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## MESSAGE BY GENERAL DIRECTOR



**Dear ladies and gentlemen!**

JSC «Kazanorgsintez» has finished year 2003 with good financial and economic parameters. It was complex, but fruitful year. System of quality of the company, certificated in ISO 9001 standards, permanent work over reducing the costs, the highest possible loading of capacities and flexible price policy have increased financial efficiency of company's activities. So, it has been received about 1,7 mlrd. roubles of the profit from sale of commodity output, that is 53% higher than a level of 2002, rate of production volumes growth in comparable prices has made 107,7%. Intensive use of all company resources has allowed to reach a project level of using majority of production capacities, to reduce expenses per rouble of commodity output. The monthly average wages of employees have exceeded 9000 roubles.

High figures have been achieved due to persistent and systematic work of all personnel of the Company. Special words of gratitude I express to former General Director Jusupov Nail Habibovich who has created the collective, capable of perfecting itself and face challenges set by shareholders.

JSC «Kazanorgsintez» in 2003 continued reconstruction of basic production assets. Production capacities of ethylene have increased. Catalyst units and installation of product refrigerator of HDP plant have entered into operation. Mounting of installation on production of composite materials have been completed. Objects of weight control have been installed. The amount of capital investments has made 515 mln. roubles. It is not little, but obviously is not enough for attaining high objectives. As Tatarstan President M. Sh.Shamiev said: «Destiny of the economy in many respects depends on development of petrochemical branch, and JSC «Kazanorgsintez» in new plans is holding a special place. Serious increase in capacities is necessary». Therefore shareholders have set the task to double growth

of production volumes and profit. Labour collective of «Kazanorgsintez» will use the best efforts for its implementation. Today we have begun development of investment projects, which implementation will allow to reach new technical and technological level. It is necessary to construct new ethylene productions, to increase capacities of polyethylene production, to construct capacities on manufacturing new kinds of output, to improve industrial infrastructure.

Putting into practice the planned transformations requires from us increase of efficiency of activities in all spheres of management of the company: perfection of system of administrative account and analysis; optimization of property complex, accounts receivable and payable; increase of efficiency of supplying and marketing work; increase of efficiency of repair and auxiliary divisions and many other things. For achieving these tasks, organizational management structure of the company has been modernized and continues to be improved.

In a basis of any achievements stand people, a team of qualified experts united by one purpose, harmoniously working for common result. We should become such a team that in coming year and the next years to accept high plans and realize them.

I thank the workers, shareholders, partners and clients of JSC «Kazanorgsintez» for cooperation. I am sure that our joint work will promote development of the economy of the Republic of Tatarstan and Russia. Sincerely I wish you, your friends and relatives good health, well-being and prosperity.

Yours truly,  
Leonid Alyokhin.

## BRIEF INFORMATION ON JSC «KAZANORGSIITEZ»

### Name of the enterprise:

Kazan open joint-stock company «Organichesky sintez»  
(short name of JSC «Kazanorgsintez»).

### Address of the enterprise:

420051, Republic of Tatarstan, Kazan, street Belomorskaya, 101  
Ph. (8432) 12-30-09  
Site: [www.kazanorgsintez.ru](http://www.kazanorgsintez.ru)

### Chief of the enterprise:

#### General Director

Alyokhin Leonid Stepanovich  
Ph. 12-32-63

### Legal status:

Open joint-stock company with 1993.

### Information about the Company published:

In republican newspapers «Respublika Tatarstan»,  
«Vatany Tatarstan», «Vremya & Dengi», «Vecherny Kazan»,  
magazine «Bulletin of Federal Commission on Securities»,  
«Internet», site of the Company : [www.kazanorgsintez.ru](http://www.kazanorgsintez.ru)

### Main kinds of activities of the company (according to the Charter) are the following:

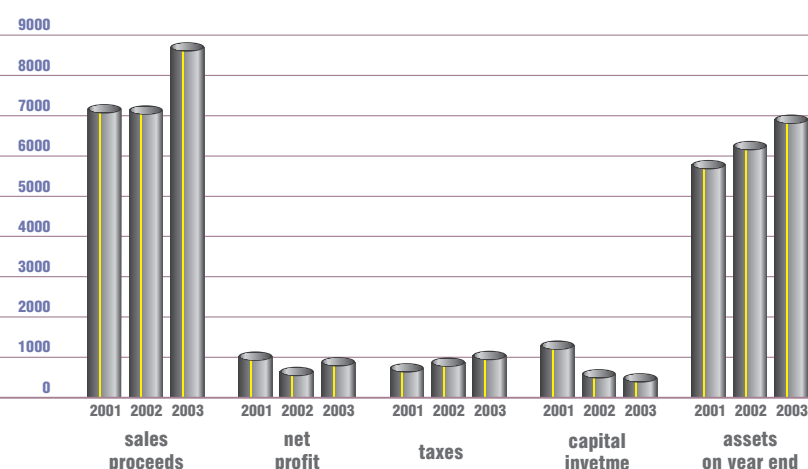
- Production, sale of output and goods, rendering services;
- Production and realization of research and developmental works, development and introduction of new technologies in production;
- External economic, financial, investment activities.

### Management bodies of the Company:

- General shareholders meeting;
- Supervisory Board;
- Collective agency (Executive Management) of the Company;
- Individual agency (General Director) of the Company.

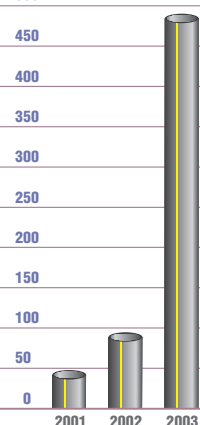
### Basic parameters under Russian standards

mln. roubles  
10000



### Payment of dividends

mln. roubles  
500



## MEMBERS OF SUPERVISORY BOARD AND EXECUTIVE MANAGEMENT



**Shigabutdinov Albert Kashafovich**

Chairman of Supervisory Board,  
General Director of JSC «TAIF»



**Sulteev Rustem Nurgasimovich**  
Member of Supervisory Board,  
First Deputy General Director of JSC «TAIF»



**Gaizatullin Radik Raufovich**  
Member of Supervisory Board,  
RT Minister of Finance



**Faskhutdinov Rashit Izakhmetdinovich**  
Member of Supervisory Board,  
First Deputy General Director JSC «TAIF»



**Salikhov Hafiz Mirgazyamovich**  
Member of Supervisory Board,  
RT Minister of Trade and External Economic  
Cooperation



**Safina Guzelija Muharjamovna**  
Member of Supervisory Board, Deputy General  
Director on Economy and Finance of JSC «TAIF»



**Tuktarov Farid Haidarovich**  
Member of Supervisory Board,  
RT Deputy Minister of Economy and Industry



**Presnyakov Vladimir Vasiljevich**  
Member of Supervisory Board,  
Deputy General Director of JSC «TAIF»



**Yarullin Rafinat Samatovich**  
Member of Supervisory Board,  
General Director of  
JSC «Tatneftekhiminvest–holding»



**Chitrov Eugeny Vladimirovich**  
Member of Supervisory Board, Director of  
Nizhnekamsk branch of JSC «TAIF»



**Yusupov Nail Habibovich**  
Member of Supervisory Board,  
Adviser to General Director  
of JSC «Kazanorgsintez»

## MEMBERS OF EXECUTIVE MANAGEMENT



**Alyokhin Leonid Stepanovich**

Member of Supervisory Board,  
General Director



**Kudryashov Vladimir Nikolaevich**  
Member of Supervisory Board,  
Member of Executive management,  
First Deputy General Director — Technical Director



