



AMTELVREDESTEIN



ФИНАНСОВЫЙ ОТЧЕТ



AMTELVREDESTEIN

2004 / 6 мес. 2005

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О компании

Amtel-Vredestein N.V. — международная компания, включающая в себя крупных производителей шин и химического сырья. Большая часть активов Группы расположена в России, где она входит в тройку ведущих игроков национального рынка шинной продукции. Российские активы Amtel-Vredestein N.V. представлены тремя шинными комплексами и двумя сырьевыми химическими предприятиями*. В Европе компания владеет одним из старейших голландских шинных производств — Vredestein Banden B.V.,

специализирующимся на выпуске продукции премиального сегмента. Предприятия Группы производят самый широкий ассортимент шин: от велосипедных покрышек и шин для сельскохозяйственной техники до высококачественных дизайнерских автомобильных покрышек и шин для оборонной промышленности. На сегодняшний день продукция компаний Amtel-Vredestein N.V. представлена на рынках России, Европы, Азии, Африки и Северной Америки.

* В декабре 2005 года компания продала производителя технического углерода, предприятие "АМТЕЛ-Карбон", Волгоград. В январе 2006 года Amtel-Vredestein завершила сделку по продаже шинного комплекса "АМТЕЛ-Сибирь". Красноярск.

Компания в цифрах

Показатели	2004 г.	I пол. 2005 г.
Выручка от продаж¹, млн руб.	18,437.0	10,459.0
Шины	16,162.0	9,115.0
<i>в том числе:</i>		
легковые	9,096.0	5,466.0
легкогрузовые	2,502.0	881.0
грузовые	2,056.0	1,067.0
авишины	115.0	44.0
сельскохозяйственные	1,817.0	1,413.0
VELO- и мотошины	577.0	244.0
Сырье	2,275.0	1,344.0
EBITDA, млн руб.	2,675.0	1,598.0
EBITDA margin, %	14.5	15.3
Чистая прибыль, млн руб.	288.0	84.0

¹ Здесь и далее вся финансовая информация об итогах деятельности Amtel-Vredestein N.V. приводится по неаудированной Pro forma годовой отчетности Группы за 2004 год и за 1-ю половину 2005 года, включающей в себя финансовые показатели Vredestein Banden B.V.

Ключевые преимущества

Лидирующие позиции на российском рынке шин

По уровню продаж Amtel-Vredestein входит в тройку ведущих компаний российского рынка шинной продукции и является лидером по объему производственных мощностей.

Динамичный сектор экономики

Около 55% активов Amtel-Vredestein приходится на российский рынок — один из наиболее интенсивно развивающихся в мире. Темпы его роста почти в 2 раза превышают динамику европейской шинной индустрии.

Акцент на легковых шинах

Amtel-Vredestein концентрирует свои финансовые, производственные и научно-исследовательские усилия на легковых покрышках как наиболее прибыльном и быстрорастущем сегменте шинного рынка.

Новейшие промышленные технологии

Приобретение Vredestein Banden B.V. обеспечило Amtel-Vredestein доступ к современным производственным и научным технологиям, которые уже внедряются на российских заводах.

Низкая себестоимость

Низкая себестоимость производства покрышек премиального сегмента на собственных заводах в России дает Amtel-Vredestein уникальные преимущества перед крупнейшими игроками мирового шинного рынка.

Сильная управленческая команда

Менеджмент Amtel-Vredestein состоит из профессиональных специалистов-управленцев, с большим опытом работы в шинной индустрии, в финансовой области и в отраслях потребительских товаров.



Судхир Гупта
Председатель
Наблюдательного совета,
Президент Amtel-Vredestein N.V.

Обращение Председателя Наблюдательного совета

Уважаемые акционеры и инвесторы!

Представляем вам первый в истории Amtel-Vredestein финансовый отчет. Им мы открываем новую страницу в отношениях Группы с инвестиционным сообществом. Нашей приоритетной целью являются максимальная прозрачность и открытость перед внешним миром. Регулярную отчетность мы рассматриваем как один из важнейших инструментов достижения поставленной цели. Теперь Amtel-Vredestein будет ежеквартально и ежегодно обобщать результаты своей деятельности, чтобы наши акционеры, инвесторы, партнеры и сотрудники имели четкое представление о том, насколько эффективно мы работаем и на каком направлении фокусируем усилия.

Первая половина 2005-го стала значимой вехой в истории Amtel-Vredestein. Будучи по составу активов до сих пор сугубо российской Группой, мы приобрели современную голландскую компанию Vredestein Banden B.V. и обеспечили себе выход на емкий европейский шинный рынок. Мы сделали первый и очень важный шаг на пути превращения Amtel-Vredestein N.V. в международную компанию, оперирующую на глобальном уровне. Стать игроком мировой лиги — наша стратегическая задача, и у нас есть все основания рассчитывать на успешный результат.

Сегодня мы интегрируем российские и европейские активы и намерены добиться мощного синергетического эффекта. Передовые технологии и бизнес-практика Vredestein Banden вкупе с ресурсной и производственной базой в России позволят нам существенно повысить конкурентоспо-

собность продукции и нарастить свою долю в наиболее перспективных и прибыльных сегментах шинного рынка. Мы намерены концентрировать свои усилия на рынке легковых покрышек высокодоходного класса и постепенно сокращать свое присутствие в сегменте дешевых автомобильных шин и материалоемких продуктов.

Стратегия интенсивной интеграции в мировую экономику ставит перед Amtel-Vredestein совершенно новые задачи. Мы отчетливо осознаем, что соответствие лучшим стандартам корпоративного управления является неременным условием успешности современного бизнеса. В настоящее время большую часть мест в Наблюдательном совете Группы занимают независимые директора. В рамках Наблюдательного совета работают комитеты по аудиту и вознаграждениям. Мы и дальше планируем совершенствовать корпоративные процедуры, чтобы наши акционеры и инвесторы были уверены в эффективности принимаемых решений и имели ясную картину текущей ситуации в Группе.

Финансовые и операционные результаты деятельности Amtel-Vredestein в 2004 году и первой половине 2005-го показывают, что мы — на правильном пути. Я хотел бы выразить благодарность всем акционерам, менеджерам, сотрудникам и партнерам за профессионализм и поддержку, за еще один год успеха и динамичного движения вперед. Я не сомневаюсь, что вместе мы сможем добиться любых, самых амбициозных целей.

Председатель Наблюдательного совета,
Президент Amtel-Vredestein N.V.



Судхир Гупта



Алексей Гурин
Генеральный директор
Amtel - Vredestein N.V.

Обращение Генерального директора

Уважаемые акционеры и инвесторы!

2004 год и первая половина 2005-го ознаменовались для нас большими переменами, переходом Amtel-Vredestein на качественно новый уровень развития. Завершение сделки по приобретению голландского производителя шин Vredestein Banden B.V. и успешная реализация производственных планов в России позволили нам серьезно укрепить позиции на мировом рынке шинной продукции. К началу 2004 года Группа занимала 12-е место в рейтинге крупнейших мировых производителей шин. По результатам текущего года мы рассчитываем войти в десятку лидеров.

Совместными с Vredestein усилиями мы добились впечатляющих производственных и финансовых результатов. По итогам 2004 года консолидированная выручка Amtel-Vredestein выросла до 18 437 млн рублей, а в первом полугодии 2005 года составила 10 459 млн рублей. Эти показатели отражают интенсивный характер развития Группы, формируемый снижением себестоимости и смещением акцента в производстве на более прибыльные премиальные легковые шины. Именно в этом сегменте наблюдались максимальные темпы роста, позволившие эффективно использовать производственные возможности Компании. По итогам 2004 года доля Группы на российском шинном рынке составила 3,5%.

В 2004 году мы провели масштабную модернизацию основных производственных комплексов Группы — «АМТЕЛ-Поволжье» и «АМТЕЛ-Черноземье». Сегодня мы единственные в России, кто располагает современными мощностями для производства шин премиум-класса. Технологии мирового уровня — наш ключ к созданию инновационной и высококачественной продукции, а значит и к лидерству на рынке.

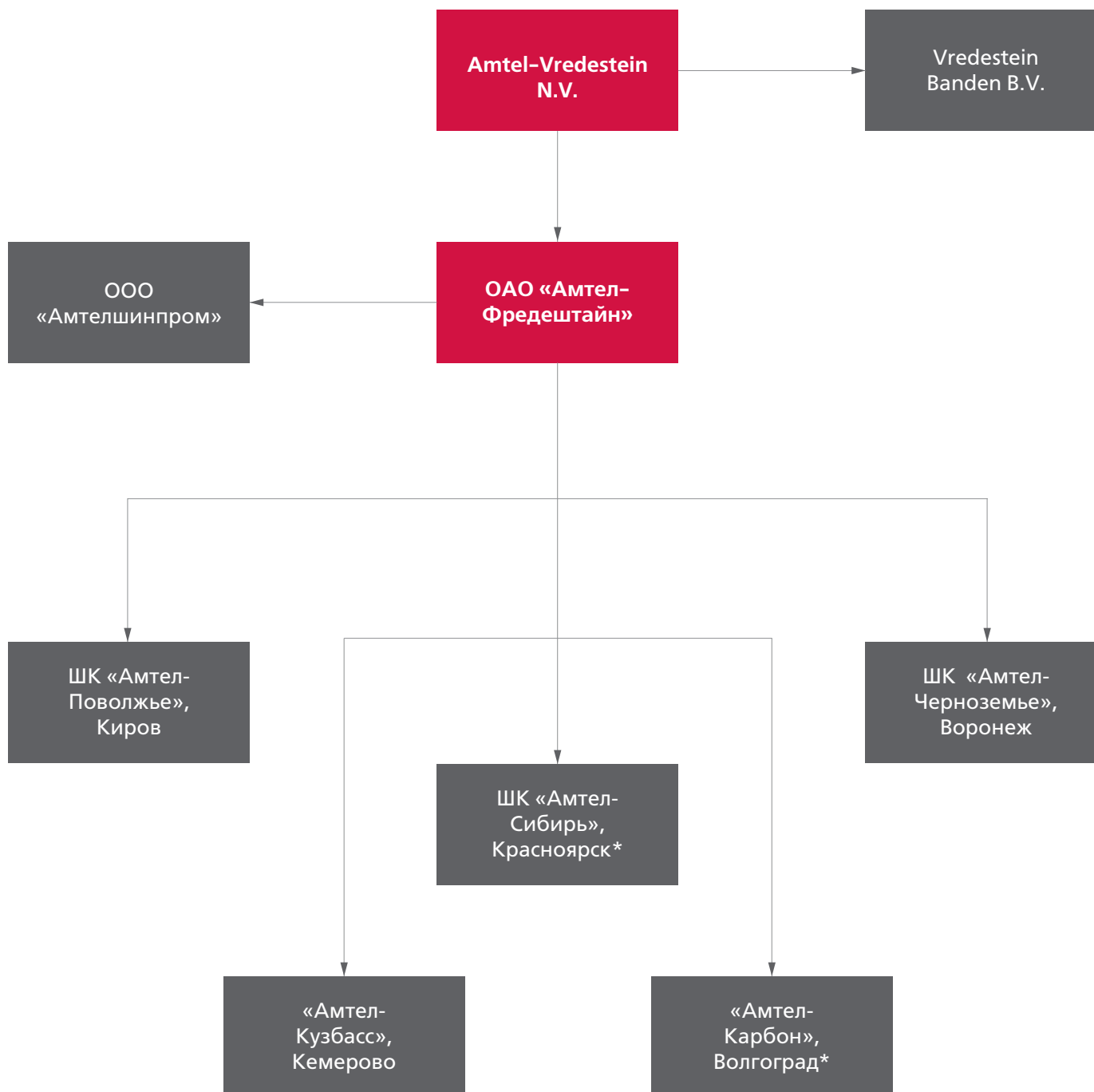
Успешное решение поставленных задач стало возможным благодаря профессионализму и нацеленности на результат всех наших сотрудников. Мы понимаем, что эффективность бизнеса Amtel-Vredestein определяется «качеством» людей. Группа инвестирует значительные средства в обучение и развитие персонала. Мы высоко ценим инициативу и профессионализм сотрудников и через механизмы мотивации всемерно поощряем их трудовые достижения. Сохранение стабильности трудового коллектива, повышение благосостояния работников Amtel-Vredestein являются неотъемлемой частью нашей деятельности.

Генеральный директор
Amtel-Vredestein N.V.



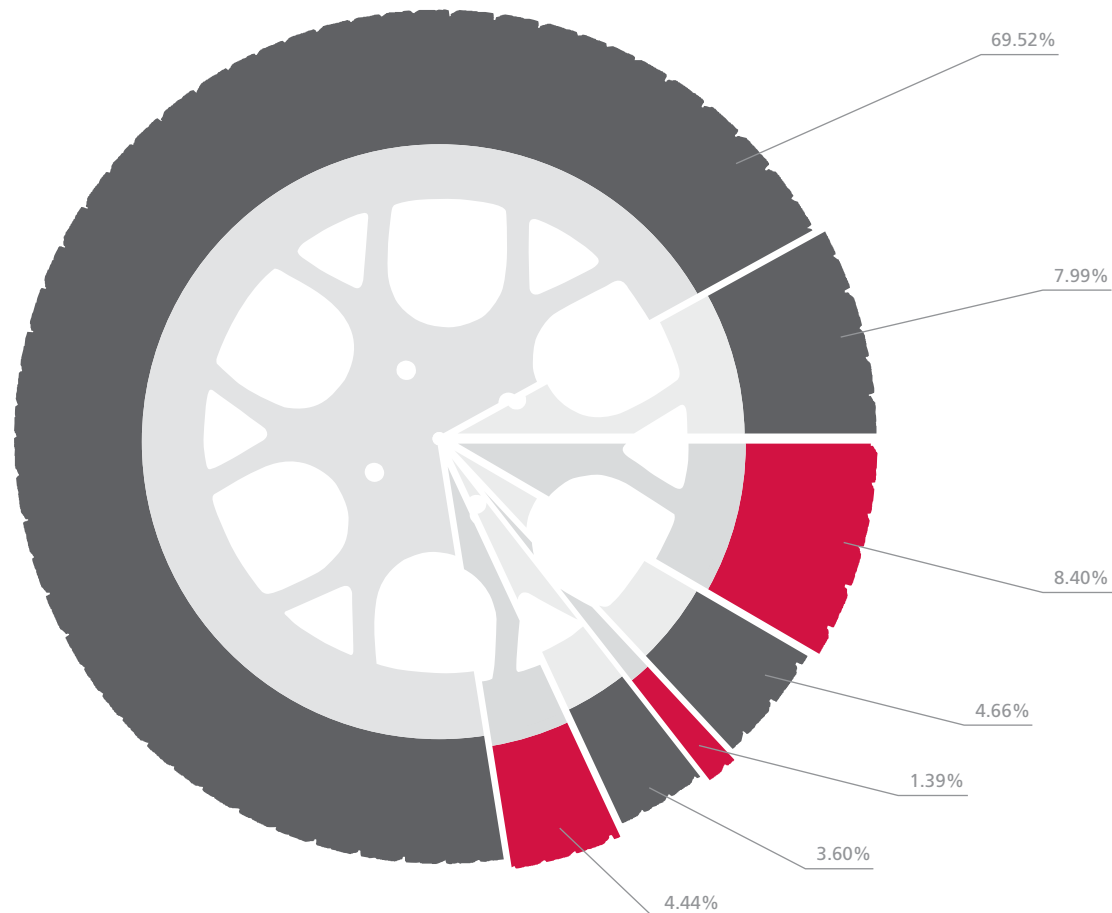
Алексей Гурин

Организационная структура



* В декабре 2005 года компания продала производителя технического углерода, предприятие "АМТЕЛ-Карбон", Волгоград. В январе 2006 года Amtel-Vredestein завершила сделку по продаже шинного комплекса "АМТЕЛ-Сибирь". Красноярск.

Структура акционерного капитала



Акционеры Группы*:

- Alfa Capital Holdings (Cyprus) Limited — 7.99%
- Amtel Luxembourg S.A — 69.52%
- Aranda Investments Pte. Ltd. — 4.44%
- Citicorp International Finance Corporation — 3.60%
- Алексей Гурин — 1.39%
- Templeton Strategic Emerging Markets Fund LDC — 4.66%
- ING Bank N.V. (Troika Dialog (Bermuda) Limited) — 8.40%.

Оплаченный уставный капитал Amtel-Vredestein N.V. состоит из 51 089 730 обыкновенных акций номиналом 0,01 евро и 2 498 840 конвертируемых привилегированных кумулятивных акций номиналом 0,01 евро.

*до первичного размещения акций Amtel-Vredestein N.V.

Наблюдательный совет

Судхир Гупта

Председатель Наблюдательного совета
Президент Amtel-Vredestein N.V.

Борис Бакал

Член Наблюдательного совета
Исполнительный директор Citigroup Venture Capital
International

Грегори ван Бик

Член Наблюдательного совета
Директор по инвестициям Temasek Holdings

Тарик Чаудри

Член Наблюдательного совета
Президент Sabina Pak Limited

Доминик Гуалтиери

Член Наблюдательного совета
Управляющий директор, начальник Управления рынков
и акций Альфа-банка

Даниэл Гупта

Член Наблюдательного совета

Максим Игнатъев

Член Наблюдательного совета
Председатель Совета директоров компании «Рибок Россия»

Рубен Варданян

Член Наблюдательного совета
Председатель Совета директоров и Генеральный директор
Группы компаний «Тройка Диалог»

Дэвид Вак

Член Наблюдательного совета
Партнер Squire, Sanders & Dempsey LLP

Правление

Алексей Гурин

Генеральный директор Amtel-Vredestein N.V.

Виктор Некрасов*

Финансовый директор Amtel-Vredestein N.V.
Финансовый директор ОАО «Амтел-Фредештайн», Россия

Роберт Оудсхоорн

Генеральный директор Vredestein Banden B.V.

Антониус (Тон) Толенс

Финансовый директор Vredestein Banden B.V.

* В январе 2006 года Антониус Толенс сменил Виктора Некрасова на посту
финансового директора Amtel-Vredestein N.V.

Менеджмент

Карэн Топчиян*

Директор по операционным и производственным вопросам
ОАО «Амтел-Фредештайн», Россия

Сергей Боханов*

Директор по продажам и маркетингу
ОАО «Амтел-Фредештайн», Россия

Андрей Маков

Директор по юридическим вопросам
ОАО «Амтел-Фредештайн», Россия

Мари-Жозе Ньюландт

Директор по персоналу и кадровой политике
ОАО «Амтел-Фредештайн», Россия

Андрей Зырянов

Директор по обеспечению сырьем
ОАО «Амтел-Фредештайн», Россия

Павел Смирнов

Директор по маркетингу ОАО «Амтел-Фредештайн», Россия

Олег Виноградов

Руководитель дирекции корпоративного финансирования
и стратегического планирования ОАО «Амтел-Фредештайн»,
Россия

Владимир Юрк

Руководитель департамента по обеспечению сырьем
ОАО «Амтел-Фредештайн», Россия

Анатолий Вольнов

Руководитель департамента по исследованиям и контролю
качества ОАО «Амтел-Фредештайн», Россия

Корнелис Хеттема

Управляющий директор Vredestein Consulting

Йелле Крамер

Директор по производству и технологиям Vredestein
Banden B.V.

Марк Люйтен

Директор по корпоративному маркетингу и продажам
Vredestein Banden B.V.

Ян Мос

Директор по персоналу и организационной работе
Vredestein Banden B.V.

Питер Снэл

Директор по исследованиям, разработкам, качеству и
экологической безопасности Vredestein Banden B.V.

* В январе 2006 года Карен Топчиян сменил Виктора Некрасова на посту
финансового директора ОАО «Амтел-Фредештайн», Россия. Тогда же Сергей
Боханов назначен директором по операционным и производственным
вопросам ОАО «Амтел-Фредештайн», Россия.

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Бизнec

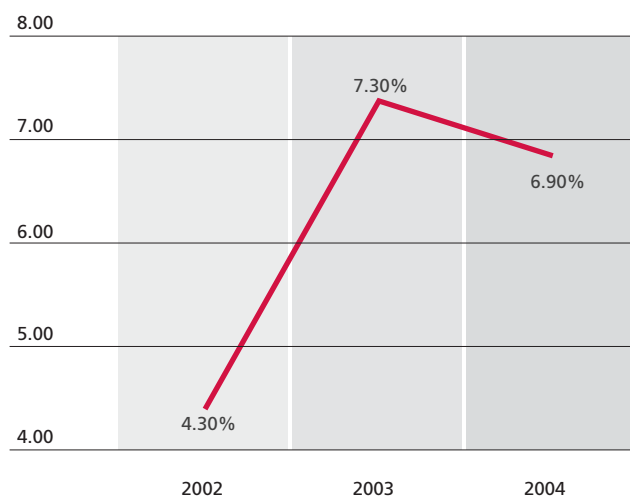
Макроэкономические тренды

Россия

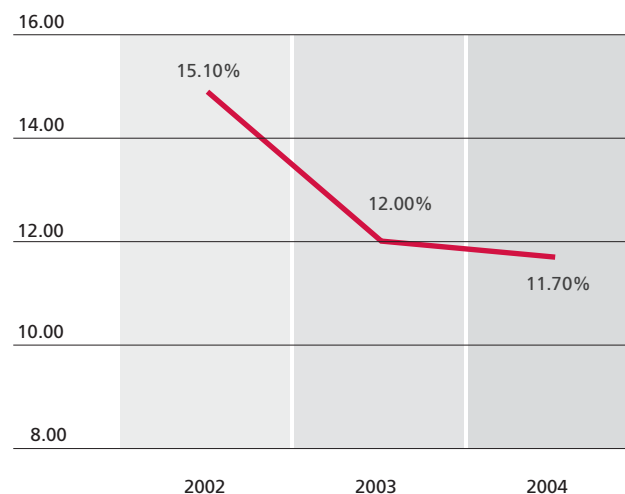
Значительная часть бизнеса Amtel-Vredestein сосредоточена в России, поэтому макроэкономическая ситуация в стране оказывает влияние на деятельность Группы. В 2004 году и первой половине 2005 года ситуация в российской экономике оставалась в целом благоприятной, что способствовало успешному развитию бизнеса Amtel-Vredestein N.V. Темпы роста внутреннего валового продукта (ВВП) и промышленного производства в России опережали аналогичные показатели стран Европы и Северной Америки. Основным драйвером российской экономики оставались высокие цены на углеводородное сырье, металлы и минеральные ресурсы на международных рынках.

Рост ВВП стимулировал увеличение реальных доходов населения и обеспечивал позитивную динамику потребительского спроса, в том числе на продукцию Amtel-Vredestein. Улучшение благосостояния российского населения изменило потребительские предпочтения в сторону более качественных и дорогих шин, что полностью соответствует стратегии развития бизнеса Группы.

Рост ВВП (%)



Инфляция (%)



Реальные доходы населения (%)



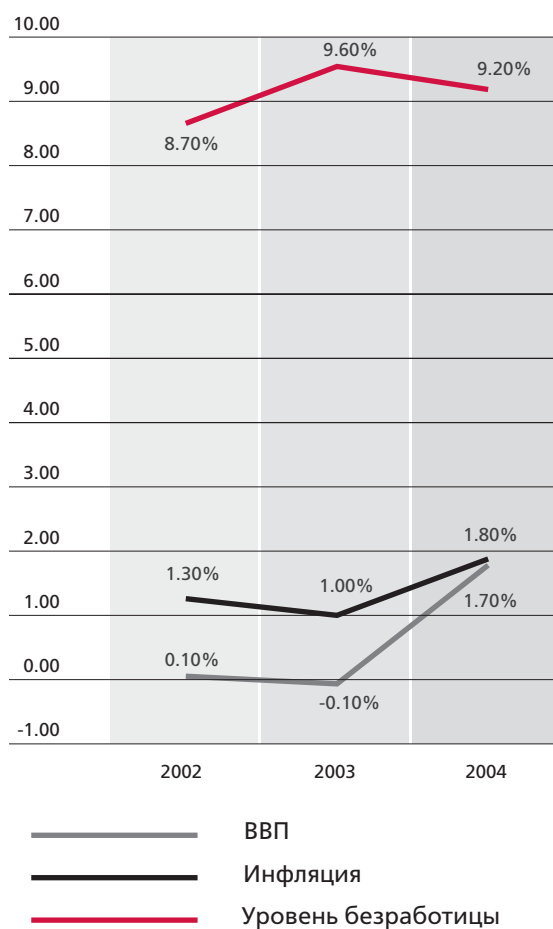
Источник: Госкомстат РФ

Европа

Существенное влияние на бизнес Amtel-Vredestein оказывает макроэкономическая ситуация в Голландии и Германии — основных европейских рынках сбыта продукции Группы. Последние несколько лет рост ВВП экономик стран Западной Европы сохраняется на сравнительно невысоком уровне и существенно отстает от российских показателей. Однако это

не является препятствием к развитию европейского бизнеса Группы — ее динамика опережает темпы экономического роста большинства стран Европы. Уровень доходов европейских потребителей и структура их спроса обеспечивают 36% выручки Amtel-Vredestein.

