OPEN JOINT STOCK COMPANY
VSMPO

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

(WITH REPORT OF INDEPENDENT AUDITORS)

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of Open Joint Stock Company VSMPO

We have audited the accompanying consolidated balance sheets of Open Joint Stock Company VSMPO (the "Company") and its subsidiaries (collectively the "Group") as of December 31, 2003 and 2002, and the related consolidated statements of income, of cash flows and shareholders' equity and comprehensive income for the years then ended. These 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

Moscow, Russian Federation
June 15, 2005

(in thousands of US$)

	Notes	December 31, 2003	December 31, 2002
ASSETS			
Current assets			
Cash and cash equivalents	5	16,452	11,729
Restricted cash	5	5,200	86
Short-term investments	6	2	125
Trade accounts receivable, net of provision of US$ 1,028 (December 31, 2002: US$ 754)		73,687	40,809
Advances to third parties, net of provision of US$ 721 (December 31, 2002: US$ 225)		11,220	15,334
Taxes and other receivables, net of provision of US$ nil (December 31, 2002: US$ 482)	7	48,975	30,165
Inventories, net	8	157,302	136,681
Prepaid expenses and other current assets		1,111	972
Total current assets		**313,949**	**235,901**
Non – current assets			
Property, plant and equipment, net	9	261,327	196,404
Investments	6	540	-
Loans to related parties	6	32,771	21,821
Other non-current assets		1,000	352
Total assets		**609,587**	**454,478**
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS			
Current liabilities			
Borrowings – third parties	10	(89,527)	(44,442)
Borrowings – related parties	10	-	(194)
Trade accounts payable		(20,103)	(11,121)
Income and other taxes	11	(12,676)	(9,242)
Restructured taxes	13	(483)	(409)
Advances received and other current liabilities	12	(21,735)	(15,782)
Deferred income taxes	15	(14,104)	(10,128)
Total current liabilities		**(158,628)**	**(91,318)**
Non–current liabilities			
Borrowings	10	(925)	(11,629)
Restructured taxes	13	(9,661)	(9,321)
Accrued pension cost	14	(13,772)	(11,515)
Deferred revenue		(32)	(41)
Deferred income taxes	15	(20,770)	(9)
Total liabilities		**(203,788)**	**(123,833)**
Minority interests	18	(35,523)	(38,636)
Commitments and contingencies	21	-	-
Shareholders' equity			
Share capital	16	(5,118)	(5,118)
Treasury stock		(955)	28,421
Accumulated other comprehensive income		(5,101)	-
Retained earnings		(359,102)	(315,312)
Total shareholders' equity		**(370,276)**	**(292,009)**
Total liabilities, shareholders' equity and minority interests		**(609,587)**	**(454,478)**

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of US$)

	Notes	Year ended December 31, 2003	Year ended December 31, 2002
Sales revenue			
Sales of titanium products		291,428	261,750
Sales of aluminium products		23,304	24,365
Sales of magnesium and alloys		52,695	49,202
Sales of ferrotitanium		11,931	11,189
Other revenue		22,413	29,540
Total revenue		**401,771**	**376,046**
Materials and components used		(91,386)	(74,006)
Transportation, shipping and handling costs		(8,924)	(10,560)
Personnel costs		(53,850)	(45,190)
Utilities		(52,353)	(39,525)
Depreciation		(18,310)	(14,950)
Other production costs		(10,511)	(6,484)
Production costs		**(235,334)**	**(190,715)**
Gross profit		**166,437**	**185,331**
Taxes other than on income		(6,067)	(8,531)
Selling, general and administrative expenses	17	(75,896)	(58,363)
Social expenses		(10,287)	(8,143)
Other expenses		(536)	(136)
Operating costs		**(92,786)**	**(75,173)**
Operating income		**73,651**	**110,158**
Interest expense		(3,858)	(3,418)
Foreign exchange loss		(3,265)	(2,440)
Income before income taxes and minority interest		**66,528**	**104,300**
Income tax	15	(22,096)	(30,609)
Income before minority interest		**44,432**	**73,691**
Minority interest	18	(642)	(3,121)
Net income		**43,790**	**70,570**

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of US$)

	Notes	Year ended December 31, 2003	Year ended December 31, 2002
Net Income		43,790	70,570
Adjustments to reconcile net income to net cash generated by operating activities:			
Depreciation		18,468	15,072
Loss on disposal of property, plant and equipment		-	134
Loss on disposal of long-term investments		695	-
Change in deferred income taxes	15	1,559	5,338
Foreign exchange differences on non-operating balances		(4,984)	(552)
Bad Debts	17	1,344	2,538
Inventory provisions	17	6,724	2,388
Minority interests	18	642	3,121
		68,238	**98,609**
Changes in operating assets and liabilities:			
Trade accounts receivable		(29,785)	(20,104)
Advances		4,556	(2,358)
Taxes and other receivables		(15,293)	(2,658)
Inventories		(16,138)	(26,308)
Prepaid expenses and other current assets		(60)	(797)
Trade accounts payable and accrued expenses		7,760	1,202
Income and other taxes payable		1,842	2,770
Advances received and other current liabilities		4,893	(3,425)
Accrued pension cost		1,355	467
Cash generated by operating activities		**27,368**	**47,398**
Investing activities			
Capital expenditures		(41,280)	(37,617)
Loans advanced to related parties	20	(11,051)	(13,347)
Loans repaid by related parties	20	101	32
Purchase of treasury stock		-	(21,489)
Loans advanced to personnel and third parties		138	(94)
Proceeds from sale of treasury stock		29,376	-
Disposal of a share in subsidiary		723	-
Purchase of additional share in subsidiary		(3,842)	-
Acquisition of subsidiary	4	(27,666)	-
Change in restricted cash balance	5	(4,902)	1,125
Net cash used in investing activities		**(58,402)**	**(71,390)**
Financing activities			
Proceeds from short-term borrowings – third parties		34,111	20,183
Repayment of short-term borrowings – related parties		(194)	(270)
Proceeds from long-term borrowings		-	15,986
Repayment of long-term borrowings		-	(5,000)
Repayment of restructured tax liabilities		(386)	(906)
Net cash generated by financing activities		**33,531**	**29,993**
Effect of exchange rate changes on cash and cash equivalents		1,145	25
Translation adjustment on cash and cash equivalents		1,081	-
Net change in cash and cash equivalents		**4,723**	**6,026**
Cash and cash equivalents at December 31, 2002 (net of restricted cash of US$ 86) and 2001 (net of restricted cash of US$ 1,221)	**5**	**11,729**	**5,703**
Cash and cash equivalents at December 31, 2003 (net of restricted cash of US$ 5,200) and 2002 (net of restricted cash of US$ 86)	**5**	**16,452**	**11,729**
Supplemental cash flow information:			
Interest paid		4,750	3,971
Income taxes paid		15,394	15,875