**Mukhametshin Marat Faritovich**  
Member of Executive Management,  
Deputy General Director – Director on Economy  
and Finance



**Potashkin Andrey Fedorovich**  
Member of Executive Management,  
Deputy General Director — Director on Production



**Mukharlyamov Sabirkhan Faizrahmanovich**  
Member of Executive Management,  
Deputy General Director — Director on Management  
of Property



**Gataullin Magdut Makhmutovich**  
Member of Executive Management,  
Deputy General Director —  
Director of Capital Construction



**Trusov Alexander Ivanovich**  
Member of Executive Management,  
Deputy General Director — Director Commercial



**Kurbanov Ravil Barievich**  
Member of Executive Management,  
Deputy General Director — Director on Economic  
Safety and Regime



**Shaikhiev Gaifutdin Gilazovich**  
Member of Executive Management,  
Deputy General Director — Director on Personnel



**Galejev Rustam Anasovich**

Member of Executive Management,  
Chief Accountant of JSC «Kazanorgsintez»

## MISSION

Our purpose is to be the best in the Russian market of chemical products, to meet high world standards in mutual relations with business partners, investors, employees, society, environment.

We shall achieve implementation of the tasks set by shareholders due to professionalism and introduction of new technologies.

«Kazanorgsintez» strictly adheres to principles of business ethics, in mutual relations with partners on business, consumers, financial and public institutions considering its reputation as one of the most powerful asserts. Constructive partner relations are being maintained with suppliers, buyers, business — structures, authorities and all interested groups of society.

Main condition of successful development of the enterprise and prosperity of business are people, therefore «Kazanorgsintez» aspires to creating corporate environment where each employee could realize professional abilities with maximal advantage for himself and the company. We provide the employees worthy working conditions and material compensation.

The main directions of investments are introduction of modern technologies and company's scientific developments.

«Kazanorgsintez» aspires to that level of industrial and ecological safety which would correspond requirements of legislations, and applies the best efforts for absolute reduction of harmful influence on environment and health of people.

## STRATEGY

### Corporate strategy

General strategy of JSC «Kazanorgsintez» is aimed at the further transformation into the company of international standards which by level of market cost and basic financial and economic indices will correspond to leading petrochemical enterprises of the world.

Primary elements of development strategy of JSC «Kazanorgsintez» are the following:

- Increase in production capacities and expansion of a field of activities towards production of high converted output, keeping the position of one of the most advanced manufacturers in the world;
- Increase in sale efficiency due to export and direct sales to ultimate consumers, on the basis of deliberate price policy and realization of complex of measures on expanding company's market.

### Objectives and tasks

Implementation of corporate strategy provides modernization of basic productions and construction of new capacities.

In 2004, the works on reconstruction of Ethylene and LDPE plants are to be continued, with attaining capacity on ethylene up to 500 thousand tons, on polythene up to 510 thousand tons per year. Works will be launched on development of engineering networks, and also design works on construction of:

- Installations on ethylene production at capacity of 600 thousand tons;
- Production of bisphenol at capacity of 85 thousand tons;
- Production of polycarbonates at capacity of 80 thousand tons;
- Installations of productions of polyethylene at capacity of 250 thousand tons.

Investment plan provides stage-by-stage completion of works on commissioning new capacities up to 2010.

## CORPORATE MANAGEMENT

Activities of top management of the enterprise is aimed at preservation, development and growth of shareholders asserts. Executive Management aspires to maximum effective implementation of decisions taken up by general shareholders meetings with regard for the rights of all shareholders. Management is carried out in strict conformity with current legislation, Charter, on the basis of precise distribution of rights and duties of Supervisory Board and Executive Management.

All most significant events take place on the basis of open information interchange with shareholders and other interested persons. Executive

Management aspires to maximal transparency of the activities limited by frameworks of the law and conditions of competition. Disclosing of information is carried out according to requirements of Federal Commission on Securities and other regulating bodies.

Activities of Executive Management is held on conditions of impartiality and economic expediency according to the standards and principles recognized by international community.



## KAZANORGsinTEZ

ANNUAL REPORT 2003

### REVIEW OF RUSSIAN ECONOMY

Year 2003, for the Russian economy was one of the most successful for years of reforms. By most of parameters, rates of growth were higher, than in 2002. For 2003, as against last year, growth of gross national product and volume of industrial production has made 7%, including 2% due to increase of mid-annual price for Russian oil Urals and 5% due to growth of investments into fixed capital and incomes of the population.

The volume of industrial production in Tatarstan has increased 104,4%, in chemical and petrochemical industry by 13,1%.

In the Russian Federation for 2003 export of goods has made \$134,4 mlrd. against \$107,3 mlrd. for last year (growth by 25,3%). Import of the goods has made \$74,8 mlrd. and by 22,7% exceeded level of 2002. The basic growth of import volume took place at the cost of increasing physical volumes.

The foreign trade balance in 2003 on average for a month made about \$5 mlrd. that is much higher, than one year ago and is comparable to a record level of 2000. It has caused a significant gain of gold-foreign currency reserves for Bank of Russia which has reached \$79,1 mlrd. in January 16, 2004.

In expired year rates of inflation have decreased. For 2003 consumer prices have increased by 12% as against 15,1% for 2002.

The gain of production output in chemical and petrochemical industry in 2003 has made 4,4% against last year while in 2002 it was up to standard of 1,6%. The production volume almost of all kinds of output manufactured by the branch has increased, except for paint and varnish materials (decrease 11,4%) and synthetic dyes (decrease 7%).

Production of polystyrol and copolymers of styrol has grown up most of all — 21% against results of last year, that is up to 131 thousand tons against 108 thousand tons in 2002. Due to increase in demand at the home and external markets, and also in connection with improvement of raw resources supply, production of chemical fibres and threads has grown by 15,9% and made 185 thousand tons (against 159 thousand tons).

The production volume of synthetic pitches and plastic has grown 4,7% in connection with commissioning at JSC «Nizhnekamskneftekhim» of new polystyrol production at capacity of 50 thousand tons per year, and also due to good work of joint-stock companies «Kazanorgsintez», «Tomsk Oil Chemical Plant», «Ufaorgsintez», Volgograd «Plastkard» owing to which production of polythethylene has increased by 2,6%, polypropylene — 6,3%.

Production of tyres for cars has grown up to 24,3 million pieces, and for cargo trucks — up to 11,7 million pieces with a gain accordingly 9,5% and 7,9%. In 2002 these parameters were equaled to 22,2 and 10,86 million pieces. In turn, growth of tyre production has affected increase



## REVIEW OF RUSSIAN ECONOMY

in release of synthetic rubbers by 16,7%. The physical volume of export deliveries of synthetic rubber has increased by 22,6%, deliveries in cost expression have increased by 42,4%.

Manufacture of polyvinylchloride pitch with copolymers of vinylchloride has increased in 2003 by 3,5% and reached 547 thousand tons against 528 thousand tons in 2002.

For 2003 currency proceeds from export have made \$ 6,5 billion, it is higher 17% received in 2002.

In 2003 the volume of investments into fixed capital against last year has made 112,5% against 102,6% in 2002. In 2003 in chemical complex the volume of investments due to all sources of financing in comparison with 2002 grew in comparable prices by 5% and volume of capital investments is equal about 30,2 mlrd. roubles. It means that the enterprises have actively started to channel funds in modernization of production and updating of assortment.