Макроэкономические показатели Германии (%)



Макроэкономические показатели Голландии (%)



Источник: МВФ

Отраслевые тренды

Мировой рынок шин

Производство шин — одна из наиболее динамично развивающихся отраслей мировой экономики. В течение последних пяти лет темпы его роста составляют от 2% до 3% в год, а совокупный объем превышает \$80 млрд. Каждый год в мире выпускается свыше 1 млрд покрышек, при этом значительная часть выпущенной продукции (более 51% в денежном выражении) приходится на легковые и легкогрузовые шины. Рынок характеризуется высокой степенью концентрации. Согласно данным журнала Tire Business, на долю крупнейших мировых игроков — Bridgestone, Continental, Goodyear и Michelin — приходится более 55% рынка в денежном выражении. География шинной индустрии также отличается высоким уровнем концентрации — Западная Европа, Северная Америка и Азия сосредоточили на своей территории около 90% мирового производства покрышек.

В 2004 году на динамику отрасли сдерживающее влияние оказал интенсивный рост цен на нефть и энергоносители. С од-

ной стороны, это привело к удорожанию производства синтетического каучука, служащего основой для изготовления шин, с другой — рост цен на моторное топливо снижает спрос на автомобили и автотранспортные услуги и, следовательно, на все комплектующие для автомобильной техники. Тем не менее, как свидетельствует статистика, лидерам отрасли удастся добиваться позитивных финансовых результатов. Объемы продаж шин растут во многом благодаря динамично развивающейся экономике Китая, увеличению спроса в некоторых азиатских странах и Индии, а также емкому шинному рынку России.

По прогнозам специалистов, несмотря на значительное удорожание углеводородов, темпы роста шинной отрасли в 2005-2010 гг. останутся на прежнем уровне. Основу этого закладывают процессы автомобилизации в тех странах, которые пока отстают от мировых показателей количества автомобилей на душу населения, а также глобальный эконо-



мический рост, сопровождающийся увеличением грузооборота автотранспорта. По некоторым оценкам, мировое производство автомобилей всех видов в течение ближайших пяти лет будет интенсивно расти, что гарантирует стабильный спрос на шины.

Европейский рынок шин

Европейский рынок шин является одним из крупнейших в мире. По собственным оценкам Amtel-Vredestein, в 2004 году его объем составил **118,2** млрд. В прошлом году в странах Европы было реализовано 252 млн покрышек всех классов и конфигураций. Среднегодовые темпы роста европейской шинной отрасли за последние пять лет составляли 3%. Существенная доля рынка (до 90%) приходится на легковые и легкогрузовые покрышки — в 2004 году европейские потребители приобрели около 225 млн покрышек этого типа.

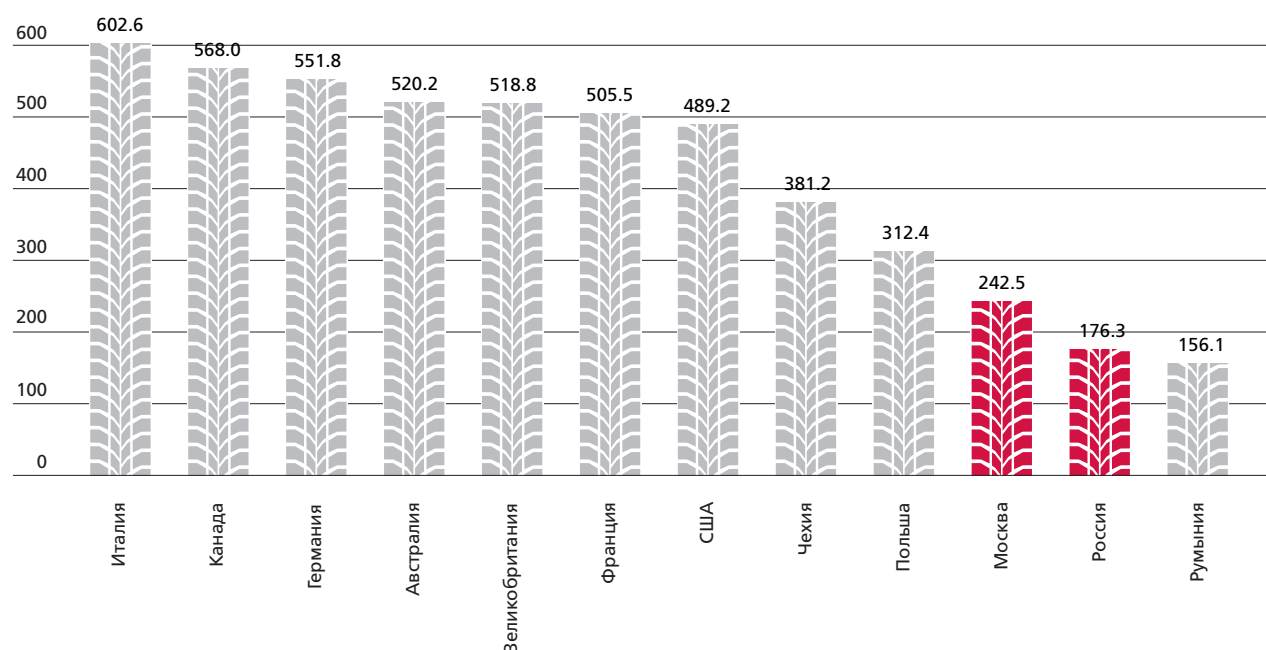
Российский рынок

Российский рынок автомобильных шин демонстрирует стабильно высокие темпы роста. За период с 1999-го по 2004 г. рынок ежегодно увеличивался на 5%. На сегодняшний день емкость рынка составляет 60,9 млн шин, что эквивалентно 112 млрд рублей. На легковые шины в натуральном выражении приходится около 70% рынка. Этот сегмент обеспечивают 60% ежегодного роста шинной отрасли.

Российский, как и мировой, рынок шин для легковых автомобилей можно разделить на три сегмента, каждый из которых характеризуется своей целевой группой потребителей, владеющих автомобилями определенных марок и совершающих покупку по определенным критериям:

А-класс. Премиум-сегмент шин. Как и во всем мире, в Рос-

Число автомобилей в расчете на 1000 жителей в 2004 году (шт.)



Источник: данные Euromonitor International, LadaOnline

сии представлен в основном шинами Goodyear, Michelin, Bridgestone. По итогам 2004 года в России было продано около 5,7 млн шин премиум-класса.

В-класс. Средний сегмент шин. Представлен шинами, по качеству близкими к А-классу, но имеющими более низкую стоимость в силу менее узнаваемого бренда. Объем продаж покрышек среднегодового сегмента в 2004 году составил 9,9 млн штук.

С-класс. Самый массовый сегмент шин. Представлен низкокачественными и дешевыми покрышками, импортируемыми из Китая или производимыми в России и странах СНГ по устаревшим технологиям. Оценочный объем продаж шин

низшей ценовой категории в 2004 году составил 25,8 млн штук.

Несмотря на некоторое усиление конкурентного давления со стороны ведущих мировых производителей, российские предприятия шинной промышленности могут рассчитывать на продолжение динамичного роста основных производственных и финансовых показателей. Динамика рынка легковых шин повторяет рост автопарка России, который обладает значительным потенциалом роста. Парк автомобилей в России по итогам 2004 года насчитывал около 30 млн транспортных средств. По оценкам экспертов, средний ежегодный рост рынка легковых автомобилей в России за период с 2001-го по 2004 г. составлял около 8,2%.

Показатель обеспеченности автомобилями за последние 10 лет увеличился более чем в 2 раза и составляет 176 автомобилей на 1000 жителей. По этому показателю Россия существенно отстает от стран Восточной Европы. Однако достаточно быстрый рост реальных доходов населения будет способствовать сокращению этого разрыва. Согласно оптимистичным прогнозам, к 2010 году количество автомобилей в расчете на тысячу жителей удвоится и достигнет уровня 350–400 единиц, что будет сопоставимо с Чехией или Польшей.

Наибольшим потенциалом роста в России обладают сегменты «А» и «В», растущие в основном за счет изменения структуры автопарка, роста доходов населения и сокращения доли сегмента «С». Так, за период 2003-2004 гг. рынок шин «А» и «В» классов вырос на 30% и 9,9% соответственно, тогда как в секторе «С» произошло снижение объемов производства на 0,7%. Группа рассчитывает, что данная рыночная тенденция сохранится благодаря увеличению реальных доходов населения, а также росту спроса на качественные автомобили зарубежных марок.



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Amtel-Vredestein сегодня

Amtel-Vredestein — международная компания, являющаяся одним из крупнейших в Европе производителей шин и располагающая современными мощностями в России и Голландии. Основным направлением деятельности Группы является производство шин для различных видов транспорта, а также сырья для химической промышленности.

Amtel-Vredestein имеет пятнадцатилетний опыт работы в России. Группа входит в тройку крупнейших игроков российского рынка с рыночной долей в 2004 году на уровне 13,5%. За последний год компании удалось существенно увеличить свое присутствие на российском шинном рынке.

В России находятся пять производственных предприятий Группы: три шинных комплекса («АМТЕЛ-Поволжье», г. Киров; «АМТЕЛ-Черноземье», г. Воронеж; «АМТЕЛ-Сибирь», г. Красноярск) и два химических предприятия («АМТЕЛ-Кузбасс», г. Кемерово, и «АМТЕЛ-Карбон», г. Волгоград)*. За период с 2003 года по первое полугодие 2005 года компания инвестировала около 3 899 млн рублей в модернизацию и расширение производственных возможностей своих предприятий, в результате чего они стали самыми современными в России. По установленной мощности Amtel-Vredestein N.V. сегодня является крупнейшей шинной компанией в России.

В апреле 2005 года Группа завершила приобретение голландской компании Vredestein Banden B.V., производителя шин премиального сегмента. Сумма сделки составила **1199,9** млн. Средства на покупку были привлечены Amtel-Vredestein N.V. в рамках программы долгового финансирования. На сегодняшний день Vredestein Banden B.V. занимает 1,9% европейского шинного рынка. Сделка по покупке голландского производства позволила Группе получить доступ к передовым производственным технологиям и выйти на международные рынки. Сегодня компания активно ведет интеграцию российских и голландских активов для унифи-



кации производственных процессов, качества сырья и логистики, а также для внедрения технологий Vredestein Banden в России.

Amtel-Vredestein располагает современными центрами научных исследований и конструкторских разработок в России и Голландии. В ближайшей перспективе компания планирует консолидировать исследовательский потенциал двух центров в единый научный комплекс, который будет располагаться в Энсхеде (Голландия).

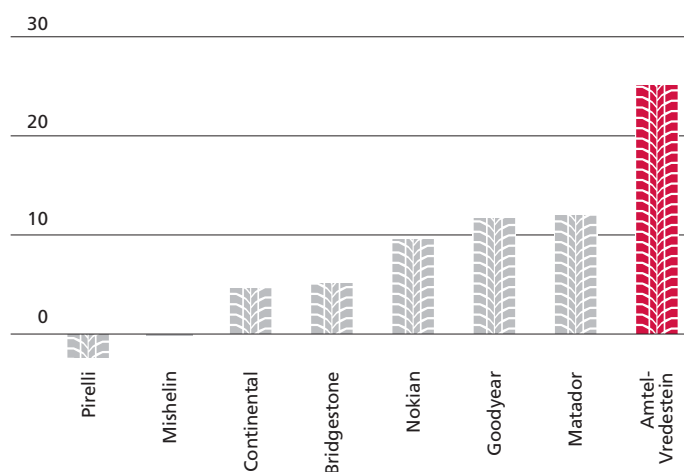
Помимо постоянной работы над повышением эксплуатационных характеристик и качества продукции, Группа уделяет серьезное внимание дизайну и стилистическим решениям протекторов покрышек. Vredestein Banden тесно сотрудничает с ведущим итальянским дизайнерским бюро Giugiaro Design, получившим широкую известность благодаря разработке стилистических решений для Alfa Romeo, Bugatti, Corvette, Maserati, Volkswagen, Fiat и других всемирно признанных автомобильных марок.

* В декабре 2005 года компания продала производителя технического углерода, предприятие "АМТЕЛ-Карбон", Волгоград. В январе 2006 года Amtel-Vredestein завершила сделку по продаже шинного комплекса "АМТЕЛ-Сибирь". Красноярск.

Группа является одним из наиболее динамично развивающихся шинных производителей в мире. По итогам 2004 года его выручка составила 18 437 млн рублей, а показатель EBITDA увеличился до 2 675 млн рублей. Прибыль после налогообложения составила 288 млн рублей. Совокупный объем продаж в 2004 году достиг 21,8 млн покрышек всех классов и типоразмеров. При этом легковые покрышки премиум-сегмента заняли 29,2% в структуре выручки Группы. На шины «В»-класса по итогам 2004 года пришлось 10,7% выручки, а на покрышки низшего сегмента — 9,4%.

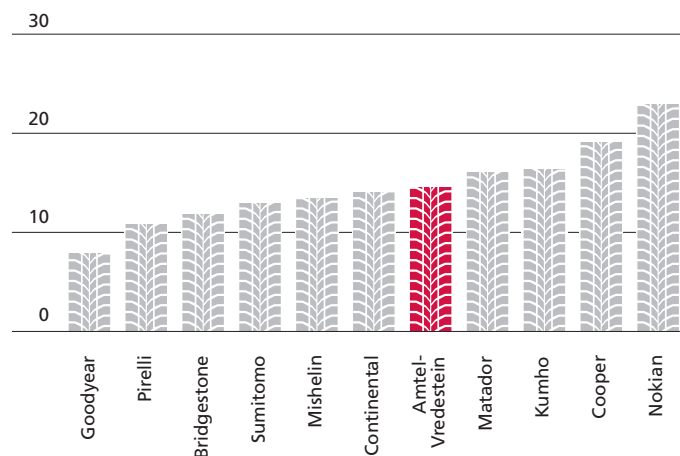
В первой половине 2005 года Amtel-Vredestein продолжил динамичное движение вперед. Консолидированная выручка Группы за этот период увеличилась до 10 459 млн рублей. Показатель EBITDA вырос до 1 598 млн рублей. Прибыль после налогообложения по итогам полугодия составила 84 млн рублей.

Динамика выручки крупнейших производителей шин в 2001-2004 гг. (%)



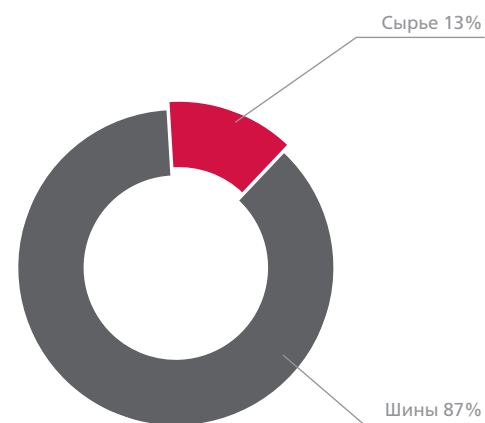
Источник: Amtel-Vredestein, European Rubber Journal

Уровень EBITDA margin в 2004 году (%)



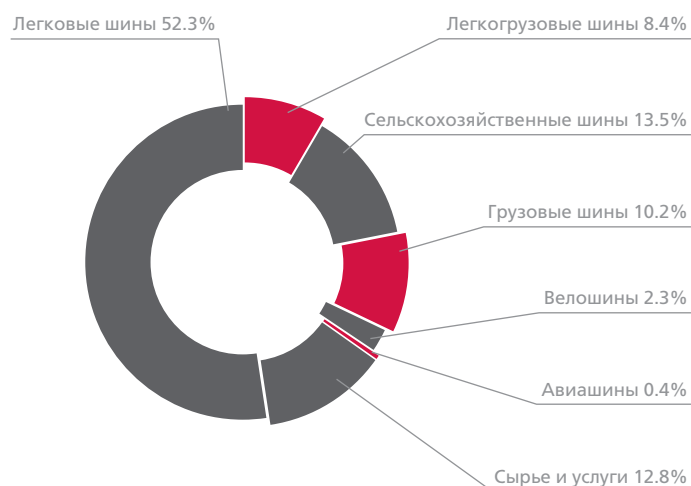
Источник: Amtel-Vredestein

Структура выручки Amtel-Vredestein N.V. (6 мес. 2005 г.)



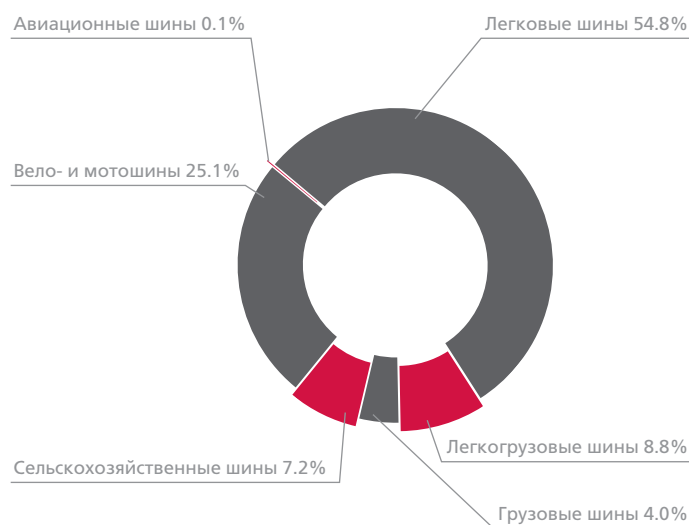
Источник: Amtel-Vredestein

Структура выручки Amtel-Vredestein N.V.
(6 мес. 2005 г.)



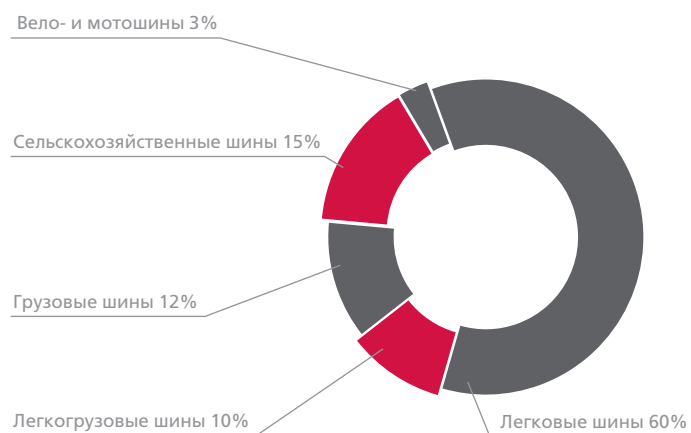
Источник: Amtel-Vredestein

Структура продаж шинной продукции
Amtel-Vredestein N.V. (6 мес. 2005 г.)



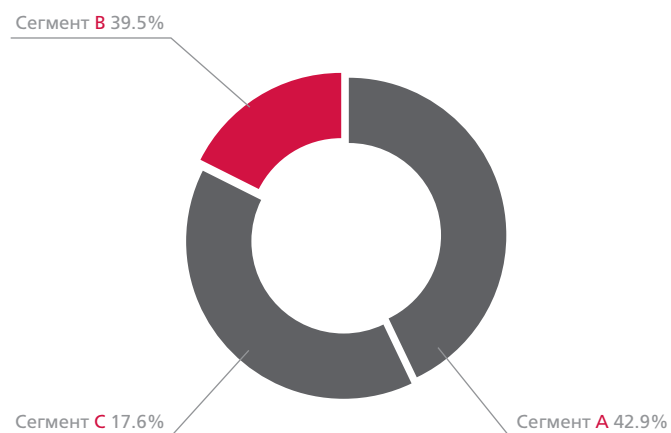
Источник: Amtel-Vredestein

Структура выручки Amtel-Vredestein N.V. в сегменте шин
(6 мес. 2005 г.)



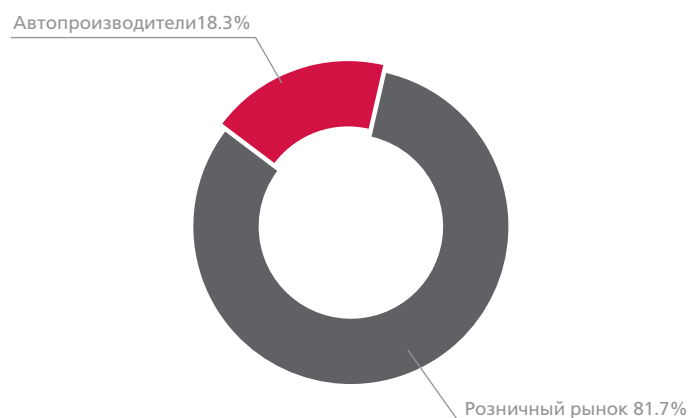
Источник: Amtel-Vredestein

Структура выручки Amtel-Vredestein N.V. в сегменте
легковых шин (6 мес. 2005 г.)



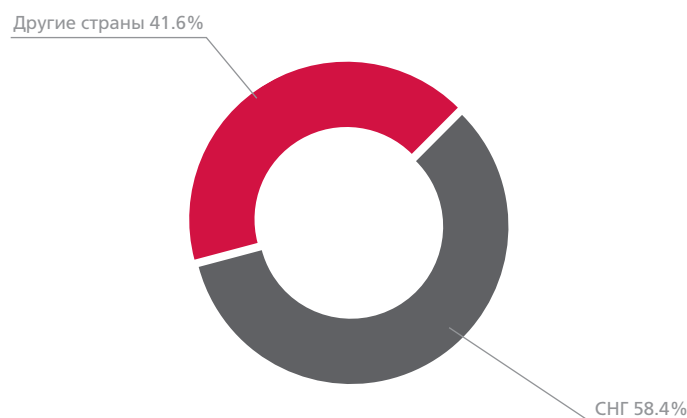
Источник: Amtel-Vredestein

Структура выручки Amtel-Vredestein N.V. по каналам дистрибуции (6 мес. 2005 г.)



Источник: Amtel-Vredestein

География продаж Amtel-Vredestein N.V. (6 мес. 2005 г.)



Источник: Amtel-Vredestein

Амтел-Vredestein на российском рынке

Шинное производство

Российское шинное производство Amtel-Vredestein сосредоточено на трех предприятиях — «АМТЕЛ-Поволжье» (г. Киров), «АМТЕЛ-Черноземье» (г. Воронеж), «АМТЕЛ-Сибирь» (г. Красноярск)*. Группа ведет производство покрышек самого широкого ассортимента, в том числе:

- для легковых автомобилей
- для грузовых автомобилей
- для сельскохозяйственной техники
- для авиационной промышленности
- для специальной техники, мотоциклов и велосипедов.

Ассортиментный ряд Группы включает более 420 моделей шин для легковых автомобилей, 120 моделей шин для гру-

зово́й техники и автобусов, 240 моделей шин для различных видов сельхозтехники, 25 моделей авиашин и 50 моделей мото- и велосипедов. На сегодняшний день Amtel-Vredestein является единственным в России производителем сверхкрупногабаритных шин.