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of US$)

	Notes	Share capital	Treasury stock	Other comprehensive income	Retained earnings	Total shareholders' equity
Balance at January 1, 2002		**(5,717)**	**16,489**	**-**	**(253,700)**	**(242,928)**
Acquired own stock	16	-	21,489	-	-	21,489
Retired stock	16	599	(9,557)	-	8,958	-
Other comprehensive income:						
Net income		-	-	-	(70,570)	(70,570)
Balance at December 31, 2002		**(5,118)**	**28,421**	**-**	**(315,312)**	**(292,009)**
Disposal of treasury stock	16	-	(31,926)	-	-	(31,926)
Receivable for treasury stock	16	-	2,550	-	-	2,550
Other comprehensive income:						
Net income	16	-	-	-	(43,790)	(43,790)
Deferred income tax effect of the change in functional currency	2	-	-	19,875	-	19,875
Cumulative translation adjustment	2	-	-	(24,976)	-	(24,976)
Balance at December 31, 2003		**(5,118)**	**(955)**	**(5,101)**	**(359,102)**	**(370,276)**

The accompanying notes are an integral part of these consolidated financial statements.

1 NATURE OF OPERATIONS

Open joint-stock company VSMPO ("VSMPO" or the "Company") is one of the world's leading titanium producers. The Company was originally established as a state owned enterprise in 1933 in the Moscow region and re-allocated to Verkhnya Salda (Sverdlovsk region) in 1941. The Company was privatised in the form of a joint stock company in 1993. In 1993 the Company was registered as an open joint stock company in accordance with the Law on Joint Stock Companies of the Russian Federation.

The Company's main operations are in Verkhnya Salda (Sverdlovsk region) of the Russian Federation and are subject to the legislative requirement of both the Russian Federation and the Sverdlovsk regional authorities. The Company's main products are titanium melted and mill products and forgings for aerospace, industrial and other applications. It also produces ferrotitanium, aluminium extrusions and specialty steel mill products and forgings. These products are sold both in the Russian Federation and abroad.

On June 30, 1998 the Company acquired a controlling interest in Avisma, Russia's largest titanium sponge producer. The acquisition was effected by way of a share for share exchange. The Company issued 3,492,000 (29.58%) new ordinary shares as consideration for acquired 776,000 (52.64% of all or 70.18% of voting shares) ordinary shares of Avisma.

Avisma's main operations are in Berezniki (Perm region) of the Russian Federation and are subject to the legislative requirement of both the Russian Federation and the Perm regional authorities. Avisma's main products are titanium sponge and primary magnesium. Avisma's main customer for sponge is the Company, but it has some sales to third parties in the Russian Federation and abroad.

Following the acquisition of Avisma and the set up of foreign trading companies, VSMPO and its majority-owned subsidiaries formed a vertically integrated group (the "Group").

The Group's other revenue includes sales of steel and other products.

2 BASIS OF PREPARATION

The Company, Avisma and other Russian subsidiaries maintain their accounting records in accordance with the legislative requirements of the Russian Federation. The accompanying financial statements have been prepared from those accounting records and adjusted as necessary to comply, in all material respects, with the requirements of accounting principles generally accepted in the United States of America ("US GAAP").

Functional and reporting currency

The accounting records of the Company, Avisma and other Russian subsidiaries are maintained in Russian roubles ("rouble") and the Company prepares its statutory financial statements and reports in that currency to its stockholders in accordance with the laws of the Russian Federation.

The Company's functional currency is considered to be the rouble. The accompanying financial statements have been prepared using the US Dollar ("US$") as the Company's reporting currency. The translation into US$ has been performed in accordance with the provisions of SFAS No. 52, Foreign currency translation.

Prior to January 1, 2003, the Russian economy was considered hyperinflationary. In accordance with SFAS No. 52 requirements applicable to hyperinflationary market economies, monetary assets and liabilities originally denominated in US$ were stated at their original US$ amounts. Monetary assets and liabilities denominated in other currencies were translated into US$ using the exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities, which were denominated in currencies other than US$, were translated into US$ at the exchange rates in effect as at the date of the transaction. Income and expenses, which were earned or incurred in currencies other than US$, were translated into US$ using a basis that approximates the rate of exchange ruling at the date of the transaction. Gains and losses arising from the translation of assets and liabilities into US$ were reflected in the statement of income as foreign currency exchange gains and losses.