For the first time from the beginning of reforms international rating agency Moody has raised a rating of Russia up to investment level.

### Basic parameters of economy development

Parameters (in % against last year)	2000	2001	2002	2003
GROSS NATIONAL PRODUCT	110,0	105,1	104,7	107,0
Cons. price index (last December)	120,2	118,6	115,1	112,0
Production of industrial output	111,9	104,9	103,7	107,0
Investments into fixed capital	117,4	110,0	102,6	112,5
Export of goods	139,0	97,0	105,3	125,3
Import of goods	113,5	119,8	113,4	122,7
<b>Parameters</b>				
Rate of rouble / USD on December 31	28,16	30,14	31,78	29,45
Rate rouble/Euro on December, 31	26,14	26,49	33,11	36,82
Aver. oil price «Urals» USD/barrel	26,90	22,80	23,30	27,30

The material is prepared on the basis of data Минэкономразвития and Goskomstat of Russia

**CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**ACCOUNT OF INDEPENDENT AUDITOR**

To the Shareholders and Board of Directors of OAO «Kazanorgsyntez»:

1. We have audited the accompanying consolidated balance sheet of OAO «Kazanorgsyntez», a Russian open joint stock company (hereinafter referred to as the «the Company»), as of 31 December 2003 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OAO «Kazanorgsyntez» as of 31 December 2003, and the results of its operations and its cash flows for the year then ended in conformity with International Financial Reporting Standards.

19 March 2004

**CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

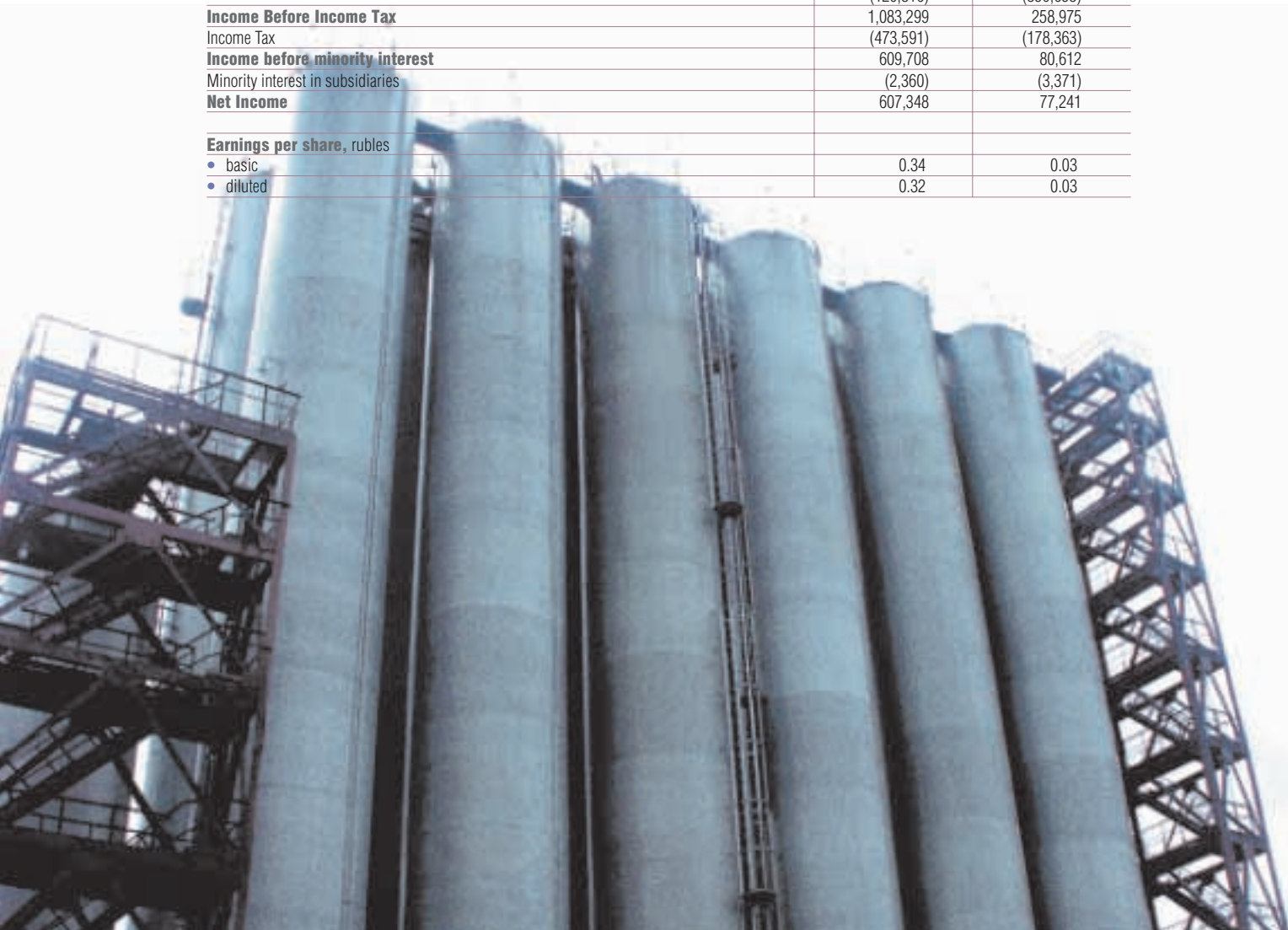
**CONSOLIDATED BALANCE SHEETS**

	(in thousand Rubles)	
	31 December	
	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment, net	7,111,201	7,026,163
Intangible assets	59,391	67,551
Investments, net	344,209	255,298
Investment in associates	26,280	28,157
Non-current VAT receivable	29,080	1,706
	7,570,161	7,378,875
Current Assets		
Inventories, net	1,172,368	1,075,024
Trade accounts receivable, net	608,096	571,752
VAT receivable	238,292	190,455
Advance payments to suppliers and other accounts receivable, net	203,795	145,851
Prepaid expenses and other current assets, net	11,973	4,741
Cash and cash equivalents, net	218,466	55,595
	2,452,990	2,043,418
<b>TOTAL ASSETS</b>	<b>10,023,151</b>	<b>9,422,293</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholder's equity		
Share Capital	1,904,710	19,047
Share premium	1,515,015	1,515,015
Treasury shares	—	(54,405)
Retained earnings	4,774,109	6,134,984
	8,193,834	7,614,641
Non-current liabilities		
Minority interest	23,921	44,238
Non-current VAT payable	29,080	1,706
Non-current lease liability	110,587	7,721
Deferred tax liability	832,737	709,590
	996,325	763,255
Current liabilities		
Trade accounts payable	471,321	485,802
Advance payments on sales	55,112	61,476
Short term borrowings	69,375	275,336
Taxes payable	91,341	59,346
Provisions	31,723	93,548
Other liabilities	114,120	68,889
	832,992	1,044,397
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,023,151</b>	<b>9,422,293</b>

**CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**CONSOLIDATED STATEMENTS OF INCOME  
(For the years ended 31 December)**

