

Auditor's Report
on Financial Statements of VSMPO – AVISMA Corporation for 2006

March 27, 2006
Ref. No. L 55 - 07

Addressee: VSMPO – AVISMA Corporation

Auditor:

Name: Closed Joint Stock Company Analitik Express.

Legal address: 3/2 Gazetny Per., Moscow, 103918.

State registration: certificate of state registration No. 539688 dated 24.12.1993, certificate of entry to the Uniform Public Register of Legal Persons series 77 No. 004301111 dated July 22, 2002, registration No. 1027700047451.

License for conducting audits: No. E 005434, issued by the Ministry of Finance of the Russian Federation in accordance with Order No. 387 dated December 9, 2003 (license term – five years).

Audited company:

Name: Public Stock Company VSMPO – AVISMA Corporation

Legal address: 1 Parkovaya St., Verkhnyaya Salda, Sverdlovsk Reg.

State registration: Certificate of state registration No. 162 dated February 18, 1993,

Certificate of entry to the Uniform Public Register of Legal Persons series 66 No.002624651 dated July 11, 2002, registration No. 1026600784011.

We have audited the accompanying financial statements of VSMPO – AVISMA Corporation for the period from January 1 through December 31, 2006. The financial statements include:

Balance sheet;

Profit and loss account;

Supplements to the balance sheet and profit and loss account;

Notes to the financial statements.

These financial statements are the responsibility of the executive body of VSMPO – AVISMA Corporation. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Federal Law No. 119-FZ dated August 7, 2001 On Accounting, Federal Auditing Standards approved by the government regulation No. 696 dated September 23, 2002 as amended, and internal standards.

We plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles and methods used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion in all material respects.

We did not observe the stock-take as at December 31, 2006 as we were not included in the stock-take committee or provided with the stock-take results.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VSMPO – AVISMA Corporation as at December 31, 2006 and the results of its operations for the period from January 1 through December 31, 2006, except for adjustments, if any, which would have been made if we had conducted the audit of the inventories.

General Director

ZAO Analitik Express

Auditor's qualification certificate No. K 003059, issued on April 14, 2003 by the Ministry of Finance of the Russian Federation with no expiry date.

Yu.G. Gritsun

Leading Auditor

ZAO Analitik Express

Auditor's qualification certificate No. K 003226, issued on April 14, 2003 by the Ministry of Finance of the Russian Federation with no expiry date.

A.A. Postelnikov