2 BASIS OF PREPARATION (continued)

The Russian economy ceased to be considered hyperinflationary as of January 1, 2003. Accordingly, all monetary and non-monetary assets and liabilities of the Company as well as the related equity balance were translated into roubles at the current exchange rate prevailing at January 1, 2003. This translation established a new functional currency basis for the Company. For periods subsequent to January 1, 2003, the functional currency financial statements (rouble) are translated into the reporting currency (US$) utilizing period-end exchange rates for assets and liabilities, period average exchange rates for income statement accounts and historic rates for equity accounts in accordance with the relevant provisions of SFAS No. 52. As a result of these translation procedures, a cumulative translation adjustment of US$ 24,976 which accounts for currency translation gains and losses was recorded directly in shareholders' equity. The deferred income tax effect of US$ 19,875 of the change in functional currency was also recorded directly in shareholders' equity. No cumulative translation adjustment was necessary for the period during which the Russian economy was considered hyperinflationary.

The Central Bank of the Russian Federation's closing rates of exchange at December 31, 2003 and 2002 were US$1 to 29.45 roubles and US$1 to 31.78 roubles, respectively. The annual weighted average exchange rates were 30.69 and 31.35 roubles to US$1 for each of the years ended December 31, 2003 and 2002. Prior to 1992, the State set the official exchange rate for the Russian Ruble. The Ruble exchange rate in those periods may differ from rates that might have existed under market conditions. For purposes of translating fixed assets acquired prior to 1992 into US$, the Company has used the historic exchange rate of US$ 1 to 0.11 roubles.

Exchange restrictions and controls exist relating to converting the rouble into other currencies. At present the rouble is not convertible outside of the Russian Federation. At December 31, 2003, the Group companies registered in the Russian Federation were required to convert 25% of their hard currency revenues into the local currency. Future movements in the exchange rates between rouble and US$ will affect the carrying value of the Group's rouble denominated monetary assets and liabilities. Such movements may also affect the Group's ability to realise non-monetary assets presented in US$ in these consolidated financial statements. Accordingly, any translation of rouble to US$ should not be construed as a representation that such amounts, have been, could be, or will in the future be converted into US$ at the exchange rate as of the balance sheet dates or at any other exchange rate.

3 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the financial statements. These accounting policies have been consistently applied by the Company year-on-year.

Use of estimates. The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. Estimates are used when accounting for certain items such as contingent liabilities, allowances for doubtful accounts; employee compensation programs; depreciation and amortization lives; property, plant, and equipment valuation allowances; asset retirement obligations; legal and tax contingencies; inventory values; valuations of investments and determining when investment impairments are other than temporary; and deferred taxes. Estimates are based on historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions.

Principles of consolidation. The consolidated financial statements include the operations of all entities in which the Group directly or indirectly owns or controls more than 50 percent of the voting stock. Investments in affiliates and joint ventures in which the Group has voting ownership interests between 20 and 50 percent and the Group exerts significant influence are accounted for using the equity method. Investments in other companies are accounted for at cost and adjusted for estimated impairment. Intra-group balances and transactions, including unrealized profit on inventories, are eliminated upon consolidation.

Revenue recognition. The Group recognises revenue when a firm arrangement exists, the price is fixed and determinable goods are shipped to the customers, title has transferred and collectibility is reasonably assured. Advances received represent cash received from customers for future supply of goods and services.

(in thousands of US$, except where indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable. Accounts receivable are stated at cost less an allowance for doubtful debts. Management quantifies this allowance, based on current information regarding the collectibility of the receivable. Amounts previously written off which are subsequently collected are recognized as income.

Cash and cash equivalents. The Group considers only those short-term, highly liquid investments with original maturity of 90 days or less, that are readily convertible to known amount of cash, to be cash equivalents.

Inventory valuation. Inventories are carried at the lower of cost or market value. Inventories are released to production or written off otherwise at average cost. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads. Provision for obsolescence is calculated on the basis of slow-moving and obsolete inventories analysis.

Pensions. The Group maintains a non-contributory defined benefit plan for its full-time employees. The pensions earned as well as the interest on the projected benefit obligations are accrued in accordance with FAS 87 "Employers' Accounting for Pensions."

Property, plant and equipment. Property, plant and equipment are recorded at cost. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets, which are as follows:

Buildings and constructions	25 – 40 years
Machinery and equipment	15 years
Vehicles	10 years
Transfer devices	20 years
Other	5 years

Profits or losses from the sale of assets are included in operating income. Maintenance costs are expensed as incurred. Interest related to the construction of qualifying assets is capitalised as part of the construction cost.

Assets under construction are accounted for at cost and are not depreciated until commissioned into operation.

Impairment of long-lived assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Comprehensive income. SFAS No. 130, Reporting Comprehensive Income, requires disclosure of all changes in equity from non-owner sources. The difference between the Group's net income and comprehensive income is disclosed in the statement of shareholders equity and comprehensive income.

Environmental expenditures. Expenditures for current operations are expensed or capitalised, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenues, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated. The liability may include non discounted costs such as site investigations, consultant fees, feasibility studies, outside contractor and monitoring expenses. Estimates are not reduced by potential claims for recovery unless recovery is probable.

Shipping and handling costs. Shipping and handling costs related to purchases were included in cost of goods sold.

