	19
3.1.4. Contact Information	21
3.1.5. Taxpayer Identification Number	21
3.1.6. Issuer's Affiliates and Representative Offices	21
3.2. Primary Economic Activities	21
3.2.1. Industrial Sector of the Issuer	21
3.2.2. Primary Economic Activities	21
3.2.3. Basic Types of Products (operations, services)	22
3.2.4. Raw Materials (Materials) and Issuer's Suppliers	23
3.2.5. Issuer's Sales Markets of Products (operations, services)	24
3.2.6. Information on Issuer's Licenses	24
3.2.7. Issuer's Joint Ventures	27
3.3. Future Prospects	27
3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holdings, Concerns and Associations	30
3.5. Issuer's Subsidiaries and Related Companies	30
3.6. Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans of Acquisition, Replacement, Retirement of Fixed Assets as well as on all the Facts of Fixed Assets Encumbrance	47
3.6.1. Fixed Assets	47

IV. Financial and Economic Activities Information.....	48
4.1. Financial and Economic Performance Results.....	48
4.1.1. Profit and Loss	48
4.1.2. Factors which affected change in proceeds from the issuer's sales of goods, products, operations and services and the issuer's profit (loss) from primary activities	49
4.2. Issuer's Liquidity, Adequacy of the Capital and Current Assets	49
4.3. Size and Structure of the Issuer's Capital and Current Assets.....	50
4.3.1. Size and Structure of the Issuer's Capital and Current Assets.....	50
4.3.2. Issuer's Financial Investments	50
4.3.3. Issuer's Intangible Assets.....	51
4.4. Issuer's Policy and Expenses for Scientific and Engineering Development associated with Licenses and Patents, New Developments and Researches	51
4.5. Overview of Development Trends in Issuer's Primary Activities	53
V. Details on Persons included in the Issuer's Control Authorities, Financial and Economic Activities	
Control Authorities and Brief Information on Issuer's Employees	56
5.1. Structure and Powers of Issuer's Control Authorities.....	56
5.2. Persons included in Issuer's Control Authorities Совет директоров:	59
5.3. Remuneration, Benefits and/or Compensation of Expenses of each Issuer's Control Authority ...	61
5.4. Structure and Competence of the Issuer's Financial & Economic Control Authorities	61
5.5. Members of Financial & Economic Control Authorities	62
5.6. Remuneration, Benefits and/or Compensation of Expenses of Financial & Economic Control Authorities.....	63
5.7. Number of Issuer's Employees and General Data on Education and Structure of the Issuer's Employees and Changes in Number of the Employees	63
5.8. Issuer's Obligations to the Staff (Employees) associated with their Participation in the Issuer's Authorized Capital	64
VI. Shareholders and Interest Transactions of the Issuer	64
6.1. Total Number of the Shareholders	64
6.2. Shareholders whose share in the issuer's Authorized Capital is not less than 5 percent or who hold not less than 5 percent of its ordinary shares, as well as shareholders of such persons whose share in the Authorized Capital is not less than 20 percent or who hold not less than 20 percent of their ordinary shares	64
6.3. State or Municipal Share in the Issuer's Authorized Capital. Special Right ("Golden Share").....	65
6.4. Restricted Participation in the Issuer's Authorized Capital	65
6.5. Changes in Membership and Share of the Issuer's Shareholders who hold not less than 5 percent of its Authorized Capital or not less than 5 percent of its Ordinary Shares.....	65
6.6. Issuer's Interest Transactions	68
6.7. Accounts Receivable	68
VII. Issuer's Financial Statements and Other Financial Information.....	69
7.1. Annual Financial Statements of the Issuer.....	69
7.2. Quarterly Financial Statements of the Issuer for the Last Completed Reporting Quarter	69
7.3. Consolidated Financial Statements of the Issuer for the Last Complete Financial Year	74
7.4. Issuer's Accounting Policy.....	74
7.5. Total Exports and its Share in Total Sales	75
7.6. Issuer's Real Assets Cost and Significant Changes in the Issuer's Assets since the Close Date of the Last Complete Financial Year.....	76
7.7. Participation of the Issuer in Proceedings in cases when such Participation could have a Significant Effect on Financial and Economic Activities of the Issuer	76
VIII. Additional Information on the Issuer and Securities Placed.....	76
8.1. Additional Information on the Issuer	76
8.1.1. Size and Structure of the Issuer's Authorized Capital	76
8.1.2. Changes in the Size of the Authorized Capital of the Issuer.....	76

8.1.3. Formation and Use of the Reserve Fund and other Funds of the Issuer	77
8.1.4. Procedure for Calling and Holding of the General Meeting of the Superior	78
Control Authority of the Issuer	78
8.1.5. Commercial Organizations in Which the Issuer Holds not less than 5 Percent of the Registered (Stock) Capital (Share Fund) or not less than 5 Percent of Ordinary Shares.....	79
8.1.6. Material Transactions Effected by the Issuer	83
8.1.7. Credit Ratings of the Issuer	83
8.2. Categories (Types) of the Issuer's Shares	83
8.3. Previous Issues of Securities, except for the Issuer's Shares	86
8.4. Person (Persons) who Provided Security for Debentures of the Issue	86
8.5. Terms and Conditions for Discharge of Obligations for Debentures of the Issue	86
8.6. Organizations Keeping Records of Rights for the Issuer's Securities	86
8.7. Legislation Regulating Import and Export of the Capital, Effecting Payment of Dividends, Interest and Other Payments to Non-Residents.....	86
8.8. Taxation of Income from the Issuer's Securities Placed and Being Placed.....	86
8.9. Declared (Accrued) and Paid Dividends on the Issuer's Shares and Income from the Issuer's Debentures.....	88
8.10. Other Information.....	91

Introduction

Full and Abbreviated Name of the Issuer:

Открытое акционерное общество «Корпорация ВСМПО-АВИСМА» (ОАО «Корпорация ВСМПО-АВИСМА»)

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

Issuer's Location:

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

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

Issuer's contact telephone numbers:

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

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

E-mail: Shayahmetova@vsmpo.ru

The quarterly report is available at: www.vsmpo.ru/core.php?p=214

Basic Information on Securities placed by the Issuer:

Outstanding Shares:

Category: ordinary

Type: registered uncertificated

Number: 10624630

Par value of one share: 1 ruble

State registration number 1-01-30202-D dd. November 11, 2004.

2. Category: ordinary

Type: registered uncertificated

Number: 539024

Par value of one share: 1 ruble

State registration number 1-01-30202-D-003D dd. November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion) – July 1, 2005.

3. Category: ordinary

Type: registered uncertificated

Number: 365884

Par value of share: 1 ruble

State registration number 1-01-30202-D-004D dd. November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion) – July 1, 2005.

This 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 certain actions. Investors should not fully rely on the assessments and forecasts of the issuer's Controls because actual future results can differ from the forecasts for various reasons. The acquisition of the issuer's securities is connected with the risks described in this quarterly report.

I. Brief Information on Persons Included in the Issuer's Control Authorities, on Issuer's Bank Accounts, Auditor, Appraiser and Financial Consultant and on Other Persons Signed Quarterly Report

Persons Included in Issuer's Control Authorities

Board of Directors:

Besedin, Vasily Alexandrovich, b. 1953
 Bresht, Vyacheslav Iosifovich, b.1953
 Kelly, Dennis, b. 1946
 Melnikov, Nikolai Konstantinovich, b.1955
 Monahan, John, b. 1945
 Tetyukhin, Vladislav Valentinovich, b. 1932
 Tsarkov, Oleg Igorevich, b. 1966

Issuer's Sole Executive Body: Director General
 Tetyukhin, Vladislav Valentinovich, b. 1932

No joint executive body is provided for in the By-Laws.

1.2. Issuer's Bank Accounts

Type of Account	Account Number	Credit Organization	Location of the Credit Organization
1	2	3	4
Settlement a/c Transit a/c, USD	40702810700010795939 40702840300010004249	Closed Joint-Stock Company INTERNATIONAL MOSCOW BANK CJSC "MMB" INN 7710030411 BIK 044583545 Corr. acc. 30101810300000000545	9, Prechistenskaya Embankment, Mos- cow, 119034
Settlement a/c Current a/c, USD	40702810602800000042 40702840600000000018	Joint-Stock Company "For- eign Trade Bank" JSC "Vneshtorgbank" INN 7702070139 BIK 046577952 Corr. acc. 30101810400000000952	16, Stepan Razin St., Ekaterinburg, 620142

1	2	3	4
Settlement a/c Current a/c, USD	40702810116150100055 40702840516150100007	Ural Bank of Sberbank of Russia INN 7707083893 BIK 046577674 Corr. acc. 30101810500000000674	11, Moscovskaya St., Ekaterinburg, 620014
Settlement a/c Current a/c, USD	40702810200700916014 40702840000700916006	Closed Joint-Stock Company CB CITIBANK INN 7710401987 BIK 044525202 Corr. acc. 30101810300000000202	8-10, Gashek St., Moscow, 125047
Settlement a/c Current a/c, USD	40702810100020009977 40702840400020009977	Closed Joint-Stock Company Commercial and Investment Bank "Calion Rusbank", Mos- cow Affiliate INN 7831000612 BIK 044583843 Corr. acc. 30101810400000000843	1, building 6, Bolshoi Zlatous- tovsky Pereulok, Moscow, 101000

1.3. Issuer's Auditor

1.3.1. Full and abbreviated company name:

Closed Joint-Stock Company Analytic Express

CJSC "Analytic Express"

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

Telephone: (095) 229-8484,

Fax: (095) 229-3832

E-mail: analitik@iet.ru

License No. for audit activities: E 005434

Date of issue: based on RF Ministry Order No. 387, dated 9.12.2003

Validity of the license: 5 years

Authority issued the aforesaid license: the Ministry of Finance of the Russian Federation

Fiscal years for which the auditor has carried independent audits of accounting practices and

Financial statements reports of the issuer: since 1994.

There are no factors which can affect the auditor's independence from the issuer.

Procedure for appointing the auditor of the issuer: the Board of Directors proposes a candidate and the general meeting of shareholders approves the proposed candidate.

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

- development of a new chart of book keeping accounts of JSC VSMPO-AVISMA Corporation at the required level of analytic work for drawing up financial reports and tax returns;
- implementation of the developed chart of book keeping accounts in the company;
- documentary issue of the results of development work as an appendix to the order on the accounting policy at JSC VSMPO-AVISMA Corporation.

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 registered capital of the issuer;
- no loan funds have been given by the issuer to the auditor (officers of the auditor);
- there are no close business relations (participation in promotion of products (services) of the issuer, participation in joint venture activities, etc.), as well as there are no blood relations;

- there are no officers of the issuer being at the same time officers of the auditor.

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

Payment for the auditor services is made as follows:

50% of the fee shall be transferred to the settlement account of the auditor within 30 days from the date of the beginning of work, the remaining 50% of the cost of work shall be transferred to the settlement account of the auditor within three days after signing the 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 company name:

Closed Joint-Stock Company PriceWaterHouseCoopers Audit

CJSC "PriceWaterHouseCoopers Audit"

Location: 52, building 5, Kosmodamianskaya Embankment, Moscow, 113054

Telephone: (095) 967-60-00

Fax: (095) 967-60-01

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

License No. for audit activities: E 000376

Date of issue: based on RF Ministry Order No. 98, dated 20.05.2002

Validity of the license: 5 years

Authority issued the aforesaid license: the Ministry of Finance of the Russian Federation

Fiscal years for which the auditor has carried independent audits of accounting practices and the financial statements of the issuer: since 2002.

There are no factors which can affect the auditor's independence from the issuer.

Procedure for appointing the auditor of the issuer: via tender.

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

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

The auditor's fee is determined in accordance with the contracts concluded.

Payment for auditor services is made as follows:

The invoices are issued on a monthly basis accompanied by brief description of the services performed with the report on acceptance of services drawn up.

1.4. Issuer's Appraiser

The issuer did not recourse to the services of any appraiser (appraisers) during the reporting quarter.

1.5. Issuer's Consultants

There is no financial consultant in the securities market who would provide corresponding services to the issuer based on the contract, as well as other persons who would provide consulting services to the issuer related with issue of securities and who have signed the quarterly report and the last registered offering prospectus for outstanding shares.

1.6. Other Persons Signed the Quarterly Report

There are no other persons signed this Quarterly Report and not stated in the previous clauses of this section.

II. Basic Information on Issuer's Financial and Economic Status

2.1. Issuer's Financial and Economic Figures

Index	Recommended Calculation Method	As at 01.01.2005	As at 01.10.2005	Analysis Results
-------	--------------------------------	---------------------	---------------------	------------------

Issuer's net asset value, ths. rub.	According to the procedure established by the Ministry of Finance of the Russian Federation an/or the Federal Executive Authority of Securities Market for joint-stock companies and if Joint-Stock Investment Fund is considered to be the issuer - then in accordance with the procedure established by the Federal Executive Authority of Securities Market.	8 377 043	13 700 831	The main factor that determined the increase – affiliation of AVISMA during the reporting period.
Total borrowed funds to capital and reserves ratio, %	(Long-term liabilities at the end of the reporting period + short-term liabilities at the end of the reporting period) / (Capital and reserves at the end of the reporting period) *100	48.1	43.8	During 9 months of 2005 the dependence on borrowed funds reduced and the amount of borrowed funds does not exceed own funds
Total short-term liabilities to capital and reserves ratio, %	(Short-term liabilities at the end of the reporting period) / (Capital and reserves at the end of the reporting period)*100	47.9	43.1	The ratio is below 100, positive factor
Debt payment cover, ths. rub.	(Net profit for the reporting period + depreciation for the reporting period - Dividends) / (Liabilities having been repayable in the reporting period + interests having been repayable in the reporting period)	0.42	0.37	
Overdue debts, %	(Overdue debts at the end of reporting period) / (Long-term liabilities at the end of reporting period + short-term liabilities at the end of reporting period) * 100	7.14	4.31	Overdue debts reduced
Turnover of accounts receivable, times	(Proceeds)/(Accounts receivable at the end of the reporting period – backlog of the participants in terms of contribution to the registered capital at the end of the reporting period)	4.6	2.7	Shows decrease in amount of commercial credit granting
Proportion of dividends in profit, %	(Ordinary share dividends based on the results of the complete fiscal year)/(Net profit based on the results of the complete fiscal year – preferred share dividends based on the results of the complete fiscal year) * 100	19.0		
Efficiency of labour, ths. rub./man	(Proceeds)/(average number of employees (workers) on pay-roll)	691.9	501.3	Efficiency of labour decreased due to affiliation of AVISMA (significant production volumes account for internal turnover)
Depreciation to proceeds amount, %	(Depreciation charges)/(Proceeds) * 100	2.0	2.2	

2.2. Issuer's Market Capitalization

Provided is the information on the market capitalization of the issuer over the last 5 closed financial years including the data on market capitalization as at the close date of each fiscal year and as at the close date of the last closed reporting period.

As at 01.01.2001:

Weighted average price/share \$ 8,90

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

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

As at 01.01.2002:

Weighted average price/share \$ 11,31

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

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

As at 01.01.2003:

Weighted average price/share \$ 15,54

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

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

As at 01.01.2004:

Weighted average price/share \$ 28,46

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

Description of the method used for estimation of the issuer's market capitalization:

Market capitalization is estimated as a product of the number of shares of the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market for three months preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership RTS Stock Exchange.

As at 01.01.2005:

Weighted average price/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 the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market in the month preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership RTS Stock Exchange.

As at 01.10.2005:

Weighted average price/share \$ 157,08

Market capitalization of the issuer \$ 1`811`059`829

Description of the method used for estimating issuer's market capitalization:

Market capitalization is estimated as a product of the number of shares of the corresponding category (type) by the weighted average price of one share of this category (type) calculated for 10 largest transactions accomplished through the dealer in the securities market in the month preceding the month which is considered to be the end of the last reporting quarter. According to noncommercial partnership "RTS Stock Exchange".

2.3. Issuer's Liabilities

2.3.1. Accounts Payable

A/P	Unit	Due Date
-----	------	----------

		up to one year	over a year
Accounts payable to suppliers and contractors	Rubles in thousands	481 712	X
including past due	Rubles in thousands		X
Accounts payable to company's personnel	Rubles in thousands	39 409	X
including past due	Rubles in thousands		X
Accounts payable to the budget and state off-budget funds	Rubles in thousands.	391 596	X
including past due	Rubles in thousands.		X
Credits	Rubles in thousands	According to Order No. 67n dd. 22.07.2003 issued by RF Ministry of Finance "Forms of Accounts of Companies", starting from 2003 this information is not included into the accounts.	X
including past due	Rubles in thousands		X
Loans, total	Rubles in thousands		X
including past due	Rubles in thousands		X
including funded loans	Rubles in thousands		X
including past due funded loans	Rubles in thousands		X
Borrowings (credits and loans + deferred tax payments)	Rubles in thousands	3 342 537	X
Including past due	Rubles in thousands		X
Other accounts payable	Rubles in thousands	1 334 631	X
including past-due	Rubles in thousands		X
Total, rubles	Rubles in thousands	5 589 885	X
including total past due	Rubles in thousands		X

Creditors the debt to each of which equals not less than 10 % of the total debt: no such creditors.

2.3.2. Issuer's Credit History

This information is not to be disclosed as the amount of the principal debt under each credit agreement and loan agreement that was in force for the last 5 closed financial years and at the close date of the reporting quarter is less than 5 percent of the issuer's assets book value as at the date of the last closed reporting quarter.

2.3.3. Issuer's Obligations Resulting from Collateral Given to Third Parties

#	Beneficiary	Liabilities Given, 000' rubles	Date of Liabilities Repayment
---	-------------	--------------------------------	-------------------------------

1	Natural persons (Company's workers)	15 925	Not to be specified if the liability does not exceed 5% of the assets cost
2	Collateral under security agreements	3 012 702	According to individual credit agreements
	Surety	42 748	Not to be specified if the liability does not exceed 5% of the assets cost
	Total:	3 071 375	

2.3.4. Other Obligations

There are no other obligations that could materially affect the financial status of the issuer.

2.4. Issue and Usage of Funds Generated from Placement of Securities

July 1, 2005 the following securities were placed:

1. Category: ordinary

Type: registered uncertificated

Number: 539024

Par value of one share: 1 ruble

State registration number 1-01-30202-D-003D as of November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion).

Securities placemen procedure: 1 (One) ordinary registered share of JSC AVISMA is to be converted into 2 (two) ordinary registered shares of JSC VSMPO (i.e. 0.5 (zero point five) of the ordinary registered share of JSC AVISMA is converted into 1 (one) ordinary registered share of JSC VSMPO). As of the date of introduction of the entry on termination of JSC AVISMA activities into the Uniform Public Legal Entities Register the placed shares of JSC AVISMA except for the shares held by the shareholders who requested repurchase of the shares in accordance with Article 75 and 76 of the Federal Law "On Joint-Stock Companies" and whose shares have been repurchased, and also except for the shares which were in possession of JSC AVISMA or JSC VSMPO, will be converted as follows – one ordinary registered share of JSC AVISMA with the nominal value of 0.02 ruble is to be converted into two ordinary registered shares of JSC VSMPO with the nominal value of 1 (one) ruble (i.e. 0.5 (zero point five) of the ordinary registered share of JSC AVISMA is converted into 1 (one) ordinary registered share of JSC VSMPO). As of the date of JSC AVISMA reorganization all placed preferred registered shares of JSC AVISMA will be paid off and each holder of such JSC AVISMA shares will forfeit all its rights for JSC AVISMA shares, as well as the rights granted by such JSC AVISMA shares, except for the right to receive converted ordinary registered shares of JSC VSMPO or the sum of money in the event the shares have been repurchased by JSC VSMPO in accordance with Article 75 and 76 of the Federal Law "On Joint-Stock Companies". All ordinary registered shares of JSC AVISMA allocated by the date of JSC AVISMA reorganization and which were requested to be repurchased according to Article 75 and 76 of the Federal Law "On Joint-Stock Companies" will not be converted into the ordinary registered shares of JSC VSMPO except for the event when the amount of money for repurchase of shares from the shareholders is limited due to Clause 5 of Article 76 of the Federal Law "On Joint-Stock Companies" and in such event the shares must be repurchased proportionate to the requests. In the above-mentioned event the JSC AVISMA shares not repurchased from the JSC AVISMA shareholders due to the limitation set forth in Clause 5 of the Federal Law "On Join-Stock Companies" will be converted into the ordinary registered shares of JSC VSMPO as of the date of JSC AVISMA reorganization. **Акции** JSC AVISMA shares repurchased from JSC AVISMA shareholders who therefore exercised their right to request repurchase of their shares will be paid off and they will not be converted into JSC VSMPO shares. JSC AVISMA shares which were in possession of JSC VSMPO as of the date of reorganization, as well as JSC AVISMA shares held by JSC AVISMA as of the date of reorganization will be paid

off. Shares of JSC AVISMA will be paid off when converting into additional shares of JSC VSMPO.