На своих предприятиях в России Группа создала современное производство по выпуску шин, технологии которого соответствуют мировым стандартам. В развитие предприятий за 2,5 года (2003-го — 6 мес. 2005 г.) было инвестировано 3899 млн рублей. Модернизация производственных мощностей и перевод их на единую технологическую базу позволили наладить выпуск современной и качественной продукции, соответствующей международным стандартам. В 2004 году Группа

* Шинный комплекс "АМТЕЛ-Сибирь" продан в январе 2006 года.

вывела на рынок новые серии высокоскоростных летних шин AMTEL PLANET и серию зимних шин AMTEL NORDMASTER. В 2005 году на заводе «АМТЕЛ-Поволжье» Группа наладила производство шин класса «А» под брендом Vredestein.

Совокупный выпуск шин российскими предприятиями Amtel-Vredestein N.V. в 2004 году составил 15,2 млн штук³. Компания готова оперативно реагировать на рост потребительского спроса. Общая установленная мощность предприятий Группы на сегодняшний день составляет 26,9 млн штук⁴ в год, из которых более 10,1 млн приходится на покрышки «А»- и «В»-классов.

Следуя избранной стратегии развития, Группа стремится наращивать в первую очередь выпуск шин для пассажирских и легкогогрузовых автомобилей. Именно этот сегмент российского шинного рынка имеет в настоящее время наилучшие перспективы для роста.

На рынке шин для легковых автомобилей продукция Amtel-Vredestein присутствует во всех ценовых сегментах. По итогам 2004 года рыночная доля Группы в сегменте шин «В»-класса составила 19%, а в низшем ценовом сегменте — около 14%. С покупкой голландского производителя покрышек премиум-класса Группа намерена увеличивать присутствие в этом сегменте рынка. Сегодня на долю компании приходится 45,5% всех российских производственных мощностей по выпуску шин классов «А» и «В».

2004 год был ознаменован расширением региональных рынков сбыта продукции Группы. Осенью прошлого года началось активное продвижение товаров в Сибирском регионе, где традиционно сильны позиции «Сибура». Закрепление на этом стратегически важном направлении позволит Группе не только увеличить суммарные объемы реализации, но и оптимизировать логистику с учетом повышения эффективности реализации товаров на Дальнем Востоке.

³ С учетом вело- и мотоциклов.

⁴ С учетом вело- и мотоциклов.



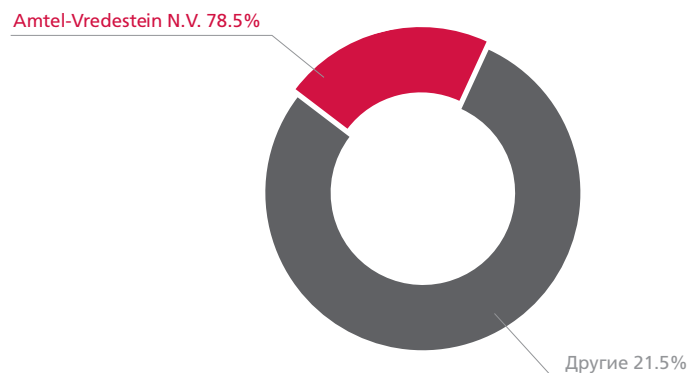
Химическое сырье

Amtel-Vredestein N.V. является одним из крупнейших российских производителей сырья для шинной промышленности. В состав Группы входят два химических предприятия — «АМТЕЛ-Кузбасс» (г. Кемерово) и «АМТЕЛ-Карбон» (г. Волгоград)*. Около 35% выпускаемого заводами технического углерода и 50% полиамидных нитей поставляется на шинные предприятия Группы. Остальная часть реализуется российским потребителям и экспортируется в страны Европы, Азии и Ближнего Востока. Среди покупателей сырья — Pirelli и Goodyear, а также российская компания «Сибур».

В 2004 году реализация различных марок технического углерода, выпускаемых «АМТЕЛ-Карбон», составила 4% совокупного объема продаж Группы, или 787 млн рублей. По итогам первого полугодия 2005 года доля продаж технического углерода в структуре общей выручки Amtel-Vredestein N.V. снизилась на 1% — до 318 млн рублей.

«АМТЕЛ-Кузбасс» является ведущим российским производителем полиамидных нитей, используемых не только в шинной промышленности, но и в рыболовстве, производстве резинотехнических изделий и синтетических тканей. В 2004 году продажи этой продукции составили 968 млн рублей или около 5% суммарного объема реализации Группы. В первой половине

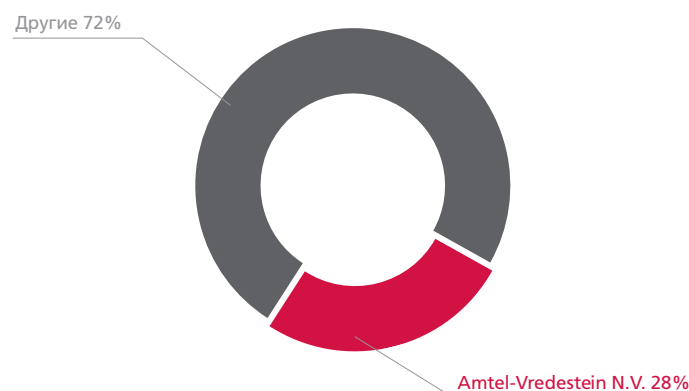
Amtel-Vredestein N.V. на рынке технического углерода России в 2004 г.



* «АМТЕЛ-Карбон» продан в декабре 2005 года.

2005 года доля продукции «АМТЕЛ-Кузбасс» в структуре выручки Группы снизилась на один процентный пункт и составила 416 млн рублей.

Amtel-Vredestein N.V. на рынке полиамидных нитей России в 2004 году



Источник: Amtel-Vredestein

Себестоимость, дистрибуция и ценовая политика

Amtel-Vredestein постоянно заботится о снижении себестоимости производства и повышении рентабельности. Специфика производства шин предполагает высокую степень зависимости себестоимости продукции от цен на сырье и энергоносители. Удорожание сырой нефти и каучука (как натурального, так и синтетического) на мировом рынке, а также опережающий инфляцию рост цен на энергоресурсы в России негативно сказываются на производственной себестоимости. В 2004 году, несмотря на принимаемые Группой меры, удельный вес расходов на оплату сырья и энергоносителей вырос на один процентный пункт.

В России Amtel-Vredestein активно использует все каналы реализации покрышек. Однако основные усилия Группы по дистрибуции шин сосредоточены на вторичном рынке. В 2004 году на него пришлось 84% продаж в стоимостном выражении. Остальную часть продукции Amtel-Vredestein реализует крупнейшим российским автопроизводителям.

Группа поставляет шины для легковых автомобилей на завод «АвтоВАЗ» и на предприятия холдинга «РусПромАвто», в том числе на Горьковский автомобильный завод (ГАЗ). Amtel-Vredestein обеспечивает покрышками российское производство автомобилей Kia и совместного предприятия General Motors и «АвтоВАЗ» по выпуску моделей «Шевроле-Нива».

Группа планирует расширять продажи продукции на розничном рынке, поскольку видит в нем более стабильный и прибыльный канал дистрибуции. Amtel-Vredestein рассматривает возможность покупки действующих розничных сетей и реализации через них собственной продукции.

Amtel-Vredestein проводит гибкую ценовую политику, ориентируясь на задачи расширения рыночной доли в наиболее привлекательных сегментах российского рынка шин. Благодаря этому наблюдается стабильный рост объемов продаж в натуральном выражении и выручки от реализации как по рынку в целом, так и по основным потребителям.

Соотношение цен на шины Amtel-Vredestein N.V. и конкурентов на российском шинном рынке представлено следующим образом: бренд AMTEL позиционируется по цене ниже импортируемых шин «В»-сегмента — брендов второго эшелона (топ-5), а также марок корейских и японских производителей, но выше российских брендов «С»-сегмента (Матадор, Кама, Таганка, Медео). Покрышки Vredestein планируется позиционировать в России в верхней части сегмента «А».

Инвестиции и заимствования

В 2004 году — первой половине 2005 года Amtel-Vredestein продолжила реализацию инвестиционной программы, направленной на совершенствование производственных активов. За период с 2003 года по первое полугодие 2005 года Группа инвестировала 3899 млн рублей в модернизацию подконтрольных заводов, в том числе и в сертификацию производства в соответствии с международными стандартами качества.

В июле 2004 года Группа приступила к реализации проекта «Воронеж II» — строительству производственных

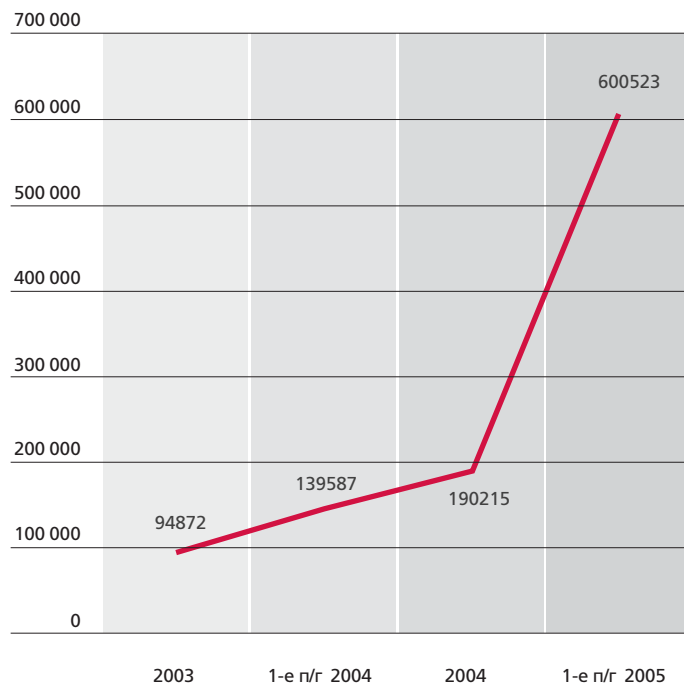


мощностей на базе Greenfield, с целью выпуска шин под собственным брендом. В рамках данного проекта было начато строительство завода в Воронеже с общей площадью около 25 тыс. кв. метров. Данный проект позволит Группе создать производственный комплекс по выпуску шин премиум-класса с годовой мощностью 3 млн штук.

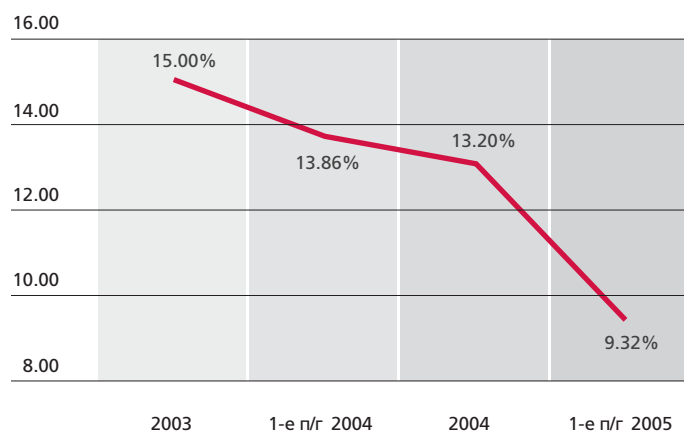
Стратегической целью реализации данного проекта является создание материальной и технической базы для производства наиболее дорогостоящих шин (НР и УНР) с диаметром от 16 до 18 дюймов. В настоящее время ни один завод в России не располагает производственными мощностями для выпуска подобного типа шин такого диаметра.

За период 2002-2004 гг. долговая нагрузка Amtel-Vredestein постепенно росла, что было связано с увеличением доли собственности в уставных капиталах заводов Группы, а также привлечением средств под финансирование крупных проектов по модернизации заводов. В первом полугодии 2005 года отмечен почти трехкратный рост совокупной задолженности, что обусловлено, в первую очередь, завершением сделки по приобретению голландской компании Vredestein Banden B.V. Совокупные затраты на нее составили 199,9 млн.

Динамика долга Amtel-Vredestein N.V.
в 2003-м-1-й пол. 2005 г. (тыс USD)



Процентные ставки по долгу
в 2003-м-1-й пол. 2005 г. (%)



Источник: Amtel-Vredestein

В то же время структура заемного капитала Amtel-Vredestein N.V. является сбалансированной – из 18 060 млн рублей (\$597 млн) привлеченных кредитов и займов на конец первого полугодия 2005 года почти две трети приходится на долгосрочные ресурсы. Некоторый рост доли краткосрочного заемного капитала в 2004 г. связан с сокращением срока до погашения по первому выпуску облигаций АМТЕЛ на 600 млн рублей и его переводом в разряд краткосрочных обязательств.

Производственные активы

«АМТЕЛ-Поволжье». Шинный комплекс «АМТЕЛ-Поволжье» является одним из наиболее динамично развивающихся предприятий российской шинной промышленности. Комплекс производит 118 типов современных бескамерных шин диаметром 10-12 дюймов, включая такие марки, как AMTEL PLANET и AMTEL NORDMASTER.

Значительная доля выпускаемой продукции комплекса используется для комплектации автомобилей Горьковского, Волжского и Ульяновского автозаводов. Качество производимой продукции подтверждается сертификатами соответствия международному стандарту ISO-9001, которые «АМТЕЛ-Поволжье» получил первым среди российских предприятий шинной индустрии. Кроме того, комплекс неоднократно завоевывал награды различных конкурсов и программ, в том числе на конкурсе «Лучшая автомобильная шина на дорогах России» получал золотые медали с 2001-го по 2005 год.

Шинный комплекс «АМТЕЛ-Поволжье» активно реализует программу модернизации и расширения производственных мощностей. Завершен процесс реконструкции и введен в эксплуатацию проект «Киров-I», производственная мощность которого к концу 2004 года достигла 2,3 млн шин сегментов «А» и «В». В конце 2004 года введен в эксплуатацию проект «Киров-II», который позволяет производить шины европейского качества для реализации в России и странах СНГ. По итогам первых шести месяцев 2005 года производственная мощность проекта достигла показателя 2,3 млн шин.

В 2004 году «АМТЕЛ-Поволжье» произвел около 25% совокупного объема покрышек, выпущенных Amtel-Vredestein. По итогам первой половины 2005 года доля комплекса выросла на 3 процентных пункта.

Производство «АМТЕЛ-Поволжье» (тыс. шт.)

Типы производимых шин	2004
Для легковых автомобилей	3,219
Для легкогрузовых автомобилей	1,243
Для грузовых автомобилей	290
Для сельхозтехники	10
Для мотоциклов и велосипедов	83
Всего, без учета мото- и велошин	4,762

Источник: Amtel-Vredestein

«АМТЕЛ-Черноземье». В 2004 году на «АМТЕЛ-Черноземье» производилась реконструкция производства с целью оптимизации выпускаемого ассортимента с учетом тенденций развития автомобилестроения и рынка автомобильной промышленности. Инвестиции Группы в шинный комплекс за период с 2003 года по 1-е полугодие 2005 года составили более 1674 млн рублей.

В начале 2004 года на «АМТЕЛ-Черноземье» введено в эксплуатацию новое производство «Воронеж-I», выпускающее высококачественные шины AMTEL PLANET и AMTEL NORDMASTER. В 2004 году средняя мощность производства составила 2,2 млн. шин «А»- и «В»-классов. Завершен второй этап реконструкции предприятия: созданы новые производственные мощности по выпуску шин для легковых автомобилей, легких грузовиков и сельскохозяйственной техники.

В 2004 году компания приступила к реализации проекта «Воронеж-II» — строительству нового шинного производства мощностью 3 млн шин в год. На предприятии будет организован выпуск бескамерных шин диаметром 13-18 дюймов под брендами VREDESTEIN и MALOYA, предназна-

ченных для реализации в России и на европейском рынке. Новый комплекс будет оборудован семью сборочными станками и 36 гидравлическими прессами для вулканизации шин.

По результатам 2004 года доля «АМТЕЛ-Черноземье» в совокупном объеме выпущенной Группой шинной продукции составила 46% и снизилась на 1% по итогам первой половины 2005 года.

Производство «АМТЕЛ-Черноземье» (тыс. шт.)

Типы производимых шин	2004
Для легковых автомобилей	1,361
Для легкогрузовых автомобилей	392
Для грузовых автомобилей	409
Для сельхозтехники	251
Для мотоциклов и велосипедов	6,609
Всего, без учета мото- и велошин	2,414

Источник: Amtel-Vredestein

«АМТЕЛ-Сибирь»*. Шинный комплекс «АМТЕЛ-Сибирь» — единственный в Восточной Сибири производитель автомобильных и авиационных шин, а также единственный в России шинный комплекс, выпускающий крупногабаритные шины.

После проведенной в 2001 году реорганизации и внедрения программы развития производства на предприятии стабильно растет выпуск легковых и легкогрузовых шин. В 2004 году завершена модернизация производства крупногабаритных сельскохозяйственных и авиашин, которая позволит существенно расширить ассортимент выпускаемой продукции. В рамках программы реконструкции «АМТЕЛ-Сибирь» на 49% сократил производство легковых покрышек класса «С» в пользу продукции с большей добавленной стоимостью.

* Шинный комплекс «АМТЕЛ-Сибирь» продан в январе 2006 года.

По итогам 2004 года доля «АМТЕЛ-Сибирь» в общей структуре производства Amtel-Vredestein N.V. составила 7%. В первом полугодии 2005 года доля комплекса снизилась до 6%.

Производство «АМТЕЛ-Сибирь» (тыс. шт.)

Типы производимых шин	2004
Для легковых автомобилей	1,086
Для легкогогрузовых автомобилей	10
Для грузовых автомобилей	139
Для сельхозтехники	64
Авиационные шины	27
Всего	1,325

Источник: Amtel-Vredestein

«АМТЕЛ-Карбон»*. «АМТЕЛ-Карбон» — автоматизированное предприятие по производству технического углерода, оснащенное современным технологическим оборудованием.

В настоящее время «АМТЕЛ-Карбон» производит технический углерод 19 марок. Общий объем выпуска в 2004 году составил 94 тыс. тонн. Качество и однородность производимого углерода, а также невысокие транспортные расходы при получении сырья определяют высокую конкурентоспособность предприятия.

«АМТЕЛ-Карбон» сертифицирован на соответствие требованиям международных стандартов ИСО 9002 и 9001:2000 и немецкого стандарта качества «TUV». По заключению международного технического аудита, проведенного компаниями Goodyear, Pirelli и Bridgestone, уровень предприятия полностью отвечает требованиям, предъявляемым к поставщикам сырья для вышеназванных международных производителей. На производстве уделяется большое внимание промышленной и экологической безопасности производства — на протяжении всей технологической цепочки предусмотрены систе-

мы очистки и утилизации промышленных отходов, а также системы энергосбережения.

«АМТЕЛ-Кузбасс». «АМТЕЛ-Кузбасс» — предприятие-лидер в России по производству полиамидных волокон, полиамида и кордной ткани, применяемой в шинной промышленности в качестве каркаса при изготовлении покрышек. Технические нити, выпускаемые на предприятии, используются для получения тканей технического назначения, а текстильные нити — для производства потребительских товаров. «АМТЕЛ-Кузбасс» полностью обеспечивает потребности Группы в капроновых кордных тканях.

Имеющиеся производственные мощности позволяют вырабатывать до 31,6 тыс. тонн химических волокон ежегодно. Предприятие поставяет широкий спектр кордной ткани в Россию, страны СНГ и рынок Китая.

В декабре 2001 года предприятие первым в России из производителей полиамидных волокон получило сертификат соответствия системы управления качеством требованиям международных стандартов ИСО 9001:2000. За высокое качество продукции Американско-Евразийская торговая палата наградила АМТЕЛ медалью и дипломом «За высокое качество продукции».

Производство «АМТЕЛ-Кузбасс» в 2004 году

Вид продукции	Ед. измерения	2004
Капроновый корд	тыс. м	26 413
Нити	тонн	19 315
Полиамиды	тонн	6 136

Источник: Amtel-Vredestein

* «АМТЕЛ-Карбон» продан в декабре 2005 года.

Amtel-Vredestein на европейском рынке

С момента основания и до середины 2004 года ключевым рынком для Amtel-Vredestein была Россия, где располагались ее основные производственные мощности, а также страны СНГ. Лишь сравнительно небольшие объемы продукции, как шин, так и сырья для их производства, экспортировались за пределы Содружества (0,8% совокупного объема продаж Группы по результатам 2004 года). С приобретением в апреле 2005 года голландского производителя шин — компании Vredestein Banden B.V. — Группа трансформировалась в международную компанию, которая имеет производственные активы в Европе и широкую сеть дистрибуции по всему миру.

Годовой объем производства легковых и легкогрузовых шин Vredestein Banden в 2004 году составил 4,5 млн шин. Компания базируется в Энсхеде (Нидерланды) и располагает производственными мощностями в Голландии, а также на принципах «off-take» ведет производство шин в Малайзии, Индии, Таиланде и Индонезии. Производственные мощности Vredestein Banden рассчитаны на выпуск 4,7 млн легковых шин ежегодно.

Vredestein Banden позиционируется как производитель шин в сегменте «премиум», в ценовой категории, сопоставимой с



Nokian, Goodyear, Bridgestone и несколько дешевле, чем Michelin. Компания создала общепризнанные бренды летних и зимних шин класса «А» (Ultrac Hi-Trac, T-Trac, Sportrac, Wintrac, Icetrac). Реализует продукцию под собственными марками Vredestein и Vredestein Giugiaro.



Интеграция бизнеса Amtel-Vredestein

Стратегия бизнеса Amtel-Vredestein предусматривает комплексную интеграцию голландских и российских активов. Ставя своей целью максимально реализовать синергетический эффект от приобретения Vredestein Banden для наращивания своего присутствия в высокодоходных сегментах как российского, так и международного шинного рынков, руководство Группы выработало напряженный, но реалистичный план интеграции.

На сентябрь 2005 года намечен запуск серийного производства шин голландского бренда «премиум»-класса Vredestein на шинном комплексе «АМТЕЛ-Поволжье». До конца 2005 года планируется произвести в Кирове 14 тыс. шин Vredestein двух типов, предназначенных для использования на автомобилях бизнес-класса и класса «люкс». В 2006 году компания намерена приступить в выпуск еще

10 новых шин под брендами Vredestein и Maloya на заводе в Кирове общим объемом около 855 тыс. штук.

В 2004 году было начато строительство нового корпуса на шинном комплексе «АМТЕЛ-Черноземье» площадью 25 тыс. кв. м. Проект с рабочим названием «Воронеж-II» предполагает оснащение комплекса новейшим европейским оборудованием и внедрение европейских технологий производства шин Vredestein.

Оба проекта уникальны для России. Впервые на российских предприятиях реализуется полный цикл производства шин «премиум»-класса — от заготовки резиновых смесей до вулканизации. Технология производства и спецификация шин будут полностью соответствовать голландским оригиналам. Контроль за производственным процессом на обоих заводах — в Кирове и Воронеже — будут вести технологи Vredestein Banden. Это позволит обеспечить выпуск в России «премиальной» продукции настоящего европейского качества.

Часть производимых на российских заводах шин сегмента «премиум» будет поставляться в Западную Европу. Такая стратегия позволяет реализовать одно из существенных конкурентных преимуществ Группы, которое заключается в возможности серьезного снижения производственных затрат за счет переноса производства в страны со сравнительно недорогой рабочей силой.

Одновременно в сентябре 2005 года должен быть осуществлен запуск на российском рынке «премиальных» брендов автомобильных шин Vredestein класса UHP (ultra high performance) — VREDESTEIN и VREDESTEIN BY GIUGIARO. Эта продукция — результат сотрудничества компании с ведущим итальянским дизайнерским бюро Giugiaro Design, получившим широкую известность благодаря разработке стиливых решений для Alfa Romeo, Bugatti, Corvette, Maserati, Aston Martin и других известных марок. Начиная с 1968 года в стенах Giugiaro Design было создано более 160 изысканных концептов и прототипов серийных легковых машин, не раз удостоенных звания «Автомобиль года». Линии протектора



шин Vredestein создавались таким образом, чтобы удовлетворять самым высоким функциональным и эстетическим требованиям. Vredestein от Giugiaro — единственные в мировой индустрии шины, несущие настоящее дизайнерское клеймо.