Financial instruments. The fair value of financial instruments (cash and cash equivalents, advances, accounts receivable and accounts payable) is determined with reference to various market information and other valuation methods as considered appropriate. At December 31, 2003 and 2002, the fair values of financial instruments held by the Group did not materially differ from their recorded book values.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Value added taxes. Value added taxes ("VAT") related to sales and services rendered is payable to the tax authorities upon the collection of receivables from customers. Input VAT is reclaimable against sales VAT upon payment for purchases.

The input VAT paid in respect of capital expenditures is reclaimable upon the commissioning of the respective capital assets into operations. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales / purchases and services rendered / used which have not been settled at the balance sheet date (VAT deferred) is recognized in the balance sheet on a gross basis and disclosed separately as a current asset and liability. Where an allowance has been made for doubtful debts, a loss is recorded for the gross amount of the debtor, including VAT. The related VAT liability is maintained until the debtor is written off for tax purposes.

Income Taxes. Deferred income tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in the years in which these temporary differences are expected to reverse. The Group provides valuation allowances for deferred tax assets for which it does not consider realisation of such assets to be more likely than not.

Asset retirement obligations. A liability for an asset retirement obligation is recorded at fair value in the period in which it is incurred. When the liability is initially recorded, a corresponding cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, the obligation is either settled for its recorded amount or incurs a gain or loss upon settlement.

Based on the current requirements under the laws of the Russian Federation and various contractual agreements the Group has estimated its discounted obligations related to the retirement of its long-lived assets as immaterial.

Borrowings. Borrowings are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of income, as expense over the period of the borrowings.

When borrowings are repurchased or settled before maturity, any difference between the amount received and the carrying amount is recognized immediately in the statement of income as income or expense.

Commitments and contingencies. Contingent liabilities, including environmental remediation costs, arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability can be assessed and the amount of the assessment and / or remediation can be reasonably estimated.

Provisions. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation could be made.

Dividends. Dividends are recognized as a liability in the period in which they are declared.

Recent accounting pronouncements. In December 2003, the FASB issued Interpretation No. 46R, Consolidation of Variable Interest Entities, which revised Interpretation No. 46, issued in January 2003. The Interpretation addresses the consolidation of business enterprises (variable interest entities) to which the usual condition of consolidation (ownership of a majority voting interest) does not apply. This Interpretation focuses on financial interests that indicate control. It concludes that in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. Variable interests are rights and obligations that convey economic gains and losses from changes in the value of the variable interest entity's assets and liabilities. Variable interests may arise from financial instruments, service contracts and other arrangements. If an enterprise holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary would be required to include assets, liabilities and the results of operations of the variable interest entity in its financial statements. The Group will adopt the Interpretation in 2004. The adoption of FIN 46R is not expected to have material impact on the Group's consolidated financial statements.

(in thousands of US$, except where indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

In November 2004, the FASB issued FAS No. 151, Inventory Costs, an Amendment of ARB No. 43, Chapter 4, which is effective on January 1, 2006. The standard amends the guidance in Accounting Research Bulletin (ARB) No. 43, Chapter 4, Inventory Pricing, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. In addition, the standard requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company is currently evaluating the impact of this standard.

In December 2004, the FASB issued FAS No. 123 (revised 2004), Share-Based Payments. This Standard requires companies to measure and recognize the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value. The effective date of this statement is the first interim reporting period beginning after June 15, 2005. The Group believes that the adoption of this standard will not have a material impact on its consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations. The interpretation requires entities to record a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The term “conditional asset retirement obligation” refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The interpretation shall be effective no later than December 31, 2005 and early adoption is encouraged. The Group believes that the adoption of this interpretation in 2005 will not have a material impact on its consolidated financial statements.

4 ACQUISITIONS

In December 2003 the Group acquired 50.07% of the shares of Tekhnolog, a company which owns certain vacant property in Moscow, for US $ 28,286. The Group acquired this asset primarily for investment purposes. Certain parties related to the shareholders entered into binding arrangements with the Group to buy out Tekhnolog and such transaction was consummated in 2005 (Note 22).

Fair values of the assets acquired and liabilities assumed

The following table summarizes the fair values of the assets acquired and liabilities assumed in the business combination, determined in accordance with the provisions of SFAS No. 141.

Current assets	235
Non-current assets	28,810
Total assets acquired	**29,045**
Current liabilities	(29)
Non-current liabilities	(272)
Total liabilities assumed	**(301)**
Minority interest	(458)
Fair value of net assets acquired	**28,286**

(in thousands of US$, except where indicated)

5 CASH AND CASH EQUIVALENTS

	December 31, 2003	December 31, 2002
Cash at bank - US $	11,969	6,048
Cash at bank - Russian roubles	1,608	3,724
Cash at bank - Euro, Swiss francs, Sterling	1,508	1,809
Cash in hand	21	18
Short-term bank deposits	966	-
Other cash equivalents	380	130
Restricted cash	5,200	86
Total cash and cash equivalents	**21,652**	**11,815**

A short-term bank deposit as at December 31, 2003 was placed with the International Moscow Bank at 0.2% p.a. with a maturity date of January 5, 2004.

Restricted cash as at December 31, 2003 includes a deposit of US $ 5,000 with the International Moscow Bank and of US $ 200 with Citibank. The Group pledged the deposit of US $ 5,000 to secure the repayment of a short-term loan obtained by VSMPO Tirus GmbH from Bayerische Hypo- und Vereinsbank AG (Note 10).

At December 31, 2003 VSMPO Tirus US had a letter of credit of US$ 200 with Citibank expiring July 31, 2004. The letter of credit is secured by a pledge and assignment of a certificate of deposit with Citibank in the name of VSMPO Tirus US.