Placement of

additional shares of JSC VSMPO by converting into them the shares of JSC AVISMA is made by placing the additional shares of JSC VSMPO in the personal accounts in the Register of Holders of Registered Securities of JSC VSMPO, as well as in the DEPO accounts in depositaries as of the date of reorganization based on the Register of Shareholders at that date.

2. Category: ordinary

Type: registered uncertificated

Number: 365884

Par value of one share: 1 ruble

State registration number 1-01-30202-D-004D as of November 11, 2004.

Method of securities placement: conversion

Securities placement date: the date on which the entry on termination of activities of Joint-Stock Company AVISMA Titanium & Magnesium Works (the date of reorganization of Joint-Stock Company AVISMA Titanium & Magnesium Works) was introduced into the Uniform Public Register of Legal Entities is considered to be the date of placement of securities of the additional issue (the date of conversion).

Securities placement procedure: 1 (One) ordinary registered share of JSC AVISMA is to be converted into 2 (two) ordinary registered shares of JSC VSMPO. As of the date of introduction of the entry on termination of JSC AVISMA activities into the Uniform Public Legal Entities Register the placed shares of JSC AVISMA except for the shares held by the shareholders who requested repurchase of the shares in accordance with Article 75 and 76 of the Federal Law "On Joint-Stock Companies" and whose shares have been repurchased, and also except for the shares which were in possession of JSC AVISMA or JSC VSMPO, will be converted as follows – one ordinary registered share of JSC AVISMA with the nominal value of 0.02 ruble is to be converted into two ordinary registered shares of JSC VSMPO with the nominal value of 1 (one) ruble. As of the date of JSC AVISMA reorganization all placed preferred registered shares of JSC AVISMA will be paid off and each holder of such JSC AVISMA shares will forfeit all its rights for JSC AVISMA shares, as well as the rights granted by such JSC AVISMA shares, except for the right to receive converted ordinary registered shares of JSC VSMPO or the sum of money in the event the shares have been repurchased by JSC VSMPO in accordance with Article 75 and 76 of the Federal Law "On Joint-Stock Companies". All ordinary registered shares of JSC AVISMA allocated by the date of JSC AVISMA reorganization and which were requested to be repurchased according to Article 75 and 76 of the Federal Law "On Joint-Stock Companies" will not be converted into the ordinary registered shares of JSC VSMPO except for the event when the amount of money for repurchase of shares from the shareholders is limited due to Clause 5 of Article 76 of the Federal Law "On Joint-Stock Companies" and in such event the shares must be repurchased proportionate to the requests. In the above-mentioned event the JSC AVISMA shares not repurchased from the JSC AVISMA shareholders due to the limitation set forth in Clause 5 of the Federal Law "On Joint-Stock Companies" will be converted into the ordinary registered shares of JSC VSMPO as of the date of JSC AVISMA reorganization. Акции JSC AVISMA shares repurchased from JSC AVISMA shareholders who therefore exercised their right to request repurchase of their shares will be paid off and they will not be converted into JSC VSMPO shares. JSC AVISMA shares which were in possession of JSC VSMPO as of the date of reorganization, as well as JSC AVISMA shares held by JSC AVISMA as of the date of reorganization will be paid off. Shares of JSC AVISMA will be paid off when converting into additional shares of JSC VSMPO. Placement of additional shares of JSC VSMPO by converting into them the shares of JSC AVISMA is made by placing the additional shares of JSC VSMPO in the personal accounts in the Register of Holders of Registered Securities of JSC VSMPO, as well as in the DEPO accounts in depositaries as of the date of reorganization based on the Register of Shareholders at that date. No funds were generated as a result of placement of securities.

2.5. Risks Connected with Acquisition of Placed Securities

The detailed analysis of the risk factors connected with acquisition of the placed securities is carried out, including:

industrial branch risks,
national and regional risks,
financial risks,
legal risks,
risks connected with issuer's activities.

2.5.1. Industrial Branch Risks

The major consumers of titanium products made by VSMPO – AVISMA Corporation are aerospace industry, power engineering, chemical engineering, oil and gas, nonconventional consumers, mainly, manufacturers of sports goods, and many others. Each of the aforesaid industries has its own development tendencies and, therefore, it is reasonable to review them individually.

About 65 percent of the output is intended for the aerospace industry, and therefore the state of this sector of the Russian and global economy has a substantial influence on the technological and economic indices of the Company. The aerospace sector of the world market features a cyclic nature of development within the period of about 4 years, and the world titanium market demonstrates a similar pattern of development. Though, it should be noted that during the recent years these markets have been affected by the Asian financial crisis of 1998 and terrorist attacks of September 11, 2001 in the USA. Nevertheless, the long-term perspective is constant growth of titanium consumption in this sector of the world economy, and no alternative replacement for titanium alloys is expected in the foreseeable future.

Currently power engineering, for the most part, nuclear power engineering is a sufficiently large consumer of titanium alloys, mainly used for heat-exchange systems, particularly those employed in nuclear power plants using sea water. There is a large potential demand for titanium alloys in power plants being developed which use the sea water temperature difference on the surface and in the depths of the world ocean.

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

During the recent years prospecting of energy resources (oil, gas, gas condensate) has been aiming at the sea shelf. Titanium alloys are practically an ideal structural material for offshore drilling and extracting platforms, riser pipes and pipeline systems since 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 tons p.a.) has been used for golf club heads manufacture. Even if the substitution to titanium alloys is found in this area in the near future, there are some significant potential markets for titanium alloys to be used for production of goods for sports and recreation: bicycles, hiking and climbing equipment, manual tools, etc.

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

Moreover, in 2005 the trend of sharp increase in demand for titanium alloys as well as the significant growth of their output in the whole world has been noted. It was caused by complete overcoming of consequences of terrorist attack on September 11, 2001 in the USA and the increase in aircraft production volumes by global producers. Simultaneously, titanium alloy industrial application market began growing, especially in power engineering, mainly, in South-East Asia (China, India). This tendency will continue in 2005 and 2006: conventional aerospace customers' orders have sharply grown titanium mill products prices increased 3-4 times for the last year.

Due to reduction of titanium scrap shortage and increase of titanium semi-finished products output and some reduction of the requirement for ferrotitanium for the purpose of structural and stainless steel manufacture, the prices for ferrotitanium has again increased more than 1,5 times for the last quarter and equal USD \$ 20-23/kg of titanium in ferrotitanium. It should be noted that this reduced price has not reached the many years' level of USD \$5-7/kg of titanium in ferrotitanium so far.

Hence, titanium market shows unprecedented revival.

Titanium does not stand out in the general range of metals from the point of view of fluctuations of world prices for raw materials and energy resources. In terms of prevalence in the nature, titanium occupies the fourth place among structural materials (after aluminum, magnesium and iron), and considerable raw material stocks have been discovered. Considering, therefore, that in the world only approximately 5% of the extracted raw material (the rest of the output is used for pigment dye manufacture on the basis of titanium dioxide) is used for metal titanium manufacture, then risks associated with the shortage of raw material and increase in prices for it are virtually missing. It should be noted that for the first half of 2005 significant increase in prices for alloying elements being included in titanium alloys, mainly, vanadium (increased 6-7 times) and molybdenum (increased 3 times) has been observed. It significantly affected the level of costs and prices for titanium ingot and mill products. In order to make up for these risks the issuer occasionally increases prices for spot sales of titanium mill products, and product prices specified in LTAs are required to be repeatedly reviewed considering dynamics of alloying element price modification.

Risks associated with decisions of foreign countries regarding imposition of protecting duties, country quotas on imports exist in the USA only, which consumes less than 50% of titanium exports. Moreover, judging by the recent years' experience, the initiatives of the competitors of VSMPO-AVISMA Corporation in the US demanding introduction of such protective measures have not been supported by the US industry.

However, unfortunately, for political reasons (election campaign), on September 7, 2004, George Bush, the President of the United States, signed an Order on withdrawal of GSP treatment for Russian wrought titanium. This decision won't produce any significant impact on VSMPO-AVISMA Corporation business in the US, as most of the products are supplied to the aerospace companies (Boeing, Pratt & Whitney, Perryman, Dynamet, TECT), which export the majority of their products. Therefore, they can make up for the import duty using TIB system and other support alternatives without changing prices for VSMPO-AVISMA Corporation products.

Primary risks in the branch of titanium sponge, magnesium and magnesium alloys production are the following:

- increase in energy supply rate causing the product cost raise;
- increase in materials and raw materials prices causing the product cost raise as well;
- expansion of cheap Chinese magnesium in the global market reducing AVISMA competitive priority;
- Russian Federation exclusion from the USA preferential system, resulting in introduction of duties for American market titanium suppliers;
- USA government protective policy aimed at protection of American magnesium producers from Russian magnesium import;
- as a result – introduction of antidumping duty for AVISMA magnesium.

2.5.2. National and Regional Risks

Political (within Russia) risks associated with collaborating with VSMPO-AVISMA Corporation are minimal for the following reasons:

- the Corporation is the main supplier of metallurgical semi-finished titanium and aluminum alloy 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 tech industries, which is considered and supported at the regional and federal levels as disposal of the raw material orientation of exports of 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. Suffice it to say that based on the 2004 performance results the Company was awarded by the RF President Designated Representative in the Ural Region as the Company performing the most intensive foreign economic activity in the field of high-technology products manufacture;

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

- for the abovementioned reasons, there is no risk of company de-privatization. Introduction of the "golden" share owned by the government, which is discussed in the Mass Media, has no legislative basis in the Russian Federation so far.

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

- the Russian Federation implements the balanced foreign policy aimed at creating a multi-polar world, including the concept of mutually beneficial, restriction-free trade with all the countries which do not violate the By-Laws 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 such leading aerospace companies around the world as Boeing, EADS, Rolls Royce, Pratt & Whitney, Snecma, General Electric and others, which ensures support for the Company on behalf of government agencies and a positive image in all the countries. Huge international corporations EADS and Boeing being 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: titanium sponge manufacture is geographically close to melting facilities (at a distance of about 600 km); there is railway communication and motorways which ensure regular delivery of raw materials in contrast to the supply of titanium sponge, for example, to the US from Japan or Kazakhstan. Besides, starting from July 1, 2005 a merger of VSMPO and AVISMA into the integrated corporation was effected ensuring stable supplies of basic raw materials to VSMPO. Due to titanium sponge shortage VSMPO intends to make large investments in development of titanium sponge production at AVISMA with the annual growth of 7-8 %. Negotiations in regard to mining and delivery of ilmenite from India are held and various alternatives of supplying vanadium and molybdenum raw materials at stable prices to the Corporation are worked out in order to reduce dependence of the Corporation on deliveries of titanium raw materials from the Ukraine;

b) Process capabilities: for each type of product the Corporation has several versions of manufacture, for example, ingot forging can be done using forging hammers, forging presses or a radial forging machine ensuring fulfillment of orders even in case of overloading of separate pieces of equipment or their emergency shutdown.

c) Reserve production capacities: existing equipment is 40-70% loaded, which allows orders to be executed or changed towards the increase in the volumes within minimum terms.

d) Raw material processing effectiveness: the Corporation unlike the majority of titanium companies around the world is an integrated Supplier manufacturing all types of metallurgical semi-finished products from titanium alloys from raw ore materials. It allows VSMPO-AVISMA Corporation to control lead times, pricing and to be completely responsible for the quality of its products.

e) Production diversification: the Corporation has at its disposal tooling, repair, power (water, steam, compressed air) and machine-building facilities, all types of inspection and tests, which ensures independence from subcontractors and a possibility to provide the Customers not only with rolled metal products of all types but also simple finished equipment from titanium alloys (heat-exchangers, containers, fans, pumps etc.). Currently, the Corporation establishes machining facility for rough machining of die forgings, and in the future – for manufacture of finished parts designated for aircraft components and assemblies. This will allow the end users to reduce the number of subcontractors and lead times.

Besides, except for titanium products, the Corporation processes and in the future plans to expand its production capacities for manufacture of metallurgical semi-finished products from aluminum and mag-

nesium alloys, high strength steels and heat-resistant nickel-base alloys. This will allow Customers to reduce the number of subcontractors and production certifications costs. Moreover, the reputation of VSMPO-AVISMA Corporation as a supplier of a number of complete value-added products from different materials will be significantly enhanced.

Human resources risks:

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, for economic reasons there is no staff migration in Russia, and the tradition is to live settled in one place.

b) There is no problem with regard to 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.

c) Problems with regard to the strikes and labour disputes, in contrast to, for example, TIMET, RMI, Aubert Duval and others, which came across with such difficulties in 2000-2004 resulting in detrimental consequences for their Customers are excluded for the following main reasons:

- there are two trade unions with which collective agreements are signed and renewed;
- a social policy aimed at supporting of low-income groups of the population, including pensioners, former employees of the Company is pursued;
- highly qualified health services for employees and pensioners are provided by the Corporation: there is the out-patient department, the diagnostic medical center where all the employees of the Company are annually examined, three health rehabilitation centers for employees and pensioners, and there are health facilities in the workshops: gyms with the necessary equipment for sports and recreations, saunas;
- social sphere facilities included into fixed assets are maintained, funded and developed: Center of Culture, sports facilities, libraries, country holiday centers for children during vacations as well as for employees and pensioners, etc.

Natural conditions:

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

The Corporation is well provided with stable energy resources at present and in the near future, including:

- Sverdlovsk Region is abundant in electric power and no problems with regard to its generation arise;
- the Corporation is located in the area of the main Russian gas pipelines, close to their origin (gas sources), and therefore no problems with regard to ensuring the required gas pressure in the inlet of the Company's system and the required gas consumption volume arise;
- the Corporation has at its disposal its own plants in order to provide production facilities with heat, steam, compressed air, drinking and process water and experiences no problems with regard to these energy resources;
- government authorities establishes sufficient restrictions for the Corporation for consumption of drinking and process water, discharge of contaminated water and air (after cleaning to applicable sanitary standards) into aquatic and air environment and disposition of solid industrial wastes in 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 as follows: market risks and currency risks.**

Currency risks arise when involving sources of funds using foreign currencies. The rate of exchange is affected by the trends of economic development of the country and political situation starting from changes in the currency regulation policy to the extent of social tension.

The currency risk involves two components:

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

Currency risks are present in all the operations involving foreign currency because the company cannot affect these processes, and the only way out is to protect its interests by identifying risks in time and limit their potential consequences and losses.

It should be noted that for excluding **market risks** managers of the Company keep track of trends of price modification in the world market as unawareness of the market situation leads to amplification of the market risk factor and implicit losses.

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

Financial stability of VSMPO-AVISMA Corporation is at a high level, which is proved to be true based on the following facts:

- the company is profitable, profitability of the sales as at 1.01.2005 is 16.5 %;
- as at 01.01.2005 accounts receivable of the Corporation exceed accounts payable 6.9 times;
- the Corporation has shown the ability to survive in critical conditions of economic recession: having been a closed enterprise operating for the defense complex of the former USSR, it then experienced a 40-fold fall in volumes of orders, and over 12 years it turned into an outstanding player in the world titanium market strengthening its positions every year;

2.5.4. Legal Risks

Legal risks associated with the changes in:

- Currency regulation
- Taxation legislation
- Customs control and duty regulations
- Currently there are no requirements for licensing of the issuer's primary activity.

2.5.5. Risks Connected with Issuer's Activities

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

III. Detailed Information on the Issuer

3.1. Issuers' Establishment and Development History

3.1.1. Issuer's Corporate Name

Issuer's full and abbreviated corporate name:

Открытое акционерное общество «Корпорация ВСМПО-АВИСМА» (ОАО «Корпорация ВСМПО-АВИСМА»)

Public Stock Company VSMPO-AVISMA Corporation (VSMPO-AVISMA Corporation)

Date and reason for change of the issuer's name: Resolution of the general shareholders' meeting as of 28.12.2004. The certificate evidencing that the relevant entry was introduced into the Uniform Public Register of Legal Persons was given on January 24, 2005. The state registration number - 2056600360254.

Previous full and abbreviated corporate name of the issuer:

1. Joint Stock Company Verkhnyaya Salda Metallurgical Production Association (JSC VSMPO)

The date and the grounds for changing the name of the issuer: Resolution of the Sverdlovsk Regional Committee of State Property Management No. 38 as of 22.01.1993.

State registration number: 162 II-VI

State registration date: 18.02.1993.

Name of the authority that effected state registration: Municipal Formation Administration "Verkhnyaya Salda District".

2. Joint Stock Company Verkhnyaya Salda Metallurgical Production Association (JSC VSMPO)

The date and the grounds for changing the name of the issuer: Resolution of the general meeting of shareholders dd. 14.06.1996 and Resolution of the Head of Verkhnyaya Salda administration No. 250-d dd. 26.06.1996.

State registration number: 162 II-VI

State registration date: 18.02.1993.

Name of the authority that effected state registration: Municipal Formation Administration "Verkhnyaya Salda District".

3.1.2. Information on Issuer's State Registration

Legal entity state registration number: 162 II-VI

State registration number: 18.02.1993.

Name of the authority that effected state registration: Head of Administration of Verkhnyaya Salda, Sverdlovsk Region.

Basic state registration number of the legal entity: 1026600784011

Name of the registration authority (in accordance with the data indicated in the certificate of the record on the legal entity registered till July 1, 2002 in the Uniform Public Register of Legal Entities): Regional Surveillance Authority # 3 of the Ministry of Taxation of RF for Sverdlovsk Region.

Record date: 11.07.2002.

3.1.3. Issuer's Establishment and Development

Date of issuer's establishment: 18.02.1993.

The date till which the issuer will exist: the issuer has been established for an indefinite term.

Brief history of issuer's establishment and development:

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

In 1957, the first titanium ingot was melted, and in 1958 full-scale production of primary titanium started.

From 1957 to 1990 VSMPO substantially increased the output since during that period the Company was the only supplier of titanium for Soviet aerospace and military industry.

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

At the beginning of nineties, in connection with reduction of the military budget and sharp reduction in demand for domestic aircraft from civil aviation, domestic demand for titanium reduced 20-30 times and for aluminium - 5-6 times, which drove the Company to the verge of bankruptcy.

The desire to maintain the facility, which, in fact, was the only "bread-winner" of the town with the population of 55,000 people having qualified scientific and engineering potential, VSMPO new management made a strategic decision to get down to diversification and produce not only titanium for military applications in the domestic market but also for export.

The settled 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 mastered enabling production of titanium products of the quality required by the foreign customers.

Capacities were reconstructed and new areas were constructed, mainly, for finishing and inspection operations.

As a result, from 1993 to 1997 export deliveries increased 6 times.

The major element of the strategy of entering foreign markets was the program of certification of Company's products by potential foreign customers.

The Company also invested funds in upgrading of its manufacturing processes, specifically in the quality inspection system. The quality of VSMPO-AVISMA Corporation products is confirmed by more than 120 quality certificates including certificates granted by the largest aircraft building companies and their suppliers.

Today more than 68 % of the Company's titanium products are exported, mainly, for aerospace applications in the US and Europe.

At present the Company is working on increasing the share of such products with high added value in the total output as thin titanium sheet, welded thin-walled titanium pipe, die forging.

Moreover, nonconventional production facilities designated for construction business, manufacture of disks, utensils, heat-exchanging titanium equipment and gas scrubbing systems were established.

This allowed the Company to maintain the personnel potential, most of engineering staff, design engineers, process engineers and workers who are in charge for the town since it is a mono-company town as well as maintain all its industrial potential, production capacities, provide proper operating condition and moreover, to bring them to a higher level of technological and qualitative requirements.

On July 1, 2005 VSMPO – AVISMA Corporation was reorganized through affiliation of JSC AVISMA Titanium – Magnesium Works (now AVISMA affiliate) that has its own development history.

In 1941 under the government order the building of Berezniki magnesium plant began.

The new plant was to provide fast growth in magnesium production in the USSR. It was decided to erect the plant in the Ural town of Berezniki where inexhaustible deposits of potassium-magnesium salt of Verhnekamskoye field could be found.

The first magnesium ingots were produced as early as in 1943. For the subsequent two decades magnesium production in Berezniki developed and reached a high level. Fundamentally new stage in development of Russian magnesium industry began in the 50-ss due to intensive growth in titanium production.

The necessity of providing the magnesium-thermal stages of titanium sponge production with magnesium resulted in combined associations – titanium-magnesium plants. In 1960 the first Ural titanium was produced. Berezniki Titanium-Magnesium Works (BTMW) was awarded with the Medal of Labor Red Banner and honors for its achievements in titanium and magnesium production.

The next significant stage in the history of the works was BTMW privatization and reorganization into Joint-Stock Company AVISMA Titanium-Magnesium Works.

In 1994 JSC AVISMA became a full member of International Magnesium Association. The objective of this organization is to assist in development of magnesium use in the global industry and inform the magnesium market participants of non-ferrous metallurgy development trends.