В последующем Группа планирует развивать интеграцию российского и голландского бизнесов по следующим направлениям:

- Производство. Стандартизация производимых шин, оптимизация размещения производств, совместная разработка новых проектов, унификация технологий сборки покрышек и контроля качества — все эти мероприятия планируется реализовать до конца 2006 года. Помимо этого, в 2006-2008 гг. будет развернуто производство 10 типоразмеров шин под брендами VREDESTEIN и MALOYA на заводе в Кирове и 136 типоразмеров шин VREDESTEIN и MALOYA в Воронеже.
- Финансы и информационные технологии. На 2006 год намечена унификация отчетности, систем бюджетирования, учета затрат, внутригруппового ценообразования и IT-систем. Результатом должна стать существенная экономия на управленческих расходах с одновременным повышением прозрачности производственно-финансовой деятельности.
- Маркетинговые исследования и поддержка продаж. До конца 2006 года планируется объединить все небрендовые шины «С»-класса для легковых автомобилей под маркой NEK и небрендовые шины такого же класса для легких грузовиков под маркой COBRA. Шины указанных брендов будут реализовываться исключительно на территории стран СНГ. Также до конца следующего года предполагается осуществить координацию российских и европейских модельных рядов, а также разработать единую ценовую политику.



- Исследования и разработки. Предполагается создать единый Центр исследований и разработок в Энсхеде (Голландия). Кроме того, намечено унифицировать дизайнерские подходы к разработке шин и технологии их испытаний. Руководство Группы уверено, что такого рода интеграция позволит создать мощный научно-исследовательский и дизайнерский центр, способный обеспечить все потребности заводов — производителей шин как в Голландии, так и в России.
- Сырье и материалы. В рамках процесса интеграции качества сырья и материалов для производства шин будет приведено в соответствие требованиям Vredestein. Кроме того, планируется унифицировать поставщиков и логистику, а также перейти к производству исходных компонентов шин VREDESTEIN на российских мощностях.

Результатом реализации интеграционной программы станет существенное увеличение рыночной доли Amtel-Vredestein на европейском и российском шинных рынках, завоевание ключевых позиций в сегменте «премиальной» продукции, а также обеспечение стабильного роста доходов акционеров и инвесторов.

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Стратегия развития

Стратегической целью Amtel-Vredestein является объединение преимуществ европейских технологий и российских производственных возможностей для занятия лидирующих позиций в производстве шин «премиального» и среднего ценовых сегментов на пространстве Европы и СНГ. Компанией разработана стратегия, реализация которой позволит достичь поставленной цели.

Повышение доходности Amtel-Vredestein N.V. путем сосредоточения усилий на выпуске легковых шин «А»- и «В»-классов на заводах в России. «Премиальный» и средний сегменты являются наиболее быстро растущими на российском шинном рынке. В обозримом будущем потребительские предпочтения будут смещаться в направлении высококачественных и дорогостоящих продуктов. Поэтому Группа планирует наращивать объемы производства и реализации в России шин «А»- и «В»-классов для легковых автомобилей, в том числе за счет сокращения выпуска покрышек «С»-класса. Ключевыми в данном направлении яв-

ляются приобретение компании Vredestein Banden B.V., которая позиционируется как производитель шин в сегменте «премиум», и интеграция ее в бизнес Группы.

Продвижение брендов «премиального» сегмента в России. Для этого Amtel-Vredestein планирует маркетинговую кампанию, транслирующую потребителям превосходство надежности и качества «премиальных» шин. Группа намеревается интенсивно рекламировать шины VREDESTEIN, разработанные дизайнерским бюро Giugiaro, поскольку на российском рынке это первый и единственный дизайнерский проект. Целью кампаний является увеличение узнаваемости бренда VREDESTEIN в России. Amtel-Vredestein N.V. задействует все каналы коммуникации с потребителями, в том числе телевидение, печатные СМИ, наружную рекламу и Интернет.

Интенсивное использование российской производственной базы. Amtel-Vredestein планирует увеличить объемы производства шин под брендами VREDESTEIN и

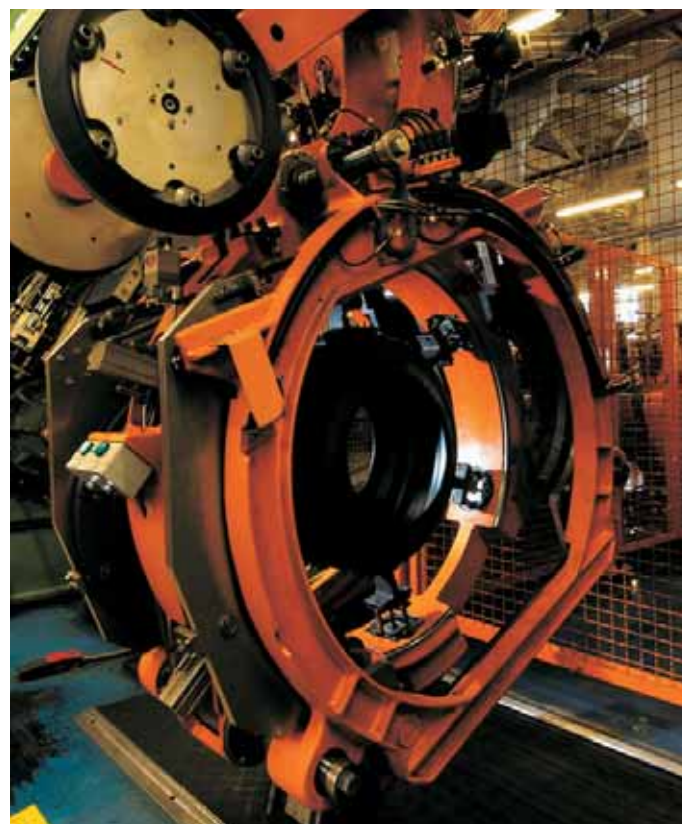




MALOYA, выпускаемых сегодня исключительно в Нидерландах, путем запуска их производства на модернизированных линиях «Киров-II» и «Воронеж-II». Сравнительно низкая себестоимость производства в России существенно увеличит конкурентоспособность «премиум» продукции Группы на европейском рынке. В 2006 году Группа предполагает продавать в России 2% от произведенных на российских мощностях шин под брендами VREDESTEIN и MALOYA и поставлять на экспорт в Европу 98% покрышек указанных марок российского производства.

Перенос в Россию европейских производственных и бизнес-технологий. Amtel-Vredestein намеревается продолжить внедрение на российских заводах передовых технологий, лучших управленческих и производственных процессов, принятых в европейской шинной промышленности. В частности, Группа планирует объединить Центр исследований и разработок Vredestein Banden B.V. и соответствующие российские подразделения. Кроме того, компания будет работать над повышением технологичности производственных процессов на российских шинных предприятиях, в том числе над глубокой автоматизацией поточных линий. В области бизнес-процессов Группа намерена совершенствовать управление поставками, оборотным капиталом и трудовыми ресурсами. Здесь компания будет активно использовать опыт Vredestein Banden B.V.

Вывод производства отдельных видов шинной продукции за пределы России. Amtel-Vredestein планирует существенно сократить присутствие в большинстве сегментов шинного рынка, за исключением основного — рынка покрышек для легковых автомобилей. Такая стратегия необходима для укрепления репутации Группы как надежного поставщика и обеспечения устойчивого денежного потока в рамках финансирования долгосрочной программы расширения присутствия в главном сегменте рынка. Группа предполагает передать сторонним производителям, главным образом в Юго-Восточной Азии и Китае, производство шин для грузовиков и автобусов, сельскохозяйственной техники и велосипедов на основе «off-take» соглашений. Vredestein Banden B.V. уже перенес производство сельскохозяйственных и велосипедных шин в Индию, Индонезию и Таиланд.



Оптимизация структуры издержек. В своем стремлении стать максимально эффективной компанией и соответствовать современным бизнес-стандартам, Amtel-Vredestein активно оптимизирует структуру затрат. В настоящее время Группа ведет активную работу над реформированием структуры и численности персонала, что выражается, прежде всего, в управляемом сокращении работников на российских предприятиях, передаче внешним исполнителям части непроизводственных функций и уменьшении штата административных сотрудников. Оптимизация трудовых ресурсов сдерживается российским трудовым законодательством, а также другими политическими и социальными аспектами российской действительности. По этим причинам Группа проводит указанные мероприятия поэтапно.

Расширение розничных каналов дистрибуции. Дистрибуция – одно из перспективных направлений бизнеса Amtel-Vredestein. Имея хорошо развитую оптовую коммерческую сеть в России и Европе, Группа намеревается создать собственную сеть дистрибуции на всей территории России. Выход в розничный бизнес позволит успешнее продвигать «премиальные» бренды шин частным потребителям, что позитивно скажется на уровне продаж и доходности Группы. Amtel-Vredestein готова инвестировать в проект существенные финансовые ресурсы для того, чтобы быть лидером в этой области и по числу подобных точек на территории России, и по объему продаж.



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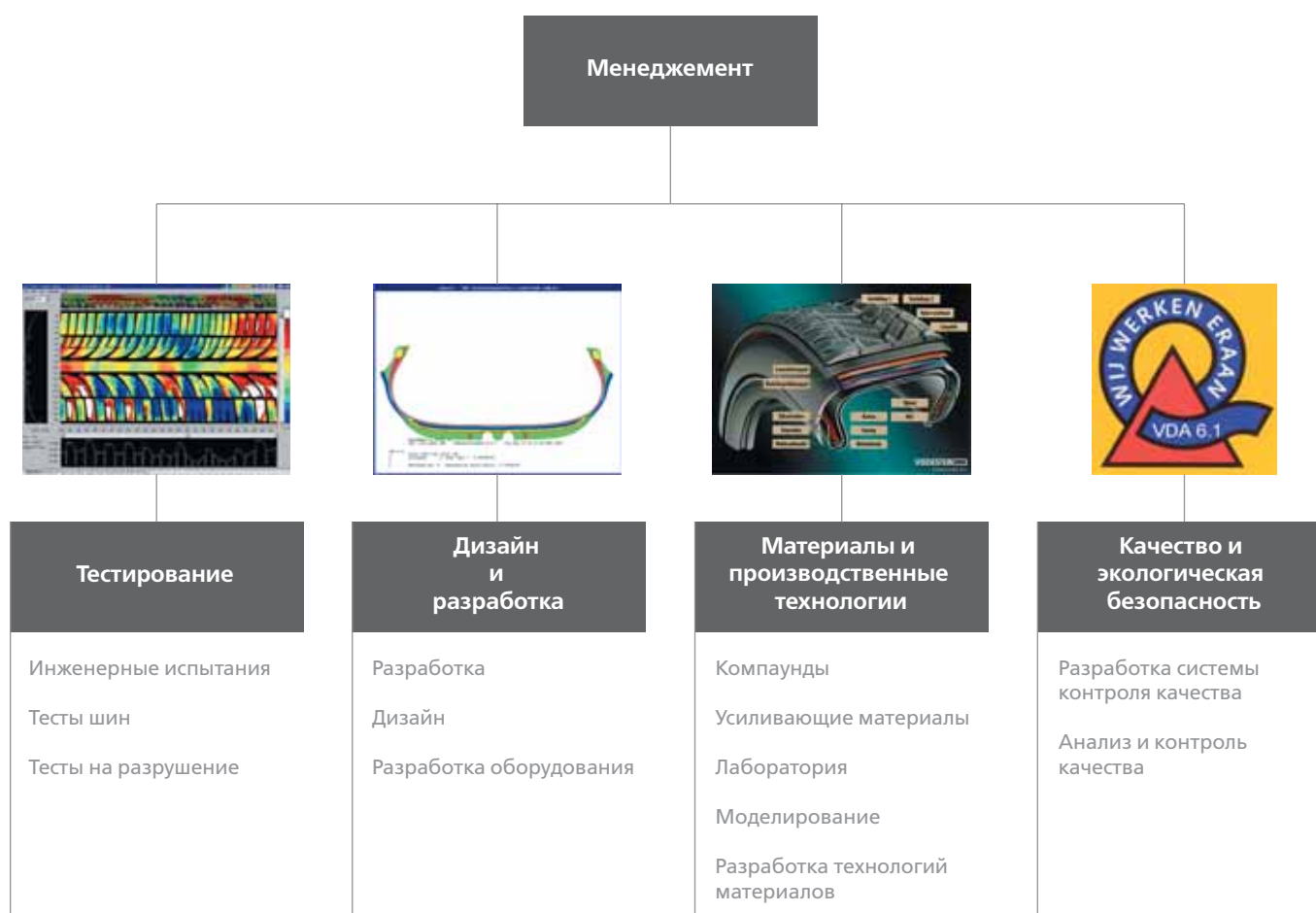
Исследования и разработки

Постоянная работа над новыми продуктами и технологиями производства шин является ключевым фактором успешного развития Amtel-Vredestein. Интенсивные исследования и перспективные разработки позволяют компании достойно конкурировать с транснациональными производителями шин и предлагать потребителю продукцию отличного качества и с высокими эксплуатационными свойствами. В 2002 году Группа объединила центры исследований и раз-

работок всех российских подразделений в единый Центр R&D, расположенный в Москве. Компании удалось соединить в одном месте весь свой научно-технический потенциал и создать все необходимые условия для его интенсивного роста.

С приобретением Vredestein Banden Группа получила в свое распоряжение не только производственную базу, дистрибу-

Исследования и разработки Vredestein Banden B.V.





цию и деловые связи нидерландской компании, но и великолепный научно-исследовательский центр, находящийся в Энсхеде (Голландия).



Центр осуществляет полный комплекс фундаментальных научных и прикладных исследовательских работ. Он включает в себя дизайн и конструирование шин, проведение исследований в области технологий и материалов, тестирование новых разработок, работы в области повышения качества и экологических стандартов продукции.

Современное оборудование голландского исследовательского центра позволяет вести разработку компонентов шин, включая материалы, резиновые составы и др., а также испытание шин и компонентов. Опытные специалисты ведут сложнейшие работы по совершенствованию технологий производства, улучшению ключевых эксплуатационных характеристик шин, таких как сцепление с дорогой, шумовые параметры, усталость и износостойкость. Центр Vredestein Banden имеет собственные испытательные стенды, установки высокоскоростного инфракрасного анализа, лазерного сканирования, динамического анализа следа и измерения динамических размеров шины. Он также располагает современной физической и химической лабораториями для материального исследования и эталонного тестирования продукции. Научно-исследовательский центр обладает программным обеспечением для трехмерного проектирования и моделирования шины.

В настоящее время Группа находится в процессе интеграции Центра R&D Vredestein Banden B.V. с аналогичным центром в России. К 2006 году объединение предполагается завершить. Объединенный центр будет обеспечивать все научно-технические потребности производственных мощностей Группы.



С Т И Л Ь



Корпоративное управление

Amtel-Vredestein N.V. четко следует высоким стандартам корпоративного управления и защиты прав акционеров. Доверие инвесторов и сотрудников Группа рассматривает как один из важнейших факторов повышения эффективности бизнеса, залог успешной работы на финансовом рынке и роста капитализации компании. Динамично развивающийся бизнес Amtel-Vredestein N.V. предъявляет все более высокие требования к качеству и прозрачности корпоративных процедур. Безусловное соответствие им является предметом постоянной заботы со стороны руководства Группы.

Функция стратегического управления компанией возложена на Наблюдательный совет (Supervisory Board). В сферу его ответственности входит определение стратегии развития Группы, руководство деятельностью исполнительных органов, обеспечение прав и соблюдение интересов акционеров и инвесторов. Большинство мест в Наблюдательном совете (семь из девяти) принадлежит независимым директорам. Присутствие независимых высокопрофессиональных и опытных управленцев в Наблюдательном совете позволяет наилучшим образом поддерживать баланс между интересами акционеров и стратегическими целями Группы.

В структуре Наблюдательного совета функционирует Комитет по аудиту. Он оказывает содействие директорам в рамках их функций по контролю за финансово-хозяйственной деятельностью Группы и ее соответствия нормативно-правовым документам. Также при Наблюдательном совете учрежден Комитет по вознаграждениям, который разрабатывает предложения по материальному поощрению членов исполнительных органов компании.

Оперативное управление деятельностью Amtel-Vredestein N.V. осуществляется Правлением (Executive Board). Группой руководит профессиональная команда менеджеров, большинство из которых имеют научные степени в области финансов, а также дипломы об образовании в университетах США, Англии, Франции. Ключевые позиции занимают специалисты, имеющие большой опыт работы как в российских, так и транснациональных компаниях.

Amtel-Vredestein придает большое значение раскрытию информации. Информационная открытость компании в последний год значительно возросла, чему способствует открытая позиция руководства и готовность топ-менеджмента участвовать в общественной жизни отрасли и страны. Группа принимает активное участие в крупнейших отраслевых мероприятиях, выставках, конференциях, симпозиумах в России и за рубежом.

Эффективно работает система информирования инвестиционного сообщества о значимых корпоративных событиях. Компания поддерживает регулярно обновляемый корпоративный Интернет-сайт на русском и английском языках, где есть вся информация о ее деятельности. В частности, представлены данные о составе Наблюдательного совета и топ-менеджерах, а также бухгалтерская и финансовая отчетность Группы и ее дочерних компаний. Обнародованы некоторые внутренние документы, такие как Устав, Положение о Правлении, Положение о Наблюдательном совете.

В строгом соответствии с законодательством Amtel-Vredestein N.V. оперативно раскрывает информацию о существенных фактах как на корпоративном Интернет-сайте, так и на лентах аккредитованных регулируемыми органами информационных агентств.

Начиная с 2002 года Группа готовит консолидированную финансовую отчетность по международным стандартам (IFRS), а с 2005 года планирует регулярно раскрывать ее инвестиционному сообществу.

Совершенствование корпоративного управления и системы раскрытия информации Amtel-Vredestein рассматривает как стратегический приоритет. Группа стремится создать такую структуру управления, которая способствовала бы повышению ее прибыльности и инвестиционной привлекательности. Информационная открытость Amtel-Vredestein N.V. является результатом не только соблюдения норм корпоративного права, но и стремления Группы сформировать атмосферу прозрачности и доверия в отношениях с инвестиционным сообществом.

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Социальная ответственность

Amtel-Vredestein N.V. неукоснительно следует принципам социально ответственного ведения бизнеса. Основной задачей компании является обеспечение потребителей надежной и качественной продукцией, отвечающей самым современным требованиям и вобравшей в себя передовые технологии и разработки.

Стратегические принципы социальной ответственности Группы:

- Постоянное совершенствование выпускаемой продукции, использование последних научных достижений с целью повышения ее качества и обеспечения безопасности для потребителей.
- Соблюдение российских и международных стандартов в области экологии, совершенствование технологий производства с целью уменьшения негативного воздействия на окружающую среду.
- Забота о поддержании благоприятного социального климата на предприятии, инвестиции в человеческий капитал.

Обеспечение качества товаров и их безопасности

Amtel-Vredestein предпринимает все необходимые меры для соответствия международным стандартам качества. Продукция Группы сертифицирована на соответствие международному стандарту ISO 9001:2000. Его особенность заключается в том, что он предъявляет требования не к качеству продукции напрямую, а к системе организации управления производством, которое призвано обеспечивать предсказуемый и стабильный уровень качества выпускаемых товаров.

Группа гарантирует высокое качество продукции благодаря производственному контролю, осуществляемому на каждой стадии технологического процесса, начиная с контроля выполнения поставщиками особых требований по качеству поставляемых материалов и заканчивая испытаниями и оценкой качества конечного продукта. Политика в области качества предусматривает, в частности, ответственность каждого работника за результат своего труда.



Мероприятия по охране окружающей среды

Производственные активы Amtel-Vredestein соответствуют национальным требованиям охраны окружающей среды, труда и стандартам промышленной безопасности. На каждом заводе функционирует санитарная лаборатория, которая следит за состоянием атмосферы в районе производства, воздуха в рабочем помещении, грунтовых вод, отслеживает различные физические показатели (уровень шума, вибрация, тепловое излучение, освещение и т.д.).

Мониторинг окружающей среды осуществляется на регулярной основе в соответствии с расписанием, утвержденным руководством компании. Результаты многочисленных проверок показали, что система охраны труда, техники безопасности и защиты окружающей среды соответствует нормам законодательства.

Компанией Amtel-Vredestein разработаны Планы природоохранных мероприятий, включающие принятие дополнительных мер в области пожарной безопасности, повышение стандартов гигиены и безопасности труда. Реализация планов направлена на решение широкого спектра экологических вопросов в целях приведения производственных процессов предприятий Группы в соответствие с экологическими нормативами России и ЕС (такими как ISO 14001



«Система управления окружающей средой», Стандарты по предотвращению и ликвидации комплексного загрязнения, схемы экологического менеджмента и т.д.).

Минимизация негативного воздействия предприятий Amtel-Vredestein на окружающую среду осуществляется путем внедрения современных природоохранных оборудования и технологий — пылегазоулавливающих установок (циклонов и фильтров), систем водоочистки, оборотного водоснабжения и утилизации отходов.

Организация труда и производственного процесса

Компания Amtel-Vredestein N.V. уделяет серьезное внимание вопросу профессиональной гигиены и безопасности труда. Группой установлен ряд внутренних нормативов и правил, необходимых для работы соответствующих функциональных подразделений, управленческого персонала и специалистов-производственников. Ежегодно Amtel-Vredestein проводит комплексную оценку условий труда

своих сотрудников и предпринимает необходимые меры по их улучшению.

Все производственные мощности предприятий компании Amtel-Vredestein N.V. оборудованы в соответствии со стандартами безопасности труда. Каждый завод Группы имеет необходимые лицензии на осуществление производственной деятельности в цехах с повышенным риском утечки химических реагентов, возникновения пожара или взрыва. Производственные мощности оснащены звуковой системой громкого оповещения о пожаре, автоматической системой пожаротушения и портативными огнетушителями.

Подготовка квалифицированных кадров

Основным принципом кадровой политики Amtel-Vredestein является уверенность в том, что эффективность бизнеса определяется личными качествами сотрудников. Именно люди являются главной ценностью Группы. Интеллектуальный по-



тенциал и профессионализм сотрудников выступают основой развития компании, определяют успешность ее стратегии и бизнес-результат.

Amtel-Vredestein N.V. придерживается социально ответственного подхода к персоналу. На заводах Группы обеспечен достойный уровень оплаты труда и существуют различные механизмы мотивации сотрудников. Внедрена система повышения квалификации персонала, позволяющая развивать и совершенствовать потенциал сотрудников. Политика Amtel-Vredestein в области развития персонала направлена на создание условий, способствующих гармоничному сочетанию интересов Группы и его сотрудников.

В рамках программы подготовки высокопрофессиональных кадров Amtel-Vredestein выплачивает стипендии 350 лучшим студентам, получающим профильное образование в высших учебных заведениях Москвы, Кирова, Кемерово, Волгограда, Красноярска и Воронежа.

Одним из приоритетов кадровой политики Группы является постоянный поиск и подбор лучших специалистов в областях, соответствующих его производственной и коммерческой деятельности. Так, в 2005 году на ключевые позиции в Amtel-Vredestein N.V. были приглашены известные российские топ-менеджеры, в том числе не связанные с производством шин.

Укрепление управленческой команды Amtel-Vredestein N.V. связано с приобретением Группой голландского производителя шин Vredestein Banden B.V. и его трансформацией в международную панъевропейскую компанию. Перед обновленной управленческой командой поставлена задача вывести компанию на качественно новый уровень, соответствующий международным стандартам во всех аспектах ее деятельности.

Контактная информация

Холдинговая компания Amtel-Vredestein N.V.

Нидерланды, г. Амстердам, 1017 BS

Херенграхт, 469

«Амтел-Фредештайн», Россия

Россия, г. Москва, 121170

Кутузовский проспект, д. 45, «Амтел Хауз»

Тел.: (495) 981-98-18 (многоканальный)

Факс: (495) 148-27-10, 142-09-79

E-mail: investorrelations@amteltyre.com

ФИНАНСОВЫЙ БЮЛЛЕТЕНЬ

за 12 месяцев 2004 г. (период по 31 декабря) –
6 месяцев 2005 г. (период по 30 июня)

Consolidated Financial Statements
for the year ended 31 December 2004

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Independent Auditors' Report



To the Management Board of Amtel Holdings Holland N.V.