	(in thousand Rubles)	
	<b>2003</b>	<b>2002</b>
<b>Product sales</b>	8,934,583	7,491,412
<b>Other sales</b>	469,816	305,790
	9,404,399	7,797,202
Cost of product sales	(6,589,346)	(5,793,717)
Cost of other sales	(310,654)	(306,658)
	(6,900,000)	(6,100,375)
<b>Gross margin</b>	2,504,399	1,696,827
Other operating expenses, net	(1,222,755)	(1,080,021)
Tangible assets write-down to recoverable amount	(77,529)	1,802
<b>Operating income</b>	1,204,115	618,608
Non-operating expenses, net	(40,894)	(224,093)
Net finance income/ (costs), net	(13,736)	(30,805)
Exchange rate gain, net	3,384	21,454
Gain on disposal of subsidiaries	4,217	—
Gain on disposal of associates	1,291	—
Income/ (loss) from interests in associate	9,600	(2,153)
General price level loss, net	—	(50,970)
Other non-operating items	(84,678)	(73,066)
	(120,816)	(359,653)
<b>Income Before Income Tax</b>	1,083,299	258,975
Income Tax	(473,591)	(178,363)
<b>Income before minority interest</b>	609,708	80,612
Minority interest in subsidiaries	(2,360)	(3,371)
<b>Net Income</b>	607,348	77,241
<b>Earnings per share, rubles</b>		
• basic	0.34	0.03
• diluted	0.32	0.03





# KAZANORGSINTEZ

## ANNUAL REPORT 2003

### CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### CONSOLIDATED STATEMENTS OF CASH FLOWS For the years ended 31 December

	(in thousand Rubles)	
	2003	2002
<b>Cash flows from operating activities</b>		
Net profit before income taxes	1,083,299	258,975
Adjustments for:		
Net finance costs	13,736	30,805
(Income) / Loss from interests in associate	(9,600)	2,153
Gain on disposal from associates	(1,291)	–
Gain on disposal from subsidiaries	(4,217)	–
Loss on disposal of equity investments	50,189	81
(Gain) / Loss on disposal of property, plant and equipment	17,091	36,197
Depreciation	550,123	520,723
Amortization	9,255	8,141
<b>Operating profit before working capital changes</b>	<b>1,708,585</b>	<b>857,075</b>
Increase/ (Decrease) in provision for tax claims	(33,187)	14,363
Increase/ (Decrease) in provision for legal claims	3,073	(1,304)
Increase in trade accounts receivable	(87,064)	(19,692)
Decrease (Increase) in advances and other accounts receivable	(26,959)	247,928
(Increase) Decrease in inventories	(95,736)	(107,819)
(Increase) Decrease in VAT receivable	(16,944)	(122,421)
Decrease (Increase) in other current assets	(7,232)	3,642
Decrease in trade and other payables	(47,238)	(130,933)
Increase (Decrease) in advances received	(6,364)	373
Increase (Decrease) in taxes payable	(34,405)	2,695
(Decrease) Increase in other current liabilities	25,000	6,330
Increase in allowance for long-term investments	(59,153)	6,792
Decrease in allowance for doubtful accounts	37,906	(35,517)
Increase (Decrease) in obsolescence and NRV reserves	(1,097)	17,931
<b>Cash generated from operations</b>	<b>1,359,185</b>	<b>739,444</b>
Interest paid	(18,970)	(37,200)
Income tax paid	(313,156)	(158,088)
<b>Net cash flows (used in) / from operating activities</b>	<b>1,027,059</b>	<b>544,156</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(430,267)	(496,963)
Acquisition of subsidiary, net of cash acquired	(9,600)	–
Acquisition of equity investments	(128,694)	(32,762)
Proceeds from disposal of property, plant and equipment	7,206	9,789
Proceeds from disposal of equity investments	43,475	97
Disposal of subsidiaries	2,882	–
Interest received	8,369	–
Dividends received	10,414	5,745
<b>Net cash flows used in investing activities</b>	<b>(496,215)</b>	<b>(514,094)</b>
<b>Cash flows from financing activities</b>		
Payment of finance lease liabilities	(47,453)	(10,620)
Acquisition of treasury shares	(46,000)	(54,405)
Proceeds from short-term borrowings	806,582	2,013,003
Repayment of short-term borrowings	(987,174)	(1,951,640)
Dividends paid	(93,928)	(36,950)
<b>Net cash flows from financing activities</b>	<b>(367,973)</b>	<b>(40,612)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>162,871</b>	<b>(10,551)</b>
<b>Monetary effects on cash</b>	<b>–</b>	<b>(9,147)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>55,595</b>	<b>75,293</b>
<b>Cash and cash equivalents at end of period</b>	<b>218,466</b>	<b>55,595</b>



# KAZANORGSINTEZ

## ANNUAL REPORT 2003

### CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY For the years ended 31 December 2003 and 2002

(one thousand Rubles)						
	Shareholders' equity		Share premium	Treasury shares	Retained earnings	Total
	Thousands of shares	Amount				
<b>BALANCES,</b>						
31 December 2001	19,047	19,047	1 515,015	—	6,106,504	7,640,566
Net income	—	—	—	—	77,241	77,241
Acquisition of treasury shares	—	—	—	(54,405)	—	(54,405)
Dividends	—	—	—	—	(48,761)	(48,761)
<b>BALANCES,</b>						
<b>31 December 2002</b>	19,047	19,047	1,515,015	(54,405)	6,134,984	7,614,641
Net income	—	—	—	—	607,348	607,348
Increase in share capital	1,885,663	1,885,663	—	—	(1,885,663)	—
Acquisition of treasury shares	—	—	—	(46,000)	—	(46,000)
Disposal of treasury shares	—	—	—	100,405	—	100,405
Dividends	—	—	—	—	(82,560)	(82,560)
<b>BALANCES,</b>						
<b>31 December 2003</b>	1, 904,710	1,904,710	1,515,015	—	4,774,109	8,193,834

## BASIC PARAMETERS UNDER RUSSIAN ACCOUNT STANDARDS

No	Parameters	unit of measure	2001	2002	2003	deviation 2003/2002
<b>1</b>	<b>Production</b>	tons				
	Ethylene		337 080	332 950	370 480	111,3%
	Phenol		36 300	32 081	41 233	128,5%
	Acetone		23 015	20 354	26 005	127,8%
	HDPE		176 035	173 657	183 734	105,8%
	LDPE		178 784	197 865	199 640	100,9%
	Ethylene oxide		53 166	57 235	61 596	107,6%
	Pipes, polyethylene fittings		24 716	24 823	27 630	111,3%
<b>2</b>	<b>Commodity output</b>	mln. rub.				
	In comparable prices of 2003		8 122,9	8 147,3	8 773,8	107,7%
	In current prices	mln. rub.	7 197,4	7 163,6	8 773,8	122,5%
	cost price	mln. rub.	5 895,0	6 057,5	7 039,6	116,2%
	Expenses per 1rub. C.O.	rub.	0,82	0,85	0,80	94,1%
<b>3</b>	<b>Output sold</b>	mln. rub.				
	by wholesale prices		7 134,7	7 133,6	8 723,7	122,3%
	Including export		1 337,1	1 332,3	2 187,3	164,2%
	under cost price		5 871,7	6 042,4	7 050,1	116,7%
	profit		1 263,0	1 091,2	1 673,6	153,4%
	profitability	%	17,7	15,3	19,2	125,5%
<b>4</b>	<b>Debts</b>	mln. rub.				
	receivable		1 019,4	776,7	899,4	115,8%
	payable		945,6	756,2	545,2	72,1%
<b>5</b>	<b>Taxes (charged)</b>	mln. rub.	740,0	877,1	1 049,5	119,7%
<b>6</b>	<b>Net profit</b>	mln. rub.	1 038,2	652,5	889,2	136,3%
<b>7</b>	<b>Capital investments</b>	mln. rub.	1 303,9	589,9	515,1	87,3%
<b>8</b>	<b>Amort. Fix. capital indust. gr. total</b>	mln. rub.	137,0	243,5	272,0	111,7%
<b>9</b>	<b>Average nr. of employed TOTAL</b>	pers.	7 023	6 835	6 858	100,3%
	industrial–production personnel	pers.	6 175	6 216	6 208	99,9%
<b>10</b>	<b>Average salary in TOTAL</b>	rub.	6 778	7 475	8 746	117,0%
	industrial–production personnel	rub.	7 133	7 750	9 039	116,6%