In 1998 majority holding of the works passed into the ownership of JSC VSMPO (Verkhnyaya Salda Metallurgical Production Association).

According to "The Most Respectful Companies" rating of the journal Expert VSMPO-AVISMA group take the fourth place among the largest non-ferrous metallurgy companies of Russia. The joint venture was formed between the two leading titanium producers: Allegheny Technologies (ATI) and VSMPO-AVISMA. This union will allow to change the market of titanium products in titanium development at the aerospace and defense sector.

Formation of a corporation will allow to strengthen positions in such a high-technology sector of global economics as aircraft industry. Besides, for foreign partners authority and reliability of the unified company are more significant than those of separate associations. The company consolidation serves as a guarantee of stability and intensive development.

Major objectives:

- Manufacture of products meeting Customers' requirements and expectations, corresponding international and national standards and compulsory requirements of surveillance authorities.
- Enhancement of products competitiveness in foreign markets.

VSMPO-AVISMA Corporation mission is to ensure viability of the Company, maintain titanium industry of Russia and be integrated into the world economy.

3.1.4. Contact Information

Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia
Current Issue's Executive Body Location: 1, Parkovaya St., Verkhnyaya Salda, Sverdlovsk Region, Russia

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

Contact telephones, e-mail address:

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

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

E-mail: Shayahmetova@vsmo.ru

The information on the issuer's securities is available at:

Corporate documents – www.vsmo.ru/core.php?p=209

Stockholders - www.vsmo.ru/core.php?p=217

Securities - www.vsmo.ru/core.php?p=218

Information disclosure - www.vsmo.ru/core.php?p=214

Under the agreement with independent registrar two transfer agent centers were opened to work with the Company stockholders:

1. 12, office 26, Parkovaya St., Verkhnyaya Salda, Sverdlovsk region, 624760
Tel: (34345) 5-28-00
2. 29, Zagorodnaya St., Berezniki, Perm region, 618421
Tel: (34242) 9-36-14

3.1.5. Taxpayer Identification Number

INN 6607000556

3.1.6. Issuer's Affiliates and Representative Offices

Name: VSMPO Affiliate

Established: November 22, 2004

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

CEO: Melnikov, Nickolay Konstantinovich, acting under power of attorney valid till 27.06.2006/

Name: AVISMA Affiliate

Established: November 22, 2004

Location: 29, Zagorodnaya St., Berezniki, Perm Region, Russia

CEO: Tankeev, Vladimir Petrovich, acting under power of attorney valid till 31.12.2005.

3.2. Primary Economic Activities

3.2.1. Industrial Sector of the Issuer

Codes of the main industrial activities in accordance with the Classifier of Economic Activities:

27.45, 27.53, 28.12, 28.22.1, 28.75.12, 45.21.1, 55.51, 51.70

3.2.2. Primary Economic Activities

The main type of economic activity of the Company is titanium alloy products manufacture. Detailed information is given in clause 3.2.3

	Q3, 2005
Sales of titanium products, 000' rubles	3 066 597
including export, 000' rubles	2 266 051
Share of exported titanium product in total titanium products, 000' rubles, %	73.9
Share of titanium products exports by regions, 000' rubles, %	
USA	46.01
Germany	17.14
Japan	3.32
UK	7.16
Taiwan	17.28
Canada	7.23

The factor of seasonal prevalence in the activities of the Company manifests itself only in the specific character of capital repair work involving maintenance of process equipment in operating condition as well as modernization, reconstruction and updating of production facilities with most of workload falling on summer and autumn periods.

3.2.3. Basic Types of Products (Operations, Services)

Company's primary type of activity is titanium alloy products manufacture.

At the same time, the Corporation is a multidiscipline enterprise being engaged in various activities listed in clause 4 of the Company By-Laws.

Development of the Company is planned in two directions:

- upgrading existing production processes for the purpose of improving quality and reducing specific material, financial and energy expenses when manufacturing products;
- establishing new production facilities with high value processing of metallurgical raw materials involved.

As for titanium mill products, manufacture of which is considered to be the major operation of the issuer, it is intended that the trend aimed at increasing the output be maintained:

- as for exports – due to increased deliveries of mill products for aerospace applications.
- as for the domestic market – due to extending the scope of application of titanium mill products, primarily, in thermal power engineering.

Index	9 months of 2005
Titanium products output, total, tn	15 813
Share of proceeds from titanium products in total proceeds, %	69.6

Below is the general structure of the issuer's cost .

Cost Item	Reporting Period
Raw materials and materials, %	Separate cost accounting by types of product (operations, services) is not stipulated by Accounting Policy of the Company
Purchased components, semi-finished products, %	
Outside services, %	
Fuel, %	
Energy, %	
Payroll, %	
Interest on credits, %	
Rent, %	
Deductions for social needs, %	
Fixed assets depreciation, %	
Tax included in production cost, %	
Other costs (to be explained), % : - intangible assets amortization, % - remuneration for innovative solutions, % - compulsory insurance payments, % - representation expenses, % - other, %	
Total: production costs and costs of products (operations, services) sale (cost), %	
For information: proceeds from products (operations, services) sale, %	

3.2.4. Raw Materials (Materials) and Issuer's Suppliers

As at 1.10.05 the issuer has no suppliers that account for not less than 10 percent of all material supplies.

Suppliers of the issuer that account for not less than 10 percent of all material supplies and their share in the total supplies as at 1.10.05.

Russian suppliers:

- Joint Stock Company Russian Aluminum Management "RUSAL", Moscow - prices per ton in USD without VAT %:

2004 – \$ 2034, 9 months of 2005 – \$ 2184.

- DP Volnogorsk State Metallurgical Works – prices per ton in USD without VAT %

2004 - \$99, 9 months of 2005 - \$130

Import

The issuer has no suppliers that account for not less than 10 percent of all material supplies and their shares in total supplies as at 1.10.05.

3.2.5. Issuer's Sales Markets of Products (Operations, Services)

Sales markets of basic (titanium) products are described in clause. 3.2.2

There are no consumers the turnover with which accounts for not less than 10 % of the total proceeds from sales of products (operations, services) of the issuer.

3.2.6. Information on Issuer's Licenses

Number: TB 6476
Date of issue: 13.09.2002
Expiry date: 13.09.2007
Issuing Authority: RF Ministry of Press
Type of activity: telecasting

Number: 63-KA-1535
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: training of staff in the main trades for metallurgical industries and works

Number: 63-PM-000410
Date of issue: 06.02.2004
Expiry date: 06.02.2009
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: mine surveys (monitoring the state of mining leases and justification of their boundaries; mining graphic documentation maintenance; registration and justification of volumes of mine workings)

Number: 63-KA-1462
Date of issue: 13.08.2001
Expiry date: 13.08.2006
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type 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 Authority: Nizhny Tagil Customs
Type of activity: Temporary warehouse establishment

Number: 10509/0027
Date of issue: 23.10.2002
Expiry date: 23.10.2005
Issuing Authority: Nizhny Tagil Customs
Type of activity: Bond warehouse establishment

Number: CT-68
Date of issue: 18.01.2002
Expiry date: 18.01.2007
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: installation of gas control stations and units, gas pipes and gas equipment of industrial, agricultural enterprises and facilities providing maintenance services for public and residential buildings

Number: B 813989
Date of issue: 16.08.2001
Expiry date: 16.08.2006
Issuing Authority: Sverdlovsk Regional Public Health Licensing and Accreditation Commission
Type of activity: pharmaceutical activity

Number: 63-EK-1532
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: manufacture of ferroalloys, special steels, alloys of nonferrous metals, sheet and bar, pipe

Number: 63-RT-1534
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: repair of metallurgical units and equipment of metallurgical facilities and objects

Number: 63-MT-1533
Date of issue: 23.11.2000
Expiry date: 23.11.2005
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: installation (commissioning) of metallurgical units and equipment of metallurgical facilities and objects

Number: CBE No. 01256
Date of issue: 23.09.2002
Expiry date: 1.07.2027
Issuing Authority: Central Department for Natural Resources and Environmental Protection of the Ministry of Natural Resources of Russia for Sverdlovsk Region
Type of activity: subsurface resources use

Number: CBE No. 00330
Date of issue: 11.03.2002
Expiry date: 11.03.2007
Issuing Authority: Natural Resources Department for the Urals Region
Type of activity: water use

Number: D 378805
Date of issue: 28.07.2003
Expiry date: 27.06.2008
Issuing Authority: RF Ministry of Power Engineering
Type 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 Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: Authorization for manufacture and use of high pressure vessels and devices of austenitic and carbon steels, titanium and aluminum alloys in accordance with the attached list

Number: series REA-R No. 0118
Date of issue: 18.06.2003
Expiry date: 31.12.2005
Issuing Authority: Rosenergoatom Concern
Type of activity: Certificate of accreditation and record in the Register of Potential Suppliers of Rosenergoatom Concern

Number: UO-11-101-0774
Date of issue: 20.08.2002
Expiry date: 1.10.2006
Type of activity: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation
Type of activity: design of equipment for nuclear plants

Number: UO-12-115-0787
Date of issue: 12.09.2002
Expiry date: 20.09.2007
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation
Type of activity: manufacture of equipment for structures, facilities, plants incorporating nuclear materials intended for production, recycling, transportation of nuclear fuel and nuclear materials

Number: 63-CT-68
Date of issue: 18.01.2002
Expiry date: 18.01.2007
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: construction of gas control stations (units), gas pipes and gas equipment of industrial, agricultural enterprises and facilities providing maintenance services for public and residential buildings

Number: UO-12-101-0786
Date of issue: 12.09.2002
Expiry date: 20.09.2007
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation
Type of activity: manufacture of equipment for nuclear plants

Number: A 118095
Date of issue: 18.01.2002
Expiry date: 18.01.2007
Issuing Authority: Ural Department of State Technical Surveillance of Russia
Type of activity: construction of gas control stations (units), gas pipes and gas equipment of industrial, agricultural enterprises and facilities providing maintenance services for residential buildings

Number: CVE 01114
Date of issue: 07.09.2001
Expiry date: 31.12.2005
Issuing Authority: Uralgeocom
Type of activity: the right to develop the area of Ozerskoye peat deposit

Number: 63-EKH-000543(ZHKH)
Date of issue: 14.05.2004
Expiry date: 14.05.2009
Issuing Authority: State Technical Surveillance Department of Russia
Type of activity: operation of chemically hazardous production objects

Number: 63-EB-000542(ZHKMC)
Date of issue: 14.05.2004
Expiry date: 14.05.2009
Issuing Authority: State Technical Surveillance Department of Russia
Type of activity: operation of explosive production objects

Number: UO-12-106-0450/01
Date of issue: 04.05.2001
Expiry date: 01.05.2007
Issuing Authority: Material and Technical Supplies Department of State Nuclear Surveillance of the Russian Federation
Type of activity: manufacture of equipment for structures and facilities incorporating industrial nuclear reactors subject to terms and conditions of the present license

Number: PV-54-000508 (V)
Date of issue: 16.09.2005
Expiry date: 16.09.2010
Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service
Type of activity: use of explosive materials of industrial application (handling, incoming inspection, packaging, registration, storage of explosive materials of industrial application and their testing during the storage process)

Number: KHV-54-000507 (V)
Date of issue: 16.09.2005
Expiry date: 16.09.2010
Issuing Authority: Federal Environmental, Process and Nuclear Surveillance Service
Type of activity: use of explosive materials of industrial application (handling, incoming inspection, packaging, registration, storage of explosive materials of industrial application and their testing during the storage process)

Number: 66-01-000160
Date of issue: 08.09.2005
Expiry date: 08.09.2010
Type of activity: Federal Surveillance Service in the Branch of Health Protection and Social Development
Type of activity: medical activities

3.2.7 Issuer's Joint Ventures

As at 01.10.2005 the issuer has no joint ventures with other organizations established with the use of investments of third parties.

3.3. Future Prospects

MELTING

Aspiring to keep the positions occupied in the global aerospace complex and to increase competitiveness in the market of titanium for aircraft engine application as well as to supply premium quality metal to the Russian market, VSMPO-AVISMA Corporation installs capacities for melting titanium alloy ingots of premium quality by construction of the plasma-arc melting area using the cold-hearth furnace. At present, commissioning works are carried out.

The automated system of monitoring and control of titanium ingot melting processes has been installed on the basis of Allen-Bradley equipment for 14 vacuum-arc furnaces.

Further on, it is planned to re-equip monitoring and control systems of the melting process for 3 to 5 vacuum-arc furnaces annually.

The purpose of this project is to increase the metal yield when re-melting composite alloys, to ensure reproducibility of the process as well as to increase of explosion safety.

For the purpose of ensuring reliable quality of charge materials VSMPO-AVISMA Corporation has concluded a contract for manufacture and delivery of two magnetic and X-ray units for chips inspection. Significant growth of the Company's own manufacture of alloying materials with their range expanded is planned. Pre-project review is performed.

SHEET ROLLING

With the mill products entering the world market, marketing surveys settled the following objectives for the Company's specialists with regard to manufacture of competitive products:

- Export plate and sheet from 6A1 – 4Y alloy for aerospace application,
- CP titanium sheet and strip from 0.5 to 2.0 mm in thickness for welded tubes and PFHE.

The significant amount of work has been carried out and investments have been made for implementation of the tasks. Most of the new foreign auxiliary equipment for grinding and cutting of coil has already been installed and put into operation.

Premium quality strip is considered to be an urgent subject for the Company because production facilities for thin-walled welded tube manufacture are significantly expanded. To develop sheet-rolling production it is planned to reconstruct the following industrial areas:

- reconstruction of "2000" hot-rolling mill;
- installation of strip profile adjustment and control system;
- installation of "Duo" dressing mill based on one of the existing mills (e.g. "Bliss-2") for dressing of coil up to 1300 mm in width with the following additional equipment mounted: decoiler, rewinder, coil accumulator.

To increase the output of flat mill products heating furnaces are designed and constructed: for slab and metal rolling as well as for annealing.

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

Contracts for delivery of special foreign equipment for grinding and cutting of sheet products have been concluded.

PRESS-FORGING

Due to the increase of the orders for delivery of premium quality die forgings, VSMPO-AVISMA Corporation has significantly reconstructed the main and auxiliary facilities, including repairs and upgrading of the presses; electric furnaces for long billets heating with the automatic control system incorporated ensuring the required accuracy of heating have been put into operation.

A number of immersion ultrasonic inspection units for machined titanium alloy bar and billet with the length up to 5000 mm have been constructed and put into operation, including the 4-th multizone ultrasonic inspection unit in the world. Advanced instrumentation and test machines have been purchased for metallurgical quality inspection of finished products.

The control system of 6000 ton forging press have been overhauled and upgraded. Furnace areas have been re-equipped with electric heating furnaces replaced by gas ones and 8 state-of-the-art gas furnaces have been installed.

The rolling mill was purchased and installed in order to master new types of products – rolled rings from titanium and aluminum alloys and Inconels. The ring rolling mill was upgraded that allowed to increase the output at the expense of mastering shaped ring production.

Press for straightening of ring products was put into operation.

Ingot and billet forging area based on 2000 ton hydraulic press equipped with manipulators, furnaces and auxiliary equipment was established.

Finished product release area was organized.

A number of die forgings for leading aircraft building companies was mastered. In the near future the priority will be given to this type of work. To develop forging production:

- overhaul and modernization of control system of 3 000 ton forging press is planned;
- works for shaping area construction (forging per sketch) based on 1500 ton forging press to be equipped with gas furnaces, forging and handling manipulators started;
- abrasive grinding area of forged billets is constructed;
- works aimed at die forging machining expansion are carried out. The contracts for delivery of machines have been concluded; installation and commissioning are conducted, the first line of new rough machining facility for titanium alloy die forgings has been put into operation.

TUBE PRODUCTION

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

Another four tube-welding lines being installed and put into operation have been purchased for the purpose of increasing the output of tubes and expanding the range of products from 30 to 114 mm in diameter.

NONCONVENTIONAL GOODS

- Manufacture of stainless steel kitchen utensils with the heat-distributing "sandwich" base.

In 1991 stainless steel household and kitchen tableware production was mastered.

In order to successfully compete with similar products manufactured by both Russian and foreign companies it is required that "sandwich"-bottom tableware be manufactured. Process Engineering and Design Departments have carried out research and design works required for manufacture of new products. For implementation of the project the following equipment has been purchased and installed:

- base straightening unit;
- base soldering equipment;
- base machining equipment;
- reconstruction of "8P1et" grinding machines.

Further manufacture of stainless steel kitchen tableware is planned to be expanded with additional equipment to be purchased.

- Manufacture of die forged wheel discs from aluminum alloys.

In order to develop this production trend, expand the range of products and increase the output, special-purpose machines for turning and milling are purchased.

The rolling machine for wheel disc production by rolling has been purchased and is under installation and commissioning.

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

In order to develop this production trend, expand the range of products and increase the output, special-purpose equipment including testing equipment is planned to be purchased.

QUALITY INSPECTION

In accordance with VSMPO-AVISMA Corporation Quality and Certification Program and the requirements of the audit organizations, inspection instrumentation for product quality testing is planned to be purchased in order to enhance reliability of inspection operations as well as to replace physically worn out and obsolete equipment.

Blue etching and fluorescent inspection areas have been established, and the contract for purchasing advanced ultrasonic inspection unit for disks has been concluded.

For further activities the Company plans to perform the following: development of value added magnesium and magnesium alloys processing (production of cast parts) and new magnesium products (for motor industry, protectors, large-size casting, products from magnesium production scrap, etc.);

search for the ways of reduction in magnesium and magnesium alloys manufacture cost (first of all, in power costs) at the expense of process optimization; increase in the level of production scrap processing and recycling; increase in the capacities for titanium products output; search for the new titanium products market; reduction in titanium production costs.

In magnesium production:

- reduction in costs for energy resources at the conversion of magnesium electrolysis;
- enlargement of magnesium products range (die casting, development of new types of alloys and products for motor industry, protectors, large-size casting, etc.);
- development of new types of products from magnesium production scrap (production of granulose calcium chloride).

In titanium production:

- development of raw material base for titanium production;
- development of capacities for titanium production;
- reduction in costs for titanium sponge production;
- development of new types of products;
- marketing development.

In auxiliary production -

- reconstruction of sewage disposal plants for titanium-magnesium production wastewater purification.

3.4. Issuer's Participation in Industrial, Banking and Financial Groups, Holdings, Concerns and Associations

VSMPO – AVISMA Corporation is the member of the Western Ural Association of Power Engineers.

The members of the Association are the energy consumers that are interested in:

- improving effectiveness of power services in both industrial and municipal sectors of the region;
- more efficient use of energy resources;
- reduction of power inputs;
- improving competitiveness of the products they make;
- influence on tariff policy.

The term of membership is not limited.

VSMPO – AVISMA Corporation is the member of the nonprofit organization “National Association of Automotive Components Makers”.

The objective of this Association is to coordinate and combine individual efforts in order to develop the domestic automotive industry, enter the market of automotive components for domestic and foreign automakers and offer magnesium die cast parts.

The term of membership is not limited.

VSMPO – AVISMA Corporation is the member of the “Russian Association of Electric Tool Manufacturers”.

The mission of the Association is to contribute to steady manufacture of electric tools. AVISMA has the capacity to set up production of magnesium components for electric tool manufacturers. The участок по производству комплектующих изделий из магниевых сплавов для производителей электроинструмента. The purpose of the issuer's membership in this Association is the long-term cooperation with other members of the Association.

The term of membership is not limited.

3.5. Issuer's Subsidiaries and Related Companies

3.5.1. Full and abbreviated company name:

TIRUS HOLDING Limited Liability Company (TIRUS HOLDING LLC)

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

Postal address: 8/18, Viktor Ambartsumyan St., Yerevan, Armenia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: holding activities.

Description of the role of such company in the issuer's activity: holding activities.

Board of Directors (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Retanova, Ludmila Anatolievna, b. 1964

Participatory share of Mrs. Retanova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Retanova: 0

3.5.2. Full and abbreviated company name:

Tirshop Limited Liability Company (Tirshop LLC)

Location: 36, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital

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

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: retail and wholesale of consumer goods.

Description of the role of such company in the issuer's activity: retail and wholesale of consumer goods.

Board of Directors (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Golovanova, Tatyana Nickolaevna, b. 1954

Participatory share of Mrs. Golovanova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Golovanova: 0

3.5.3. Full and abbreviated company name:

**Closed Joint Stock Company Trade Company "Titan"
(CJSC Trade Company "Titan")**

Location: 61, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO-AVISMA Corporation in the registered capital of CJSC Trade Company "Titan".

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

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

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: retail sale of goods

Description of the role of such company in issuer's activity: verification of competitiveness of consumer goods manufactured by the issuer in the local market.