We have audited the accompanying consolidated balance sheet of Amtel Holdings Holland N.V. and its subsidiaries (the "Group") as of 31st December 2004 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2004, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the fact that we have not audited the US dollar amounts in the accompanying consolidated financial statements, which have been presented solely for the convenience of users as described in note 2(d) to the consolidated financial statements.

KPMG Limited August 26th, 2005

Consolidated Statement of Income

	Note	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Revenues	9	13,850	11,281	499	407
Cost of sales excluding depreciation charge		(11,126)	(9,203)	(400)	(333)
Gross profit before depreciation		2,724	2,078	99	74
Depreciation charge related to cost of sales		(739)	(742)	(27)	(27)
Gross profit		1,985	1,336	72	47
Other operating income	4	166	-	6	-
Distribution expenses		(450)	(303)	(16)	(11)
Administrative expenses	10	(972)	(530)	(34)	(19)
Taxes, other than on profit		(78)	(112)	(3)	(4)
Impairment losses and reversal of impairment losses, net	11	60	(1,026)	2	(37)
Loss on disposal of property, plant and equipment		(42)	(64)	(2)	(2)
Gains and losses related to acquisitions, restructuring and disposals of subsidiaries	12	63	1,042	2	38
Other operating expenses		(125)	(284)	(5)	(10)
Profit from operations		607	59	22	2
Net financing expenses	14	(631)	(283)	(23)	(10)
(Loss) / income from investments in joint venture		(11)	20	-	1
Loss before tax		(35)	(204)	(1)	(7)
Income tax benefit	15	2	192	-	7
Loss after tax		(33)	(12)	(1)	-
Minority interest		162	268	6	10
Net profit for the year		129	256	5	10
Basic and diluted earnings per share, RUR / USD*	27	30	61	1	2

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 61 to 103.

The consolidated financial statements were approved on August 26th, 2005:

Alexei Gurin
Chief Executive Officer



Victor Nekrassov
Chief Financial Officer



(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

Consolidated Balance Sheet

	Note	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
ASSETS					
<i>Non-current assets</i>					
Property, plant and equipment	16	7,750	7,514	279	271
Intangible assets	17	2,403	2,332	87	84
Long-term financial assets	18	230	52	8	2
Deferred tax assets	19	68	64	2	2
		10,451	9,962	376	359
<i>Current assets</i>					
Short-term financial assets		96	155	3	6
Inventories	20	1,909	1,588	69	57
Trade and other receivables	21	2,124	2,269	77	82
Cash and cash equivalents	22	195	326	7	12
		4,324	4,338	156	157
Total assets		14,775	14,300	532	516
EQUITY AND LIABILITIES					
<i>Equity</i>	23				
Share capital		2	1	-	-
Share premium		272	-	10	-
Additional paid in capital		5,888	5,888	212	212
Retained earnings		117	(12)	5	-
		6,279	5,877	227	212
<i>Minority interest</i>		302	1,562	10	56
<i>Non-current liabilities</i>					
Finance lease liabilities	25	822	35	30	1
Deferred tax liability	19	755	1,224	27	44
Long-term loans and borrowings	24	2,019	2,242	73	81
		3,596	3,501	130	126
<i>Current liabilities</i>					
Bank overdraft	22	-	10	-	-
Trade and other payables	26	1,785	2,009	64	74
Short-term loans and borrowings	24	2,813	1,341	101	48
		4,598	3,360	165	122
Total equity, minority interest and liabilities		14,775	14,300	532	516

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 61 to 103.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

Consolidated Statement of Cash Flows

	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
OPERATING ACTIVITIES				
Net profit for the year	129	256	5	10
<i>Adjustments for:</i>				
Depreciation and amortisation expense	752	758	27	27
Interest expense	691	241	25	8
Interest income	(76)	-	(3)	-
Impairment losses/ (reversal of impairment losses)	(60)	1,026	(2)	37
Result of disposal of investments	17	-	1	-
(Gain)/loss on disposal of subsidiaries	(63)	236	(2)	7
Loss on disposal of property, plant and equipment	42	64	2	2
Share of (income) / loss in joint venture	11	(20)	-	(1)
Income tax benefit	(2)	(192)	-	(7)
Minority interest	(162)	(268)	(6)	(10)
Gain on derecognition of liabilities	-	(761)	-	(26)
Excess of acquirer's share in net assets of the acquiree over cost of investment	-	(517)	-	(19)
Operating profit before changes in working capital and provisions	1,279	823	47	28
Increase in inventories	(862)	(375)	(31)	(14)
Increase in trade and other receivables	(763)	(789)	(27)	(29)
Increase in trade and other payables	977	173	35	6
Cash flows from / (used in) operations before income taxes and interest paid	631	(168)	24	(9)
Income tax paid	(278)	(122)	(10)	(4)
Cash flows from / (used in) operating activities	353	(290)	14	(13)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(1,414)	(961)	(51)	(36)
Acquisition of intangible assets	(6)	-	-	-
Acquisition of shares in subsidiaries	(432)	(909)	(16)	(34)
Disposal / (acquisition) of investments	120	(160)	4	(6)
Interest received	15	-	1	-
Proceeds from disposal of property, plant and equipment	10	17	-	1
Proceeds from disposal of subsidiaries, net of cash disposed of	-	343	-	12
Cash flows used in investing activities	(1,707)	(1,670)	(62)	(63)
FINANCING ACTIVITIES				
Proceeds from issue of preferred shares	139	306	5	11
Proceeds from issue of ordinary shares, net of issue costs	273	-	10	-
Proceeds from borrowings	10,029	5,100	361	184
Repayment of borrowings	(8,546)	(2,566)	(309)	(92)
Withdrawals by controlling shareholder	(209)	(616)	(8)	(17)
Contribution by controlling shareholder	209	-	8	-
Interest paid	(662)	(241)	(24)	(9)
Cash flows from financing activities	1,233	1,983	43	77
Net increase in cash and cash equivalents	(121)	23	(5)	1
Cash and cash equivalents at the beginning of the year	316	293	12	11
Cash and cash equivalents at the end of the year (note 22)	195	316	7	12

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 61 to 103.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

Consolidated Statement of Changes in Equity

RUR million	Note	Share capital	Share premium	Additional paid in capital	Foreign currency translation reserve	Retained	Total
Balance for January 1st, 2003 as previously reported		1	-	5,883	-	-	5,884
Restatement	5	-	-	5	-	-	5
Balance for January 1st, 2003 as restated		1	-	5,888	-	-	5,889
Writing off negative goodwill	3(a)	-	-	-	-	193	193
Realized foreign exchange differences	5	-	-	-	(83)	-	(83)
Net profit for the year		-	-	-	83	256	339
Withdrawals by the ultimate shareholder	23(e)	-	-	-	-	(461)	(461)
Balance for December 31st, 2003 as restated		1	-	5,888	-	(12)	5,877
Share issue	23	1	272	-	-	-	273
Net profit for the year		-	-	-	-	129	129
Contribution from the ultimate shareholder	23(e)	-	-	-	-	209	209
Withdrawals by the ultimate shareholder	23(e)	-	-	-	-	(209)	(209)
Balance for December 31st, 2004		2	272	5,888	-	117	6,279

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

USD* million	Note	Share capital	Share premium	Additional paid in capital	Foreign currency conversion reserve	Retained	Total
Balance for January 1st, 2003 as previously reported		-	-	212	-	-	212
Restatement	5	-	-	-	-	-	-
Balance for January 1st, 2003 as restated		-	-	212	-	-	212
Writing off negative goodwill	3(a)	-	-	-	-	7	7
Realized foreign exchange differences	5	-	-	-	(3)	-	(3)
Net profit for the year		-	-	-	3	10	13
Withdrawals by the ultimate shareholder	23(e)	-	-	-	-	(17)	(17)
Balance for December 31st, 2003 as restated		-	-	212	-	-	212
Share issue	23	-	10	-	-	-	10
Net profit for the year		-	-	-	-	5	5
Contribution from the ultimate shareholder	23(e)	-	-	-	-	8	8
Withdrawals by the ultimate shareholder	23(e)	-	-	-	-	(8)	(8)
Balance for December 31st, 2004		-	10	212	-	5	227

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 61 to 103.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

Notes to the Consolidated Financial Statements

1. Background

(a) Organisation

Amtel Holdings Holland N.V. ("the Parent Company", "the Company") was incorporated by Amtel Luxembourg S.A as a private company with limited liability (Besloten Vennootschap) on July 30th, 2002 in accordance with the Civil Law of the Netherlands. In August 2004 the Company was reorganized to a public limited liability company (Naamloze Vennootschap). The Company has been operating under the laws of the Netherlands, with its registered office at 469 Herengracht, 1017 BS Amsterdam, the Netherlands.

In December 2002, the Parent Company issued 1 ordinary share to a company controlled by its ultimate shareholder in exchange for the controlling interest in subsidiaries representing the shareholder's tyre manufacturing business. This transaction represented a business combination under common control. Management elected to account for the acquisition at fair value. This transaction is further referred to as the "Acquisition Transaction".

These consolidated financial statements comprise the Parent Company, its subsidiaries (further referred to as "the Group" or "Amtel Group"), and the Group's interest in a jointly controlled entity.

(b) Operations

The Group operates in the tyre manufacturing and distribution business. The Group includes a number of tyre production facilities located in Russia and the Ukraine. The plants produce a wide

range of tyres for a variety of vehicles, including passenger cars, trucks, aircrafts, agricultural and military vehicles and bicycles. The Group companies also include facilities for the production of chemical fibers, cords and black carbon, which provide raw materials in the production of tyres. The products of the Group are distributed in Russia and abroad.

(c) Related party transactions

The Group is ultimately controlled by a single individual, Mr. Sudhir Gupta, who has the power to direct the transactions of the Group at his discretion and for his own benefit. He also has a number of other business interests outside of the Group. Consequently there are a number of related party transactions - refer notes 8, 23(e), 30(c) and 31 - many involving the Group's interests in subsidiaries.

(d) Russian and Ukrainian business environment

The Russian Federation and the Ukraine have been experiencing political and economic change that has affected, and may continue to affect, the activities of the enterprises operating in this environment. Consequently, operations in the Russian Federation and the Ukraine involve risks that typically do not exist in other markets. The accompanying consolidated financial statements reflect management's assessment of the impact of the Russian and the Ukrainian business environments on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

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2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and related interpretations adopted by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except that financial instruments available for sale are stated at fair value.

(c) Measurement and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"), which is the Parent Company's measurement currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUR has been rounded to the nearest million.

(d) Convenience translation

The Parent Company's measurement currency is RUR because it reflects the economic substance of the underlying events and circumstances of the company. In addition to presenting the consolidated IFRS financial statements in RUR, supplementary information in USD has been prepared for the convenience of users of the financial statements.

All amounts presented in USD have been translated from the RUR amounts at the Central Bank of the Russian Federation ("CBR") exchange rate of 27.7487 RUR to one USD at the close of business on December 31, 2004. All financial information presented in USD is unaudited and has been rounded to the nearest million.

(e) Going concern

As of December 31st, 2004 the Group's current liabilities exceeded its current assets by RUR 274 million / USD* 9 million (2003: positive net current assets of RUR 978 million / USD* 35 million).

Subsequent to the year end, management implemented certain actions in order to improve the current liquidity of the Group, including the issue of new shares and long-term borrowings - refer note 34.

(f) Use of estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimated.

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3. Significant accounting policies

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied, except for as disclosed in note 5(b).

(a) Early adoption

Management elected to apply the requirements of IFRS 3 *Business Combinations* to goodwill existing at or acquired after, and to business combinations occurring from, January 1st, 2003. As a consequence, the Group also applied the following revised standards before their effective dates: IAS 36 *Impairment of Assets*, IAS 38 *Intangible Assets*. Management also elected to early adopt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

As a result of the early adoption of IFRS 3 and related standards:

- the carrying amount of negative goodwill as of January 1st, 2003 amounting to RUR 193 million / USD* 7 million, which arose on the Acquisition transaction (refer note 1(a)) was credited to the opening retained earnings as of January 1st, 2003;
- the carrying amount of goodwill as of January 1st, amounting to RUR 2,430 million / USD* 88 million, which arose on the Acquisition transaction (refer note 1(a)), was not amortised, but is tested annually for impairment.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Jointly controlled entities

Jointly controlled enterprises are those enterprises over whose

activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognized gains and losses of a joint venture on an equity accounted basis, from the date that joint control effectively commences until the date that joint control effectively ceases.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with jointly controlled entities are eliminated against the investment in the jointly controlled entity. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(c) Business combinations

(i) Acquisitions of controlling interests

Acquisitions of controlling interests in businesses are accounted for by recognizing the difference between the consideration paid and the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition as goodwill or negative goodwill. Acquisitions from related parties are accounted for in the same way.

(ii) Acquisitions of minority interests

Acquisitions of minority interests in Group subsidiaries are accounted for based on existing carrying amounts. The difference between the consideration paid and the carrying amount of the minority interest acquired is accounted for as goodwill or negative goodwill. Acquisitions of minority interests from related parties are accounted for in the same way.

(iii) Disposal of minority interests

The gain or loss on disposal of minority interests where the

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Group retains control over the subsidiary after the disposal, representing the difference between the consideration received and the decrease in the carrying amount of the Group's share in the net assets of the subsidiary including attributable goodwill, is recognized in the income statement. Disposal of minority interests to related parties are accounted for in the same way.

(iv) Sales of controlling interests

The gain or loss on the sale of a subsidiary, representing the difference between the consideration received and the net assets of the subsidiary including attributable goodwill, is recognized in the income statement. Disposals to related parties are accounted for in the same way.

(d) Foreign currencies

Transactions in foreign currencies are translated to the respective measurement currency of each enterprise in the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the measurement currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the measurement currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the measurement currency at the foreign exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognized in the income statement.

The assets and liabilities of foreign entities are translated into RUR at the exchange rate at the end of the year. Revenues and expenses are translated into RUR using rates approximating exchange rates at the dates of the transactions. The resulting exchange difference is recorded directly in equity in the foreign currency translation reserve.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (refer below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Cost of property, plant and equipment acquired as part of the business combination (refer 1(a)) was determined by reference to its fair value at the date of the business combination, which was determined by American Appraisal (AAR), Inc., an independent valuer.

When an item of property, plant and equipment comprise major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the component being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the income statement as an expense incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-li-

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ne basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

The estimated average remaining useful lives are as follows:

- Buildings 8 to 20 years
- Plant and equipment 3 to 10 years
- Fixtures and fittings 3 to 7 years.

(f) Intangible assets and negative goodwill

(i) Goodwill and negative goodwill

Goodwill arising on acquisitions represents the excess of the cost of the acquisition over the fair value of the net identifiable assets. Negative goodwill arising on acquisitions represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition. Negative goodwill is recognized immediately in the income statement.

(ii) Other intangible assets

Other intangible assets, which are acquired by the Group and which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date the asset is available for use.

The estimated remaining useful lives are as follows:

- Land lease right 43 years
- Other 3 to 5 years

(g) Investments

Investments are recognized (derecognized) when the Group obtains (loses) control over the contractual rights inherent in that asset.

Investments available for sale are stated at fair value, with any resultant gain or loss being recognized in the income statement. The fair value of investments available for sale is their quoted bid price at the balance sheet date. Investments in equity securities that are not quoted on a stock exchange, and where fair value cannot be estimated on a reasonable basis by other means, are stated at cost less impairment losses.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(i) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Impairment

The carrying amount of goodwill is tested for impairment annually. The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the Group's loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of loans or receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(l) Loans and borrowings

Loans and borrowings are recognized initially at cost. Subsequent

to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

(m) Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Trade and other payables

Trade and other payables are stated at cost.

(o) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill; initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and investments in subsidiaries where the Parent Company is able to control the timing of the reversal of the temporary difference and it is probable that the

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temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Revenues

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(q) Financial income and expenses

Financial income and expenses comprise interest expense on borrowings, the accumulation of interest on provisions, interest income on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on the revaluation and disposal of investments available for sale.

Borrowing costs are expended in the period when incurred except for those, which are directly attributable to the acquisition, construction or production of the qualifying asset. Such borrowing costs are capitalized as part of the costs of the asset when it is probable that they will result in future economic benefits to the company and the costs can be measured reliably.

(r) Other expenses

(i) Operating leases

Payments made under operating leases are recognized in the in-

come statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease payments made.

(ii) Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognized in the income statement as incurred.

(s) Employee benefits

The Group makes contributions for the benefit of employees to Russia's and the Ukrainian State pension funds. The contributions are expended as incurred.

Equity benefits awarded to employees are recognized as a capital contribution in the year of issue based on the amount paid by the employee. Cash awarded in lieu of equity benefits is recognized as an expense when paid.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is a subject of risks and rewards that are different from those of other segments.

(u) Discontinuing operation

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a major separate line of business or geographical area of operations.

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4. Consolidation of CJSC Rosava

In December 2003 the Group entered into an agreement to sell its 51% shareholding in CJSC SP Rosava (subsequently renamed to CJSC Rosava). The loss on disposal of the shares of RUR 165 million / USD* 6 million was recognized in 2003 as a part of the gains and losses related to acquisitions, restructuring and disposals of subsidiaries.

In addition to the agreement to sell the shares, the Group concluded call option agreements with the purchasing parties (the "Acquirer") to buy back the shares by December 31st, 2004 for a fixed amount. Management believed that the option agreements empowered the Group to govern the financial and operating policies of CJSC Rosava and ownership benefits were received via a fee arrangement. Consequently, CJSC Rosava was consolidated as of December 31st, 2003 and continued as part of the Group throughout 2004, with a minority interest of 100% recorded against the net assets and the net result of the Company.

During 2004 the following major transactions took place:

- CJSC Rosava issued additional shares to the Acquirer. As a result, the Acquirer's interest in CJSC Rosava increased from 51% to 76%.

- The Group received RUR 166 million / USD* 6 million of fees from the Acquirer as compensation for the use of the subsidiary's resources. The fees were recorded as other operating income.
- CJSC Rosava accrued a liability of RUR 332 million / USD* 12 million to its legal shareholders. The reduction in the net assets of the subsidiary, net of the tax effect of RUR 83 million / USD* 3 million, was recorded as an equity distribution to minority shareholders in these consolidated financial statements.

In December 2004 the above options lapsed, although the parties continued discussions about the sale of the share in CJSC Rosava to the Group. In June 2005 the Group announced that it no longer intended to pursue the acquisition of the minority interest in CJSC Rosava. CJSC Rosava was deconsolidated as of December 31st, 2004 and is presented as a discontinuing operation in these consolidated financial statements - refer to note 7.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

5. Restatements

(a) Errors

During the current period management discovered the following errors in the consolidated financial statements as of and for the year ended December 31st, 2003 issued on August 2nd, 2004:

flows from financing activities. Management believes that this change provides a better distinction between the financing of its operations, and the operations themselves.

	Effect on equity as of 1 January 2003 RUR million	Effect on income of 2003 RUR million	Effect on equity as of 1 January 2003 USD* million	Effect on income of 2003 USD* million
Oversight of payables elimination to special purpose entities	(40)	-	(1)	-
Oversight of unrealized foreign currency translation difference that was realized upon disposal of interest in CJSC Rosava (refer note 4)	-	83	-	3
Oversight of vacation leave accrual	22	-	1	-
Oversight of inventory provision	10	-	-	-
	(8)	83	-	3
Net deferred tax effect	3	-	-	-
Total (gain) / loss	(5)	83	-	3

These errors have been corrected retrospectively by restating the opening balance of inventory, trade and other payables, deferred taxes, net profit for the year ended December 31st, 2003, and equity for the earliest period presented.

(b) Reclassifications

During the current year the Group elected under IAS 7 Cash Flow Statements to change the classification of interest paid in the statement of cash flows. Comparatives were reclassified for consistency, which resulted in RUR 241 million / USD* 9 million being reclassified from cash flows used in operating activities to cash

In addition, the Group modified its calculation of the earnings before interest, tax, depreciation and amortization to exclude taxes, other than on profits as well (refer note 33).

Consequently, the modification resulted in the increase of the indicator for the 2003 by RUR 112 million / USD* 4 million. Management believes that the exclusion of all taxes, rather than just income taxes, from the calculation of EBITDA is more appropriate for the definition of EBITDA adopted by the Group.

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6. Segment reporting

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-bearing loans and related interest expenses, current and deferred profits tax balances and related expenses, and corporate assets and expenses.

Segment capital expenditures are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(a) Geographical segments

The Group's activities are managed from Moscow, Russia. The Group operated in two principal different geographical markets: Russia and the Ukraine.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets, which is the same as the geographical location of customers.

A decision was made to discontinue the Ukrainian geographical segment in June 2005 - refer note 7.

(b) Business segments

The Group comprises the following main business segments:

Tyres: The manufacture and sale of tyres for a variety of vehicles, including passenger cars, trucks, aircrafts, agricultural and military vehicles and bicycles.

Raw materials: The manufacture and sale of chemical fibers, cords and black carbon. These materials are both used for tyre production at the group plants and sold to third parties.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

(i) Geographical segment

RUR million	Russia		Ukraine		Elimination		Consolidated	
	2004	2003 <i>Restated</i>	2004	2003 <i>Restated</i>	2004	2003 <i>Restated</i>	2004	2003 <i>Restated</i>
Revenue from external customers	10,525	9,040	3,325	2,241	-	-	13,850	11,281
Inter-segment revenue	-	-	2	41	(2)	(41)	-	-
Segment revenues	10,525	9,040	3,327	2,282	(2)	(41)	13,850	11,281
Segment result	546	911	107	(836)	-	-	653	75
Unallocated income and expenses, net							(46)	(16)
Profit from operations							607	59
Segment assets	14,605	11,903	-	2,280	-	-	14,605	14,183
Investments in joint venture	39	50	-	-	-	-	39	50
Unallocated assets							131	67
Total assets							14,775	14,300
Segment liabilities	1,644	1,448	-	504	-	-	1,644	1,952
Unallocated liabilities							6,550	4,909
Total liabilities							8,194	6,861
<i>Other information</i>								
Capital expenditure	2,550	909	171	52	-	-	2,721	961
Depreciation / amortisation	605	532	147	226	-	-	752	758
Impairment (losses) and reversals	60	(452)	-	(574)	-	-	60	(1,026)
Gains and (losses) related to acquisitions, restructuring and disposals of subsidiaries	63	1,278	-	(236)	-	-	63	1,042

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

USD* million	Russia		Ukraine		Elimination		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
Revenue from external customers	379	326	120	81	-	-	499	407
Inter-segment revenue	-	-	-	1	-	(1)	-	-
Segment revenues	379	326	120	82	-	(1)	499	407
Segment result	20	33	4	(30)	-	-	24	3
Unallocated income and expenses, net							(2)	(1)
Profit from operations							22	2
Segment assets	526	429	-	82	-	-	526	511
Investments in joint venture	1	2	-	-	-	-	1	2
Unallocated assets							5	3
Total assets							532	516
Segment liabilities	59	52	-	18	-	-	59	70
Unallocated liabilities							236	178
Total liabilities							295	248
<i>Other information</i>								
Capital expenditure	92	33	6	3	-	-	98	36
Depreciation / amortisation	22	19	5	8	-	-	27	27
Impairment (losses) and reversals	2	(16)	-	(21)	-	-	2	(37)
Gains and (losses) related to acquisitions, restructuring and disposals of subsidiaries	2	47	-	(9)	-	-	2	38

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(ii) Business segment

RUR million	Revenue from external customers		Segment assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003
Tyres	11,864	9,362	12,767	12,765	2,230	897
Raw materials	1,838	1,625	1,438	1,418	61	64
Other operations	148	294	400	-	430	-
Consolidated	13,850	11,281	14,605	14,183	2,721	961

USD* million	Revenue from external customers		Segment assets		Capital expenditure	
	2004	2003	2004	2003	2004	2003
Tyres	428	337	460	460	80	33
Raw materials	66	59	52	51	2	2
Other operations	5	11	14	-	16	1
Consolidated	499	407	526	511	98	36

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

7. Discontinuing operation

(a) Description

Discontinuing operations comprise the Group's tyre production and distribution activities in the Ukraine which were represented by CJSC Rosava, the Group's subsidiary.