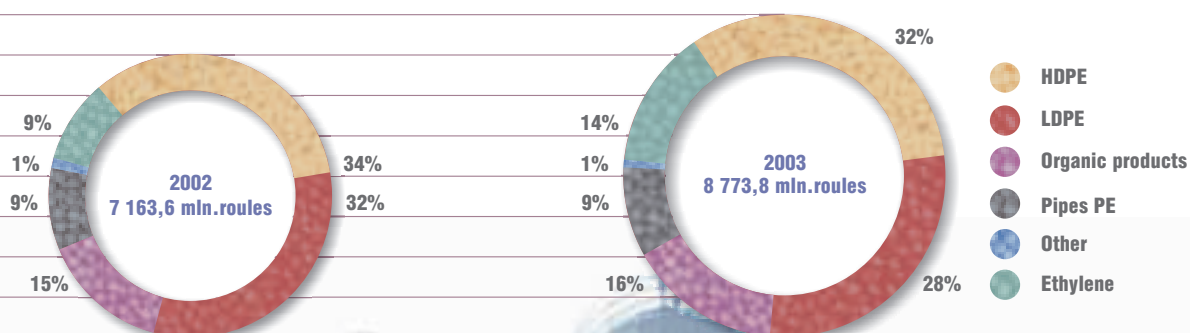
## INDUSTRIAL-ECONOMIC ACTIVITIES

### CAPACITIES AND REALIZATION

General capacities of the enterprise by the beginning of 2003 have made 1193,5 ths. tons of output of organic synthesis, as against 2002 they have increased 1,4%. Use of capacities made 85,4%, in 2002 — 79%. Production capacities of HDP have increased by 4,8 ths. t., of ethylene oxide by 1,5 ths. t., of ethylene glycol, 1,8 ths. t., of TVV (textile auxiliary substances and modifiers by 976 tons. Production in natural expression increased 9,7%, gain of commodity output made 7,7% that testifies to change of commodity output structure.

In 2003, the sum of proceeds from sale of output has made 8723,7 mln. roubles, that is higher than a level of 2002 by 22,3%. The average sale prices for output produced by the company increased 14,6%. The share of sales of finished goods in total amount of proceeds made 99,5%. The full cost price of realized output made 7050,1 mln. roubles, increase in comparison with last year by 1007,7 mln. roubles or 16,7%. It means that rates of proceeds growth surpassed rates of cost price growth by 5,6%. This resulted in growth of sales profit by 582,4 mln. roubles or 53,4%.

### Structure of commodity output per plants



## INDUSTRIAL-ECONOMIC ACTIVITIES

### ETHYLENE PLANT

In 2003, reconstruction of ethylene installation of 4 turn has been finished, with increase in capacity up to 225 ths.t. (by 25 ths. t.) and modernization of pyrogas compressor of ethylene of 1 turn has been completed.

«Ethylene plant» produces ethylene, phenol, acetone, propylene. Ethylene serves as initial raw material for manufacture of polyethylene and ethylene oxide. In 2003, it has been made more than 370 ths. t. of ethylene. Loading of capacities made 88,2%. Growth of production volumes as against 2002 has made 11,3%.

Phenol is used for production of caprolactam, defenilpropaan, medical preparations, synthetic pitches, softeners, herbicides. In 2003, it was produced 41,2 ths. t. of phenol that is more than last year by 28,5%. Acetone is used in production of acetic anhydride, acetoniangidrine,

defenilpropan as solvent in various industries. The volume of its production has made 26 ths. t. that is more as against last year 27,8%.

Propylene is intended for manufacture of polypropylene, phenol, acetone, propylene oxide.

Ethylene plant is the first in a technological chain of «Kazanorgsintez» conversions and the most part of output is transferred to HDPE, LDPE, Organic product plants for the further processing.

### HDPE PLANT

«HDPE» plant turns out various brands and compositions of polyethylene of high density for manufacture of castings, blown, extrusion and film items. Plant is the unique producer in the CIS of electric-conductive compositions of polyethylene for production of special cables and pipes for transportation of explosives in mining industry. The plant produces a composition of polyethylene with high adhesive properties, allowing to raise corrosion stability of spiral-seam pipes during isolating them by this kind of polyethylene.

In 2003, catalyst units of dosage of catalyst systems, separator of high density and product refrigerator have been commissioned.

In reporting year it was made 184 ths.t. of HDPE, that is by 5,7% more than in 2002. Loading of production capacities made 97,4% (in 2002 — 92%).

Specific weight of HDPE in commodity output of «Kazanorgsintez» makes 32 %.

## INDUSTRIAL-ECONOMIC ACTIVITIES

### LDPE PLANT

«LDPE» plant produces various brands and compositions of low density polyethylene intended for production of castings extrusion, cable items, and also pressure head and gas pipes.

In 2003, two packing lines and line on processing polythene powder have entered into operation.

In accounting year the plant has produced 199 ths.t. of polyethylene (in 2002 – 198 ths. t. ). Loading of production capacities has made 101,1%. For processing of polyethylene into polyethylene pipes and fittings it has been directed 28,1 ths. t. (+15,2% against 2002), other part of output was sold out.

Specific weight of LDPE in commodity output of «Kazanorgsintez» constitutes 28%.

### Production of basic kinds of output

thousand tons

450

400

350

300

250

200

150

100

50

0

2001 2002 2003  
Ethylene

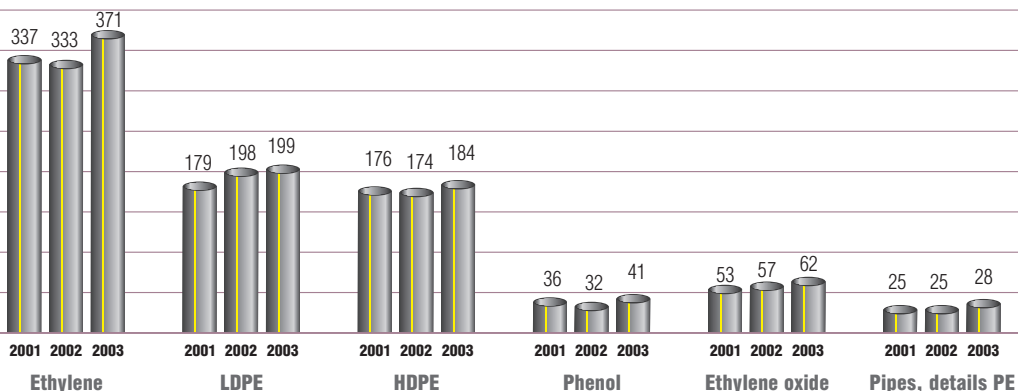
2001 2002 2003  
LDPE

2001 2002 2003  
HDPE

2001 2002 2003  
Phenol

2001 2002 2003  
Ethylene oxide

2001 2002 2003  
Pipes, details PE





# KAZANORGSINTEZ

## INDUSTRIAL-ECONOMIC ACTIVITIES

### «ORGANIC PRODUCTS» PLANT

The plant of «Organic products» produces glycols, ethanolamines, cooling liquids, textile auxiliary substances, and products for primary preparation of oil — inhibitors of corrosion and paraffin sediments, proxanols –proxamines, demulsifiers.