Board of Directors (Supervisory Board):

Chernova, Galina Vladimirovna, b. 1959

Participatory share of Mrs. Chernova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Chernova: 0

Panteleeva, Tatyana Maximovna, b. 1960

Participatory share of Mrs. Panteleeva in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Panteleeva: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Chernova, Galina Vladimirovna, b. 1959

Participatory share of Mrs. Chernova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Chernova: 0

3.5.4. Full and abbreviated company name:

Joint Stock Company "Ural" (JSC "Ural")

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

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO-AVISMA Corporation in the registered capital of JSC "Ural" 7878

Issuer's participatory share in the registered capital of the subsidiary: 51%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 51%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: manufacture of tableware and kitchen utensils as well as small-size parts of consumer goods for main production shops.

Description of the role of such company in the issuer's activity: involvement of previously established fixed assets and personnel.

Board of Directors (Supervisory Board):

Shagovaleev, Vladimir Alexeevich, b. 1950.

Participatory share of Mr. Shagovaleev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shagovaleev: 0

Lomko, Alexey Petrovich, b. 1976

Participatory share of Mr. Lomko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Lomko: 0

Semenov, Alexander Evgenievich,

Participatory share of Mr. Semenov in the issuer's registered capital: 0.0020

Proportion of ordinary shares of the issuer, which belong to Mr. Semenov: 0.0020

Odinokhikh, Victor Vasilievich (chairman of BoD), b. 1949

Participatory share of Mr. Odinokhikh in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Odinokhikh: 0

Shashkina, Nadezhda Nickolaevna, b. 1974

Participatory share of Mrs. Shashkina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Shashkina: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Shagovaleev, Vladimir Alexeevich, b. 1950

Participatory share of Mr. Shagovaleev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shagovaleev: 0

3.5.5. Full and abbreviated company name:

Closed Joint Stock Company Medical Insurance Company “Tirus-Medservice” (CJSC MIC “Tirus-Medservice”)

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

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

Issuer’s participatory share in the registered capital of the subordinate company: 31.4%

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

Subordinate company’s participatory share in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subordinate company: 0

Description of the primary business of the Company: activities in the field of compulsory social security.

Description of the role of such company in the issuer’s activity: social support of the issuer’s employees, for the most part, medical insurance.

Board of Directors (Supervisory Board):

BoD of the Company is not stipulated by the By-Laws.

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Oks, Igor Mikhailovich, b. 1953

Participatory share of Mr. Oks in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Oks: 0

3.5.6. Full and abbreviated company name:

Limited Liability Company ‘Culture and Sport Centre ‘Metallurg’ (C&SC Metallurg LLC)

Location: 55, Lenin St., Berezniki, Perm Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of C&SC Metallurg LLC.

Issuer’s participatory share in the registered capital of the subsidiary: 100%

Subsidiary’s participatory share in the issuer’s registered capital: 0

Description of the primary business of the Company: services of sports organization and popularization, arrangement of physical training and sports exercises, culture services; recreation services.

Description of the role of such company in issuer’s activity: obtaining by the issuer and its employees of culture and sports services.

Board of Directors:

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviov, Sergey Petrovich, b. 1965

Participatory share of Mr. Muraviov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Muraviov: 0

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Vasyukov, Mikhail Alexeevich, b. 1957

Participatory share of Mr. Vasyukov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vasyukov: 0

3.5.7. Full and abbreviated company name:

Limited Liability Company "Avitrans" (Avitrans LLC)

Location: 55, Lenin St., Berezniki, Perm Region, Russia.

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Avitrans LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0.36%

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0.04%

Description of the primary business of the Company: property leasing, conclusion of sales contracts, brokerage business.

Description of the role of such company in issuer's activity: leasing to the issuer of premises for production activity.

Board of Directors:

Sementsov, Alexander Vladimirovich - chairman, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0

Philippova, Tatyana Gennadievna, b. 1963

Participatory share of Mrs. Philippova in the issuer's registered capital: 0.002

Proportion of ordinary shares of the issuer, which belong to Mrs. Philippova: 0

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Tetyukhin, Vladislav Valentinovich, b. 1932

Participatory share of Mr. Tetyukhin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tetyukhin: 0

3.5.8. Full and abbreviated company name:

Limited Liability Company "Spetsodezhda" (Spetsodezhda LLC)

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO – AVISMA Corporation in the registered capital of Spetsodezhda LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: tailoring of overalls, uniform, hats and other types of clothes; tailoring of working clothes and overalls for special objects; restoration, dry-cleaning and washing of special and working clothes.

Description of the role of such company in issuer's activity: provision of the issuer with overalls for its production activity, tailoring, repair and washing of clothes.

Board of Directors:

Ovchinnikov, Sergey Evgenievich – chairman, b. 1952
Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967
Participatory share of Mrs. Muraviova in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Turishcheva, Lyudmila Vasilievna, b. 1951
Participatory share of Mrs. Turishcheva in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mrs. Turishchiva: 0

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:
Turishcheva, Lyudmila Vasilievna, b. 1951
Participatory share of Mrs. Turishcheva in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mrs. Turishchiva: 0

3.5.9. Full and abbreviated company name:

Closed Joint Stock Company "Shag-1" (CJSC "Shag-1")

Location: 5a, Gagarin St., Zhukovsky, Moscow Region, Russia
Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of CJSC "Shag-1"
Issuer's participatory share in the registered capital of the subsidiary: 51.2%
Proportion of ordinary shares of the subsidiary which belong to the issuer: 51.2%
Subsidiary's participatory share in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0
Description of the primary business of the Company: state of the art production of orthopedic footwear as well as footwear of any other applications and types, sale of footwear
Description of the role of such company in issuer's activity: possible provision of the issuer with special footwear for its production activity.

Board of Directors:

Tyurin, Victor Matveevich - chairman, b. 1950.
Participatory share of Mr. Tyurin in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Tyurin: 0

Vydrina, Lyubov Valentinovna, b. 1950
Participatory share of Mrs. Vydrina in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mrs. Vydrina: 0

Kozlov, Yury Askoldovich, b. 1951
Participatory share of Mr. Kozlov in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Kozlov: 0

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:
Kozlov, Yury Askoldovich, b. 1951
Participatory share of Mr. Kozlov in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Kozlov: 0

3.5.10. Full and abbreviated company name:

Limited Liability Company "SOLID" (SOLID LLC)

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of SOLID LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: brokerage business, technical and economic service, all kinds of foreign economic activity per the statute-established order, advertising

Description of the role of such company in issuer's activity: sales of sideline products electrolytic potassium chloride.

Board of Directors:

Ovchinnikov, Sergey Evgenievich - chairman, b. 1952.

Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967.

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Torgashov, Anatoly Ivanovich, b. 1961.

Participatory share of Mr. Torgashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Torgashov: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Torgashov, Anatoly Ivanovich, b. 1961.

Participatory share of Mr. Torgashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Torgashov: 0

3.5.11. Full and abbreviated company name:

Closed Joint Stock Company "AVISMA-Les" (CJSC AVISMA-Les)

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA in the registered capital of CJSC AVISMA-Les.

Issuer's participatory share in the registered capital of the subsidiary: 51%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 51%

Subsidiary's participatory share in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0

Description of the primary business of the Company: logging, processing and selling of timber, production of converted timber, production of consumer goods, manufacture of building units and structures, repair of civic, public and production buildings, fabrication of furniture.

Description of the role of such company in issuer's activity: provision of the issuer with repair and construction services.

Board of Directors:

Besedin, Vasily Alexandrovich - chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Shishkin, Pavel Alexandrovich, b. 1941.

Participatory share of Mr. Shishkin in the issuer's registered capital: 0.01

Proportion of ordinary shares of the issuer, which belong to Mr. Shishkin: 0.01

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Shishkin, Pavel Alexandrovich, b. 1941

Participatory share of Mr. Shishkin in the issuer's registered capital: 0.01

Proportion of ordinary shares of the issuer, which belong to Mr. Shishkin: 0.01

3.5.12. Full and abbreviated company name:

Limited Liability Company Palace of Culture and Creative Activity "Metallurg" (PC&CA Metallurg LLC)

Location: 88, Yubileinaya St., Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of PC&CA Metallurg.

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: culture services, services for organization of performances, recreation services, catering services, other kinds of activity

Description of the role of such company in issuer's activity: obtaining by the issuer and its employees of culture services for the community.

Board of Directors (Supervisory Board):

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Kislichenko, Artem Valerievich, b. 1975.

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Perminova, Olga Victorovna, b. 1970.

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Belkin, Victor Anatolievich, b. 1958.

Participatory share of Mr. Belkin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Belkin: 0

3.5.13. Full and abbreviated company name:

Limited Liability Company Restaurant "Sportivnaya" (Restaurant "Sportivnaya" LLC)

Location: 55, Lenin Avenue, Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO – AVISMA Corporation in the registered capital of Restaurant "Sportivnaya" LLC.

Issuer's participatory share in the registered capital of the subsidiary: 99.8%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: production and sale of cookery, floury, confectionary foods, meat dishes, cold collations, sale of in-house and outsourced products and foods
Description of the role of such company in issuer's activity: obtaining by the issuer and its employees of catering services.

Board of Directors (Supervisory Board):
BoD of the Company is not stipulated by the By-Laws.

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:
Vasyukov, Mikhail Alexeevich, b. 1957.
Participatory share of Mr. Vasyukov in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Vasyukov: 0

3.5.14. Full and abbreviated company name:

Limited Liability Company "Autostoyanka" (Autostoyanka LLC)

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation of VSMPO - AVISMA Corporation in the registered capital of Autostoyanka LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: services of autotransport storage and safe-keeping, vehicle repair, other kinds of activity

Description of the role of such company in issuer's activity: obtaining by the issuer and its employees of services of autotransport storage and safe-keeping and vehicle repair.

Board of Directors:

Styrnikov, Yury Nikolayevich - chairman, b. 1952

Participatory share of Mr. Styrnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Styrnikov: 0

Muraviova, Svetlana Vladimirovna, b. 1967.

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Perminova, Olga Victorovna, b. 1970.

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Kalinin, Igor Victorovich, b. 1973.

Participatory share of Mr. Kalinin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kalinin: 0

3.5.15. Full and abbreviated company name:

Closed Joint Stock Company VGK AVISMA TITAN (VAT CJSC)

Location: Berezniki, Perm Region, Russia

Grounds for acknowledging the company as a subsidiary: dominant participation VSMPO - AVISMA Corporation in the registered capital of CJSC VAT

Issuer's participatory share in the registered capital of the subsidiary: 45%

Proportion of ordinary shares of the subsidiary which belong to the issuer: 45%
Subsidiary's participatory share in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to the subsidiary: 0
Description of the primary business of the Company: metallurgical manufacture of titanium and titanium alloys, purchase and brokerage business, including foreign economic activity.
At present, there is no financial and economic activity conducted.

Board of Directors (Supervisory Board):
BoD of the Company is not stipulated by the By-Laws.

Joint Executive Body (management board, directory):
Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body –none

3.5.16. Full and abbreviated company name:

Joint Stock Company "Permatomenergoby" (JSC PermAES)

Location: Perm, Russia

Grounds for acknowledging the company as a subsidiary: VSMPO - AVISMA Corporation owns more than 20% of the voting shares in the registered capital of JSC PermAES

Issuer's participatory share in the registered capital of the subsidiary: 23.99%

Subsidiary's participatory share in the issuer's registered capital: 0

Description of the primary business of the Company: purchase and sale of electric energy (power) in the federal wholesale and retail markets of electric power; commercial, brokerage business of providing services as commission agent, proxy and agent, as well as fulfilling functions of the purchaser and supplier in electric energy (power) selling operations in the federal and retail markets of electric power, other types of activity that are not prohibited by the laws.

At present, there is no financial and economic activity conducted.

Board of Directors:

Boyko, Sergey Nikolayevich, b. 1960.

Participatory share of Mr. Boyko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Boyko: 0

Malyshev, Evgeny Avenirovich, b. 1952.

Participatory share of Mr. Malyshev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Malyshev: 0

Lapshin, Nikolay Yakovlevich, b. 1955.

Participatory share of Mr. Lapshin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Lapshin: 0

Vaskov, Vadim Mikhailovich, b. 1966.

Participatory share of Mr. Vaskov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vaskov: 0

Balashov, Dmitry Evgenievich

Participatory share of Mr. Balashov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Balashov: 0

Oborin, Victor Pheodorovich

Participatory share of Mr. Oborin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Oborin: 0

Shaposhnikov, Oleg Evgenievich

Participatory share of Mr. Shaposhnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Shaposhnikov: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Full company name: JSC AtomEnergoSbyt

Location: 14/9, Sadovnicheskaya St., Moscow, Russia

Participatory share of JSC AtomEnergoSbyt in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to JSC AtomEnergoSbyt: 0

3.5.17. Full and abbreviated company name:

Limited Liability Company "AVISMA – Machinostroitel" (AVISMA-Machinostroitel LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of

VSMPO-AVISMA Corporation in the registered capital of AVISMA-Machinostroitel LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the registered capital of the issuer – 0%

Description of the primary business of the Company: manufacture of optional equipment, including boiler equipment; manufacture of various metal constructions, parts and units of machine-building application, repair of pump and compressor, casting of steel, cast-iron and non-ferrous metals, possibility of machining of castings, application of anticorrosive protection to hardware.

Description of the role of such company in issuer's activity: obtaining by the issuer of services connected with the primary business of the Company.

Board of Directors:

Besedin, Vasily Alexandrovich - chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Perminova: 0

Kislichenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislichenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislichenko: 0

Vasiliev, Gennady Pavlovich, b. 1951

Participatory share of Mr. Vasiliev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vasiliev: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Vasiliev, Gennady Pavlovich, b. 1951

Participatory share of Mr. Vasiliev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Vasiliev: 0

3.5.18. Full and abbreviated company name:

Limited Liability Company “AVISMA – Spetsremont” (AVISMA – Spetsremont LLC)

Location of the Company: 29, Zagorodnaya, Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – Spetsremont LLC

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: fitting and assembling activities; repair of metal structure, hoisting device, crane track, pressure vessel; setting and lining activities, anticorrosive protection of structures and equipment, repair of electric devices and cable system, maintenance of energy lines, including natural gas lines, process piping, including categorical piping.

Description of the role of such company in issuer’s activity – obtaining by the issuer of services connected with the primary business of the Company.

Board of Directors:

Besedin, Vasily Alexandrovich – chairman, b. 1953

Participatory share of Mr. Besedin in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Kudrevatyh, Victor Vladimirovich, b. 1967

Participatory share of Mr. Kudrevatyh in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kudrevatyh: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Kudrevatyh, Victor Vladimirovich, b. 1967.

Participatory share of Mr. Kudrevatyh in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kudrevatyh: 0

3.5.19. Full and abbreviated company name:

Limited Liability Company “AVISMA – Stroy” (AVISMA – Stroy LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA-Stroy LLC

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: construction of buildings and erections, preparation of construction area, plumbing and heating installations in buildings and erections, finishing, production of concrete, mineral white and cement items, production of metal structural unit and item, processing of metals and application of coating to metals, treatment of hardware using main engineering processes.

Description of the role of such company in issuer's activity: obtaining by the issuer of services connected with the primary business of the Company

Board of Directors:

Besedin, Vasily Alexandrovich – chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Gressev, Sergey Sergeevich, b. 1957

Participatory share of Mr. Gressev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gressev: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Gressev, Sergey Sergeevich, b. 1957.

Participatory share of Mr. Gressev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Gressev: 0

3.5.20. Full and abbreviated company name:

Limited Liability Company "AVISMA – Techno Expert" (AVISMA – Techno Expert LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – Techno Expert LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital – 0%

Description of the primary business of the Company: examination of industrial safety of technical devices used at hazardous production objects; non-destructive inspection of equipment and materials; examination of documents regarding hazardous object risk analysis; diagnosing and survey of units and equipment for metallurgical and by-product coke production, including non-destructive testing; technical diagnosing and examination of hoisting devices after rated life time and issuing the report on their further operation possibility and conditions; engineering examination of objects of boiler control and hoisting devices in cases stipulated by safety regulations; development and implementation of project, research and survey activities on a contractual basis.

Description of the role of such company in issuer's activity – obtaining by the issuer of services connected with the primary business of the Company.

Board of Directors:

Besedin, Vasily Alexandrovich – chairman, b. 1953

Participatory share of Mr. Besedin in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Besedin: 0

Kashkarov Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Zhulanov, Oleg Leonidovich, b. 1973

Participatory share of Mr. Zhulanov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zhulanov: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Zhulanov, Oleg Leonidovich, b. 1973

Participatory share of Mr. Zhulanov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Zhulanov: 0

3.5.21. Full and abbreviated company name:

Limited Liability Company "AVISMA – Catering Facility" (AVISMA – Catering Facility LLC)

Location of the Company: 88, Yubileinaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer – dominant participation of

VSMPO-AVISMA Corporation in the registered capital of AVISMA – Catering Facility LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: catering services.

Description of the role of such company in issuer's activity: obtaining by the issuer's employees of catering services.

Board of Directors:

Bragina, Elena Gennadievna - chairman, b. 1959

Participatory share of Mrs. Bragina in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Bragina: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Kislitchenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislitchenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislitchenko: 0

Starikova, Nadezhda Mikhailovna, b. 1948

Participatory share of Mrs. Starikova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Starikova: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Starikova, Nadezhda Mikhailovna, b. 1948

Participatory share of Mrs. Starikova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Starikova: 0

3.5.22. Full and abbreviated company name:

Limited Liability Company "AVISMA – TransAuto" (AVISMA-TransAuto LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of

VSMPO-AVISMA Corporation in the registered capital of AVISMA – TransAuto LLC

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: transportation business; services of motor vehicle maintenance and repair; land improvement; fencing; green planting (tillage, lawn-making, planting of trees and bushes, flower bed making); road base and carpet making.

Description of the role of such company in issuer's activity: obtaining by the issuer of services connected with the primary business of the Company

Board of Directors:

Ovchinnikov, Sergey Evgenievich – chairman, b. 1952

Participatory share of Mr. Ovchinnikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ovchinnikov: 0

Sementsov, Alexander Vladimirovich, b. 1966

Participatory share of Mr. Sementsov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sementsov: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Kislitchenko, Artem Valerievich, b. 1975

Participatory share of Mr. Kislitchenko in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kislitchenko: 0

Tonkarev, Sergey Victorovich, b. 1960

Participatory share of Mr. Tonkarev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tonkarev: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Tonkarev, Sergey Victorovich, b. 1960

Participatory share of Mr. Tonkarev in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Tonkarev: 0

3.5.23. Full and abbreviated company name:

Limited Liability Company "AVISMA – MetrATek" (AVISMA – MetrATek LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of AVISMA – MetrATek LLC.

Issuer's participatory share in the registered capital of the subsidiary: 100%.

Subsidiary's participatory share in the issuer's registered capital: 0%

Description of the primary business of the Company: standardization and metrology business (instrument verification and calibration); services of installation, repair and maintenance of control equipment; engineering design; plumbing and heating installations in buildings and erections; mounting of other engineering systems (fire and intruder alarm systems) and process control devices; services of installation, repair and maintenance of television and radio-transmitters; general construction activities of laying of local communication and power lines, including interrelated auxiliary activities; services of mounting, repair and maintenance of devices and tools for measurement, inspection and other purposes; services of installation of office equipment; maintenance and repair of office machines and computing machinery.

Description of the role of such company in issuer's activity: obtaining by the issuer of services connected with the primary business of the Company

Board of Directors:

Sizikov, Igor Anatolievich – chairman, b. 1964

Participatory share of Mr. Sizikov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Sizikov: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Mityushov, Alexander Nikolayevich, b. 1952

Participatory share of Mr. Mityushov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Mityushov: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Mityushov, Alexander Nikolayevich, b. 1952

Participatory share of Mr. Mityushov in the issuer's registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Mityushov: 0

3.5.24. Full and abbreviated company name:

Limited Liability Company “Analytic – A” (Analytic – A LLC)

Location of the Company: 29, Zagorodnaya St., Berezniki, Perm Region, the Russian Federation

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of Analytic-A LLC

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: services of chemical analysis of various materials, emissions and dumpings of harmful substances into environment; services of determination of chemical and physical factors of environment; services of repair of chemical analysis equipment.

Description of the role of such company in issuer’s activity: obtaining by the issuer of services connected with the primary business of the Company

Board of Directors:

Ossipenko, Nikolay Grigorievich – Chairman, b. 1964

Participatory share of Mr. Ossipenko in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Ossipenko: 0

Kashkarov, Igor Alexandrovich, b. 1966

Participatory share of Mr. Kashkarov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Kashkarov: 0

Perminova, Olga Victorovna, b. 1970

Participatory share of Mrs. Perminova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Perminova: 0

Muraviova, Svetlana Vladimirovna, b. 1967

Participatory share of Mrs. Muraviova in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mrs. Muraviova: 0

Bazgutdinov, Magsum Makhdutovich, b. 1951

Participatory share of Mr. Bazgutdinov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Bazgutdinov: 0

Joint Executive Body (management board, directory):

Joint Executive Body is not stipulated by the By-Laws.