The discontinuing operations constituted the Ukrainian geographical segment, being the primary reporting segment - refer to note 6(a). The subsidiary produced tyres and, consequently, was included in the Tyres segment, the secondary business segment.

(b) Financial information attributable to the discontinuing operations

	2004 RUR million	2003 RUR million Restated	2004 USD* million	2003 USD* million
Assets	-	2,290	-	83
Liabilities	-	(1,179)	-	(42)
Revenues from external customers	3,325	2,241	120	81
Expenses	(3,311)	(3,120)	(119)	(112)
Profit/(loss) before taxation	14	(879)	1	(31)
Income tax benefit	31	201	1	7
Cash flows from operating activities	245	(99)	9	(4)
Cash flows from investing activities	(7)	(52)	-	(2)
Cash flows from financing activities	(27)	269	(1)	10

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

8. Changes in the composition of the Group

(a) Transactions with related parties

(i) Amtelshinprom Ltd.

In June 2004, the Group sold a 10% interest in Amtelshinprom Ltd. The sale of shares in Amtelshinprom Ltd. resulted in the decrease of the Group's effective interest in the following subsidiaries: Amtelshinprom-Chernozemye Ltd., Amtelshinprom-Krasnoyarsk Ltd., Amtelshinprom-Severo-Zapad Ltd., Amtelshinprom-Sibir' Ltd., Amtelshinprom-Yug Ltd.

The shares were sold to companies controlled by the ultimate shareholder of the Group with the intention that these shares be held by the acquiring companies on a temporary basis and then returned to the Group. The management of the acquiring companies had limited ability to control the above shares, and held the shares on behalf of the Group. The Group re-acquired the shares in July 2004. For the purpose of these financial statements, the above transactions were not accounted for as a share disposal and subsequent repurchase.

(ii) OJSC Shinny Kompleks Amtel-Povolzhye

In June 2004, the Group sold a 15% interest in OJSC Shinny Kompleks Amtel-Povolzhye (Kirov tyre plant). The sale of shares in OJSC Shinny Kompleks Amtel-Povolzhye resulted also in the decrease of the Group's effective interest in the following subsidiaries: Vyatskaya Shina Ltd. and Kirovsky Shinny Zavod TD Ltd..

The shares were sold to a company controlled by the ultimate shareholder of the Group.

In addition, the Group entered into an option agreement with the acquiring company for the re-purchase of shares exercisable at any time in the future for a negligible price.

The management of the acquiring company has limited ability to control the above shares, and holds the shares on behalf of the Group. For the purpose of these financial statements, the above transaction was not accounted for as a share disposal. Refer to note 30(c) for contingencies related to the antimonopoly regulations.

(iii) Vyatskaya Shina Ltd.

In June 2004, the Group sold a 54% interest in Vyatskaya Shina Ltd. from Vorsella Holdings Limited to OJSC Shinny Kompleks Amtel-Povolzhye. At the time of the transaction, both selling and acquiring parties were subsidiaries of the Group. This transaction resulted in the decrease of the effective interest of the Group in the subsidiary from 71% to 63%. The decrease was accounted for as a disposal of minority interests.

(b) Acquisition of minority interests

(i) Vyatskaya shina Ltd.

In December 2004 the Group acquired 27% of the shares in Vyatskaya shina Ltd., a group subsidiary, from an unrelated party for RUR 33 million / USD* 1 million. As a result of the transaction, the Group's interest in Vyatskaya shina Ltd. increased to 86%, which was accounted for as an acquisition of minority interests.

(c) Disposal of subsidiaries

(i) OJSC Krasnoyarsky Zavod RTI

In June 2004, the Group disposed of its 51% interest in OJSC Krasnoyarsky Zavod RTI to a company related to the Group as part of the overall process of liquidating this company. With the disposal of the shares in OJSC Krasnoyarsky Zavod RTI, the Group also lost control over Sibelast Ltd., a 100% subsidiary of OJSC Krasnoyarsky Zavod RTI.

(ii) OJSC Supershina

In June 2004, the Group disposed of a 51% interest in OJSC Supershina to a company related to the Group as a part of the overall process of liquidation of OJSC Supershina.

(iii) Carbon-Trading Ltd.

In December 2004, the Group disposed of its interest in Carbon-Trading Ltd. to an unrelated party.

(iv) Vorsella Holdings Limited, Soparvi Holdings Limited, Astley Holdings Limited, Geroc Holdings Limited

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

In December 2004 the Group disposed of 100% of the shares in Vorsella Holdings Ltd, Soparvi Holdings Limited, Astley Holdings Limited, Geroc Holdings Limited at a negligible price to a related party. With the disposal of the above companies the Group lost control over their subsidiaries, namely: Krasnoyarsky shinny zavod Ltd. and Volgogradsky Techuglerod Ltd.

(d) Acquisition of Amtel Logistics Ltd.

In December 2004 the Group acquired 99.8% shares in OJSC Chekhovskaya Basa Materialno-Technicheskogo Snabsheniya (subsequently renamed to Amtel - Logistics Center Ltd.) for RUR 389 million / USD* 14 million from a related party.

The purchase price was allocated to the acquired assets as follows:

	RUR million	USD* million
Buildings	332	11
Land lease right	67	3
Liabilities	(10)	-
Consideration paid	389	14

The price allocation was made by reference to the fair value of the assets acquired as determined by an independent appraiser. The assets of the company had no attributable goodwill.

It was not practicable to determine the carrying amount of the buildings and liabilities on an IFRS basis immediately prior to the acquisition since the acquiree previously prepared financial statements in accordance with Russian Accounting Principles, which are significantly different from IFRS. However, in respect of the land lease right, the carrying amount prior to the acquisition under IFRS would have been zero.

If the acquisition had occurred on January 1st, 2004, revenue and net profit for the year would not have been materially different.

(e) Effect of disposal of subsidiaries on the Group's assets and liabilities

	Note	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Property, plant and equipment		(1,587)	(329)	(58)	(14)
Other assets		(2,104)	(157)	(76)	(7)
Liabilities		3,004	197	108	7
		(687)	(289)	(26)	(14)
(Increase) / decrease in minority interest		750	(452)	28	(17)
Group's share of the net assets disposed of		63	(741)	2	(31)
Cumulative foreign exchange differences derecognized on disposal of subsidiary		-	(83)	-	(3)
Goodwill derecognized		-	(90)	-	3
(Gain) / loss on disposal	12	(63)	236	(2)	7
Fair value of consideration receivable		-	(678)	-	(24)
Balance settled in cash		-	343	-	12
Receivables outstanding at December 31st		-	(335)	-	(12)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

9. Revenues

	Note	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Revenues from sales of tyres		11,606	8,915	419	321
Revenues from sales of raw materials		1,838	1,625	66	59
Royalties related to sales of tyres		258	447	9	16
Other revenues		148	294	5	11
	6(b)	13,850	11,281	499	407

10. Administrative expenses

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Salaries and related expenses	(556)	(359)	(20)	(13)
Depreciation	(13)	(12)	-	-
Other	(403)	(159)	(14)	(6)
	(972)	(530)	(34)	(19)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

11. Impairment losses and reversal of impairment, net

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Property, plant and equipment				
Rosava tyre plant	-	(574)	-	(21)
Krasnoyarsk rubber goods plant	-	(115)	-	(4)
Other sites	60	(60)	2	(2)
	60	(749)	2	(27)
Goodwill				
Krasnoyarsk rubber goods plant	-	(277)	-	(10)
Impairment losses and reversal of impairment, net	60	(1,026)	2	(37)

In 2003 the Group has revised its production plans as related to the operations of Rosava tyre plant and Krasnoyarsk rubber goods plant. Since the recoverable amounts of the related assets were lower than their carrying amounts, an impairment loss was recognized in respect of those assets in the statement of income for the year ended December 31st, 2003.

The reversal of impairment losses in 2004 in the amount of RUR 60 million / USD* 2 million was recognized in respect of the Group's property, plant and equipment and relates to the operations of Volgograd black carbon plant and Kemerovo chemical fiber plant (also refer to notes 16(c)).

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

12. Gains and losses related to acquisitions, restructuring and disposals of subsidiaries

	Note	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Gain on derecognition of liabilities		-	761	-	26
Excess of the acquirer's share in net identifiable assets over the cost of acquisition	8(e)	-	517	-	19
Gain/(loss) on disposal of shares in subsidiaries	8(e)	63	(236)	2	(7)
		63	1,042	2	38

The reason for the excess of the acquirer's share in net identifiable assets over the cost of acquisition amounting to RUR 517 million / USD* 19 million in 2003 was the strong bargaining position of the Group in acquiring additional shares in subsidiaries from a diverse range of minority shareholders.

Gain on derecognition of liabilities arose in respect of the bankruptcy of CJSC Sibirskaya shina and OJSC Krasnoyarsky zavod RTI, Group subsidiaries. As a result of this process, the companies' assets have been taken over by subsidiaries of the Group, and the liabilities of these companies have been extinguished - refer note 30(b).

13. Staff costs

The average number of employees during 2004 was 23,003 (2003: 24,488). Total staff costs for the year, including social contributions, amounted to RUR 2,356 million / USD* 85 million (2003: RUR 1,834 million / USD* 66 million). These costs are included in cost of sales, administrative and distribution expenses.

In addition to the above the Parent company issued shares to Mr. Alexei Gurin, its chief financial officer at that time, who subsequently became director of the Group, and granted share appreciation rights to a number of the Group executive officers - refer to Note 31(b).

14. Net financing expenses

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Interest expense	(691)	(241)	(25)	(8)
Loss on disposal of investments	(17)	-	(1)	-
Interest income	76	-	3	-
Foreign exchange gains/(losses)	1	(42)	-	(2)
	(631)	(283)	(23)	(10)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

15. Income tax (expense) / benefit

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Current tax expense	(186)	(158)	(7)	(6)
Origins and reversal of temporary differences, including change in valuation allowance	188	293	7	11
Change in tax rate	-	57	-	2
Deferred tax benefit	188	350	7	13
Total income tax benefit	2	192	-	7

The applicable corporate income tax rates for the jurisdictions where the Group companies operated were as follows:

	2004		2003	
	Current tax %	Deferred tax %	Current tax %	Deferred tax %
The Netherlands	34.5	31.5	34.5	34.5
Russia	24.0	24.0	24.0	24.0
The Ukraine	25.0	25.0	25.0	25.0
Cyprus	4.25 - 10.0	4.25 - 10.0	4.25 - 10.0	4.25 - 10.0
British Virgin Islands	n/a	n/a	n/a	n/a

Reconciliation of effective tax rate:

	2004			2003 <i>Restated</i>		
	RUR million	USD* million	%	RUR million	USD* million	%
Loss before tax	(35)	(1)	(100)	(204)	(7)	(100)
Income tax benefit at applicable tax rate	12	-	35	70	3	35
Effect of lower rates in different jurisdictions	94	3	269	22	1	11
Change in tax rate	-	-	-	57	2	28
Change in valuation allowance for deferred tax asset	3	-	8	97	3	48
Non-deductible items, net	(107)	(3)	(306)	(54)	(2)	(28)
	2	-	(6)	192	7	94

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

16. Property, plant and equipment

RUR million	Note	Buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
<i>Cost</i>						
At January 1st, 2004		3,365	4,923	45	688	9,021
Additions, including assets of acquired subsidiary	8(d)	363	1,635	42	608	2,648
Disposals		(3)	(55)	(4)	(4)	(66)
Disposal of subsidiaries	8(e)	(1,370)	(1,205)	(19)	(25)	(2,619)
Foreign exchange differences		(70)	(58)	(1)	-	(129)
At December 31st, 2004		2,285	5,240	63	1,267	8,855
<i>Accumulated depreciation and impairment losses</i>						
At January 1st, 2004		(705)	(782)	(20)	-	(1,507)
Depreciation charge		(170)	(571)	(9)	-	(750)
Disposals		1	11	2	-	14
Disposal of subsidiaries	8(e)	578	438	16	-	1,032
Reversal of impairment losses	11	29	31	-	-	60
Foreign exchange differences		23	19	4	-	46
At December 31st, 2004		(244)	(854)	(7)	-	(1,105)
Net book value at January 1st, 2004		2,660	4,141	25	688	7,514
Net book value at December 31st, 2004		2,041	4,386	56	1,267	7,750

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

USD* million	Note	Buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
<i>Cost</i>						
At January 1st, 2004		121	177	2	25	325
Additions, including assets of acquired subsidiary	8(d)	13	59	2	22	96
Disposals		-	(2)	-	-	(2)
Disposal of subsidiaries	8(e)	(50)	(44)	(1)	(1)	(96)
Foreign exchange differences		(3)	(2)	-	-	(5)
At December 31st, 2004		81	188	3	46	318
<i>Accumulated depreciation and impairment losses</i>						
At January 1st, 2004		(25)	(28)	(1)	-	(54)
Depreciation charge		(6)	(21)	-	-	(27)
Disposals		-	-	-	-	-
Disposal of subsidiaries	8(e)	21	16	1	-	38
Reversal of impairment losses	11	1	1	-	-	2
Foreign exchange differences		1	1	-	-	2
At December 31st, 2004		(8)	(31)	-	-	(39)
Net book value at January 1st, 2004		96	149	1	25	271
Net book value at December 31st, 2004		73	157	3	46	279

(a) Security

Refer to note 24(b) for the value of property, plant and equipment securing obligations of the Group.

(b) Leased plant and machinery

The Group leased production equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. At December 31st, 2004 the net book value of leased plant and machinery was RUR 1,141 million / USD* 41 million (2003: RUR 52 million / 2 million). The leased obligations are secured over the leased equipment - refer note 24(b).

(c) Impairment loss and reversal

In 2004 the Group recognized reversal of impairment losses, which were recorded in 2003 in respect of Kemerovo chemical fiber plant and Volgograd black carbon plant - refer note 11. For the key assumptions underlying the impairment testing see note 17(b).

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

17. Intangible assets

RUR million	Note	Goodwill	Land lease right	Other	Total
<i>Cost</i>					
At January 1st, 2004		2,332	-	-	2,332
Additions, including assets of acquired subsidiaries	8(d)	-	67	6	73
At December 31st, 2004		2,332	67	6	2,405
<i>Accumulated amortisation and impairment losses</i>					
At January 1st, 2004		-	-	-	-
Amortisation charge for the year		-	-	(2)	(2)
At December 31st, 2004		-	-	(2)	(2)
Net book value at January 1st, 2004		2,332	-	-	2,332
Net book value at December 31st, 2004		2,332	67	4	2,403

USD* million	Note	Goodwill	Land lease right	Other	Total
<i>Cost</i>					
At January 1st, 2004		84	-	-	84
Additions, including assets of acquired subsidiaries	8(d)	-	3	-	3
At December 31st, 2004		84	3	-	87
<i>Accumulated amortisation and impairment losses</i>					
At January 1st, 2004		-	-	-	-
Amortisation charge for the year		-	-	-	-
At December 31st, 2004		-	-	-	-
Net book value at January 1st, 2004		84	-	-	84
Net book value at December 31st, 2004		84	3	-	87

(a) Goodwill

The balance of goodwill as of December 31st, 2004 represents the excess of the cost of acquisition over the Group's interest in the fair value of the net identifiable assets acquired. For the purpose of the Acquisition Transaction (refer note 1(a)) the cost of the acquisition

was determined by reference to the fair value of the acquired business, as determined by American Appraisal (AAR), Inc, an independent valuer. The residual value of the goodwill attributable to the Acquisition Transaction as of December 31st, 2004 amounts to RUR 2,063 million / USD* 74 million.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

The remainder of the goodwill amounting to RUR 269 million / USD* 10 million relates to the acquisition of minority interest of 25% in CJSC Shinny Komplex Amtel - Sibir' from related parties in 2003.

(b) Impairment

For the purposes of impairment testing, goodwill was allocated to the Group's cash generating units, being the production plants, namely Voronezh tyre plant, Kirov tyre plant, Krasnoyarsk tyre plant, Volgograd carbon black plant. These units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Voronezh tyre plant	857	857	31	31
Kirov tyre plant	714	714	26	26
Krasnoyarsk tyre plant	636	636	23	23
Volgograd carbon black plant	125	125	4	4
	2,332	2,332	84	84

The recoverable amount represents value in use as determined by discounting the future cash flows generated from the continuing use of the plants. The recoverable amounts were determined with the assistance of American Appraisal (AAR) Inc., independent valuers.

The following key assumptions were used in determining the recoverable amount of the plants:

- The cash flows projections were made for the average remaining useful lives of major production assets - refer note 3(e)(iv);

- The following tyre production volumes were anticipated (in million tyres):

	Prediction of production volumes as made in the financial statements for	
	2004	2003
Year 2004	n/a	7.5
Year 2005	12.1	8.5
Year 2006	12.6	9.6
Year 2007 and further	12.6	10.7

- A discount rate of 16% (2003: 16%) was applied in determining the recoverable amount of the plants;
- The values assigned to the key assumptions represent management's assessment of future trends in the tyre production industry and are based on both external sources and internal sources (historic data).

As a result of the impairment testing no impairment loss on goodwill was recognized in 2004 (2003: RUR 277 million / USD* 10 million).

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

18. Long-term financial assets

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Advances for property, plant and equipment	173	-	6	-
Investment in joint venture	39	50	1	2
Other long-term receivables from related parties	6	-	-	-
Other assets	12	2	1	-
	230	52	8	2

The investment in the joint venture represents 50% share in Amtel-Nokian Ltd. tyres, a joint venture with Nokian Tyres Plc. The Group's interest in the joint venture was accounted for using

the equity method. In 2004 Amtel Holdings Holland N.V. and Nokian Tyres plc decided to cease operations of the joint venture.

19. Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

RUR million	Assets		Liabilities		Net	
	2004	2003	2004	2003	2004	2003
Property, plant and equipment	46	83	(1,142)	(1,228)	(1,096)	(1,145)
Other long-term assets	160	10	(3)	(8)	157	2
Current assets	175	93	(26)	(42)	149	51
Liabilities	249	56	(58)	(33)	191	23
Valuation allowance	(88)	(91)	-	-	(88)	(91)
Tax assets / (liabilities)	542	151	(1,229)	(1,311)	(687)	(1,160)
Setting off tax	(474)	(87)	474	87	-	-
Net tax assets / (liabilities)	68	64	(755)	(1,224)	(687)	(1,160)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

USD* million	Assets		Liabilities		Net	
	2004	2003	2004	2003	2004	2003
Property, plant and equipment	2	3	(41)	(44)	(39)	(41)
Other long-term assets	6	-	-	-	6	-
Current assets	6	3	(1)	(2)	5	1
Liabilities	8	2	(2)	(1)	6	1
Valuation allowance	(3)	(3)	-	-	(3)	(3)
Tax assets / (liabilities)	19	5	(44)	(47)	(25)	(42)
Setting off tax	(17)	(3)	17	3	-	-
Net tax assets / (liabilities)	2	2	(27)	(44)	(25)	(42)

(b) Movement in temporary differences during the year

RUR million	January 1st, 2004	Effect of changes in foreign exchange rates	Recognized in income	Related to disposal of subsidiary	Recognized in equity	December 31st, 2004
Property, plant and equipment	(1,145)	23	(221)	164	83	(1,096)
Other long-term assets	2	-	160	(5)	-	157
Current assets	51	-	18	80	-	149
Liabilities	23	-	228	(60)	-	191
Valuation allowance	(91)	-	3	-	-	(88)
Net tax assets / (liabilities)	(1,160)	23	188	179	83	(687)

USD* million	January 1st, 2004	Effect of changes in foreign exchange rates	Recognized in income	Related to disposal of subsidiary	Recognized in equity	December 31st, 2004
Property, plant and equipment	(41)	1	(8)	6	3	(39)
Other long-term assets	-	-	6	-	-	6
Current assets	1	-	1	3	-	5
Liabilities	1	-	8	(3)	-	6
Valuation allowance	(3)	-	-	-	-	(3)
Net tax assets / (liabilities)	(42)	1	7	6	3	(25)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

20. Inventories

	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Raw materials	952	959	34	35
Work in progress	149	279	5	10
Finished goods	832	495	31	19
Provision for inventory obsolescence	(24)	(145)	(1)	(7)
	1,909	1,588	69	57

Refer to note 24(b) for the value of inventory securing obligations of the Group.

21. Trade and other receivables

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Trade accounts receivable	775	1,026	29	37
VAT receivable	661	447	24	16
Receivables for shares in CJSC Rosava	396	335	14	12
Receivables from related parties	114	99	4	4
Receivable from the joint venture	-	53	-	2
Other taxes receivable	68	41	2	1
Other receivables	172	448	6	16
Provision for doubtful accounts	(62)	(180)	(2)	(6)
	2,124	2,269	77	82

Refer to note 24(b) for the value of inventory securing obligations of the Group.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

22. Cash and cash equivalents

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Cash in bank	153	323	5	12
Other cash balances	42	3	2	-
Cash and cash equivalents in the balance sheet	195	326	7	12
Bank overdrafts	-	(10)	-	-
Cash and cash equivalents in the statement of cash flows	195	316	7	12

23. Equity

In number of shares	Note	Ordinary shares	Preferred shares
Authorised shares at December 31st, 2003		8,000	2,000
Par value (Euro)		10	10
Authorised shares at December 31st, 2004		20,500,000	2,000,000
Par value (Euro)		0,01	0,01
On issue on January 1st, 2003		2,001	-
Issued for cash - September 2003		-	80
On issue on December 31st, 2003		2,001	80
On issue after split (1:1,000, EUR 0.01 par value)		2,001,000	80,000
Shares issued to Chief Financial Officer - February 2004	31(b)		
	40,000	-	
Issued for cash - March 2004		-	40,000
Issue of additional shares	23(c)		
	2,209,116	129,884	
Issued for cash - December 2004		128,571	-
On issue at December 31st, 2004		4,378,687	249,884

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

(a) Ordinary shares

The holders of ordinary shares are entitled to one vote in the general meeting of shareholders for each share held.

All ordinary shareholders participate equally in the distribution of the assets, remaining after the payment of amounts due to creditors and preferred shareholders upon liquidation.

(b) Preferred shares

The holders of preferred shares are entitled to the number of votes equal to the number of whole shares of ordinary shares into which such preferred shares could be converted. The meeting of the holders of the preferred shares have to approve issues that influence the interests of preferred shareholders, including legal mergers, legal splits and amendments to the Articles of the Association or dissolution of the Company.

In case of liquidation, the holders of the paid-up preferred shares are entitled to receive any cumulative unpaid dividends and the original issue share price of the preferred shares before any distributions to the holders of the ordinary shares.

The paid preferred shares give to their holders the right to require the issuer to redeem the shares after a particular date for a fixed amount. Consequently, this instrument meets the definition of a financial liability and was included in non-current loans - refer note 24.

(c) Issue of additional shares

In August 2004, additional shares were issued to all shareholders on a pro-rata basis so as to increase the number of shares to the minimum level required for the conversion of the Parent Company from private company with limited liability (Besloten Venno-otschap) to a public limited liability company (Naamloze Venno-otschap). The conversion ratio was 1:1.082.

(d) Dividends

Holders of the ordinary shares are entitled to dividends upon the decision of the general shareholders' meeting if the net assets of the Company exceed the total value of the paid in capital and reserves, which have to be maintained by law and the Articles of Association. No dividends to ordinary shareholders were declared in 2004.

Holders of the cumulative convertible preferred shares are entitled to an annual cumulative dividend of 8% per annum of the original issue price.

Dividends on cumulative convertible preferred shares for the year amounting to RUR 28 million / USD* 1 million (2003: RUR 6 million / USD* 0 million) were recognized as an interest expense.