6 INVESTMENTS

	December 31, 2003	December 31, 2002
Short-term investments		
Loans given to third parties	2	101
Other short-term investments	-	24
Total short-term investments	**2**	**125**
Long-term investments		
Loans given to related parties	32,771	21,821
Joint Venture - Uniti LLC	540	-
Total long-term investments	**33,311**	**21,821**

Loans given to related parties at December 31, 2003 and 2002 are non-interest bearing and unsecured. As discussed in Note 22 these were fully repaid in 2004.

The Group entered into an agreement on April 29, 2003 with Allegheny Technologies Incorporated to form a joint venture to engage in the marketing and sale of titanium products and conversion services. The joint venture is organized as Uniti, LLC. The Group owns a 50% interest in the joint venture and accounts for this interest under the equity method.

The Group's share in the loss of Uniti of US $210 includes the elimination of the Group's share of profits in inventory, and is included in other income and expense in the consolidated statement of income.

(in thousands of US$, except where indicated)

7 TAXES AND OTHER RECEIVABLES

	December 31, 2003	December 31, 2002
VAT recoverable	32,187	21,864
Prepaid taxes	11,076	5,196
Prepaid customs duties	1,345	581
Other non-trade receivables	4,367	2,524
Total taxes and other receivables	**48,975**	**30,165**

VAT recoverable relates to input VAT incurred with respect to inventories purchased and available for offset against future output VAT following the settlement of accounts payable in relation to such inventories.

8 INVENTORIES, NET

	December 31, 2003	December 31, 2002
Raw materials	43,712	39,642
Work in progress	61,810	51,554
Finished products	62,667	49,899
Less: Provision for obsolescence	(10,887)	(4,414)
Total inventory, net	**157,302**	**136,681**

Inventory with a carrying value US$ 23,124 and US$ 19,202 at December 31, 2003 and 2002, respectively was pledged in respect to certain borrowings of the Group (Note 10).

9 PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 2003	December 31, 2002
Land	1,254	392
Buildings & Constructions	94,654	85,537
Machinery & Equipment	164,677	126,614
Vehicles	11,348	4,849
Transfer devices	18,268	16,411
Other	32,092	2,337
Less: accumulated depreciation	(105,532)	(84,027)
Net book value	216,761	152,113
Construction in progress	39,771	38,628
Advances for construction	4,795	5,663
Total property, plant and equipment, net	**261,327**	**196,404**

Fully depreciated facilities comprise US $ 33,809 at December 31, 2003 and US $ 28,374 at December 31, 2002. Idle facilities comprise US$ 526 at December 31, 2003 and US $ 1,424 at December 31, 2002.

Carrying and pledge values of property, plant and equipment subject to lien under loan agreements comprise US $ 34,463 and US $ 47,605 at December 31, 2003 (US $ 22,698 and US $ 44,128 at December 31, 2002) respectively (Note 10).

(in thousands of US$, except where indicated)

10 SHORT AND LONG-TERM BORROWINGS

	Currency	December 31, 2003	December 31, 2002
SHORT-TERM BORROWINGS			
Bank loans			
Sberbank; interest from 7.2% to 10.5% (Note a)	(1)	9,020	10,000
Sberbank; interest from 16.0% to 19.0% (Note a)	(2)	-	5,850
Vneshtorgbank; interest from 7.0 % to 11.0% (Note b)	(1)	15,751	-
International Moscow Bank; interest of LIBOR + from 3.3% to 8% (Note c)	(1)	16,418	14,956
Citibank; interest of LIBOR + from 3.35% to 3.5% (Note d)	(1)	20,000	13,500
Credit Lyonnais; interest of LIBOR + from 3.0% to 3.5% (Note e)	(1)	7,112	-
Bayerische Hypo-und Vereinsbank AG; interest of 4.25% (Note f)	(1)	4,925	-
International Moscow Bank; interest of LIBOR + 4.25% (Note c)	(1)	15,755	-
Other		546	136
Total bank loans – third parties		**89,527**	**44,442**
Company loans - related parties			
SouzVS; non-interest bearing	(2)	-	194
Total company loans – related parties		**-**	**194**
Total short-term borrowings		**89,527**	**44,636**
LONG-TERM BORROWINGS			
Bank loans			
International Moscow Bank ("IMB"); interest of LIBOR + 4.25% (Note c)	(1)	-	11,000
Total bank loans		**-**	**11,000**
Company loans			
Promissory notes; non-interest bearing	(2)	679	629
Other company loans; non-interest bearing	(2)	246	-
Total company loans		**925**	**629**
Total long-term borrowings		**925**	**11,629**

The IMB loan maturity schedule is as follows:

2003	-	-
2004	-	11,000

10 SHORT AND LONG-TERM BORROWINGS (continued)

All interest rates are on a per annum basis.

(1) US$ denominated loans;

(2) Russian rouble denominated loans;

Details of significant collateralised loan balances are summarised below:

(a) Sberbank

The loans are collateralised by pledge of titanium products (Note 8).

(b) Vneshtorgbank

The loans are collateralised by pledge of property, plant and equipment (Note 9) and inventories (Note 8). In addition, the Group is required to maintain a settlement account with the bank to accumulate cash collections.

The loans contain certain restrictive covenants in relation to sale of assets, pledges of property, total amount of borrowings and other.

(c) International Moscow Bank

The loans are collateralised by the pledge of property, plant and equipment (Note 9) and inventories (Note 8). Under the terms of the agreements the Group is also required to maintain a required level of cash flows through the accounts opened with the bank and comply with a number of restrictive covenants. The bank is authorized by the Group to direct debiting of the bank accounts opened by the Group with the bank for the purpose of loan settlement.