Person acting as Sole Executive Body:

Bazgutdinov, Magsum Makhdutovich, b. 1951

Participatory share of Mr. Bazgutdinov in the issuer’s registered capital: 0

Proportion of ordinary shares of the issuer, which belong to Mr. Bazgutdinov: 0

3.5.25. Full and abbreviated company name:

Limited Liability Company “Trading House Tirus” (“Trading House Tirus” LLC)

Location of the Company: 1, Parkovaya St. Verkhnyaya Salda, Sverdlovsk Reg.

Grounds for acknowledging the company as a subsidiary of the issuer: dominant participation of VSMPO-AVISMA Corporation in the registered capital of Trading House Tirus.

Issuer’s participatory share in the registered capital of the subsidiary: 100%.

Subsidiary’s participatory share in the issuer’s registered capital: 0%

Description of the primary business of the Company: wholesale trade services (versatile product mix).

Description of the role of such company in issuer’s activity: check competitiveness of the issuer made consumer goods in the local market.

Board of Directors (supervisory board):

Not stipulated by the By-Laws.

Joint Executive Body (management board, directory):
Not stipulated by the By-Laws.

Person acting as Sole Executive Body:
Kulik, Sergey Petrovich, b. 1957.
Participatory share of Mr. Kulik in the issuer's registered capital: 0
Proportion of ordinary shares of the issuer, which belong to Mr. Kulik: 0

3.6. Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans of Acquisition, Replacement, Retirement of Fixed Assets as well as on all the Facts of Fixed Assets Encumbrance

3.6.1. Fixed Assets

#	Fixed Assets Group	Full Cost before Revaluation, rub.	Accrued Amortization, rub.
1	All short life assets with the useful life from year 1 to 2 years inclusive	133 751 713	14 752 051
2	Assets with the useful life over 2 years to 3 years inclusive	40 406 335	12 209 956
3	Assets with the useful life over 3 years to 5 years inclusive	492 054 467	299 632 030
4	Assets with the useful life over 5 years to 7 years inclusive	379 855 243	112 535 309
5	Assets with the useful life over 7 years to 10 years inclusive	1 047 386 400	365 810 985
6	Assets with the useful life over 10 years to 15 years inclusive	895 040 056	265 008 283
7	Assets with the useful life over 15 years to 20 years inclusive	913 254 752	189 268 007
8	Assets with the useful life over 20 years to 25 years inclusive	51 814 819	16 226 037
9	Assets with the useful life over 25 years to 30 years inclusive	40 754 242	13 953 398
10	Assets with the useful life over 30 years	1 283 948 538	263 588 911
Total, rub.:		5 278 266 565	1 552 984 967

The issuer has no plans of acquisition, replacement, and retirement of the fixed assets the cost of which equals 10 % and more of the total fixed assets cost.

Book value of the issuer's pledged fixed assets as at 01.10.2005: 1`938`570 thousand rubles.
Residual value of the issuer's pledged fixed assets as at 01.10.2005: 1`398`564 thousand rubles.

Book value of the issuer's leased fixed assets as at 01.10.2005: 112`796 thousand rubles.

Residual value of the issuer's leased fixed assets as at 01.10.2005: 76'962 thousand rubles.

IV. Financial and Economic Activities Information

4.1. Financial and Economic Performance Results

4.1.1. Profit and Loss

Line	Recommended Calculation Method	2004 as at 1.01.05	2005 as at 1.10.05	Notes
Proceeds, '000 rubles	Total proceeds from sale of goods, products, operations, services	10 571 946	11 351 772	
Gross profit, '000 rubles	Proceeds (proceeds from sales) – cost of goods, products, operations, services sold (less sales and administrative expenses)	3 194 553	4 553 890	
Net profit (retained profit (uncovered loss), '000 rubles	Profit (loss) from ordinary operations + extraordinary income – extraordinary expenses	1 600 767	2 261 816	
Return on assets, %	Net profit/book value of assets	12.90	11.48	
Return on treasury stock, %	Net profit/(capital and reserves – target financing and receipts + deferred income – own shares repurchased from shareholders)	19.11	16.51	
Profit margin, %	Profit from sales /net proceeds (proceeds from sales)	16.54	27.31	
Total uncovered loss as at the reporting date, '000 rubles	Uncovered loss for previous years + uncovered loss for the reporting year			
Uncovered loss to the balance sheet currency ratio as at the reporting date, %	Total uncovered loss as at the reporting date/book value of assets (balance sheet currency)			
Net profit ratio, %	Net profit/proceeds*100	15.142	19.925	

Return on equity	Proceeds/(book value of assets – short-term liabilities)	2.590	1.492	
------------------	--	-------	-------	--

4.1.2. Factors which Affected Change in Proceeds from the Issuer's Sales of Goods, Products, Operations and Services and the Issuer's Profit (Loss) from Primary Activities

As for the increase in proceeds:

- in 2001, the beginning on a 4-year cycle of growth of demand for titanium products in the aerospace market (titanium output for export increased 1.6 times compared to 2000) interrupted in September 2001 by the terrorist attack in the USA.

- in 2003, a decrease in proceeds by 4.5 % compared to 2002, the effect of the consequences of the terrorist attack in the US in September 2001 as well as the negative effect of the 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.

- in July 1, 2005 VSMPO-AVISMA Corporation affiliated JSC AVISMA, as of 1.10.05 all the data is given considering the affiliation, and respectively the indexes are specified as of 1.01.2005.

4.2. Issuer's Liquidity, Adequacy of the Capital and Current Assets

Line	Recommended Calculation Method	2004 as at 1.01.05	2005 as at 01.10	Notes
Own current assets, '000 rubles	Capital and reserves (less own shares repurchased from shareholders) – target financing and receipts + deferred income – non-current assets – long-term accounts receivable	4 061 210	7 509 887	
Own funds self-sufficiency ratio	Capital and reserves (less own shares repurchased from shareholders) – target financing and receipts + deferred income/ non-current assets + current assets	0,675	0.696	Shows the share of own capital in assets and features the extent of financial independence from creditors. Shall not fall below 0.5-:0.6
Fixed assets ratio	Non-current assets + long-term accounts receivable/capital and reserves (less own shares repurchased from shareholders) – target financing and receipts + deferred income	0,515	0.452	Recommended value <= 0.9
Current liquidity ratio	Current assets - long-term accounts receivable/current liabilities (less deferred income)	2,018	2.291	Standard ratio not less than 2
Quick liquidity ratio	(Current assets - reserves - VAT on acquisitions - long-term accounts receivable)/current liabilities (less deferred income)	0.591	0.755	Optimum value = 0.8-:1.0

4.3. Size and Structure of the Issuer's Capital and Current Assets
4.3.1. Size and Structure of the Issuer's Capital and Current Assets

Rubles in thousands

	2004 as at 1.01.05	2005 as at 01.10
Registered capital	10 626	11 530
Total cost of issuer's shares repurchased by the issuer for subsequent resale (transfer) with indication of percentage of such shares in placed shares (registered capital) of issuer, %	2 056	0
Size of issuer's reserve capital formed at the expense of deductions from issuer's profit	624	668
Size of issuer's additional capital reflecting increase in the value of assets resulting from revaluation and difference between the sale price (allocation price) and par value of shares of the company due to sale of shares at the price exceeding par value	1 359 991	6 373 457
Size of issuer's retained net profit	7 007 255	7 311 340
Social sphere funds	0	0
Size of issuer's target financing including total funds allocated for special purpose actions, funds received from other organizations and persons, budget funds, etc.	0	0
Issuer's total capital	8 376 440	13 696 995
Reserves	5 055 928	8 126 896
VAT on acquisitions	664 201	924 868
Accounts receivable (due in more than 12 months after the reporting date)	0	0
Accounts receivable (due within 12 months after the reporting date)	2 296 611	4 277 677
Short-term financial investments	36	896
Cash	74 787	172 569
Other current assets	0	0
Total working capital	8 091 563	13 502 906

4.3.2. Issuer's Financial Investments

The amount of all issuer's financial investments as of 01.10.2005: 577`728`000 rubles.
The list of financial investments which constitute 10 and more percent of all its total financial investments at the final date of the reporting quarter:

Full corporate name – Limited Liability Company “Avitrans”;
Abbreviated corporate name – Avitrans LLC;
Location – 55, Lenin St., Berezniki, Perm Region, 618400, Russia;

Taxpayer identification number – 5911010108;
Investment size, in percent of the capital – 100%;
Investment size, in terms of money – 396 200 000.00 rub.;
Procedure of profit calculation from the investment: within the sole sharer’s authority;
Income payment period – not established.

Full corporate name – Limited Liability Company “Tirus Holding”;
Abbreviated corporate name – Tirus Holding LLC;
Location – 8/18, Victor Ambartsumyan St., Yerevan, Armenia;
Taxpayer identification number -
Investment size, in percent of the capital – 100%;
Investment size, in terms of money – 89 127 833.20 rub;
Income payment period – not established.

4.3.3. Issuer’s Intangible Assets

No.	Intangible Assets Group	Full Cost, rubles	Accrued (Accumulated) Amortization, rubles
1	Right to invention	2 585 156	1 540 208
2	Right to trademark	21 500	5 954
3	Right to useful model patent	4 950	382
	Total:	2 611 606	1 546 544

The issuer submits information on its intangible assets in accordance with Accounting Principles 14/2000 based on Order No. 91h dated 16.10.2000 issued by the Russian Federation Ministry of Finance.

4.4. Issuer’s Policy and Expenses for Scientific and Engineering Development associated with Licenses and Patents, New Developments and Researches

The issuer’s policy for scientific and engineering development associated with licenses and patents, new developments and researches is aimed at:

- acquisition of the exclusive right to intellectual property objects in the field of production of magnesium and titanium, protection of priority trends in scientific and engineering development;
- decrease in products cost and expansion of markets;
- involvement of alternative source of raw materials into production (including within the Russian Federation);
- development of no-waste production technology.

Data on creation and acquisition of legal protection for intellectual property for Q 3, 2005:

SEQ	Document #	Intellectual Property Object Description	Date of Issue/Entry	Commencement Date. Validity Period
1	Patent # 2260067	Invention "Unit for refinement and preparation of magnesium alloys"	10.09.2005	14.09.2004 20 years
2	Patent # 2258755	Invention "Apparatus for vacuum separation of sponge titanium"	20.08.2005	10.03.2004 20 years
3	Patent # 2258753	Invention "Technique for recycling of salt wastes of magnesium production"	20.08.2005	27.07.2004 20 years
4	Patent # 2258037	Invention "Technique and unit for manufacture of pillared calcium chloride"	10.08.2005	08.10.2003 20 years
5	Patent # 2258769	Invention "Technique for transportation of solid dehydrated carnallite to electrolytic cells for manufacture of magnesium"	20.08.2005	16.12.2003 20 years
6	Patent # 2260562	Invention "Technique and plant for dehydration of chlormagnesium raw materials"	20.09.2005	23.07.2004 20 years
7	Patent # 2261228	Invention "Technology for preparation of carnallite for electrolysis"	27.09.2005	14.09.2004
8	Patent # 47762	Useful model "Perforated plate of rectifying column"	10.09.2005	09.03.2005 5 years
9	Patent # 2250806	Invention "Technology for manufacture of thin sheet from high-strength titanium alloys"	05.07.2005	25.08.2003 20 years
10	Patent # 2255993	Invention "Technique for manufacture of briquettes"	26.07.2005	02.07.2003 20 years
11	Patent # 2256411	Invention "Method for retroperitoneoscopy of retroperitoneal space"	01.08.2005	23.10.2003 20 years
12	Patent # 2256520	Invention "Horizontal hydraulic extrusion press"	01.08.2005	18.11.2003 20 years
13	Patent # 2259897	Invention "Technique for manufacture of die forging by hot extrusion on presses with moving container"	20.09.2005	22.01.2004 20 years
14	Patent # 167110	Trade mark TIRUS, Class 12 (Israel)	22.08.2005	01.04.2003 10 years

Main trends and results of usage of intellectual property objects:
10 objects of intellectual property were used in production in Q 3, 2005:

#	Document #	Intellectual Property Object Description
1	2230601	Technology of complex recycling of titanium-magnesium production wastes
2	2172716	Technique for neutralization of hypochlorite pulp
3	2166008	Technique for neutralization of chlorinated gases of magnesium production
4	2201985	Technique for vacuum separation of sponge titanium
5	2061774	Technique for vacuum separation of sponge titanium
6	2075593	Technique for vacuum separation of sponge titanium
7	2255993	Technique for manufacture of briquettes
8	2221660	Tools for products extrusion
9	2228810	Technique for shape extrusion
10	2241772	Technology of vacuum arc remelt

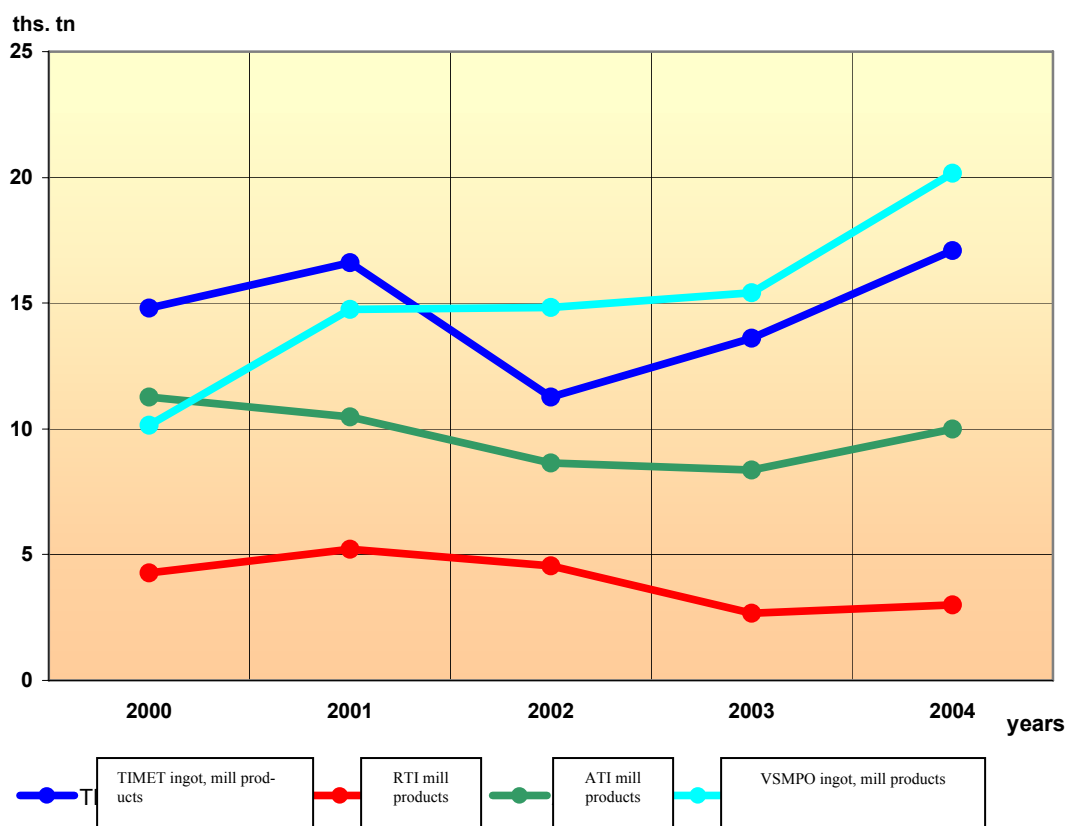
Risk factors associated with the possibility of expiration of patents, licenses for trade usage:
Risk factor – using by competitors of cancelled patents.

4.5 Overview of Development Trends in Issuer's Primary Activities

About 65 % of products manufactured by VSMPO-AVISMA Corporation is intended for aerospace applications, therefore, the condition of this sector of the Russian and world economy significantly affects technical and economic indices of the Company. The aerospace sector of the world market features a cyclic nature of 4-year development; the global market develops in the similar way. Actually, it should be noted that Asian financial crisis in 1998 and the terrorist attack on 11 September, 2001 in the USA affected the condition of these markets.

Hence, world's leading titanium manufactures in 2001-2002 faced difficulties in products sales; this negative tendency was subdued in 2003-2004 (Fig.1, Table 1).

**Fig.1 TITANIUM PRODUCTS SHIPMENTS BY US-BASED COMPANIES
AND
VSMPO- AVISMA CORPORATION IN 2000-2004**



Source: Companies' reports

Table 1. Basic Indices of Timet, RTI, ATI and VSMPO-AVISMA Corporation in 2000-2004

Indices, Companies	Units	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 mill products (es-		320,0	290,0	240,0	230,0	290,0

timated)						
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
Titanium products shipment	ths. tn					
Timet, total		14,81	16,60	11,26	13,60	17,09
Mill products		11,37	12,18	8,86	8,88	11,73
Ingot, slab		3,47	4,41	2,40	4,72	5,36
RTI, mill products		4,26	5,22	4,54	2,68	3,00
ATI, mill products		11,26	10,48	8,65	8,37	9,99
VSMPO-AVISMA, total		10,15	14,74	14,83	15,42	20,18
Mill products		6,35	9,68	9,72	10,47	12,67
Ingot, slab		3,80	5,06	5,11	4,95	7,51
Average product price	\$/kg					
Timet, total (calculated price)		25,15	25,73	27,80	24,78	26,22
Mill products		28,70	29,80	31,40	31,50	32,05
Ingot, slab		13,65	14,50	14,50	12,15	13,45
RTI, mill products		34,65	29,48	33,33	35,13	30,81
ATI, mill products		23,94	25,77	26,06	25,33	27,18
VSMPO – AVISMA export, total		13,51	14,81	13016	12,15	13,01
Mill products		18,30	18,50	16,64	15,07	16,47
Ingot, slab		7,78	9,38	8,63	7,80	8,59
Domestic market		11,93	13,96	17,90	20,75	23,77

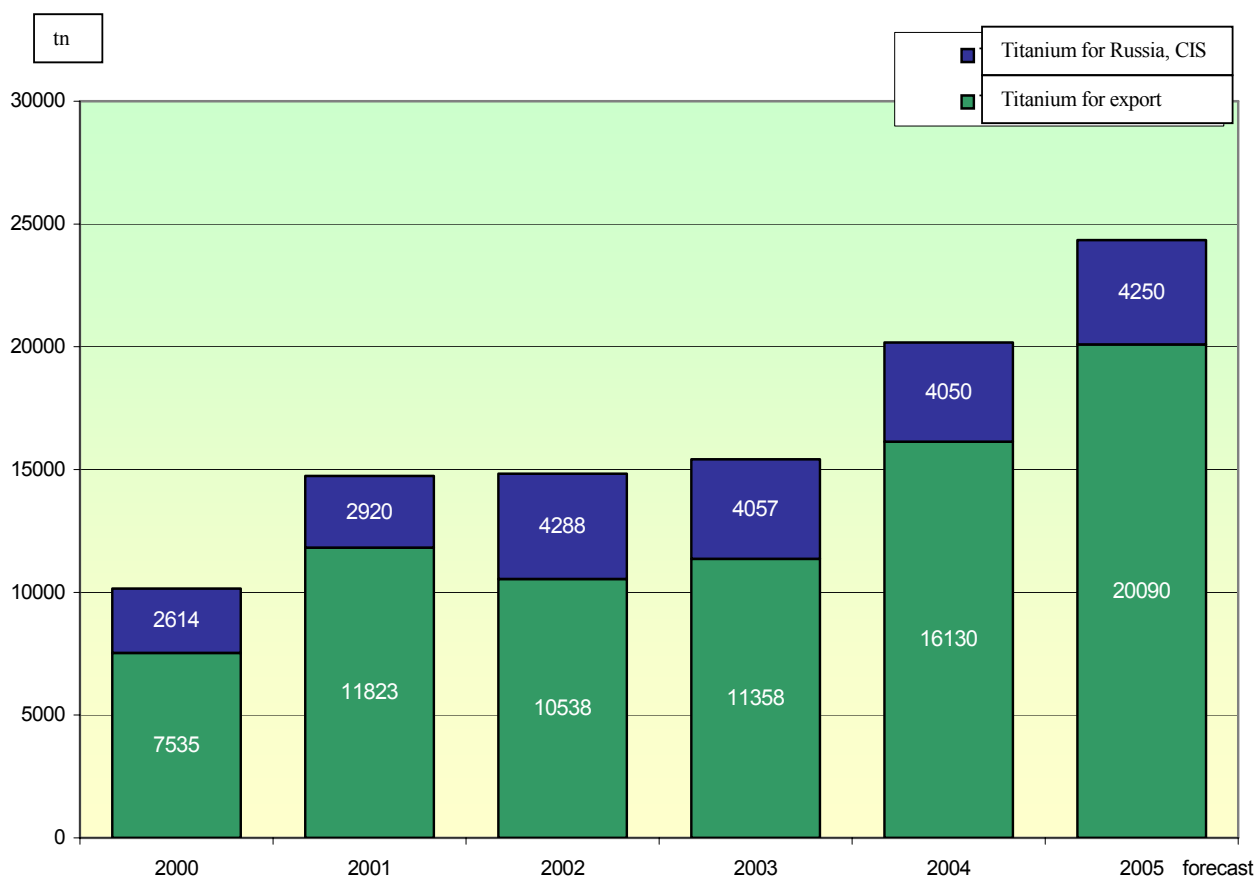
Sources: Companies' reports

Unlike its major competitors the Corporation features stable growth of the output and hence, stable increase of profit ensuring the possibility of reconstruction and development of its production facilities.