(e) Transactions with ultimate shareholder

During the year the Group's controlling shareholder withdrew series of amounts from the Group (in total RUR 209 million / USD* 8 million (2003: RUR 461 million / USD* 17 million)), and made series of contributions to the Group (in total RUR 209 million / USD* 8 million (2003: NIL)). All transactions comprised monetary assets, and are considered by management and the shareholder to be a net dividend of zero. Accordingly, all movements have been recognized in retained earnings. As of December 31st, 2004, the amount of RUR 64 million / USD* 2 million in respect of these transactions is owing to the shareholder (2003: RUR 150 million / USD* 5 million).

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

24. Loans and borrowings

		2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
<i>Non-current</i>					
Unsecured bond issue		1,190	1,518	43	55
Secured bank loans		380	424	14	15
Convertible cumulative preferred shares	23(b)				
	449	300	16	11	
		2,019	2,242	73	81
<i>Current</i>					
Current portion of secured bank loans		1,594	521	56	19
Unsecured bond issue		600	-	22	-
Unsecured bank loans		605	529	22	19
Unsecured loans from related parties		14	291	1	10
		2,813	1,341	101	48

(a) Terms and debt repayment schedule

RUR million	Total	Under 1 year	1-5 years
<i>Secured bank loans:</i>			
RUR - fixed at 5-15%	1,627	1,493	134
USD*- fixed at 5-10%	100	29	71
EURO - fixed at 10 - 15%	247	72	175
<i>Unsecured bank loans</i>			
RUR-fixed 10-20%	600	600	-
<i>Unsecured bond issues:</i>			
Bonds 2005 - fixed at 19%	605	605	-
Bonds 2007 - fixed at 16%	1,190	-	1,190
<i>Unsecured short-term loans from related parties:</i>			
RUR- interest free	14	14	-
<i>Unsecured convertible cumulative preferred shares:</i>			
USD* - fixed at 8%	449	-	449
	4,832	2,813	2,019

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

USD* million	Total	Under 1 year	1–5 years
<i>Secured bank loans:</i>			
RUR - fixed at 5-15%	57	52	5
USD*- fixed at 5-10%	4	1	3
EURO - fixed at 10 - 15%	9	3	6
<i>Unsecured bank loans:</i>			
RUR-fixed 10-20%	22	22	-
<i>Unsecured bond issues:</i>			
Bonds 2005 - fixed at 19%	22	22	-
Bonds 2007 - fixed at 16%	43	-	43
<i>Unsecured short-term loans from related parties:</i>			
RUR- interest free	1	1	-
<i>Unsecured convertible cumulative preferred shares:</i>			
USD* - fixed at 8%	16	-	16
	174	101	73

(b) Security

The following assets are pledged to secure the bank loans (at carrying amounts):

	Note	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Owned property, plant and equipment	16(a)	2,189	918	79	33
Leased property, plant and equipment	16(b)	1,141	52	41	2
Inventories	20	461	291	17	10
Accounts receivables	21	350	-	13	-

The Group also pledged its shares in OJSC Shinny Komplek Amtel-Chernozemye and Amtel-Chernozemye Ltd., subsidiaries.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

25. Finance lease liabilities

Finance lease liabilities are payable as follows:

RUR million	2004			2003		
	Payments	Interest	Principal	Payments	Interest	Principal
Less than one year	281	148	133	8	2	6
Between one and five years	1,005	359	646	29	4	25
More than five years	194	18	176	11	1	10
	1,199	377	822	40	5	35
	1,480	525	955	48	7	41

USD* million	2004			2003		
	Payments	Interest	Principal	Payments	Interest	Principal
Less than one year	10	5	5	2	2	-
Between one and five years	37	13	24	1	-	1
More than five years	7	1	6	-	-	-
	44	14	30	1	-	1
	54	19	35	3	2	1

The interest rates implicit in the leases vary from 10 to 18% per annum (2003: 10%)

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

26. Trade and other payables

	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Trade accounts payable	738	1,215	27	44
Taxes payable other than VAT	215	200	8	7
VAT payable	200	89	7	3
Payables to related parties other than ultimate shareholder and joint venture	141	103	5	4
Current portion of finance lease liability	133	6	5	-
Payables to ultimate shareholder	64	150	2	5
Payables to the joint venture	51	101	2	4
Other payables	243	145	8	7
	1,785	2,009	64	74

27. Earnings per share

The calculation of earnings per share is a net profit for the year divided by the weighted average number of ordinary shares (refer note 23) outstanding during the year, calculated as shown below. The Group has no dilutive potential ordinary shares.

The above computation of the weighted average number of shares include the effect of share split and bonus issue - refer to note 23.

Shares	2004	2003
Issued ordinary shares at 1 January	4,166,821	4,166,821
Effect of share award - February	76,354	-
Effect of shares issued for cash - December	10,714	-
Weighted average number of ordinary shares at December 31st	4,253,889	4,166,821

Cumulative convertible preference shares had antidilutive effect, consequently, dilutive earnings per share equalled to basic earnings per share.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

28. Financial instruments

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business.

(a) Credit risk

The Group does not require collateral in respect of financial assets. Credit evaluations are performed on all customers, other than related parties, requiring credit over a certain amount.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of entering into new loans and borrowings, management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

(c) Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Russian Rouble. The currencies giving rise to this risk are primarily USD and Euro. Management does not hedge the Group's exposure to foreign currency risk.

(d) Fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

Management has concluded that due to the lack of liquidity and published "indicator interest rates" in the Russian market, and the fact that certain transactions with related parties are of a specialised nature, it is not practicable to determine fair values of the related parties financial instruments detailed in note 31.

The estimated fair values of third party financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. As described in more detail in note 1(d), the Russian Federation and the Ukraine have shown signs of emerging markets. While management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realised in the current circumstances.

Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair values of the third parties financial instruments as of December 31st, 2004 were not significantly different from their carrying values.

29. Commitments

The Group has entered into a contract to purchase plant and equipment for RUR 268 million / USD* 10 million (2003: RUR 429 million / USD* 15 million).

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

30. Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has insured a significant part of the Group's production facilities, including Voronezh tyre plant, Kirov tyre plant, Krasoyarsk tyre plant, Kemerovo Chemical Fiber plant, and Volgograd carbon black plant against damage arising from accidents or fire. The insurer, however, will not reimburse the Group for business interruption or any environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Bankruptcy law

The bankruptcy law in Russia is relatively new, often unclear and subject to interpretation. Application of bankruptcy procedures in practice is often contradictory, and the legality of such procedures is often challenged by different groups of stakeholders, even after all bankruptcy procedures have been completed.

A significant part of the assets of Amtel Group were acquired as a result of bankruptcy procedures. Should the former legal owners of these assets or their shareholders challenge the process by which the Group acquired such assets, such transactions may be declared invalid and fines levied on the Group. The effect of such potential challenge could be significant, and materially impact the financial position of the Group. However, the risk of economic benefit outflow as a result of the above is considered less than probable.

(c) Corporate law

As disclosed in note 8(a)(ii), the Group sold 15% of its shares in OJSC Shinny Kompleks Amtel-Povolzhye (formerly, OJSC Kirov tyre plant) to a related party.

During 2004 and 2005 - refer to note 34(c), transactions in OJSC Shinny Kompleks Amtel-Povolzhye were made whereby

the company issued guarantees and pledges for other companies of the Amtel Group for the amount of approximately RUR 7,500 million / USD* 270 million. Russian legislation requires that such transactions be approved by minority shareholders at a shareholders' meeting. In such voting, the majority shareholder and its "affiliated entities" (as defined in Russian law) are by law excluded from voting. Management believes that the acquiring party is not an affiliated entity under Russian law and therefore that the risk of these transactions being challenged, and the likelihood of success by any such challenger, is remote.

In the event that a challenge were successful, finance lease non-current liabilities of RUR 646 million / USD* 23 million could become repayable on demand. In such circumstance the Group may be forced to negotiate new terms of repayment with the lender, or to forfeit the leased assets - refer note 16(b).

In 2005, the Group, exercised its option and repurchased the shares from the related party refer note 34(g).

(d) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation and the Ukraine that are substantially more significant

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than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian and Ukrainian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In particular, a number of companies of the Amtel Group used special purpose entities ("SPEs"), mainly in periods before December 31st, 2002, in which they did not hold any direct or indirect equity interest, for tax and customs minimisation purposes. The methods used by the SPE's to reduce taxation are not fully compliant with the Russian and the Ukrainian tax legisla-

tion. Management of these SPEs is responsible for the correctness and timeliness of the tax payments by the SPEs; however, the management of the companies of the Amtel Group may also be held responsible indirectly.

Based on the facts available, the risk of significant economic benefit outflow as a result of potential claims for additional tax, customs and other liabilities being ultimately imposed on the SPEs or the Group is less than probable. However, the SPEs' lack of full compliance with applicable Russian and the Ukrainian tax legislation could result in such tax, customs and other liabilities (and related penalties and interest), which could materially impact the Group's consolidated financial statements.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

31. Related party transactions

(a) Control relationships

The Company's Parent Company is Amtel Luxembourg S.A., which is the ultimate holding company.

Related parties comprise the ultimate controlling shareholder of the Parent Company and all other companies in which the shareholder has a controlling interest or significant influence. Transactions with key management personnel and entities, that are controlled, jointly controlled or significantly influenced by individuals mentioned, were recognized and disclosed as related party transactions as well.

(b) Share award and share appreciation rights

Pursuant to the terms of a Share Award Agreement, between the Company and Alexei Gurin, its Chief Financial Officer at that time, dated February 4th, 2004, the Company issued 40 ordinary shares (an equivalent to 40,000 after the split and 83,200 after bonus issue - refer to note 23), to Mr. Gurin as a reward and compensation for his services to the Company and the Group. The shares vested immediately. On the date of issue, the fair value of the shares was estimated at approximately RUR 151 million / USD* 5 million. In accordance with the Group's accounting policies for such transactions, no expense has been recognized in these financial statements.

In December 2004 the Company decided to grant to certain members of the management the right to acquire up to 10% of all of the issued shares of the Company at a favourable price or to receive an equivalent cash alternative. The share appreciation rights are exercisable if management meets certain individual targets (including achievement of a market capitalisation of RUR 20,811 million / USD* 750 million by the Group and certain individual targets specific for each employee) and expire in 10 years after the grant date. The aggregate fair value of shares at the grant date to be issued under this share appreciation rights agreement is restricted to a maximum of RUR 139 million / USD* 5 million.

In accordance with the decision, the Company issued share appreciation rights with cash alternative for 1% of the Company's shares in 2004. The rights vest in 4 instalments with 63% vesting on the first anniversary after the grant date and the remaining 38% in three equal instalments on the second to fourth anniversary after the grant date. The fair value of the share appreciation rights at the balance sheet date was negligible.

(c) Transactions with related parties

During 2004 the Group performed the following transactions with related parties:

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Sales to related parties	150	188	5	7
Purchases of goods	287	175	10	6
Rent expenses incurred	52	10	2	-
Consideration paid to related parties for minority shares in subsidiaries	33	378	1	14
Acquisition of property, plant and equipment	496	-	18	-
Acquisitions of intangible assets	67	-	2	-
Loans received from related parties	14	291	1	10
Repayment of loans to related parties	(291)	-	(10)	-

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

Included in the above transactions is the acquisition of shares in Amtel - Logistics Center Ltd. which was accounted for as acquisition of property, plant and equipment and intangible assets - refer note 8(d).

In addition, the transactions to acquire or sell shares disclosed in notes 8(a)(i) and (ii), 8(c)(i), (ii), and (iv), were with related parties.

(d) Balances with related parties

As of December 31st, 2004 the Group companies recorded the following balances with related parties:

	2004 RUR million	2003 RUR million	2004 USD* million	2003 USD* million
Short-term interest free loans issued to related parties	99	-	4	-
Trade and other receivables	120	100	4	4
Payables to related parties other than ultimate shareholder	192	103	7	4
Unsecured short-term loans	14	291	1	10
Payables to ultimate shareholder	64	150	2	5

(e) Transactions related to CJSC Rosava

During 2004 76% in CJSC Rosava was legally owned by the Acquirer - refer to note 4. In addition to transactions disclosed in note 4, the Group had the following transactions with companies controlled by the Acquirer:

	Note	2004 RUR million	2004 USD* million
Loans received		2,930	106
Loans paid		(2,803)	(101)
Interest expense recognized		64	221
Receivables for shares in CJSC Rosava	21	396	14

(f) Pricing policies

Prices for transactions with the related parties are determined as agreed between the parties.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

32. Significant subsidiaries

	Note	Country of incorporation	Effective ownership interest on December 31st, 2004 %	Effective ownership interest on December 31st, 2003 %
Holding companies				
Amtel Exports PTE Limited		Cyprus	100	100
Astley Holding Limited	8(c)(iv)	Cyprus	-	100
Geroc Holdings Limited	8(c)(iv)	Cyprus	-	100
Soparvi Holdings Limited	8(c)(iv)	Cyprus	-	100
Vorsella Holdings Limited	8(c)(iv)	Cyprus	-	100
Tapistron Limited		Cyprus	100	100
Kholdingovaya Kompaniya Amtel Ltd.		Russia	100	100
Production companies				
Krasnoyarsk tyre plant				
Krasnoyarsky Shinny Zavod Ltd.	8(c)(iv)	Russia	-	100
CJSC Shinny Komplex Amtel-Sibir		Russia	100	100
CJSC Krasny Yar-Shina		Russia	100	100
CJSC Sibirskaya Shina	30(b)	Russia	100	100
PO Krasnoyarsky Shinny Zavod Ltd. (formerly TD Krasnoyarsky Shinny Zavod Ltd.)		Russia	100	100
Krasshina Invest Ltd.		Russia	100	100
OJSC Supershina	8(c)(ii)	Russia	-	100
Krasnoyarsk rubber goods plant				
TD Amtel-Elast Ltd.		Russia	100	100
OJSC Krasnoyarsky Zavod RTI	8(c)(i)	Russia	-	51
TD Sibelast Ltd.	8(c)(i)	Russia	-	51
Rosava tyre plant				
CJSC Rosava (formerly, CJSC SP Rosava)	4, 7	The Ukraine	-	-
Voronezh tyre plant				
Amtel Chernozemye Ltd.		Russia	100	100
OJSC Shinny Komplex Amtel Chernozemye		Russia	100	100

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

	Note	Country of incorporation	Effective ownership interest on December 31st, 2004 %	Effective ownership interest on December 31st, 2003 %
<i>Kirov tyre plant</i>				
TD Kirovsky Shinny Zavod Ltd.	8(a)(ii)	Russia	86	86
Vyatskaya Shina Ltd.	8(a)(iii), 8(b)(i)	Russia	86	71
OJSC Shinny Kompleks Amtel Povolzhye (formerly OJSC Kirovsky Shinny Zavod)	8(a)(ii)	Russia	86	86
<i>Volgograd carbon black plant</i>				
Amtel-Carbon Ltd.		Russia	100	100
Volgogradsky Zavod Ttekbugleroda Ltd.		Russia	100	100
Volgokhimpererabotka Ltd.		Russia	100	100
Carbon-Trading Ltd.	8(c)(iii)	Russia	-	100
Volgogradsky Tekhuglerod Ltd.	8(c)(iv)	Russia	-	100
<i>Kemerovo Chemical Fiber Plant</i>				
OJSC Khimvolokno Amtel-Kuzbass		Russia	100	100
Khimvolokno Amtel-Kuzbass Ltd.		Russia	100	100
<i>Major trading companies</i>				
Amtelshintorg Ltd.		Russia	100	100
Amtel-shina Kuzbass Ltd.		Russia	100	100
Amtelshinprom Ltd.	8(a)(i)	Russia	100	93
Amtelshinprom-Chernozemye Ltd.	8(a)(i)	Russia	100	100
Amtelshinprom-Krasnoyarsk Ltd.	8(a)(i)	Russia	100	100
Amtelshinprom-Severo-Zapad Ltd.	8(a)(i)	Russia	100	100
Amtelshinprom-Sibir Ltd.	8(a)(i)	Russia	100	100
Amtelshinprom-Yug Ltd.	8(a)(i)	Russia	100	100
Amtelshinprom-Povolzhye Ltd. (newly formed)		Russia	100	-
<i>Other companies</i>				
Melina Investments		BVI	100	100
Amtel - Logistics Center Ltd.	8(d)	Russia	100	-

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

33. Earnings before interest, tax, depreciation and amortisation

	Note	2004 RUR million	2003 RUR million <i>Restated</i>	2004 USD* million	2003 USD* million
Net profit for the year		129	256	5	10
Adjustments:					
Interest expense	14	691	241	25	8
Interest income	14	(76)	-	(3)	-
Income tax benefit	15	(2)	(192)	-	(7)
Taxes other than on profits		78	112	3	4
Amortisation and depreciation expense	16, 17	752	758	27	27
		1,572	1,175	57	42

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

34. Events subsequent to the balance sheet date

(a) Share issue

In February 2005 Citicorp International Finance Corporation acquired 64,286 newly issued ordinary shares in the Parent Company, which comprises 1.4% of the issued ordinary share capital. The proceeds from the issue amounted to approximately RUR 140 million / USD* 5 million.

(b) Acquisition of Vredestein Banden B.V.

In April 2005 the Parent company acquired 100% shares in Vredestein Banden B.V., a Dutch tyre manufacturer. The cost of acquisition, including repayment of debt, was approximately RUR 7,922 million / USD* 285 million satisfied in cash. The acquisition was financed with bank loans. Approximately RUR 4,162 million / USD* 150 million of the loans were secured with 51% of shares in the Parent Company. Subsequently, the security was released pursuant to the issue of credit linked notes in June 2005 - refer to note 34(c). The remaining part of the loans was secured over the shares in the acquired company.

The Group initiated valuation of the fair values of the identifiable assets, liabilities and contingent liabilities of the acquired company for the purposes of accounting for the business combination. The valuation is performed with the assistance of American Appraisal (AAR), Inc., an independent valuer. It is expected that the results of valuation will be finalized in September 2005. Until the results of the valuation are available it is not practicable to determine:

- the amounts that will be recognized at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities;
- the amount of a goodwill, if any, and of an excess, if any, to be recognized in the profit or loss;
- a description of the factors, if any, that may contribute to a cost that may result in the recognition of goodwill.

Moreover, the acquired company does not prepare its financial statements in accordance with IFRSs. Consequently it was not practicable to determine the carrying amounts of each of those classes of assets in accordance with IFRSs, immediately before the combination.

(c) Issue of credit linked notes

In June 2005 the Group issued US dollar denominated credit linked notes for approximately RUR 4,937 million / USD* 175 million. The credit linked notes are repayable in June 2007 and have an interest rate of 9.25% per annum.

(d) Private placement to institutional investors

In June 2005 the Parent Company issued ordinary shares representing approximately 12% of the share capital outstanding at the date of issue. The proceeds from the issue amounted to approximately RUR 2,003 million / USD* 70 million.

(e) Initial public offering

Subsequent to the balance sheet date, the management is planning to apply for an approval with the Dutch Securities Regulator (AFM) for a listing on the London Stock exchanges. The initial public offering is planned for November 2005.

(f) Acquisition of minority shares in OJSC Shinny Komplex Amtel-Povolzhye

Subsequent to the balance sheet date, the Group acquired approximately 4% of the ordinary shares in OJSC Shinny Komplex Amtel-Povolzhye. As a result the effective shareholding in OJSC Shinny Komplex Amtel-Povolzhye increased from 86% to 90%.

(g) Acquisition of 15% shares in OJSC Shinny Komplex Amtel-Povolzhye

Subsequent to the balance sheet date, the Group exercised its option to purchase 15% of shares in OJSC Shinny Komplex Amtel-Povolzhye - refer note 8(a)(ii) and 30(c).

(h) Issue of share appreciation rights

In 2005 the Company issued share appreciation rights with a

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

cash alternative for 3% of the Company's shares to certain members of management. 2% of the share appreciation rights vest at the moment of a liquidity event, as determined by the share appreciation rights agreement, or when the Group achieves certain capitalization target which vary from RUR 13,874 million / USD* 500 million to RUR 24,973 million / USD* 900 million. Another 1% of the shares appreciation rights vest in four equal instalments on the first to fourth anniversary following the grant date. All share option agreements become exercisable only if certain individual targets are achieved by the management.

(i) Disposal of subsidiaries

Subsequent to the balance sheet date the Group disposed of 100% of its shares in the following subsidiaries: Amtelshinprom-Chernozemye Ltd., Amtelshinprom - Krasnoyarsk Ltd., Amtelshinprom - Severo-Zapad Ltd., Amtelshinprom - Sibir Ltd., Amtelshinprom - Yug Ltd., Amtelshinprom - Povolzhye Ltd.. The estimated gain on disposal of these companies is RUR 113 million / USD* 4 million.

(j) Restructuring

In summer 2005 management announced that it would cease production of passenger car tyres in Krasnoyarsk and truck tyres in Voronezh. This decision may affect the recoverable amounts of property, plant and equipment and goodwill in future periods. In addition, management announced that it would substantially reduce the number of employees in Voronezh and Krasnoyarsk. This decision may result in a restructuring provision being recognized in future periods.

(*) The USD figures are not audited and are provided for information purposes only. They do not form part of the IFRS consolidated financial statements - refer to note 2(d)

**Interim Consolidated Condensed
Financial Information
for the six-months ending 30 June 2005**

Amtel-Vredestein N.V.
(formerly, Amtel Holdings Holland N.V.)

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Independent Review Report on Interim Financial Information



Management Board Amtel-Vredestein N.V.
(formerly Amtel Holdings Holland N.V.)

We have reviewed the accompanying consolidated condensed balance sheet of Amtel-Vredestein N.V. (formerly Amtel Holdings Holland N.V.) and its subsidiaries (the "Group") as of June 30th, 2005, and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended (the "interim financial information"). This consolidated interim financial information is a responsibility of the Group's management. Our responsibility is to issue a report on this interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Without qualifying our review conclusion, we draw attention to the fact that we have not reviewed the US dollar amounts in the accompanying consolidated interim financial information, which was presented solely for the convenience of users as described in note 2(d) to the consolidated interim financial information.

KPMG Limited
October 10th, 2005

Interim Consolidated Condensed Statement of Income for the six-month period ended 30 June 2005

	Note	Six-month period ended June 30th			
		2005	2004 <i>Restated**</i>	2005	2004 <i>Restated**</i>
		In million RUR		In million USD*	
Revenues	5	7,990		6,382	278
Cost of sales, excluding depreciation		(5,920)	(4,730)	(207)	(165)
Gross profit before depreciation		2,070	1,652	71	58
Depreciation charge relating to cost of sales		(495)	(365)	(17)	(13)
Gross profit		1,575	1,287	54	45
Other income and expenses, net	6	(1,077)		(931)	(37)
Profit from operations		498	356	17	13
Net financing expense	8				
(402)		(251)	(14)	(9)	
Profit before taxation		96	105	3	4
Income tax	9				
(71)		(79)	(2)	(3)	
Net profit		25	26	1	1
<i>Attributable to:</i>					
Loss attributable to minority holders		(1)	(65)	-	(2)
Profit attributable to equity holders of the Parent		26	91	1	3
		25	26	1	1
Basic and diluted earnings per share, RUR / USD	19	0.6		2.2	-

The interim consolidated condensed statement of income is to be read in conjunction with the notes to and forming part of the interim consolidated condensed financial information set out on pages 112 to 135.