Glycols are used by gas–transport and gas enterprises for gas dehydration and considered the basic raw material for obtaining foam polyurethane and delivered to manufacturers of synthetic fibres as well. In reporting year modernization of glycols production has allowed to increase capacity by 5,1%.

Ethanolamines are used by gas and oil industry for clearing gases from acidities and sulfur content organic compounds and in manufacturing perfumery items.

Oil demulsifiers, inhibitors of corrosion and paraffin sediments are used by oil–extracting enterprises for separating oil from water, for increasing oil feedback from layers and protection of drilling equipment.

Textile auxiliary substances stearoxes, oleoxes, oxamines, oxyethylene fat acids, amines are used in production of woolen, cotton, silk, artificial fibres, add manufacturability, antistatic character to fibre, modify its structure, increasing strength properties. As a result of modernization carried out in 2003, capacities have increased by 4,8%.

Cooling liquids made by «Orgproducts» plant are intended for application in systems of cooling heat–exchange devices and engines of internal combustion.

In 2003 it has been produced about 116,2 ths. t. of commodity output. Loading of production capacities made 72,8% (+6,3% as against 2002). Specific weight of organic products in commodity output of «Kazanorgsintez» makes 16%.

### PLASTIC PROCESSING PLASTIC PLANT

The plant is the largest in Russia producer of polyethylene pipes and connecting fittings. Polyethylene pipes are widely applied in systems of gas & water supply, water drain, systems of technological pipelines. The plant has production of polypropylene bags and soft containers. Produced bags and containers are used for packing polyethylene made by «Kazanorgsintez» and also delivered to producers of mineral fertilizers, sugar, flour.

The volume of polyethylene pipes production in 2003 has made 27,6 ths. t. (+11,3% against 2002). Loading of PE pipe production capacities has made 56% (in 2002 50,3%). It has produced 5,8 mln. pcs. of bags (in 2002, 8,4 mln. pcs.). Loading of PE bags production capacities has made 37%. Specific weight in commodity output of JSC «Kazanorgsintez» makes 9%.



# KAZANORGsinTEZ

ANNUAL REPORT 2003

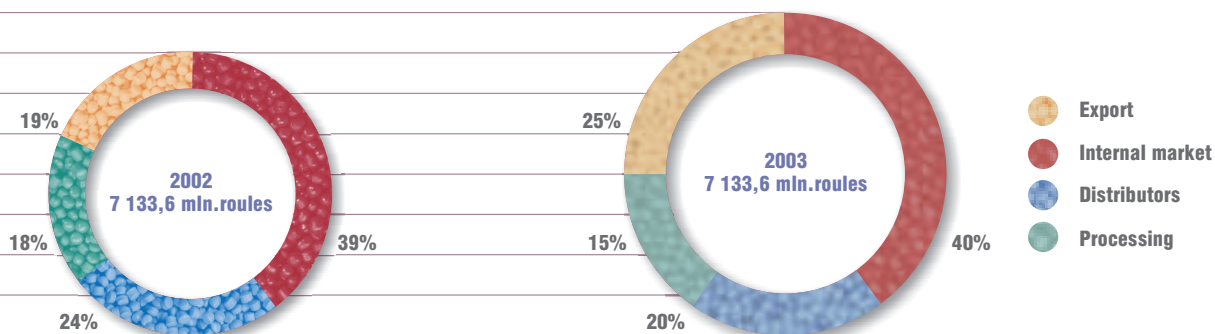
## COMMERCIAL ACTIVITIES

### SALE

Annually «Kazanorgsintez» produces more than 170 kinds of various chemical produce in volume more than 1 million tons.

In 2003, the sum of proceeds from products sale has made 8723,7mln roubles. The manufactured output is realized at the external and internal markets to wholesale buyers. Share of «Kazanorgsintez» in the Russian market of polyethylene makes 37,4%, polyethylene pipes of 42%, phenol and acetone of 21%. In structure of realized output the share of export has essentially increased from 19% up to 25% .

### Structure of products sale





# KAZANORGSI<sup>TEZ</sup>

## ANNUAL REPORT 2003

### COMMERCIAL ACTIVITIES

#### PRICES

Financial position of «Kazanorgsintez» is determined first of all by prices on raw material, power and produced output. In 2003, tariffs on heat energy have raised 24,5%, on electric power decreased 7%.

Prices on basic raw material have turned up: ethane-ethylene by 1-2%, propane-butane — 23%, benzol — 52%. Average prices of products sale of the enterprise have increased by 14,6%.

#### POWER

Power policy of JSC «Kazanorgsintez» is built according to the authorized federal target program «Energy-saving in Russia» for 1998 — 2005 and republican target program «Energy-saving in Republic of Tatarstan for 2000-2005».

In 2003, production volume in natural expression has increased by 9,7%. As a result, consumption of heat and electric power in natural expression has increased by 4,5% and 3,7% accordingly and made 2908 ths. Gcal and 1311 mln. Kwatts Consumption per ton on heat

decreased by 1,7%, on electric power by 2,5% in comparison with last year. The reasons of decrease in specific consumption of heat and electric power are the following:

- Strict control of heat-energy consumption with application of automated systems of account;
- More full use of own power resources;
- Reconstruction of productions and separate units with reduction of power resources discharge.

#### TAXES

For 2003, 1049 mln. roubles, in 2002 — 877 mln. roubles have been transferred to budgets of different levels and off-budget funds.

997 mln. roubles taxes to budgets of different levels, that makes 1,5% (in 2002, 1,2%) of the taxes collected in the republic.

For 2003, 68,0 (in 2002, 64,7) mlrd. roubles taxes have been collected in the Republic of Tatarstan JSC «Kazanorgsintez» has transferred

The enterprise has no delayed debts against the budget and off-budget funds.

#### Taxes

mln.roules

1200

1000

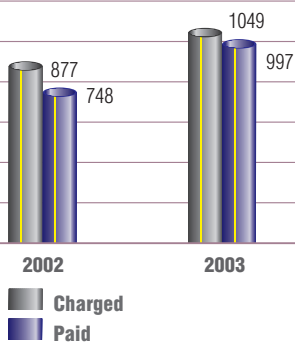
800

600

400

200

0



## SYSTEM OF QUALITY

In 2003, system of quality has successfully passed inspection control by bodies on certification of systems of quality Det Norske Veritas (DNV Italy) and VNIIS (Moscow) on conformity to requirements ISO 9001:2000 and GOST R ISO 9001-2001.

In 2003, HDPE of 11503-070 brand has been certificated by Swiss firm RCC on conformity to applied norms on materials for packing foodstuff in the countries of Europe. «Diproxamine 157-65M» has been certified for application of chemical product in technological processes of extraction and transporting oil. Polypropylene containers by carrying capacity 0,5 0,7; 1,0 t. have been certified on conformity to European standard EN 1898-2000. Woven polypropylene bags of 5 types have been certificated on conformity to requirements of GOST 26319 and GOST 30090 for bags used in packing of dangerous cargoes.

For 2003 the company produced the certified products in amount of 7,2 mlrd. roubles, that makes 82,6% of commodity output (2002 — 6,2 mlrd.roubles., 86,7%). Decrease in share of certificated products happened due to increase in share of organic products not subject for obligatory certification.