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

- existence of VSMPO-AVISMA Corporation ensuring the complete production cycle starting from ore materials to metallurgical semi-finished and finished products for machine building (heat-exchanging equipment and containers);
- diversification allowing to transfer resources from the titanium sector for the purpose of manufacturing other types of products: aluminum, steel, ferrotitanium, and consumer goods;

Fig.2. TITANIUM PRODUCTS SHIPPED BY VSMPO-AVISMA CORPORATION TO DOMESTIC AND FOREIGN MARKETS



- VSMPO-AVISMA Corporation is an integrated manufacturer of titanium semi-finished products, and in contrast to its competitors the Company fulfills all manufacturing processes as well as inspection and tests on its own (without involving contractors);
- implementation of the program aimed at increasing the share of value-added products (die forging, welded pipe, sheet) instead of supplying ingot and slab consolidates VSMPO rating in the global titanium market.

The recent several years have been characterized by negative factors and tendencies that have affected the financial and economic activity of the Company, resulting in:

- the growth of items of expenditures due to cost increase of basic raw stock and materials, electricity rates and freight services;
- the difficult situation at the sales markets of finished products hampering the Company's growth.

Magnesium market continued to expand during the recent years with simultaneous fall in prices for metal, which is explained by expansion of Chinese output of these products. The quality of Chinese magnesium continues to increase while maintaining its production and even reducing the prices. AVISMA have also been affected by the situation of reduction in magnesium products output – the tendency for decrease in demand for the Company's magnesium that has outlined in 2005 and decrease of the Company's profitability may result in reduction of these products output in the future.

The recession of titanium consumption in the world after the events of September 11, 2001 has ceased, and currently the market is recovering. The growing demand for titanium products and the rising profitability is the basis for production capacities increase. While maintaining the level of demand and high titanium prices, the Company intends to cover the losses caused by magnesium production decrease.

In these conditions the Company's sustainable development is based on maintaining and strengthening the image of the reliable supplier of quality products in the opinion of foreign and Russian partners as well as on constant reduction of production costs, mastering of value-added products.

V. Details on Persons included in the Issuer's Control Authorities, Financial and Economic Activities Control Authorities and Brief Information on Issuer's Employees

5.1 Structure and Powers of Issuer's Control Authorities

Company's Control Authorities are:

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

The powers of the general meeting of shareholders (participants) shall be in accordance with the By-Laws (statutory documents):

Solution of the following issues is included into the competence of the general meeting of shareholders:

- introduction of changes and amendments into the By-Laws of the Company or approval a new revision of the By-Laws (except for cases stipulated by paras. 2-5 of Article 12 of the Federal Law on "Joint Stock Companies");
- reorganization of the Company;
- liquidation of the company, appointment of the liquidation committee and approval of interim and final liquidation balance sheets;
- determination of number of the members of the Board of Directors, election of members thereto and early termination of their authorities;
- election of the sole executive body;
- early termination of the authorities of the sole executive body;
- determination of number of the members of the Auditing Committee, election of the Auditing Committee and early termination of its authorities;
- approval of the Company's auditor;
- determination of the number, par value, category (type) of declared shares and the rights granted by such shares;
- increase of the registered capital of the Company by increasing the par value of shares;
- increase of the registered capital of the Company by placing additional shares in cases stipulated by the Federal Law and the Company By-Laws;
- increase of the registered capital of the Company by placing additional shares within the number and categories (types) of the declared shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders, if the Board of Directors fails to make the unanimous decision on this issue;
- decrease of the registered capital of the Company by reducing the par value of shares, purchasing part of shares by the Company for the purpose of reduction of their total number as well as redeeming shares having been acquired or repurchased by the Company (shares being at the Company's disposal);
- approval of annual reports, annual financial reports, including profit and loss reports (profit and loss accounts) of the Company as well as distribution of profit including payment (declaration) of dividends, and losses of the Company based on the results of the financial year;
- determination of the procedure for general meetings of shareholders;
- split and consolidation of shares;
- decision making in regard to approval of transactions in cases stipulated by Article 83 of the Federal Law on "Joint Stock Companies";
- decision making in regard to approval of major transactions in cases stipulated by clause 2 of Article

79 of the Federal Law on "Joint Stock Companies";

- decision making in regard to approval of major transactions in cases stipulated by clause 3 of Article 79 of the Federal Law on "Joint Stock Companies";
- decision making in regard to participation in holding companies, financial & industrial groups, associations and other associations of commercial organizations;
- approval of internal documents regulating the activities of the Company's Authorities;
- decision making in regard to remuneration and (or) compensation of expenses of the Auditing Committee associated with execution of its obligations during the effective period; determination of the size of such remuneration and compensation;
- decision making in regard to remuneration and (or) compensation of expenses of members of the Board of Directors associated with execution of the obligations of members of the Board of Directors within a period of executing their duties; determination of the size of such remuneration or compensation;
- decision making in regard to reimbursement, at the expense of the Company, of the expenses on preparation and holding the extra general meeting of shareholders incurred by persons and authorities who initiated such general meeting of shareholders;
- determination of the list of additional documents to be mandatory kept at the Company;
- other issues attributed by the Federal Law to the competence of the general meeting of shareholders.

The general meeting of shareholders has no right to review and take decisions on the issues not attributed to its competence based on the Federal Law and the By-Laws.

The general meeting of shareholders has no right to take decisions on issues not included into the agenda of the general meeting of shareholders as well as to change the agenda.

Competence of the Board of Directors shall be in accordance with the By-Laws:

the Board of Directors shall carry out general management of Company's activities except for taking decisions on issues attributed by the Federal Law and the By-Laws to the competence of the general meeting of shareholders.

The following issues shall be attributed to the competence of the Board of Directors:

- determination of priority trends of the Company's business;
- convocation of the annual general or extra meeting of shareholders except for cases stipulated by clause 8 of Article 55 of the Federal Law on "Joint Stock Companies";
- approval of the agenda of the general meeting of shareholders;
- determination of the date of drawing up the list of persons having the right to take part in the general meeting of shareholders and other issues attributed to the competence of the Board of Directors in accordance with provisions of Article VII of the Federal Law on "Joint Stock Companies" and connected with preparation and holding the general meeting of shareholders;
- preliminary approval of annual reports of the Company;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares by open subscription to ordinary shares in the amount of 25 % and less of the previously placed ordinary shares;
- increase of the registered capital of the Company by means of allocating additional shares within the number and categories (types) of declared shares by open subscription to preferred shares;
- allocation of additional shares at the expense of the Company's assets provided placing of additional shares is performed by allocating them among the shareholders;
- allocation of debentures not convertible into shares and other emission securities not convertible into shares;
- approval of the decision on the issue of securities, the offering circular, the report on the results of the issue of securities, introduction changes and amendments thereof;
- determination of the price (pecuniary valuation) of the property, the price of allocation and repurchase of emission securities in cases stipulated by the Federal Law on "Joint Stock Companies";
- acquisition of the shares placed by the Company in accordance with clause 2 of Article 72 of the Fed-

eral Law on "Joint Stock Companies";

- acquisition of debentures placed by the Company and other securities in cases stipulated by the Federal Law on "Joint Stock Companies";
- approval of the report on shares acquisition results purchased in accordance with clause 1 of Article 72 of the Federal Law on "Joint Stock Companies";
- recommendations to the general meeting of shareholders in regard to the amount of remuneration and compensations to be paid to the members of the Auditing Committee of the Company;
- determination of the amount of payment for the services of the Auditor of the Company;
- recommendations to the general meeting of shareholders in regard to the amount of dividends on shares of all categories and the procedure for payment thereof;
- recommendations to the general meeting of shareholders in regard to the procedure for distribution of profits and losses of the Company based on the results of the financial year;
- use of the reserve and other funds of the Company;
- approval of internal documents of the Company except for internal documents regulating activities of Company's Authorities to be approved by the resolution of the general meeting of shareholders as well as other internal documents of the Company approval of which is attributed by the By-Laws to the competence of the sole executive body of the Company, introduction of changes and amendments into these documents;
- establishment and liquidation of affiliates, opening and closing down of representative offices of the Company, approval of provisions for affiliates and representative offices, introduction of changes and amendments thereto; appointment of managers of affiliates and representative offices and termination of their authorities;
- introduction of changes associated with establishment of affiliates, opening of representative offices and their liquidation into the Company By-Laws;
- approval of major transactions in cases stipulated by Article X of the Federal Law on "Joint Stock Companies";
- approval of transactions stipulated by Article XI of the Federal Law on "Joint Stock Companies";
- approval of the registrar of the Company and contract terms therewith as well as termination of the contract therewith;
- decision making in regard to auditing financial and economic activities of the Company at any time;
- appointment of the person authorized to sign the contract on behalf of the Company having the sole executive body;
- determination of the list of additional documents to be mandatory kept at the Company;
- approval of the contract by the person acting as a sole executive body of the Company;
- decision making in regard to termination of authorities of the sole executive body of the Company;
- other issues stipulated by the Federal Law on "Joint Stock Companies" and the By-Laws.

Issues attributed to the competence of the Board of Directors can not be submitted for decision making to the executive body of the Company.

The competence of the sole and joint executive bodies of the issuer shall be in accordance with its By-Laws (statutory documents):

Management of current activities of the Company shall be carried out by the Director General (the sole executive body of the Company).

The sole executive body shall report to the general meeting of shareholders and the Board of Directors.

All the issues of management of current activities of the Company except for the issues attributed to the exclusive competence of the general meeting of shareholders and the Board of Directors **shall be attributed to the competence of the Director General.**

The Director General shall arrange implementation of decisions of the general meetings of shareholders and the Board of Directors.

The Director General shall act without power of attorney on behalf of the Company. He shall:

- perform operational management of activities of the Company;
- have the right of first signature in financial documents;
- dispose of the assets of the Company for ensuring its current activities within the limits established by the By-Laws;

- represent the interests of the Company both within the Russian Federation and outside including foreign countries;
- approve staffing lists, conclude labor contracts with employees of the Company, apply incentives to them and impose penalties thereon;
- handle transactions on behalf of the Company except for the cases stipulated by the Federal Law on "Joint Stock Companies" and the By-Laws of the Company;
- issue powers of attorney on behalf of the Company;
- open accounts of the Company in the banks;
- organize book-keeping and reporting in the Company;
- issue orders and give instructions which are mandatory for execution by all employees of the Company;
- fulfill other functions required for achieving the objectives of the Company's activities and ensuring its standard operation in accordance with the current law and the By-Laws except for the functions attributed by the Federal Law on "Joint Stock Companies" and the By-Laws to other Control Authorities 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.

For the last reporting period no changes have been introduced either into the issuer's By-Laws or into internal documents regulating activities of the Company's control authorities.

The full text of the current issue of the issuer's By-Laws and internal documents regulating activities of the Company's control authorities is provided for the open access in the Internet at web-site www.vsmo.ru/core.php?p=442.

5.2. Persons included in Issuer's Control Authorities:

Board of Directors:

Chairman: Bresht, Vyacheslav Iosifovich, b.1953.

Members of the Board of Directors:

Besedin, Vasily Alexandrovich, b. 1953

Education: higher

Positions for the last 5 years:

Period: 2000 – 2001

Position: Deputy Production Director – Production Department Manager, JSC AVISMA

Period: 2001 – June 30, 2005

Position: Director of Maintenance, Reconstruction and Repairs, JSC AVISMA

Share in the issuer's authorized capital: none

Period: July 1, 2005 till present time

Position: Director of Maintenance, Reconstruction and Repairs, AVISMA affiliate VSMPO – AVISMA Corporation

Share in the issuer's authorized capital: none

Bresht, Vyacheslav Iosifovich, b.1953.

Education: higher vocational

Positions for the last 5 years:

Period: 2000

Position: consultant to the Director General of JSC VSMPO

Period: 2000 – 2002

Position: Deputy Director General, Foreign Trade Activities, JSC VSMPO

Period: 2002 – June 2004

Position: Deputy Director General, Marketing and Sales, JSC VSMPO

Period: June 2004 till present time

Position: Chairman of the Board of Directors

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Dennis Kelly, b. 1946

Education: Seton Hall University, Accounting

Positions for the last 5 years:

Period: 2000-2002

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

Period: 2003 till present time

Position: Vice President, Finance, Tirus US Company

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Melnikov, Nikolai Konstantinovich, b. 1955

Education: higher vocational

Positions for the last 5 years:

Period: 1999 – 2001

Position: Deputy Production Director, JSC VSMPO

Period: 2001- 2003

Period: 2004 till present time

Position: Deputy Director General, Production Planning and Control, VSMPO – AVISMA Corporation

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

John Monahan, 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 till present time

Position: President, Tirus US Company

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Tetyukhin, Vladislav Valentinovich, b. 1932

Education: higher vocational

Positions for the last 5 years:

Period: 2000-2005

Position: JSC VSMPO Director General

Period: 2005 till present time

Position: Director General of VSMPO-AVISMA Corporation

Period: 2000 – June 30, 2005

Position: Director General of JSC AVISMA

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Tsarkov, Oleg Igorevich, b. 1966

Education: higher

Positions for the last 5 years:

Period: 2000 – 2003

Position: Executive Director of Investment and Banking Activities,
CJSC Financial Broker “Troika Dialog”

Period: 2003-2004

Position: Project Financing Director, CJSC Renova

Period: 2004 till present time

Position: The head of the Representative Office of “CM Renova Limited” in RF

Share in the issuer’s authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer’s control authorities or financial & economic control authorities.

Sole Executive Body:

Tetyukhin, Vladislav Valentinovich, b. 1932.

5.3. Remuneration, Benefits and/or Compensation of Expenses of each Issuer’s Control Authority

Total income of all the members of the Board of Directors for 2004: 4`221`896,37 rubles, including
- in accordance with Regulations on the Board of Directors, remuneration for 2004 was not paid to the members of the Board of Directors;
- the salary of the members of the Board of Directors who are staff employees of VSMPO-AVISMA Corporation for 2004 is 4`221`896,37 rubles in accordance with the staff list of VSMPO-AVISMA Corporation.

5.4. Structure and Competence of the Issuer’s Financial & Economic Control Authorities

Financial, economic and legal activities of the Company shall be audited by the Internal Auditing Committee.

Any shareholder or any person nominated by the shareholder may become a member of the Internal Auditing Committee.

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

The Internal Auditing Committee shall be elected at the annual general meeting of shareholders for 1 year-period and shall consist of at least three persons.

The Internal Auditing Committee shall elect a chairman and a secretary of the Internal Auditing Committee from its members.

Control (audit) of financial and economic activities of the Company is carried out on the basis of the Company annual performance results, as well as at any time at the initiative of the Auditing Committee, according to resolution of the general meeting of shareholders or the Board of Directors, or upon request of the shareholder (shareholders) of the Company holding in aggregate not less than 10 percent of the voting shares.

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

- audit of financial documentation of the Company, accounting reports, statements of the property inventory committee and comparison of the abovementioned documents with primary accounting records;
- review of accounting, taxation, management and statistical books for accuracy and comprehensiveness;

- review of financial status of the Company, its solvency, liquidity of assets, own funds to borrowings ratio, net assets and the authorized capital, identification of reserves for improvement of economic status of the Company, development of recommendations for control authorities of the Company;
- review of timeliness and accuracy of payments made to suppliers of products and services, payments to the budget and off-budget funds, charges and payments of dividends, interests on debenture bonds, repayment of other liabilities;
- confirmation of data adequacy included in the annual reports of the Company, annual accounts, income statements (profit and loss accounts), profit allocation, reporting documentation for tax and statistical purposes, state administration authorities;
- verification of competence of Director General with regard to conclusion of contracts on behalf of the Company;
- verification of competence of resolutions adopted by the Board of Directors, the Director General, the Liquidation Committee and their compliance to the By-Laws and resolutions adopted by the general meeting of shareholders;
- review of resolutions adopted by the general meeting of shareholders for their compliance to the law and By-Laws.

The Internal Auditing Committee has the right to:

- request personal explanation from the members of the Board of Directors, employees of the Company including any officers, on the issues attributed to the competence of the Internal Auditing Committee;
- bring to the attention of the control authorities the issue with regard to the responsibility of the employees of the Company including the officers in case of their violation of the By-Laws, provisions, regulations and instructions approved by the Company;
- recruit specialists who are not staff employees of the Company on a contractual basis.

Upon request of the Internal Auditing Committee persons occupying positions in the control authorities of the Company shall submit reports disclosing financial and economic activities of the Company.

The Internal Auditing Committee has the right to request to call an extraordinary general meeting of shareholders according to the procedure set forth in the By-Laws.

Based on the audit of financial and economic activities of the Company the Internal Auditing Committee draws up a conclusion that includes the following:

- confirmation of data adequacy included in the reports and other financial documents of the Company;
- information on facts of violation of the accounting procedure and financial presentation stipulated by the legal acts of the Russian Federation, as well as of the legal acts of the Russian Federation when conducting financial and economic activities.

5.5. Members of Financial & Economic Control Authorities

Members of the Internal Auditing Committee:

Ryzhova, Tatyana Eliseyevna, b.1950.

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 till present time

Position: Chairman of the Internal Auditing Committee

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Kharlampieva, Lydia Kuzminichna, b. 1937.

Education: higher vocational

Positions for the last 5 years:

Period: 2000 – 2002

Position: Auditor

Period: 2002 till present time

Position: Deputy Chairman of the Internal Auditing Committee

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Nikiforova, Vera Vasilievna, b. 1937

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 till present time

Position: Auditor

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

Pryanichnikova, Nadezhda Ivanovna, b. 1950.

Education: secondary vocational

Positions for the last 5 years:

Period: 2000 – 2002

Position: Accountant, shop 16

Period: 2002 till present time

Position: Auditor, Financial and Economic Issues

Share in the issuer's authorized capital: none

Shares in subsidiary/related companies of the issuer: none

There are no blood relations with other persons in the issuer's control authorities or financial & economic control authorities.

5.6. Remuneration, Benefits and/or Compensation of Expenses of Financial & Economic Control Authorities

Total income of all members of the Internal Auditing Committee employed on a regular basis for 2004 is 883`661, 21 rubles.

Based on the resolution adopted by the annual general meeting of shareholders of VSMPO-AVISMA Corporation as of June 10, 2005 the amount of remuneration to be paid to the members of the Internal Auditing Committee for the last completed financial year is 100 000 rubles.

5.7. Number of Issuer's Employees and General Data on Education and Structure of the Issuer's Employees and Changes in Number of the Employees

Index	Unit	For six months of 2005	For 9 months of 2005
Average number of employees	Man	15 480	22 645
Funds for payment for labor	Rubles in thousands	998 863	1 779 807
Funds for social welfare	Rubles in thousands	248 316	437 163
Total funds spent	Rubles in thousands	1 247 178	2 216 970

The number of employees was significantly increased due to reorganization of the company on July 1, 2005. The Trade Union Bodies have been established by the Issuer's staff (employees).

5.8. Issuer's Obligations to the Staff (Employees) associated with their Participation in the Issuer's Authorized Capital

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

VI. Shareholders and Interest Transactions of the Issuer

6.1. Total Number of the Shareholders

The number of persons registered in the Shareholders' Register as at the close date of the reporting quarter is 5 264, including 13 nominal shareholders.

6.2. Shareholders whose share in the issuer's Authorized Capital is not less than 5 percent or who hold not less than 5 percent of its ordinary shares, as well as shareholders of such persons whose share in the Authorized Capital is not less than 20 percent or who hold not less than 20 percent of their ordinary shares

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

Closed Joint Stock Company "Depositary and Clearing Company" (CJSC "D&CC")

Address: 31, Building B, Shabolovka St., Moscow, 115162

Telephone: (095) 956-09-99

Facsimile: (095) 232-68-04

Email: dcc@dcc.ru

License No. 177-062-36-000100 as of 09.10.02. granted by the Federal Financial Market Service of Russia to the professional securities market participant for open-ended depository activity.

Share in the issuer's authorized capital: 72,8131.

Number of the issuer's ordinary shares it holds: 72,8131.

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

Closed Joint Stock Company ING BANK (Eurasia) (CJSC ING BANK (Eurasia))

Address: 36, Krasnoproletarskaya, Moscow, 123022.