The long-term loan in the amount of US $11,000 is repayable in March 2004.

(d) Citibank

Loans are collateralised by the pledge of property, plant and equipment (Note 9) and inventories (Note 8). In addition, the Group is required to maintain a settlement account with the bank to accumulate cash collections.

Under the terms of the agreements, the Group is required to comply with a number of restrictive covenants in relation to sale of assets, pledges of property, change of controlling shareholders, total amount of borrowings, related parties' transactions and other.

The loans at December 31, 2003 and 2002 included credit lines opened by VSMPO Tirus US with Citibank in the amounts of US $ 10,000 and US $ 5,000, respectively. The amount available under the line terms is equal to the lesser of US$ 10,000 or the sum of (a) 80% of eligible accounts receivable and (b) the lesser of US $ 5,000 or 50% of eligible inventory. Monthly interest of LIBOR plus margin of 1.83% and 2.06% is payable at December 31, 2003 and 2002 respectively. Security over the loans under the line terms comprises all of the assets of VSMPO Tirus US (including non-current assets of US $ 1,417 and current assets of US $ 45,752) and a US $ 10,000 standby letter of credit issued by the Group.

(e) Credit Lyonnais

Under the terms of the agreements, the Group is required to comply with a number of restrictive covenants in relation to pledges of assets, amount of export revenue and other.

(f) Bayerische Hypo- und Vereinsbank AG

The credit line is secured by the International Moscow Bank guarantee. The guarantee is secured by the Group's deposit in the amount of US $ 5,000 placed with International Moscow Bank (Note 5).

Unused short-term lines of credit comprised US $ 3,539 and US $ 6,554 at December 31, 2003 and 2002 respectively.

(in thousands of US$, except where indicated)

11 INCOME AND OTHER TAXES

	December 31, 2003	December 31, 2002
Deferred VAT	4,157	3,079
Income tax	2,225	1,215
Property tax	1,160	894
Road tax	-	1,140
Other taxes	2,149	1,540
Provision for taxes (Note 21)	2,985	1,374
Income and other taxes	**12,676**	**9,242**

Road tax was eliminated in 2003.

12 ADVANCES RECEIVED AND OTHER CURRENT LIABILITIES

	December 31, 2003	December 31, 2002
Advances received	9,142	6,878
Payroll and social tax payable	7,500	4,724
Promissory notes	-	591
Other payables	5,093	3,589
Total advances received and other current liabilities	**21,735**	**15,782**

13 RESTRUCTURED TAXES

Prior to January 1, 2002 the Company had been granted a 10-year restructuring of its tax liability (including fines and delayed interest) from the tax authorities. The restructured tax liability (excluding fines and delayed interest) bears interest of 5.5% p.a. The tax liability shall be settled by equal quarterly instalments by December 31, 2011.

The Company's entitlement to tax restructuring is conditional on timely payment of both the current and restructured taxes (inclusive of interest). In 2003 the Company paid US$ 386 of restructured taxes. If the tax liability is settled ahead of schedule, the Company receives a right to partial or full forgiveness of the related fines and delayed interest.

14 PENSION OBLIGATIONS

VSMPO and its subsidiary – AVISMA have pension plans which are unfunded and non-contributory arrangements. The plans were created during the 1990s recognizing service accrued before those dates. At December 31, 2003 there were 22,296 (December 31, 2002: 21,826) active members and 10,842 (December 31, 2001: 10,869) pensioners. No plan assets are maintained.

An actuarial valuation of the pension plans was performed at December 31, 2001 and was rolled forward to December 31, 2002 and December 31, 2003. The valuation was performed using the Projected Unit Method with a discount rate of 9.18% (2002: 9.18%).

(in thousands of US$, except where indicated)

14 PENSION OBLIGATIONS (continued)

	December 31, 2003	December 31, 2002
Pension obligations		
Employees	8,080	7,236
Pensioners	5,975	4,562
Total	**14,055**	**11,798**
Funded status		
Projected benefits obligations	14,055	11,798
Funded status	**14,055**	**11,798**
Unrecognized actuarial loss	(306)	(283)
Unrecognized prior service cost	-	-
Translation adjustment	23	-
Accrued pension costs	**13,772**	**11,515**

	Year ended December 31, 2003	Year ended December 31, 2002
Net periodic pension costs		
Service cost	652	542
Interest cost	1,108	957
Net periodic pension costs	**1,760**	**1,499**
Change in projected benefit obligations		
Projected Benefit Obligation (opening balance)	11,798	11,048
Service cost	652	542
Interest cost	1,108	958
Actuarial loss	-	283
Benefits paid	(489)	(447)
Translation adjustment	986	-
Foreign exchange difference	-	(586)
Projected Benefit Obligation (closing balance)	**14,055**	**11,798**

Assumptions at:	December 31, 2003	December 31, 2002
Interest rate for discounting liabilities	9.18%	9.18%
Salary increase rate	9.18%	9.18%

15 INCOME TAXES

	Year ended December 31, 2003	Year ended December 31, 2002
Current tax expense	20,537	25,271
Deferred tax charge	1,559	5,338
Total income tax expense	**22,096**	**30,609**

(in thousands of US$, except where indicated)

15 INCOME TAXES (continued)

The Group calculates deferred income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes", applying the specific provisions for foreign companies using the USUS $ as the reporting currency.

SFAS No. 109 requires deferred income taxes to be computed on non-current assets in local currency by comparing the historic book and tax basis in local currency after respective depreciation but before indexing for either accounting or tax purposes. The local currency deferred income tax balance is then re-measured into US$ using the period-end exchange rate.