The general level of products quality produced by the company remains stable. The production volume accepted by Service of quality from the first presentation has made:

In 2001 — 99%, in 2002 — 99,3%, in 2003 — 99,6%.

## DEVELOPMENT OF TECHNOLOGIES AND BRANDED ASSORTMENT

Action «Intensification of process of polymerization and production of new brands of polyethylene in autoclave reactors with application of new product refrigerators» has been introduced at the HDPE plant, that allowed to increase hourly average productivity of autoclave reactors. Orgproducts plant has mastered production of alkylphenols SNPH- AF-1, which are a basis for production of highly effective products inhibitors of corrosion SNPH-6438, SNPH – 6201 .

In 2003 new kinds of products have been worked out :

- Compositions HDPE De KOS- TEP, De Kos-TEP U;
- Compositions LDPE of 276 brand, cable brands 273-711K, 273-811K;
- Reagent – demulsifier Den Master 3010, SNPH-4880, Kosinotol 247, 248.

## MANAGEMENT OF PERSONNEL

### WORK AND WAGES

On January 1, 2004, number of personnel made 6958 people, in comparison with the beginning of year it has decreased by 4 persons.

In reporting year rate of labour productivity growth to a level achieved last year, in established prices — 122,8%, in comparable prices 107,8%.

The monthly average wage has grown in comparison with 2002 by 17% and made 8746 roubles. For a payment in accounting year it has been spent 720,8 million roubles.

### STAFF

Basis of staff policy at JSC «Kazanorgsintez» is the principle of preservation of basic personnel and attraction of new specialists according to high level of requirements to professionalism of workers. The main directions of personnel selection at JSC «Kazanorgsintez» are the following:

- Selection and placement of personnel, capable to manage production;
- Preparation and retraining of the top and middle administrative staff;
- Maintenance of qualifying potential of personnel at high level by training and improvement of professional skills of the staff.

In expired year 3381 people have had training preparation and development of professional skills, including 1281 chiefs and experts. Actual expenses for professional training have made 10,2 mln. roubles, that is by 20% higher than last year level.



## KAZANORGSINTEZ

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### SOCIAL POLICY

Social policy of JSC «Kazanorgsintez» is aimed at creating conditions of social security for workers and maintenance of favorable social — psychological climate in the collectives. Social objects of the enterprise are furnished with modern equipment. In our medical institutions the workers of the enterprise, members of their families, pensioners eligible to receive a qualified help.

For performance of social policy objectives the enterprise has the following social objects on its balance:

- Medico-sanitary hospital;
- Palace of culture of Chemists;
- Swimming pool «Sintez»;
- Children's rest base «Solnechny»;
- Rest base «Shelanaga»;

- Rest base «Observatory»;
- Horse-racing complex;
- Water – rowing base.

The following social programs relate to number of prioritized ones :

- System of non– state provision of pensions;
- Organization of health services, sanatorium–resort treatment and rest of workers and members of their families;
- Construction of housing for workers of the enterprise;
- Organization of holidays, cultural–mass and sports actions.

### NATURE PROTECTION ACTIVITIES

Economic activities of JSC «Kazanorgsintez» are carried out within the limits of nature protection legislation of Russia and Tatarstan on the basis of necessary permissible documentation. Expenses for labour safety in 2003 have made 173,1 mln. roubles that is by 81,3 mln. roubles more than in 2002. Expenses for preservation of environment have made 96,1 mln. roubles, that is by 24,7 mln. roubles more than in 2002.

Balance cost of nature protection production funds makes 187,9 mln. roubles which number include the following :

- coolers of turnaround water supply;
- Biological clearing constructions;
- Station of thermal neutralization of liquid waste products;
- Installation for collecting and recycling hydrocarbonic blowings with their return to technological process.

In 2003, emissions of harmful substances in atmosphere from stationary sources have made 81,7% of the established specification. 1230 analyses have been carried out, excess of the established specifications were not revealed. In 2003, RT Ministry of ecology conducted control of vehicles, no remarks were presented.

The most part of water 95,9% used at the enterprise is located in systems of turnaround water supply. Actual volumes of taken water and dumped sewage in a reservoir have not exceeded established limits. All sewage passed clearing.

Testing of water use by the commission of the Ministry of natural resources of the Russian Federation has not revealed violations.



## INFORMATION FOR SHAREHOLDERS

### LIST OF AFFILIATED PERSONS ON 01.01.2004

01	Shigabutdinov Albert Kashafovich	Chairman of Supervisory Board
02	Presnyakov Vladimir Vasiljevich	Member of Supervisory Board
03	Gaizatullin Radik Raufovich	Member of Supervisory Board
04	Salikhiv Hafiz Mirgazyamovich	Member of Supervisory Board
05	Yarullin Rafinat Samatovich	Member of Supervisory Board
06	Tuktarov Farid Haidarovich	Member of Supervisory Board
07	Faskhutdinov Rashit Izakhetdinovich	Member of Supervisory Board
08	Safina Guzelija Mukharjamovna	Member of Supervisory Board
09	Sulteev Rustem Nurgasimovich	Member of Supervisory Board
10	Chitrov Eugeny Vladimirovich	Member of Supervisory Board
11	Yusupov Nail Habibulovich	Member of Supervisory Board
12	Alyohin Leonid Stepanovich	Member of Supervisory Board, Member of Executive Management
13	Kudryashov Vladimir Nikolaevich	Member of Supervisory Board, Member of Executive Management
14	Aituganov Il Mannafovich	Member of Executive Management
15	Battalov Askhat Bakievich	Member of Executive Management
16	Galeyev Rustam Anasovich	Member of Executive Management
17	Gusev Jury Vladimirovich	Member of Executive Management
18	Muhametshin Marat Faritovich	Member of Executive Management
19	Mukharlyamov Sabirkhan Faizrakhmanovich	Member of Executive Management
20	Slepov Vladimir Borisovich	Member of Executive Management
21	Cowards Alexander Ivanovich	Member of Executive Management
22	JSC «TAIF»	Holding more than 20 percent of voting shares of the company
23	JSC «Svyazinvestneftekhim»	Holding more than 20 percent of voting shares of the company
24	JSC «Ankorit»	Holding more than 20% of the Charter capital of the given person
25	JSC (closed end) «Sintez-Sandra»	Holding more than 20% of the Charter capital of the given person
26	JSC «Spetzneftekhimmontazh»	Holding more than 20% of the Charter capital of the given person
27	JSC (closed end) «Agrosintez»	Holding more than 20% of the Charter capital of the given person
28	Company «Ceramics-Sintez»	Holding more than 20% of the Charter capital of the given person
29	Company «Ekochimpromservis»	Holding more than 20% of the Charter capital of the given person
30	Company «TAIF-INVEST»	Holding more than 20% of the Charter capital of the given person
31	Company «Trading house «Orgsintez»	Holding more than 20% of the Charter capital of the given person
32	Company «Tatkhimremont»	Holding more than 20% of the Charter capital of the given person
33	Joint venture «Elmer LTD»	Holding more than 20% of the Charter capital of the given person
34	JSC «Luch-sintez»	Holding more than 20% of the Charter capital of the given person
35	JSC «Shelangovsky fruit berry state farm»	Holding more than 20% of the Charter capital of the given person

## INFORMATION FOR SHAREHOLDERS

### STRUCTURE OF CHARTER CAPITAL

As of January 1, 2004, Charter capital of the Company makes 1 904,71 mln. roubles and consists of 1904710000 shares with face value 1 rouble per share.