Telephone: (095) 755-54-00

Facsimile: (095) 755-54-99

Email: mail@ibimos.ru

License No. 177-03728-000100 granted by the Federal Financial Market Service of Russia to the professional securities market participant for open-ended depository activity

Share in the issuer's authorized capital: 6,6292.

Number of the issuer's ordinary shares it holds: 6,6292.

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

Closed Joint Stock Company "Citybank" Commercial Bank (CJSC "Citybank")

Address: 8-10, Gashek St., Moscow, 125047.

Telephone: (095) 725-10-00

Facsimile: (095) 725-67-00

License No. 177-02719-000100 as of 01.11.00. granted by the Federal Financial Market Service of Russia to the professional securities market participant for open-ended depository activity

Share in the issuer's authorized capital: 6,9596.

Number of the issuer's ordinary shares it holds: 6,9596.

6.3. State or Municipal Share in the Issuer's Authorized Capital. Special Right ("Golden Share")

The State has no share in the issuer's authorized capital. Special right ("golden share") to participation of the Russian Federation, subjects of the Russian Federation, and municipal formations in management of the issuer is not stipulated.

6.4. Restricted Participation in the Issuer's Authorized Capital

The By-Laws do not provide for any restrictions on the number of shares that may be held by one shareholder and/or on their total par value and/or maximum number of votes that may be granted to one shareholder.

Neither the law of the Russian Federation or other statutory act provide for restrictions on the foreign share in the issuer's authorized capital.

There are no any other restrictions related to participation in the issuer's authorized capital.

6.5. Changes in Membership and Share of the Issuer's Shareholders who hold not less than 5 percent of its Authorized Capital or not less than 5 percent of its Ordinary Shares

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **23.04.2001**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")

Share in the issuer's authorized capital: 38,6098

Number of the ordinary shares it holds: 38,6098

Full and abbreviated corporate name: Joint Stock Company "Avitrans" (JSC "Avitrans")

Share in the issuer's authorized capital: 8,1922

Number of the ordinary shares it holds: 8,1922

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the issuer's authorized capital: 15,5

Number of the ordinary shares it holds: 15,5

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **09.04.2002**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")

Share in the issuer's authorized capital: 38,6110

Number of the ordinary shares it holds: 38,6110

Full and abbreviated corporate name: OBA Enterprises Limited

Share in the issuer's authorized capital: 17,6037

Number of the ordinary shares it holds: 17,6037

Full and abbreviated corporate name: Nikitas Brokerage Limited

Share in the issuer's authorized capital: 14,1312

Number of the ordinary shares it holds: 14,1312

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **10.04.2003**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")

Share in the issuer's authorized capital: 42,9003

Number of the ordinary shares it holds: 42,9003

Full and abbreviated corporate name: Nikitas Brokerage Limited

Share in the issuer's authorized capital: 13,1082

Number of the ordinary shares it holds: 13,1082

Full and abbreviated corporate name: JSC AVISMA Titanium and Magnesium Works (JSC AVISMA)

Share in the issuer's authorized capital: 17,7025
Number of the ordinary shares it holds: 17,7025

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **05.12.2003**.

Full and abbreviated corporate name: Closed Joint Stock Company "Soyuz VS" (CJSC "Soyuz VS")
Share in the issuer's authorized capital: 8,1595
Number of the ordinary shares it holds: 8,1595

Full and abbreviated corporate name: Limited Liability Company "RENOVA-INVESTMENTS" (RENOVA-INVESTMENTS LLC)
Share in the issuer's authorized capital: 5,5941
Number of the ordinary shares it holds: 5,5941

Full and abbreviated corporate name: Colbridge Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Colgrove Limited
Share in the issuer's authorized capital: 6,3526
Number of the ordinary shares it holds: 6,3526

Full and abbreviated corporate name: Finecroft Limited
Share in the issuer's authorized capital: 11,2499
Number of the ordinary shares it holds: 11,2499

Full and abbreviated corporate name: Maxbay Limited
Share in the issuer's authorized capital: 6,3517
Number of the ordinary shares it holds: 6,3517

Full and abbreviated corporate name: Rockcastle Enterprises Limited
Share in the issuer's authorized capital: 5,0812
Number of the ordinary shares it holds: 5,0812

Full and abbreviated corporate name: Winfair Limited
Share in the issuer's authorized capital: 10,4888
Number of the ordinary shares it holds: 10,4888

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **29.03.2004r**.

Full and abbreviated corporate name: Deplex Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
Share in the issuer's authorized capital: 12,0164
Number of the ordinary shares it holds: 12,0164

Full and abbreviated corporate name: Coldsteam Limited
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **05.08.2004r.**

Full and abbreviated corporate name: Deplex Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
Share in the issuer's authorized capital: 12,0206
Number of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **22.11.2004.**

Full and abbreviated corporate name: Deplex Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
Share in the issuer's authorized capital: 12,0206
Number of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
Share in the issuer's authorized capital: 10,0134
Number of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **28.04.2005.**

Full and abbreviated corporate name: Deplex Limited
Share in the issuer's authorized capital: 20,0000
Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited

Share in the issuer's authorized capital: 20,0000
 Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
 Share in the issuer's authorized capital: 12,0206
 Number of the ordinary shares it holds: 12,0206

Full and abbreviated corporate name: Coldsteam Limited
 Share in the issuer's authorized capital: 10,0134
 Number of the ordinary shares it holds: 10,0134

Full and abbreviated corporate name: Multibrook Ltd
 Share in the issuer's authorized capital: 10,0134
 Number of the ordinary shares it holds: 10,0134

The date on which the list of persons entitled to take part in the general shareholders' meeting was made: **15.08.2005.**

Full and abbreviated corporate name: Deplex Limited
 Share in the issuer's authorized capital: 18,2536
 Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Finebond Limited
 Share in the issuer's authorized capital: 18,2536
 Number of the ordinary shares it holds: 20,0000

Full and abbreviated corporate name: Osengo Investments limited
 Share in the issuer's authorized capital: 12,9370
 Number of the ordinary shares it holds: 12,9370

Full and abbreviated corporate name: Coldsteam Limited
 Share in the issuer's authorized capital: 9,5923
 Number of the ordinary shares it holds: 9,5923

Full and abbreviated corporate name: Multibrook Ltd
 Share in the issuer's authorized capital: 9,5923
 Number of the ordinary shares it holds: 9,5923

6.6. Issuer's Interest Transactions

No interest transactions are recorded for the last reporting quarter.

6.7. Accounts Receivable

Type of Receivables	Unit	Payment Due Date	
		Up to one year	Over a year
Debtors (buyers and customers)	Rubles in thousands	1 955 418	X
including past due	Rubles in thousands	1 500 248	X
Notes receivable	Rubles in thousands		X
including past due	Rubles in thousands		X
Contributions to the authorized capital from participants (founders)	Rubles in thousands		X
including past due	Rubles in thousands		X

Advances given	Rubles in thousands	According to Order No. 67n dd. 22.07.2003 issued by RF Ministry of Finance "Forms of Accounts of Companies", starting from 2003 this information is not included into the accounts..	X
including past due	Rubles in thousands		X
including past due	Rubles in thousands		X
Other receivables	Rubles in thousands		X
			X
including past due	Rubles in thousands		
Total	Rubles in thousands	4 277 677	X
		1 500 248	
including past due	Rubles in thousands		X

VII. Issuer's Financial Statements and Other Financial Information

7.1. Annual Financial Statements of the Issuer

The annual financial statements of the issuer for the last completed financial year are included into the quarterly report for the first quarter.

7.2. Quarterly Financial Statements of the Issuer for the Last Completed Reporting Quarter

The quarterly financial statements of the issuer for the reporting quarter were made in accordance with the law of the Russian Federation.

The quarterly financial statements consist of:

- a) Balance Sheet – Form No.1
- b) Profit and Loss Account – Form No. 2

BALANCE SHEET

As at October 1, 2005

Company: VSMPO – AVISMA Corporation

Taxpayer Identification Number

Type of Activity : Metallurgical Production

Legal Form / Form of Ownership: Public Stock Company

Unit: Rubles in thousands

Location (Address)

Verkhnyaya Salda, Sverdlovsk Region

Form No. 1
Date (yy, mm, dd)

Codes
710001
07510017
6607000556
27.45
47/34
384

ASSETS	Line	Opening Balance	Closing Balance
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	1 087	1 065
Fixed assets	120	2 245 965	4 136 178
Construction in progress	130	1 035 802	1 467 614
Profitable investments in tangible assets	135	0	0
Long-term financial investments	140	1 032 910	577 728
Deferred tax assets	145	69	8 359
Other non-current assets	150	0	0
TOTAL NON-CURRENT ASSETS	190	4 315 833	6 190 944
II. CURRENT ASSETS			
Inventories including:	210	5 055 928	8 126 896
Raw materials, materials and other similar assets	211	1 329 029	2 367 964
Cattle kept for breeding	212	0	0
Work in process	213	1 202 189	2 084 032
Finished products and goods for resale	214	1 049 653	1 299 647
Shipped goods	215	1 462 704	2 261 937
Deferred expenses	216	12 353	113 316
Other inventories and costs	217	0	0
VAT on acquired assets	220	664 201	924 868
Accounts receivable (amounts falling due above one year) including:	230	0	0
Buyers and customers	231	0	0
Accounts receivable (amounts falling due within one year) including:	240	2 296 611	4 277 677
Buyers and customers	241	804 673	1 955 418

Short-term financial investments	250	36	896
Cash	260	74 787	172 569
Other current assets	270	0	0
TOTAL CURRENT ASSETS	290	8 091 563	13 502 906
BALANCE	300	12 407 396	19 693 850

LIABILITIES	Line	Opening Balance	Closing Balance
1	2	3	4
III. CAPITAL AND RESERVES			
Authorized capital	410	10 626	11 530
Treasury stock	411	(2 056)	0
Additional capital	420	1 359 991	6 373 457
Capital reserves including:	430	624	668
Legal reserves	431	624	668
Statutory reserves	432	0	0
Retained earnings (outstanding loss)	470	7 007 255	7 311 340
TOTAL CAPITAL AND RESERVES	490	8 376 440	13 696 995
IV. LONG-TERM LIABILITIES			
Borrowings and loans	510	0	0
Deferred tax liability	515	20 957	99913
Other long-term liabilities	520	0	0
TOTAL LONG-TERM LIABILITIES	590	20 957	99 913
V. SHORT-TERM LIABILITIES			
Borrowings and loans (66)	610	1 811 324	3 242 624
Accounts payable including:	620	2 147 363	2 247 348
Suppliers and contractors	621	629 247	481 712
Accrued personnel compensation	622	1 982	39 409
Liability against public off-budget funds	623	23 421	39 659
Tax liability	624	415 164	351 937
Other creditors	625	1 077 549	1 334 631
Dividends in arrears	630	709	3 249
Deferred income	640	603	3836
Provision for future expenses	650	50 000	399 885
Other short-term liabilities	660	0	0
TOTAL SHORT-TERM LIABILITIES	690	4 009 999	5 896 942
BALANCE	700	12 407 396	19 693 850

OFF-BALANCE SHEET ITEMS

Item	Line	Opening Balance	Closing Balance
1	2	3	4
Rented fixed assets	910	22 388	317 929
including lease	911	21 931	374 338
Material assets in safe keeping	920	5	31 439
Goods on commission	930	0	0
Bad debts	940	141 011	141 812
Collaterals received	950	0	0
Collaterals given	960	2 430 937	3 071 375
Depreciation of residential real estate	970	0	0
Depreciation of infrastructure, landscape and road constructions	980	0	0
Intangible assets received for use	990	0	0
Other	1000	276 093	294 359

PROFIT AND LOSS ACCOUNT

As at October 1, 2005

Company: VSMPO – AVISMA Corporation

Taxpayer Identification Number

Type of Activity: Metallurgical Production

Legal Form / Form of Ownership: Public Stock Company

Unit: Rubles in thousands

Address

Verkhnyaya Salda, Sverdlovsk Region

Codes
Form No.2 710002
Date (yy, mm,dd)
7510017
6607000556
27.45
47/34
384

Item		Reporting Period	Previous Year Period
Description	Line		
1	2	3	4
Income and Expenses Related to Conventional Activities			
Net sales of goods, products, operations and services (less VAT, excise taxes and similar payments)	10	11 351 772	7 880 699
Cost of goods, products, operations, and services sold	20	(6 797 882)	(5 458 916)
Gross profit	29	4 553 890	(2 421 783)
Business Expenses	30	(345 629)	(195 174)
Administrative expenses	40	(1 108 311)	(848 482)
Sales profit (loss)	50	(3 099 950)	1 378 127
Other Income and Expenses			
Interest receivable	60	98	1 560
Interest payable	70	(125 027)	(62 203)
Share in revenue of other companies	80	0	921
Other operating income	90	7 902 113	4 842 794
Other operating expenses	100	(8 191 545)	(5 014 929)
Off-sales income	120	848 587	529 502
Off-sales expenses	130	(462 223)	(314 893)
Profit (Loss) Before Tax	140	3 071 953	1 360 879
Deferred tax assets	141	0	0
Deferred tax liabilities	142	(24 380)	(6 490)
Current year profit tax	150	(786 513)	(365 170)
Penalties	180	(10 471)	0
Past years income tax	180	11 227	0
Net Profit (Loss) for Reporting Period	190	2 261 816	989 219
For reference.			

Fixed tax liabilities (assets)	200	73 624	45 049
Basic profit (loss) per share		0	0
Dilluted profit (loss) per share		0	0

BREAKDOWN OF INDIVIDUAL P&L ITEMS

Item		For the Reporting Period		For the Same Period of the Previous Year	
Description	Line	Profit	Loss	Profit	Loss
1	2	3	4	5	6
Penalties and fines recognized or enforced by court (arbitration court)		488	2 027	15	2 470
Profit (loss) for the past years		216 876	52 274	109 121	22 779
Compensation for losses incurred due to default or improper fulfillment of obligations		1 064	(1)	0	116
Profit and loss on foreign currency		99 692	146 350	82 473	60 861
Valuation allowances		x	0	x	0
Write-off of accounts receivable and payable with the expired limitation period	260	6 571	537	6	9 703

7.3. Consolidated Financial Statements of the Issuer for the Last Complete Financial Year

The consolidated financial statement of the issuer is included into the quarterly report for the second quarter.

7.4. Issuer's Accounting Policy

Accounting policy for the purpose of accounting and tax registration put into effect based on Order No. 54 dated February 1, 2005 is in force in the Company.

For the purpose of accounting the major items of the accounting policy are as follows:

- the following is attributed to fixed assets: buildings, structures, operating and power machines and equipment, measuring and control gages and devices, computer facilities, vehicles, tooling, production inventory and household equipment and appliances, longstanding plantations, internal roads and other corresponding objects;
- the Company includes apartments owned by the Company in the fixed assets based on the ownership except for the cases when the apartments are purchased for resale or transfer for repayment of any liabilities (in this case apartments are taken on discount as goods). Regardless of the fact of using apartments for renting purposes their transfer to the profitable investments is not carried out;
- revaluation of fixed assets objects is not performed;
- amounts of accrued depreciation for the objects of fixed assets are reflected in accounting by means of accumulation of corresponding sums on account 02 "Fixed Assets Depreciation". Charged amount of fixed assets depreciation is reflected in the accounting for the credit of account 02 "Fixed Assets Depreciation" in correspondence with accounts of accounting of production expenses and sales costs. As for the fixed assets given in rent or for free use, depreciation shall be charged for account 91 "Other income and Expenses";
- depreciation shall be charged on a monthly basis by the linear method;
- construction in progress is reflected in accounting and reports for actual expenses related thereof;

- the following objects can be attributed to intangible assets: intellectual property objects (exclusive right to the results of intellectual activities); exclusive right of the patent holder to the invention, industrial prototype, utility model; exclusive copyright to computer software, data bases; property right owner or other right owner to topologies of integrated circuits; exclusive right of the owner to the trademark and service designation, the name of goods origin location; exclusive right of the patent holder to selection achievements;
- works associated with scientific (research), scientific and technical activities and experimental developments stipulated by the Federal Law No. 127-FZ on "Science and State Scientific & Technical Policy" dated 23.08.96 are attributed to research works;
- expenses for research and product developments are accounted separately on the individual sub-account to account 08 "Investments in non-current assets";
- the following assets are attributed to inventories: used as raw and other materials etc. when manufacturing products designated for sale (operations, services); designated for sale including finished products and goods; used for administrative needs of the Company;
- taking inventories on discount to balance account 10 "Materials" to be carried out based on the actual cost generated prior to the date of their actual receipt at the warehouse;
- transport and stocking expenses (T&SE) of the Company are taken on discount by attributing T&SEs to a separate sub-account to account "Materials";
- writing-off of T&SEs by separate types or groups of materials is carried out in proportion to the accounting cost of materials based on the ratio of the amount of balance of T&SEs at the beginning of the month (reporting period) and current T&SEs for the month (reporting period) to the amount of balance of materials at the beginning of the month (reporting period) and materials supplied during the month (reporting period) at the accounting cost;
- financial investments are investments of the Company's funds in registered (stock) capitals of other companies, securities, joint activities, loans given to other companies for the purpose of taking part in profit allocation, dividends, interests or other income.

VAT in accordance with the accounting policy shall be calculated based on the proceeds for the payment date. Income and expenses for profit tax calculation are determined by the charging method in accordance with Tax Code provisions.

7.5. Total Exports and its Share in Total Sales

Index	For six months of 2005	For nine months of 2005
I. Доходы и расходы по обычным видам деятельности		
1. Net sales of goods, products, operations and services (less VAT, excise taxes and similar payments), in thousand rubles	6 635 332	11 351 772
Including		
2. Net export sales of goods, in thousand rubles	4 492 008	6 027 731
3. Share of income from export sales of goods in total sales, %	67.70	53.10

7.6. Issuer's Real Assets Cost and Significant Changes in the Issuer's Assets since the Close Date of the Last Complete Financial Year

Total cost of real assets as of 01.10.2005: 2`080`296`702,88 rubles

Accrued depreciation: 823`822`959,02 rubles

Evaluation of the real assets for 12 months has not been carried out before the close date of the reporting quarter.

7.7. Participation of the Issuer in Proceedings in cases when such Participation could have a Significant Effect on Financial and Economic Activities of the Issuer

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

VIII. Additional Information on the Issuer and Securities Placed

8.1. Additional Information on the Issuer

8.1.1. Size and Structure of the Issuer's Authorized Capital

Size of the authorized capital as of 01.10.2005: 11`529`538 rubles.

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`529`538 pcs.

Total par value: 11`529`538 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

8.1.2. Changes in the Size of the Authorized Capital of the Issuer

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

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 4`157`004 pcs.

Total par value: 4`157`004 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

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

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 8`314`008 pcs.

Total par value: 8`314`008 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: general meeting of shareholders

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 16.01.1998

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

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`806`008 pcs.

Total par value: 11`806`008 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: Board of Directors

The date and the number of the minutes of the Board of Directors meeting at which the resolution on changing the size of the registered capital was adopted: without No., dated 23.04.1998.

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

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 10`625`600 pcs.

Total par value: 10`625`600 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: general meeting of shareholders

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 24.05.2002.

Size of the authorized capital as of 01.07.2005: 11`530`508 rubles.

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`530`508 pcs.

Total par value: 11`530`508 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: general meeting of shareholders

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 21.09.2004.

Size of the authorized capital as of 21.07.2005: 11`529`538 rubles.

Breakdown of the issuer's authorized capital by categories of shares:

Ordinary shares: 11`529`538 pcs.

Total par value: 11`529`538 rubles

Share in the authorized capital: 100%

Preferred shares: none

Total par value: none

Share in the authorized capital: none

The name of the issuer's control body which took the decision on changing the size of the authorized capital: Board of Directors

The date and the number of the minutes of the general meeting of shareholders at which the resolution on changing the size of the registered capital was adopted: without No., dated 22.11.2004.

8.1.3. Formation and Use of the Reserve Fund and other Funds of the Issuer

Name of the fund: reserve fund

Size of the fund established by the statutory documents: the Company shall establish the reserve fund in the amount of 25 % of the Company's authorized capital in accordance with clause 20.2. of current Revision of By-Laws.

Size of the fund as at 01.10.2005: 668`000 rubles

Size of the fund in percentage of the authorized capital: 5.9

8.1.4. Procedure for Calling and Holding of the General Meeting of the Superior Control Authority of the Issuer

Name of the superior control authority of the issuer: **general meeting of shareholders.**

Procedure for notification of shareholders of the general meeting of the superior control authority of the issuer:

At least 20 day notice of the general meeting of shareholders and 30 day notice of the general meeting of shareholders along with the agenda including the issue on reorganization shall be submitted before the date of the meeting.

Within the aforesaid dates the notice of the general meeting of shareholders shall be published in the Novator as well as within the aforesaid dates the notice of the general meeting of shareholders shall be forwarded to each person enumerated in the list of persons entitled to participation in the general meeting of shareholders by the registered letter or handed over to each of the specified persons against the signature.