The movements in the net deferred income tax position during the years ended December 31, 2003 and 2002 were as follows:

	Year ended December 31, 2003	Year ended December 31, 2002
End of prior period	(10,137)	-
Deferred tax charged directly to equity (Note 2)	(21,034)	-
At beginning of period	(31,171)	(4,799)
Statement of income	(1,559)	(5,338)
Deferred tax acquired in subsidiary	595	-
Deferred tax disposed in subsidiary	(221)	-
Translation loss	(2,518)	-
At end of period	**(34,874)**	**(10,137)**

Operating income before tax is reconciled to income tax expense as follows:

	Year ended December 31, 2003	Year ended December 31, 2002
Income before provision for income tax	66,528	104,300
Theoretical tax charge at statutory rate	15,967	25,032
Increase in income tax resulting from:		
Effects of different tax rates	916	152
Non-deductible expenses and non-taxable income	5,213	5,425
Total income tax expense	**22,096**	**30,609**

Deferred tax assets/(liabilities) and deferred tax credit/(charge) in the statement of income and are attributable to the following items:

	Year ended December 31, 2003	Year ended December 31, 2002
Tax effects of future deductible amounts:		
Property, plant and equipment	-	415
Inventory	6,000	1,478
Other assets	390	-
Tax effects of future taxable amounts:		
Property, plant and equipment	(21,977)	-
Accounts receivable	(18,180)	(10,905)
Accounts payables and accruals	(1,107)	(1,125)
Net deferred tax liability	**(34,874)**	**(10,137)**

(in thousands of US$, except where indicated)

16 SHARE CAPITAL

The share capital of VSMPO is composed of the following:

	Authorised and issued shares	Par value per share	Authorised and issued shares	Par value per share
	December 31, 2003	December 31, 2003	December 31, 2002	December 31, 2002
VSMPO	10,625,600	1 rouble	10,625,600	1 rouble

As of December 31, 2001 VSMPO had 11,806,008 authorized ordinary shares, all issued and outstanding, with a par value of RR 1 per share.

At December 31, 2002 the Group had accounts receivable for the sale of and advances given for the purchase of treasury shares totaling US$ 28,421 within treasury stock treated as a reduction of shareholders' equity.

Following a number of transactions in 2003 the Group disposed of all of its treasury shares which resulted in a net gain of US$ 3,505, of which US$ 2,550 was not realized at the balance sheet date. At December 31, 2003 the Group had no VSMPO shares in treasury.

Each share of common stock entitles the holder to participate in shareholders' meetings, receive dividends and in the event of liquidation, receive its share of distributable reserves to the extent available.

The statutory accounting reports of VSMPO are the basis for profit distribution and other appropriations. Russian legislation identifies the basis of distribution as the current year net profit. However, this legislation and other statutory laws and regulations dealing with the distribution rights are open to legal interpretation. Therefore, management believes at present it would not be appropriate to disclose an amount of distributable reserves in these consolidated financial statements.

Dividends on VSMPO's ordinary shares, if declared, will be payable in Russian Roubles.

17 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2003	Year ended December 31, 2002
Personnel costs	27,216	21,568
Selling expenses	15,272	11,466
Research and development expenses	5,186	3,371
Provision on inventory obsolescence	6,724	2,388
Bad debt expense	1,344	2,538
Materials	2,282	2,742
Utilities	4,995	3,767
Other	12,877	10,523
	75,896	**58,363**

(in thousands of US$, except where indicated)

18 MINORITY INTEREST

Minority interest relates principally to the Company's 61.78% owned subsidiary – Avisma.

In 2003 the Group acquired an additional interest in Avisma of 8.17% for a cash consideration of US$ 3,842. The fair value of the net assets acquired comprised US$ 3,842 (net of negative goodwill of US$ 8,938) as of the acquisition date. Immediately, following the acquisition the Group disposed of 3.03% to related parties of Avisma for a cash consideration of US$ 723 realizing a loss of US$ 695.

	Year ended December 31, 2003	Year ended December 31, 2002
End of prior period	38,636	-
Share of deferred tax charged directly to equity (Note 2)	(1,158)	-
At beginning of period	37,478	35,515
Share of net income of subsidiaries	642	3,121
Acquired minority interest share	(4,230)	-
Minority share in treasury stock of subsidiary	(1,133)	-
Translation loss	2,766	-
At end of period	**35,523**	**38,636**

In 2004 the Company initiated a merger process with Avisma (Note 22).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying and fair value of third party financial instruments at December 31, 2003 and 2002 are as follows:

	December 31, 2003		December 31, 2002	
	Carrying Value	Fair value	Carrying value	Fair value
Cash and cash equivalents	16,452	16,452	11,729	11,729
Short-term debt	(89,529)	(89,529)	(44,636)	(44,636)
Long-term debt	(925)	(925)	(11,629)	(11,629)

The carrying amount of cash and cash equivalents and short-term debt appropriate fair value because of the short maturity period of the instruments.

The fair value of long-term debt is based on interest rates that are currently available to the Group for issuance of debt with similar terms and remaining maturities.

(in thousands of US$, except where indicated)

20 RELATED PARTY TRANSACTIONS

Related party transactions are disclosed on the face of each primary consolidated financial statement. Such transactions primarily comprise loans to and from parties related to the shareholders (Notes 6, 10).