#### Distribution of Charter capital

Category of securities	Total amount, roubles	Share in Charter capital, %
Common shares	1 785 114 000	93,72
Privileged, type A	119 596 000	6,28

Charter capital paid off completely.

Extraordinary general shareholders meetings in 2003 were not carried out.

#### Data on declared shares of the company

Category of securities	face-value, roubles	Quantity	Total amount, roubles
Common shares	1	720 000 000	720 000 000

### MAJOR OWNERS OF SHARES

Number of shareholders as of 01.01.2004 makes 1 1564.

#### Structure of stock capital as of 01.01.2004 was distributed as follows:

JSC «Svyazinvestneftekhim»	26,64
JSC «TAIF»	23,19
International Petroleum Company Limited	10,00
JSC «Vulcan»	14,52
Other legal entities	7,20
Physical persons	18,45

## INFORMATION FOR SHAREHOLDERS

### SHARE MARKET

Common registered shares of JSC «Kazanorgsintez» have been quoted in trading system of Noncommercial partnership «Russian trading system» since May 1997. In 4 quarter 2003, at RTS stock exchange, maximal quotation on purchase of one share made \$0,077, minimal quotation on sale made \$0,055, and total volume of tenders made \$319 thousand.

According to RTS capitalization of JSC «Kazanorgsintez» has made as of 01.01.2004 117,5 million USD, that is higher than a level of 2002 by \$48 million (growth 1,9 times).

**Table of quotations of common shares of JSC «Kazanorgsintez» at RTS**

Period	Max. quot. purchase	Min. quot. purchase	Max. quot. for sale	Min. quot. for sale
2001 1 q.	1,6	1,5	1,9	2,2
2 q.	1,95	1,6	1,92	2,5
3 q.	2,0	1,92	2,3	2,45
4 q.	2,25	1,6	2,2	6,0
2002 1 q.	2,95	1,75	2,9	5,0
2 q.	4,0	2,15	2,95	5,0
3 q.	3,3	3,05	3,6	4,45
4 q.	3,5	3,1	3,7	4,9
2003 1 q.	3,6	3,5	4,0	4,3
2 q.*	0,036	0,022	0,035	0,052
3 q.	0,036	0,031	0,035	0,046
4 q.	0,077	0,025	0,055	0,16

\* Decrease in quotations of shares is connected to increase in Charter capital by 100 times.

### DIVIDENDS

Quantity of shares on which dividends are charged: 1 904 710,000 shares

#### Dynamics of dividend payments on shares of the company

Type of securities	Percent to face value by years				
	1998	1999	2000	2001	2002
Common shares	75	150	250	256	2,95
Privileged shares	75	150	250	256	25

Holders of privileged shares according to the Charter have the right to receiving annual dividends not less than 25% from face-value of shares.

By decision of Supervisory Board of JSC «Kazanorgsintez» it has been recommended to direct for payment of dividends by results of work for 2003 on privileged and common shares 25% from face-value of shares. Cumulative payments will make 475,8 mln. roubles, that makes 53,5% of net profit received in 2003.

## INFORMATION FOR SHAREHOLDERS

### MAJOR FACTORS OF RISK CONNECTED TO ACTIVITIES OF THE COMPANY

- Structure of expenses in chemical and petrochemical industry is distinguished by high power consumption from average structure of expenses on industry as a whole.
- Leading role in stable work of the enterprise plays supply by basic hydrocarbonic raw material. Settlement of issues of raw supply for JSC «Kazanorgsintez» in many respects has been promoted by a policy of the republican leadership directed on active state support of oil & gas chemical complex of the Republic. Due to coordination of work from the part of RT Cabinet among the enterprises of oil & gas and power complexes in territory of Republic the Tatarstan and presence in the Republic of its own oil and power resources regional risks for JSC «Kazanorgsintez» are reduced to a minimum.
- Inflationary risk – the risk connected to macroeconomic position in the country. At increase in a rate of inflation there is a depreciation of national currency and prices. The increase in rates of price rise can lead to growth of expenses of the emitter (due to a rise in prices on power resources, raw material, materials), cost of borrowed means and to become the reason of drop in parameters of profitability. Therefore in case of significant excess of actual parameters of inflation over forecasts of the Government of the Russian Federation, management of the company plans to restrict growth of expenses, decrease of accounts due from customers and to reduce its average terms. The part of output is sold out at the foreign market, therefore the enterprise exposes itself to a certain currency risk. The basic expenses of the enterprise – in rouble, whereas the proceeds from exports in rouble equivalent with increase in exchange rate is increasing and, on the contrary, with reduction of exchange rate is decreasing. Hence, acceleration of rates of devaluation of rouble in relation to dollar will positively affect financial parameters of the emitter, and, first of all, will lead to growth of profitability of exports.
- Legal risks can arise owing to change of state regulation in the field of taxes, currency and customs legislation.

## INFORMATION FOR SHAREHOLDERS

### ADDITIONAL DATA

#### Staff of Revision committee:

Hamzina Farida Asatovna — Chairman of Revision committee, chief accountant of JSC «TAIF»  
Voronin Valery Vasiljevich — Member of Revision committee, legal adviser of legal department of JSC «Kazanorgsintez»  
Voronina Julia Vladimirovna — Member of Revision committee, main expert of the RT Ministry of Economy and industry  
Gabbrakhmanova Aida Rinatovna — Member of Revision committee, deputy chief of n economical department of JSC «Kazanorgsintez»  
Evstafjeva Alla Valerjevna — Member of Revision committee, deputy chief of financial and economic department of JSC «TAIF»

#### Representation of the Company

Moscow Representation of the Kazan open joint-stock company  
«Organichesky sintez»

Location: Moscow, street Spartakovsky square, house 14, stroenie 1  
Post address: Moscow, street Spartakovsky square, house 14, stroenie 1  
Chief : Vabishchevich Elena Evgenjevna  
Date of opening: 17.10.2001  
Validity of power of attorney: 17.10.2004

#### Data on auditor

Auditor of the Company is the company  
Joint-Stock Company «Ernest End Young Vneshaudit»

Data on license of the auditor:  
Number of license: E003246  
Date of issue: 17.01.2003  
Validity: up to 17.01.2008  
Body issued: the Ministry of Finance of the Russian Federation

#### Data on Registry holder

Register of shareholders conducts Kazan branch of OOO «Euroasian Registrar» — «Central Registrar of Republic of Tatarstan»  
Address: Tatarstan, 420043, Kazan, street.Vishnevsky, 6;  
Ph. (8432) 36-63-96; fax: (843243-41-82  
License № 10-000-1-00247 as of 25.03.2002  
issued by the Federal commission on securities market.

#### Data on independent appraiser

Independent appraiser of the Company is: the Comapny with limited liability «Art-Expert»  
Location: 420066, PT, Kazan, street Janki Kupala, d.19 kv. 28  
Number of license: 001175  
Date of issue: 17.09.2001.  
Validity: up to 17.09.2004.  
Body issued: the Ministry of property relations of the Russian Federation

#### Contact persons on work with shareholders

Gavrilov Igor Viktorovich  
Chief of department of corporate management  
Phone: (843249-87-92  
E-mail: ocb@kos.ru

Tchekmaryov Sergey Fedorovich  
Secretary of Supervisory Board  
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**Supervisory Board of «Kazanorgsintez»  
has authorized Annual report**