The company has the right to additionally notify shareholders of the general meeting of shareholders via mass media (TV, radio) as well as via Internet.

Persons (authorities) having the right to call (require) an extraordinary meeting of the superior control authority:

The extraordinary general meeting of shareholders is carried out in accordance with the decision of the Board of Directors based on its own initiative, the requirement of the Auditing Committee, Company's auditor as well as shareholders (a shareholder) holding not less than 10 % of the voting shares of the Company as of the date of such requirement.

The convocation of the extraordinary general meeting of shareholders upon request of the Internal Auditing Committee, Company's auditor or shareholders (a shareholder) holding not less than 10 % of the voting shares of the Company shall be carried out by the Board of Directors.

The procedure for establishing the date of the meeting of the superior control authority of the issuer:

The company shall hold the annual general meeting of shareholders every year within the dates which are not earlier than 2 months and not later than 6 months after completion of the financial year.

The convocation of the annual and extraordinary general meetings of shareholders except for the cases stipulated by clause 8 of Article 55 of the Federal Law on "Joint Stock Companies" is attributed to the competence of the Board of Directors.

Persons having the right to make proposals to the agenda of the meeting of the superior control authority of the issuer as well as the procedure for introduction of such proposals:

Shareholders (a shareholder) holding together not less than 2 percent of the voting shares of the Company have the right to introduce items into the agenda of the annual general meeting of shareholders.

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

The proposal for introduction of items into the agenda of the general meeting of shareholders shall include the statement of each item proposed.

The proposal for introduction of items into the agenda of the general meeting of shareholders can include the statement of the resolution for each item proposed.

Proposals for introduction of items into the agenda of the general meeting of shareholders and nomination of candidates shall be made in the written form including the name (designation) of the shareholders (a shareholder) who presented them, the number and the category (type) of shares held by them and shall be signed by the shareholders (a shareholder).

The Board of Directors shall review the proposals submitted and take a decision on introduction them into the agenda of the general meeting of shareholders or on refusal to include them into the specified agenda not later than 5 days after completion of dates of proposals for the agenda of the annual general meeting to be submitted to the Company in accordance with the By-Laws and nomination of the candidates to the Board of Directors and the Auditing Committee as well as a candidate for the post of the Director General.

The item proposed by the shareholders (a shareholder) is subject to inclusion into the agenda of a general meeting of shareholders as well as nominated candidates are subject to inclusion into the list of nominees for voting for elections to the relevant authority of the Company, except for cases when:

- shareholders (a shareholder) fail to meet the deadlines, established by the By-Laws, for introduction of items into the agenda and nomination of candidates for the annual general meeting of shareholders;
- shareholders (a shareholder) fail to meet the deadlines, established by the By-Laws, for nominating candidates for election as members of the Board of Directors at the extraordinary general meeting of shareholders;
- shareholders (a shareholder) are not considered to be holders of the number of voting shares of the Company in accordance with clauses 1 and 2 of Article 53 of the Federal Law on “Joint Stock Companies”;
- the proposal does not meet the requirements stated in clauses 3 and 4 of Article 53 of the Federal Law on “Joint Stock Companies” and the requirements of the By-Laws based thereof;
- the item proposed for introduction into the agenda of the general meeting of shareholders is not attributed to its competence by the law and the By-Laws and (or) does not meet the requirements of the Federal Law on “Joint Stock Companies” and other legal acts of the Russian Federation.

The justified decision of the Board of Directors in regard to the refusal to introduce the proposed item into the agenda of the general meeting of shareholders or a candidate into the list of nominees for voting for elections to the corresponding authority of the Company shall be forwarded to shareholders (a shareholder) who introduced the item or nominated the candidate not later than 3 days of the date of its adoption.

The Board of Directors has no right to make changes in the statements of items proposed for introduction into the agenda of the general meeting of shareholders and statements of resolutions related to such items.

In addition to the items proposed by shareholders for introduction into the agenda of the general meeting of shareholders as well as in case of lack of such proposal and lack of or insufficient number of candidates nominated by shareholders for forming the corresponding authority, the Board of Directors is entitled to include the items in the agenda of the general meeting of shareholders or candidates in the list of nominees at its discretion.

Persons who have the right to get acquainted with the information (documents) submitted for preparation and holding the meeting of the superior control authority of the issuer as well as the procedure for getting acquainted with such information (documents):

In accordance with the Federal Law on “Joint Stock Companies”, the above-mentioned is related to the persons having the right to participation in the general meeting of shareholders.

The list of persons having the right to participation in the general meeting of shareholders shall be drawn up on the basis of data of the register of Company’s shareholders.

The procedure for getting acquainted with information submitted for preparation of the 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; upon shareholder’s request during not more than five days at that the payment for copies can not exceed their cost; in the office of the sole executive body.

8.1.5. Commercial Organizations in Which the Issuer Holds not less than 5 Percent of the Registered (Stock) Capital (Share Fund) or not less than 5 Percent of Ordinary Shares

Full and abbreviated corporate name:

“TIRUS HOLDING” Limited Liability Company (TIRUS HOLDING LLC)

Location: 18, Viktor Ambartsumyan St., ap. 8, Yerevan, Armenia, 375033

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Full and abbreviated corporate name:

“Tirshop” Limited Liability Company (JSC “Tirshop”)

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

Participatory share of the issuer in the registered capital of the subsidiary: 70%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Full and abbreviated corporate name:

**Closed Joint Stock Company Trade Company “Titan”
(CJSC Trade Company “Titan”)**

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

Participatory share of the issuer in the registered capital of the subsidiary: 70%

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

Participatory share of the subsidiary in the issuer’s registered capital: 0

Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Joint Stock Company “Ural” (JSC “Ural”)

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

Participatory share of the issuer in the registered capital of the subsidiary: 51%

Proportions of ordinary shares of the subsidiary which belong to the issuer: 51%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Closed Joint Stock Company Medical Insurance Company “Tirus-Medservice” (CJSC MIC “Tirus-Medservice”)

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

Participatory share of the issuer in the registered capital of the subsidiary: 31,4%

Proportions of ordinary shares of the subsidiary which belong to the issuer: 31,4%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Limited Liability Company Insurance Company “Salda-ASKO” (Insurance Company “Salda-ASKO” LLC)

Location: 71 A, Engels St., Verkhnyaya Salda, Sverdlovsk Region, Russia, 624760

Participatory share of the issuer in the registered capital of the subsidiary: 14%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company Cultural and Sports Centre “Metallurgist” (CSC «Metallurgist» LLC)

Location: 55, Lenin av., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer’s registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «Avitrans» (Avitrans LLC)

Location: 55, Lenin av., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer’s registered capital: 0.36%

Proportions of ordinary shares of the issuer which belong to the subsidiary: 0.04%

Full and abbreviated corporate name:

Limited Liability Company «Spetsodezhda» (Spetsodezhda LLC)

Location: Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%
Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Closed Joint Stock Company "Shag-1" (CJSC "Shag-1")

Location: 5a, Gagarin St., Zhukovsky, Moscow Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 51.2%
Proportions of ordinary shares of the subsidiary which belong to the issuer: 51.2%
Participatory share of the subsidiary in the issuer's registered capital: 0
Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Limited Liability Company «Solid» (Solid LLC)

Location: Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%
Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «Avisma-Les» (Aviam-Les LLC)

Location: Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 51%
Proportions of ordinary shares of the subsidiary which belong to the issuer: 51%
Participatory share of the subsidiary in the issuer's registered capital: 0
Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Limited Liability Company Palace of Culture and Arts "Metallurgist" (PCA "Metallurgist" LLC)

Location: 88, Yubileinaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%
Participatory share of the subsidiary in the issuer's registered capital: 0%

Full and abbreviated corporate name:

Limited Liability Company "Sportivnaya" Canteen ("Sportivnaya" Canteen LLC)

Location: 55, Lenin av., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 99.8%
Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company Parking Place «Avtostoyanka» («Avtostoyanka» LLC)

Location: Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%
Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Closed Joint Stock Company «VGK AVISMA TITAN» (CJSC "VAT")

Location: Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 45%
Proportions of ordinary shares of the subsidiary which belong to the issuer: 45%
Participatory share of the subsidiary in the issuer's registered capital: 0
Proportions of ordinary shares of the issuer which belong to the subsidiary: 0

Full and abbreviated corporate name:

Joint Stock Company «Permatomenergoby» (CJSC "PermAES")

Location: Perm, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 23.99%
Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA - mashinostroitel» («AVISMA - mashinostroitel» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA - Spetsremont» («AVISMA - Spetsremont» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA - Stroy» («AVISMA - Stroy» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA – Techno Expert» («AVISMA - Techno Expert» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company Catering Complex «AVISMA – Combinat Pytanya» («AVISMA - Combinat Pytanya» LLC)

Location: 88, Yubileinaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA – TransAvto» («AVISMA - TransAvto» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «AVISMA – MetrATek» («AVISMA - MetrATek» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Limited Liability Company «Analytic-A» («Analytic-A» LLC)

Location: 29, Zagorodnaya st., Berezniki, Perm Region, Russia

Participatory share of the issuer in the registered capital of the subsidiary: 100%

Participatory share of the subsidiary in the issuer's registered capital: 0

Full and abbreviated corporate name:

Closed Joint Stock Company “Interstate Association Titan” (CJSC “Association Titan”)

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

Participatory share of the issuer in the registered capital of the subsidiary: 18,9%

Proportions of ordinary shares of the subsidiary which belong to the issuer: 18,9%

Participatory share of the subsidiary in the issuer's registered capital: 0%

Full and abbreviated corporate name:

Limited Liability Company “Trading House Tirus” (Trading House Tirus LLC)

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

Participatory share of the issuer in the registered capital of the subsidiary: 100%.

Participatory share of the subsidiary in the issuer’s registered capital: 0%

8.1.6. Material Transactions Effected by the Issuer

Material transactions effected by the Issuer, the size of liabilities under which equals 10% and more of the book value of the issuer’s assets according to its financial reports for the last complete 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 the Issuer’s Shares

Cancelled issues of shares:

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

State registration date: 28.04.1993. The issue is cancelled.

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

State registration date: 6.04.1998. The issue is cancelled.

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

State registration date: 22.05.1998. The issue is cancelled.

Shares in circulation:

Category of shares: ordinary

Par value of each share: 1 ruble

Number of shares in circulation: 11`529`538

State registration date: 11.11.2004.

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

preferred shares in the amount of 2`500`000 (two million five hundred thousand) pcs. at the par value of 1 rub. per share.

Declared preferred shares shall give the following rights:

- the right to annual receipt of the dividend in the amount of 2.25 of the par value;
- preferential right compared to ordinary shares to receive accrued but not paid dividends;
- preferential right to receive the portion of the cost of assets (liquidation value) on preferred shares which remained 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 and eighty five) ordinary registered shares at the par value of 1 ruble per share (declared shares).

Rights granted to the shareholders:

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

- to dispose the shares belonging to them without the consent of other shareholders and the Company according to the procedure stipulated by the By-Laws;

- Company shareholders who voted against or did not take part in voting with regard to allocation, by closed subscription, of shares and emission securities convertible into shares, have the priority right to purchase additional shares and emission securities convertible into shares allocated by means of closed subscription in the amount proportional to the number of shares of this category (type) belonging to them.

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

- to receive the part of net profit (dividends) subject to distribution among the shareholders according to the procedure stipulated by the law and by the Company By-Laws depending on the category (type) of shares belonging to him;

- to receive the part of the Company assets (liquidation quota) which remained after liquidation of the Company in proportion to the number of shares of the corresponding category (type) held by him;

- to have the access to the Company documents according to the procedure stipulated by the law and the Company By-Laws, and to receive copies thereof at a charge;

- to delegate all or some of the rights granted by the share of the corresponding category (type) to the representative (representatives) based on power of attorney;

- to exercise other rights stipulated by the law of the Russian Federation, the Company By-Laws as well as resolutions of the general meeting of shareholders made within its competence.

Ordinary shares:

Each ordinary share of the Company has the similar par value and grants shareholders – their owners - the same scope of rights.

Ordinary shares of the Company are considered to be voting shares with regard to all issues within the competence of the general meeting.

Shareholders – the owners of the ordinary shares of the Company – may, according to the Federal Law on “Joint-Stock Companies”, participate in general meetings of shareholders with the voting authority in regard to all the issues within its competence.

Shareholders – the owners of the ordinary shares - have the right to receive dividends, but only after the holders of preferred shares, the size of dividends for which is specified in the Company By-Laws.

Shareholders – the owners of the ordinary shares - may participate in allocation of assets in case of liquidation of the Company in the third priority, after payments on shares which should be redeemed in the first place, after payment of accrued but unpaid dividends on preferred shares and after payment of part of the cost of the assets (liquidation value) which remained after liquidation of the Company on preferred shares (second priority).

Preferred shares:

Preferred shares of the Company of the same type have the similar par value and grant shareholders – the owners - the same scope of rights.

Shareholders – owners of the preferred shares - have the right to take part in general meetings of the Company without the voting authority, except for cases stipulated by the current law of the Russian Federation and the Company By-Laws.

A shareholder – the owner of the preferred shares - participates in the general meeting of shareholders with the voting authority when solving the issues on reorganization of the Company.

A shareholder – the owner of the preferred shares – has the preferential right compared to the holders of ordinary shares to receive:

- dividends in amounts and according to the procedure stipulated by the current By-Laws;
- accrued but not paid dividends upon liquidation of the Company;
- part of the cost of the Company's assets (liquidation value) remaining upon its liquidation.

The size of annual dividend per one preferred share is determined at the rate of 9 par values of one preferred share.

Voting shares:

A voting share is a share giving the shareholder – its owner – the voting authority with regard to either all the issues within the competence of the general meeting or individual issues stipulated by the Federal Law.

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

- a fully paid up ordinary share except for shares being at the Company's disposal;

- a preferred share the amount of the dividend on which is determined in the By-Laws starting from the meeting following the annual general meeting at which, irrespective of the reasons therefore, no decision on payment of dividends or the decision on incomplete payment of the dividends on preferred shares was made. The right of shareholders – owners of preferred shares - to participate in the general meeting of shareholders with the vote is terminated of the date of full payment of dividends on specified shares.

The preferred share of any type gives the vote when solving the issue on reorganization and liquidation of the Company.

The preferred share of the specific type gives the vote when solving the issue on introduction of changes and amendments into the By-Laws, limiting the rights of shareholders – the owners of preferred shares of this type - including cases of determination or increase of the amount of the dividend and (or) determination or increase of the liquidation value paid on preferred shares of the preceding priority as well as granting the shareholders – owners of the preferred shares - another type of advantages in the order of priority for payment of dividend and (or) the liquidation value of shares.

Shares voting on all the issues 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 Company's authorities according to the procedure and under conditions established by the law and the By-Laws;
- to introduce proposals into the agenda of the annual general meeting of shareholders according to the procedure and under conditions established by the law and the By-Laws;
- to elect the working bodies of the meeting in cases stipulated by the By-Laws;
- to require convocation of the special general meeting of shareholders or audit of the financial and economic activities of the Company by the Auditing Committee of the Company according to the procedure and under conditions established by the law and the By-Laws;
- to require repurchasing by the Company of all or a portion of shares belonging to them according to the procedure and in cases stipulated by the Federal Law on "Joint Stock Companies";
- to require convocation of the meeting of the Board of Directors according to the procedure and under conditions stipulated by the By-Laws.

Preferred shares voting only on specific issues 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 only when solving such specific issues;
- to require repurchasing by the Company of all or a portion of the shares belonging to them in cases established by the Federal Law.

8.3. Previous Issues of Securities, except for the Issuer's Shares

No issues of issuer's securities except for its shares have been made.

8.4. Person (Persons) who Provided Security for Debentures of the Issue

No debentures have been issued.

8.5. Terms and Conditions for Discharge of Obligations for Debentures of the Issue

No debentures have been issued.

8.6. Organizations Keeping Records of Rights for the Issuer's Securities

Full and abbreviated corporate name:

Open Joint Stock Company "Central Moscow Depository" (JSC "CMD")

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

Postal Address: 34, Bolshaya Pochtovaya St., building 8, Moscow, Russia, 105082

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

Validity of the license: not limited

Authority which issued the aforesaid license: Federal Commission on Securities of the Russian Federation

No centralized custody of the issuer's issue securities has been accomplished in the reporting quarter.

8.7. Legislation Regulating Import and Export of the Capital, Effecting Payment of Dividends, Interest and Other Payments to Non-Residents

- Civil Code of the Russian Federation
- Law of the Russian Federation No. 3615-1 on "Currency Regulation and Currency Control" dated 09.10.1992
- Resolution of the Government of the Russian Federation No. 699 dated 24.09.2002 on "Procedure for Issuing Authorizations to Residents for Deferral of Payment for the Period of more than 90 Days with regard to Export of Goods (Operations, Services, and Intellectual Activity Results)".
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation No. 91-I and No.01-11/28644 dated 04.10.2000 on "Procedure for Currency Control over Justification of Imported Goods Payment to Residents"
- Instruction of the Central Bank of the Russian Federation and the State Customs Committee of the Russian Federation No.86-I and No.01-23/26541 dated 13.10.1999 on "Procedure for Currency Control over Receipt of Proceeds from Export of Goods in the Russian Federation"
- Tax Code of the Russian Federation

8.8. Taxation of Income from the Issuer's Securities Placed and Being Placed

The procedure and conditions of taxation of physical persons (both for taxable residents of the Russian Federation and for those who receive income from sources in the Russian Federation) on income such

as dividends and interests received from the issuer of securities, and income from sales of shares and other securities of the issuer in the Russian Federation or outside, are determined by Article 214.1 of the Tax Code of the Russian Federation.

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

The procedure and conditions of taxation of legal persons (both Russian and foreign organizations conducting their activities in the Russian Federation through permanent representative offices and/or receiving income from sources in the Russian Federation) on profit calculated allowing for income received by the organization from sales of securities is determined by Article 275 of the Tax Code of the Russian Federation.

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

8.9. Declared (Accrued) and Paid Dividends on the Issuer's Shares and Income from the Issuer's Debentures

Information on declared and paid dividends in 2003.

Index	Total Dividends Declared	Declared Dividends per Share	Date of General Meeting of Shareholders	Decision of the Annual General Meeting of Shareholders on Payment of share dividends	Date of Payment of Declared Dividends	Form of Payment of Declared Share Dividends	Reporting Period for which Dividends to be Paid	Total Dividends Paid	Total Dividends Unpaid
Ordinary Shares	116845157 rub.	11.00	May, 14 2004	Minutes dated June 2, 2004	Not later than 60 days from decision made by the general meeting of shareholders	In money terms	2003	116021224 rub.	823933 rub. Causes for unpaid dividends: no full bank details of the Companies. Inquiries sent.

Information on declared and paid dividends in 2004

Index	Total Dividends Declared	Declared Dividends per Share	Date of General Meeting of Shareholders	Decision of the Annual General Meeting of Shareholders on Payment of share dividends	Date of Payment of Declared Dividends	Form of Payment of Declared Share Dividends	Reporting Period for which Dividends to be Paid	Total Dividends Paid	Total Dividends Unpaid
Ordinary shares	308114270 rub.	29.00	June 10, 2005	Minutes dated June 17, 2005	Not later than 60 days from decision made by the general meeting of shareholders	In money terms	2004	306623496 rub.	1490774 rub. Causes for unpaid dividends: wrong, incomplete, obsolete bank details of the shareholders indicated in the registration forms.

Information on dividends declared and paid by AVISMA in 2000 – 2005

##	Index	2001		2002		2003		2004		2005	
		Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»
1	Total Dividends Declared, ths. rub	-	1 760	-	11 185	-	10 417	-	15 114	-	51 447
2	Declared Dividends per Share, rub	-	4,78	-	30,34	-	28,26	-	41,01	-	140,61
3	Date of General Meeting of Shareholders	June 15, 2001		March 22, 2002		March 28, 2003		June 29, 2004		March 30, 2005	
4	Decision of the Annual General Meeting of Shareholders on Payment of dividends	Minutes № 11		Minutes № 12		Minutes № 13		Minutes № 15		Minutes № 17	
5	Date of Payment of Declared Dividends	By the end of the corresponding financial year									
6	Form of Payment of Declared Share Dividends	In money terms									

##	Index	2001		2002		2003		2004		2005	
		Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»	Ordinary shares of issue 56-1-П-167	Preferred shares of type «A»
7	Reporting Period for which Dividends to be Paid	2000		2001		2002		2003		2004	
8	Total Dividends Paid	-	1 729	-	10 984	-	10 235	-	14 980	-	51 061
9	Total Dividends Unpaid	-	31*	-	201*	-	182*-	-	134*	-	386*

*The dividends were not paid due to absence and incomplete information on the registered persons held by the registrar.

8.10. Other Information

There is no other information about the issuer and its securities.