Movements in loans advanced to the parties related to the shareholders during 2002 and 2003 comprised of the following:

	Year ended December 31, 2003	Year ended December 31, 2002
At beginning of period	**21,821**	**8,506**
Loans advanced to related parties	11,051	13,347
Loans repaid and settled by related parties	(101)	(32)
Loans to related parties – end of period	**32,771**	**21,821**

	Year ended December 31, 2003	Year ended December 31, 2002
At beginning of period	**(194)**	**(464)**
Loans repaid to related companies - Souz VS	194	270
At end of period	**-**	**(194)**

The loans advanced to related parties were repaid in 2004 (Note 22).

21 COMMITMENTS AND CONTINGENCIES

Capital commitments. The Group is engaged in construction and equipment renovation programs currently estimated to amount to $ 5,686 (December 31, 2002: $ 2,735). The construction programs are subject to periodic reviews and actual construction costs may vary from these estimates for many reasons including, but not limited to, general business conditions; environmental regulations; exchange rate fluctuations; the cost and efficiency of construction labour, equipment and materials; and the availability and cost of capital.

Operating environment. The Russian Federation continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible in most countries outside of the Russian Federation, restrictive currency controls, and relatively high inflation. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently.

Whilst there have been improvements in the economic trends, the future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory, and political developments.

Taxation. The Group's principal operations are in Russia. Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

(in thousands of US$, except where indicated)

21 COMMITMENTS AND CONTINGENCIES (continued)

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for three calendar years preceding the year of review (one year in the case of customs). Under certain circumstances reviews may cover longer periods. In addition, in some instances, new tax regulations effectively have been given retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

As at December 31, 2003 and 2002 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency and customs positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these consolidated financial statements (Note 11). Management will continue to monitor the situation as legislation and practice evolve in the jurisdictions in which the Group operates.

Commercial risks

(i) Foreign exchange risk. The Group minimizes its sales risks by having a wide range of geographical zones for sales, which allow the Group to respond quickly to unexpected changes in the situation on one or more sales markets on the basis of an analysis of the existing and prospective markets.

The Group's exports in monetary terms in 2003 were 66% (2002: 59%) of the total sales.

The Group relies on export sales to generate foreign currency earnings. As the Group exports a significant portion of its production, it is exposed to foreign currency risk as well as global economic and political risks.

Due to its foreign currency denominated assets and liabilities, the Group is subject to the risk arising from foreign exchange rate fluctuations. The Group's objective in managing exposure to foreign currency fluctuations is to minimize earnings and cash flow volatility associated with foreign exchange rate changes. The net foreign currency position as at December 31, 2003 is as follows:

	US$	Euro	Other currencies
Cash and cash equivalents	17,169	315	1,193
Accounts receivable	27,740	6,245	14,050
Other current assets	4,150	3,090	-
Loans given	32,771	-	-
Accounts payable and other liabilities	3,461	2,177	3,440
Short-term borrowings	84,056	-	-

(ii) Interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk through market value fluctuations of interest-bearing short and long-term borrowings. The interest rates on borrowings are disclosed in Note 10. The Group has no significant interest-bearing assets, other than disclosed in Note 5.

(in thousands of US$, except where indicated)

21 COMMITMENTS AND CONTINGENCIES (continued)

Non-cancellable lease.
VSMPO Tirus US leases warehouse and office facilities and certain equipment under non-cancelable operating leases. The following is a schedule of minimum rental payments required under these leases as of December 31, 2003:

2004	716
2005	602
2006	495
2007	296
2008	288
2009	48

The rental expense amounted to US$ 365 and US$ 288 for the years ended December 31, 2003 and 2002, respectively.

Environmental contingencies. The Group and its predecessor entities have operated in the Russian Federation for many years. Governmental authorities are continually considering environmental regulations and their enforcement and the Group periodically evaluates its obligations related thereto. As obligations are determined, they are recognised immediately. The outcome of environmental liabilities under proposed or any future legislation, or as a result of stricter enforcement of existing legislation, cannot reasonably be estimated. Under current levels of enforcement of existing legislation, management believes there are no probable liabilities, which will have a materially adverse effect on the financial position or the operating results of the Group.

Legal contingencies. The Group is the named defendant in a number of lawsuits as well as a named party in other proceedings arising in the ordinary course of business.

While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a materially adverse effect on the financial position or the operating results of the Group.

Antidumping. As of December 31, 2003 VSMPO Tirus US and Avisma were being investigated in relation to an antidumping claim against pure and alloy magnesium from Russia. Management is vigorously defending the Group’s interest in this case. In addition, as of December 31, 2003 VSMPO Tirus US was involved in a Generalized System of Preferences (“GSP”) review which could at a future date result in some increase in customs duties on imports of wrought titanium (Note 22).

22 SUBSEQUENT EVENTS

All loans given to related parties (Note 6) were repaid in August 2004.

VSMPO signed an agreement on March 10, 2005 to sell its interest in Technolog for cash consideration of US$ 30,270 with a related party. At the date of these financial statements (June 15, 2005) approximately US$ 9,000 is outstanding and is receivable during 2005.

In September 2004, the U.S. Department of Commerce made a preliminary determination on an antidumping claim resulting in a 10.62% provisional penalty on magnesium imports beginning in October 2004. In April 2005, a final determination was made which set the provisional penalty rate on subsequent imports at 21.71%. VSMPO Tirus US has the possibility of receiving refunds on all provisional penalties. Management continues to vigorously defend the Group’s interest in this case. It is not possible to gauge the likelihood and amount of refunds at this stage.

In September 2004, the U.S. Department of Commerce eliminated GSP status on wrought titanium, resulting in a 15% duty assessment on such products beginning in November 2004.

On June 15, 2005 VSMPO received a final approval from the Russian Federal Antimonopoly Service to merge with Avisma.