The interim consolidated condensed financial information was approved on October 10th, 2005:

Alexei Gurin
Chief Executive Officer



Viktor Nekrassov
Chief Financial Officer



(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

(**) Arising from change in accounting standard — refer to note 2(e)

Interim Consolidated Condensed Balance Sheet as of 30 June 2005

	In million RUR		In million USD*	
	June 30th, 2005	December 31st, 2004 <i>Restated**</i>	June 30th, 2005	December 31st, 2004 <i>Restated**</i>
ASSETS				
Non-current assets	18,662	10,451	651	364
Current assets	14,054	4,324	490	151
Total assets	32,716	14,775	1,141	515
EQUITY AND LIABILITIES				
Equity	8,518	6,581	297	228
Non-current liabilities	15,641	3,596	546	125
Current liabilities	8,557	4,598	298	162
Total equity and liabilities	32,716	14,775	1,141	515

The interim consolidated condensed balance sheet is to be read in conjunction with the notes to and forming part of the interim consolidated condensed financial information set out on pages 112 to 135.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

(**) Arising from change in accounting standard — refer to note 2(e)

Interim Consolidated Condensed Statement of Cash Flows for the six-month period ended 30 June 2005

	Six-month period ended June 30 th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Profit attributable to equity holders of the Parent	26	91	1	3
Adjustments for non-cash items	1,182	726	41	25
Operating profit before changes in working capital	1,208	817	42	28
Changes in working capital	(2,685)	(621)	(94)	(21)
Cash flows from / (used in) operations before income taxes	(1,477)	196	(52)	7
Income tax paid	(337)	(280)	(12)	(10)
Cash flows used in operating activities	(1,814)	(84)	(64)	(3)
Cash flows used in investing activities	(7,953)	(991)	(277)	(34)
Cash flows from financing activities	12,916	814	450	28
Net increase / (decrease) in cash and cash equivalents	3,149	(261)	109	(9)
Cash and cash equivalents at the beginning of the period	195	316	7	11
Cash and cash equivalents at the end of the period	3,344	55	116	2

The interim consolidated condensed statement of cash flows is to be read in conjunction with the notes to and forming part of the interim consolidated condensed financial information set out on pages 112 to 135.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

Interim Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2005

Restated**	Note	Attributable to shareholders of the Parent Company					Minority interest	Total equity
		Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total		
In million RUR								
Balance as of January 1st, 2004		1	5,888	-	(12)	5,877	1,562	7,439
Profit / (loss) for the period		-	-	-	91	91	(65)	26
Foreign currency translation difference		-	-	5	-	5	57	62
Effect of disposal of minority interests in subsidiaries		-	-	-	-	-	12	12
Withdrawals by the Controlling Shareholder	15(d)	-	-	-	(83)	(83)	-	(83)
Balance as of June 30th, 2004		1	5,888	5	(4)	5,890	1,566	7,456
Balance as of January 1st, 2005		2	6,160	-	117	6,279	302	6,581
Issue of shares to existing shareholders	15(b)	15	(15)	-	-	-	-	-
Issue of shares to new shareholders	15(b)	2	2,146	-	-	2,148	-	2,148
Profit / (loss) for the period		-	-	-	26	26	(1)	25
Foreign currency translation difference		-	-	(140)	-	(140)	-	(140)
Effect of acquisition of minority interest in subsidiaries		-	-	-	-	-	(83)	(83)
Contributions from the Controlling Shareholder	15(d)	-	-	-	15	15	-	15
Withdrawals by the Controlling Shareholder	15(d)-	-	-	(28)	(28)	-	(28)	
Balance as of June 30th, 2005		19	8,291	(140)	130	8,300	218	8,518

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

(**) Arising from change in accounting standard — refer to note 2(e)

Restated**		Attributable to shareholders of the Parent Company					Minority interest	Total equity
	Note	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total		
In million USD*								
Balance as of January 1st, 2004		-	204	-	-	204	54	258
Profit / (loss) for the period		-	-	-	3	3	(2)	1
Foreign currency translation difference		-	-	-	-	-	2	2
Effect of disposal of minority interests in subsidiaries		-	-	-	-	-	-	-
Withdrawals by the Controlling Shareholder	15(d)	-	-	-	(3)	(3)	-	(3)
Balance as of June 30th, 2004		-	204	-	-	204	54	258
Balance as of January 1st, 2005		-	213	-	4	217	11	228
Issue of shares to existing shareholders	15(b)	1	(1)	-	-	-	-	-
Issue of shares to new shareholders	15(b)	-	75	-	-	75	-	75
Profit / (loss) for the period		-	-	-	1	1	-	1
Foreign currency translation difference		-	-	(4)	-	(4)	-	(4)
Effect of acquisition of minority interest in subsidiaries		-	-	-	-	-	(3)	(3)
Contributions from the Controlling Shareholder	15(d)	-	-	-	1	1	-	1
Withdrawals by the Controlling Shareholder	15(d)	-	-	-	(1)	(1)	-	(1)
Balance as of June 30th, 2005		1	287	(4)	5	289	8	297

The interim consolidated condensed statement of changes in equity is to be read in conjunction with the notes to and forming part of the interim consolidated condensed financial information set out on pages 112 to 135.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

(**) Arising from change in accounting standard — refer to note 2(e)

Selected explanatory notes to the interim consolidated condensed financial information for the six-month period ended 30 June 2005

1. Background

(a) Organisation

Amtel-Vredestein N.V. (formerly, Amtel Holdings Holland N.V.), further referred to as "the Parent Company", "the Company" was incorporated by Amtel Luxemburg S.A as a private company with limited liability (Besloten Vennootschap) on July 30th, 2002 in accordance with the Civil Law of the Netherlands. In August 2004 the Company was reorganized into a public limited liability company (Naamloze Vennootschap). The Company has been operating under the laws of the Netherlands, with its registered office at Herengracht 469, 1017 BS Amsterdam, the Netherlands.

This interim consolidated condensed financial information comprises the Parent Company and its subsidiaries (further referred to as "the Group" or "Amtel Group"). The list of significant subsidiaries is disclosed in note 23.

(b) Operations

The Group operates in the tyre manufacturing and distribution business. The Group includes a number of tyre production facilities located in Russia and in the Netherlands. The Group's operations in the Netherlands are the result of the acquisition of Vredestein Banden B.V. in April 2005 - refer note 4(a). The plants produce a wide range of tyres for a variety of vehicles, including passenger cars, trucks, aircraft, agricultural and military vehicles and bicycles. The Group companies also include facilities for the production of chemical fibers, cords and black carbon, which provide raw materials in the production of tyres. The products of the Group are distributed in Russia, the Netherlands and other countries.

(c) Related party transactions

The Group is ultimately controlled by a single individual, Mr. Sudhir Gupta (further referred to as the "Controlling Shareholder"), who has the power to direct the transactions of the Group at his discretion and for his own benefit. He also has a number of other business interests outside of the Group. Consequently there is a number of related party transactions - refer notes 4(b), 4(c), 21, 25(b) - many involving the Group's interests in subsidiaries.

(d) Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of the enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. The accompanying interim consolidated condensed financial information reflects management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

2. Basis of preparation

(a) Statement of compliance

This interim consolidated condensed financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim consolidated condensed financial information has been prepared on a condensed basis, and therefore should be read in conjunction with the consolidated financial statements as of and for the year ended December 31st, 2004, as this financial information provides only an update of previously reported financial information.

All accounting policies described in the consolidated financial statements as of and for the year ended December 31st, 2004 have been consistently applied in preparing this interim consolidated condensed financial information except as described in note 2(e).

(b) Basis of measurement

The interim consolidated condensed financial information is prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUR"), which is the Parent Company's functional currency and the currency in which this interim consolidated condensed financial information is presented. All financial information presented in RUR has been rounded to the nearest million.

(d) Convenience translation

The Parent Company's functional currency is RUR because it reflects the economic substance of the underlying events and circumstances of the company. In addition to presenting the interim consolidated condensed financial information in RUR, supplementary information in USD has been prepared for the convenience of users of this financial information.

All amounts presented in USD have been translated from the RUR amounts at the Central Bank of the Russian Federation

exchange rate of 28.6721 RUR to one USD at the close of business on 30 June 2005. All financial information presented in USD has been rounded to the nearest million.

(e) Changes in accounting policy

As of January 1st, 2005, the Amtel Group adopted all of the new and revised Standards and interpretations adopted by the IASB that are relevant to its operations and effective for accounting periods beginning on January 1st, 2005.

Significant changes in accounting policies as they relate to the Amtel Group's financial position, results of its operations and its cash flows, as presented in these interim consolidated condensed financial information, are summarised as follows:

Application of IAS 1 *Presentation of Financial Statements* (revised 2003) has affected the presentation of minority interest, and has resulted in increased disclosures, including disclosure of critical accounting estimates and judgments in applying accounting policies.

Application of IFRS 2 *Share-based payment* has resulted in the assessment of the terms of the share options issued to the senior management for the purposes of recognition in the financial statements. The assessment indicated that the grant date in respect of the share options had not been reached by June 30th, 2005. Consequently, application of the standard did not effect this financial information.

There was no impact on opening retained earnings as at January 1st, 2005 from the adoption of any of the above-mentioned standards, except for the following resulting from revised IAS 1:

- In the income statement, the minority interest share in the results of subsidiaries is no longer added or subtracted in arriving at the Group's net profit or loss for the period. Instead it is presented as an allocation of the Group's net profit loss for the period;

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

- In the balance sheet, minority interests are presented as a separate component of equity rather than being presented between equity and liabilities. As a result, the statement of changes in equity shows the movement in minority interests during the period;

Comparatives were restated to reflect these changes.

(f) Critical accounting estimates and judgments in applying accounting policies

Amtel Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including the expected outcome of past events that are believed to be reasonable under the circumstances.

(i) Impairment of goodwill and intangible assets

Amtel reviews goodwill and other identifiable intangible assets with indefinite useful lives to assess impairment on an annual basis. The goodwill acquired before December 31st, 2004 was last tested when the Group prepared its annual financial statements as of and for the year ended December 31st, 2004. Management assessed whether there were indicators as of June 30th, 2005 that the goodwill might be impaired and concluded that no indicators existed.

For the goodwill acquired in the business combination - refer note 4(a) - the Group estimated the recoverable amount of the cash generating unit to which the goodwill was provisionally allocated as of the date of acquisition to assess whether impairment existed. The estimation was made with the assistance of an independent expert. As a result of the computation the recoverable amount exceeded the carrying amount of the cash generating unit by approximately RUR 1,147 million / USD* 40 million.

The following key assumptions were used in determining the recoverable amount of the cash generating unit:

- A constant growth model was used to estimate the terminal value for the discounted cash flow analysis. A terminal growth of 2.5% was considered in estimating the terminal value;
- The terminal value was derived at the end of the five year interim period. It was anticipated that the acquired company would have achieved a stable long-term rate of growth;
- A pre-tax weighted average cost of capital of 14.18% was used as a discount rate for determination of the recoverable amount.

As a result of the impairment testing no impairment loss on the cash generating unit was recognized in this interim consolidated condensed financial information.

(ii) Impairment of accounts receivable

The Group reviews its receivables for impairment at each balance sheet date. The review is conducted on the level of the geographical segment. For each segment, the Group assesses whether objective evidence of impairment exists for each balance of receivable outstanding. If there is objective evidence that an impairment loss on a receivable balance has been incurred, the amount of the loss is measured as the difference between the carrying amount of the receivable and the present value of estimated discounted future cash flows. As a result of the management assessment the balance of provision as of June 30th, 2005 amounted to:

<i>In million RUR</i>	Russian subsidiaries	Vredestein Banden B.V.	Total
Provision balance	46	197	243
Gross receivables	4,183	2,387	6,570
Provision as a % of the gross receivable balance	1%	8%	4%

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

<i>In million USD*</i>	Russian subsidiaries	Vredestein Banden B.V.	Total
Provision balance	2	6	8
Gross receivables	146	83	229
Provision as a % of the gross receivable balance	1%	8%	4%

(iii) Pension liabilities

As of June 30th, 2005 only employees of Vredestein Banden B.V. and its subsidiaries participated in pension plans. The liabilities for the defined benefit plan were acquired as a part of the business combination - refer to note 4(a).

The pension liability was determined as of the date of acquisition of Vredestein Banden B.V. (refer note 4(a)) by an independent actuary.

The following assumptions were used in the valuation.

Active employee members

Number	1,061
Average age	43
Average past services	11
Average future services	14

Retired beneficiaries

Number	54
Average age	63

Other information

Individual salary increase (dependant on age)	0-2.5%
Employee turnover (dependant on age)	0-7%

The mortality level was assessed in accordance with the Dutch Mortality table GMB and GBV 1995-2000, with a 1-year set-back.

The balance of the liability and related pension expense are disclosed in note 17.

(g) Reclassification

Balance presented as share premium reserve in the annual financial statements as of and for the year ended December 31st, 2004 amounting to RUR 272 million / USD* 10 million was reclassified to Additional paid-in capital as both reserves are similar in nature.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

3. Condensed segment reporting

The interim consolidated condensed segment information is presented in respect of the Group's geographical segment, which is the Group's primary format of segment disclosure.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest expense, current and deferred income tax, and corporate expenses.

In 2004 the Group operated in two geographical areas: Russia and the Ukraine. As of December 31st, 2004 the Group discon-

tinued its control over the operations of CJSC Rosava, which represented the Ukrainian geographical segment.

In April 2005 the Group acquired Vredestein Banden B.V., a Dutch tyre manufacturer, which mainly operates in countries of the European Union - refer note 4(a).

The revenues and the segment result of the European segment for six months ended June 30th, 2005 include two months of operations only as the Group acquired control over these operations on April 25th, 2005 - refer to note 4(a).

	Segment revenues for the six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Russia	6,668	4,850	232	169
Ukraine	-	1,534	-	54
Europe	1,322	-	46	-
Inter-segment revenues	-	(2)	-	-
Sales to external customers	7,990	6,382	278	223

	Segment result for the six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Russia	491	380	17	13
Ukraine	-	(21)	-	(1)
Europe	13	-	1	-
	504	359	18	12

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

4. Significant changes in the group structure

(a) Acquisition of Vredestein Banden B.V.

On April 25th, 2005 the Group acquired 100% of the ordinary shares of Vredestein Banden B.V. (further referred to as "Vredestein"). With the acquisition of Vredestein the Group also acquired control over the subsidiaries of Vredestein - refer note 23.

The cost of the business combination amounted to RUR 7,235 million / USD* 253 million and included the following components:

	RUR million	USD* million
Consideration paid to the previous shareholders	7,077	247
Costs directly attributable to the combination	158	6
	7,235	253

The Group determined the fair values of the identifiable assets, liabilities and contingent liabilities of the acquired company at the date of acquisition on a provisional basis. The determination of the fair values of property, plant and equipment and intangible assets, and the allocation of the purchase price to the assets, liabilities and contingent liabilities were performed with the assistance of an independent appraiser.

The fair value of inventories was determined by reference to their selling price less costs to sell and a reasonable profit margin allocated to the selling effort. Subsequent to the date of acquisition the acquired company's profit before tax amounted to RUR 1 million / USD* - million. The period from the date of acquisition to June 30th, 2005 represented an average inventory turnover period. On this basis management concluded that the carrying amount of inventories on the date of acquisition approximates their fair value.

The Group plans to finalize the allocation of the purchase consideration over the acquiree's identifiable assets, liabilities and contingent liabilities prior to finalizing the 2005 annual financial statements.

The effect of the acquisition on the Group's assets and liabilities is as follows:

Determined on a provisional basis	RUR million	USD* million
Property, plant and equipment	4,337	151
Identifiable intangible assets	992	35
Other non-current assets	193	7
Current assets	3,833	134
Non-current liabilities	(2,035)	(71)
Current liabilities	(3,121)	(109)
Net assets as of the date of acquisition	4,199	147
Goodwill on acquisition	3,036	106
Consideration paid in cash	7,235	253

Vredestein did not prepare its financial statements in accordance with IFRSs prior to the acquisition date. Consequently it was not practicable to determine the carrying amounts of each of those classes of assets and liabilities in accordance with IFRSs immediately before the acquisition.

The revenue of the combined entity for the six-month period ended June 30th, 2005 would have amounted to RUR 10,459 million / USD* 365 million had the business combination been effected on January 1st, 2005. The profit of the combined entity for the period from January 1st to June 30th, 2005 would have been RUR 150 million / USD* 5 million had the business combinations been effected on January 1st, 2005.

(b) Acquisition of minority stakes in subsidiaries

In February 2005 the Group acquired approximately 4% of shares in OJSC Shinny Komplex Amtel-Povolzhye, a Group subsidiary, for a consideration of RUR 54 million / USD* 2 million settled in cash. The transaction was structured in such a way that the

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

Group acquired the shares from a company where the Controlling Shareholder controlled the selling price to the Group. The book value of the minority interest acquired amounted to RUR 84 million / USD* 3 million. The excess of the book value of the minority interest over the consideration paid amounting to RUR 30 million / USD* 1 million was recognized as part of Gains relating to acquisition, restructuring and disposal of subsidiaries.

(c) Disposal of subsidiaries

In June 2005 the Group sold 100% of the shares in the following subsidiaries: Amtelshinprom-Chernozemye Ltd., Am-

telshinprom-Krasnoyarsk Ltd., Amtelshinprom-Severo-Zapad Ltd., Amtelshinprom-Sibir Ltd., Amtelshinprom-Yug Ltd., Amtelshinprom-Povolzhye Ltd. to a company controlled by a former employee. The proceeds from the disposal amounted to RUR 147 million / USD* 5 million.

In addition the Group sold its interest in Krasshina-Invest Ltd. and Amtelshintorg Ltd. to related parties.

The effect of disposal of the subsidiaries on the Group's assets and liabilities is as follows:

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Property, plant and equipment	50	17	2	1
Current assets	864	136	28	5
Liabilities	(807)	(342)	(28)	(12)
Net assets / (liabilities) disposed of	107	(189)	2	(6)
Increase in minority interest	-	12	-	-
Group's share of the net assets / (liabilities) disposed of	107	(177)	2	(6)
Derecognized accounts receivable from former subsidiaries	-	170	-	6
Gain / (loss) on disposal	122	7	6	-
Consideration receivable	229	-	8	-
Balance settled in cash / reduction in payables before period end	(101)	-	(4)	-
Receivables outstanding	128	-	4	-

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

5. Revenues

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Revenue from sales of tyres	6,648	5,190	231	181
Revenue from sales of other products and services	1,291	1,163	45	41
Sales to related parties	51	29	2	1
	7,990	6,382	278	223

6. Other income and expenses, net

	Six month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Distribution expenses	(455)	(219)	(16)	(8)
Administrative expenses	(598)	(420)	(20)	(15)
Taxes, other than on profit	(59)	(53)	(2)	(2)
Operating expenses	(129)	(191)	(4)	(5)
Profit / (loss) on disposal of property, plant and equipment	12	(55)	-	(2)
Gains relating to the acquisition, restructuring and disposal of subsidiaries (note 4)	152	7	5	-
	(1,077)	(931)	(37)	(32)

7. Staff costs

The staff costs for the period, including social contributions and current service costs relating to the defined benefit obligation, amounted to RUR 1,596 million / USD* 56 million (six-month

period ended 30 June 2004: RUR 1,124 million / USD* 41 million). These costs are included in cost of sales, administrative and distribution expenses.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

8. Net financing expense

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Interest income	40	4	2	-
Interest expense	(555)	(295)	(20)	(10)
Foreign exchange gains, net	114	10	4	-
Gain / (loss) on disposal of investments	(1)	30	-	1
	(402)	(251)	(14)	(9)

9. Income tax

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Current tax expense	(70)	(109)	(2)	(4)
Deferred tax (expense) / credit	(1)	30	-	1
	(71)	(79)	(2)	(3)

The applicable corporate income tax rates for the main jurisdictions where the Group companies operate were as follows:

	Six-month period ended June 30th			
	2005		2004	
	Current tax %	Deferred tax %	Current tax %	Deferred tax %
The Netherlands	31.5	31.5	34.5	34.5
Russia	24	24	24	24
The Ukraine	n/a	n/a	25	25
Cyprus	4.25 - 10	4.25 - 10	4.25 - 10	4.25 - 10
British Virgin Islands	-	-	-	-

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

10. Property, plant and equipment

During the six-month period ended June 30th, 2005, the Group acquired property, plant and equipment amounting to approximately RUR 622 million / USD* 22 million. This amount does not, however, include the property, plant and equipment acquired

as a part of the business combination - refer to note 4(a). The net book value of assets disposed of amounted to RUR 12 million / USD* - million.

11. Intangible assets

During the six-month period ended June 30th, 2005, the Group acquired intangible assets amounting to RUR 4,028 million / USD* 141 million as a part of the business combination — refer to note 4(a). The intangible assets acquired include RUR 3,036 million / USD* 106 of goodwill.

Other intangible assets include land lease rights, brand names, technology and software acquired as a part of the business combination — refer to note 4(a).

12. Inventories

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st, 2004	Jun 30th, 2005	Dec 31st, 2004
Raw materials and supplies	1,180	952	41	33
Work in process	267	149	9	5
Finished goods	2,371	832	83	29
Provision for obsolete inventory	(131)	(24)	(5)	(1)
	3,687	1,909	128	66

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

13. Trade and other receivables

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st , 2004	Jun 30th, 2005	Dec 31st , 2004
Trade accounts receivable	4,708	775	164	27
VAT receivable	752	661	26	23
Receivable for sale of shares in CJSC SP Rosava	396	396	14	14
Receivables from related parties	103	114	4	4
Other taxes receivable	82	68	3	2
Other receivables	529	172	18	6
Provision for doubtful debts	(243)	(62)	(8)	(2)
	6,327	2,124	221	74

14. Cash and cash equivalents

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st , 2004	Jun 30th, 2005	Dec 31st , 2004
Cash and cash equivalents in the balance sheet	3,808	195	132	7
Bank overdrafts	(464)	-	(16)	-
Cash and cash equivalents in the statement of cash flows	3,344	195	116	7

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

15. Equity

(a) Share capital and additional paid-in capital

Number of shares	Ordinary shares	Preferred shares
Authorised shares as of June 30th, 2005, EUR 0.01 par value each	222,148,650	12,494,200
On issue as of January 1st, 2005	4,378,687	249,884
Issued for cash - February 2005	64,286	-
Issued to existing shareholders - April 2005	39,986,757	2,248,956
Issued for cash - June 2005	6,660,000	-
On issue as of June 30th, 2005	51,089,730	2,498,840

(b) Issue of shares

In February 2005 the Parent Company issued 64,286 ordinary shares to an institutional investor. The proceeds from the issue amounted to RUR 143 million / USD* 5 million and was received in cash.

In April 2005 the Parent Company issued 39,986,757 ordinary and 2,248,956 preferred shares to existing shareholders for no additional consideration. The par value of the shares issued is EUR 0.01.

In June 2005, the Parent Company issued 6,660,000 ordinary shares to institutional investors. The proceeds from the issue amounted to RUR 2,005 million / USD* 70 million and was settled in cash.

(c) Dividends

No dividends to ordinary shareholders were declared or paid during the six-month period ended June 30th, 2005.

(d) Transactions with the Controlling Shareholder

During the period the Group's Controlling Shareholder withdrew a series of amounts from the Group and made a series of contributions to the Group:

	Six-month period ended 30 June			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Withdrawals	(28)	(83)	(1)	(3)
Contributions	15	-	1	-
	(13)	(83)	-	(3)

All transactions comprised monetary assets, and are considered by management and the shareholder to be a net distribution. Accordingly, all movements have been recognized in retained earnings. As of June 30th, 2005, the amount of RUR 64 million / USD* 2 million in respect of these transactions is due to the shareholder (December 31st, 2004: RUR 64 million / USD* 2 million).

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

16. Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings.

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st, 2004	Jun 30th, 2005	Dec 31st, 2004
<i>Non-current</i>				
Unsecured bank loans	955	-	33	-
Secured bank loans	4,676	380	163	13
Unsecured credit linked notes	4,956	-	173	-
Convertible cumulative preferred shares	480	449	17	16
Unsecured bond issue	1,196	1,190	42	42
	12,263	2,019	428	71
<i>Current</i>				
Secured bank overdraft	464	-	16	-
Unsecured bank loans	2,160	605	75	21
Secured bank loans	1,638	1,594	57	56
Unsecured interest-free short-term loans from related parties	-	14	-	-
Unsecured bond issue	600	600	21	21
	4,862	2,813	169	98

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

(a) Terms and repayment schedule

	In million RUR			In million USD*		
	Under			Under		
	Total	1 year	1-5 years	Total	1 year	1-5 years
<i>Secured bank loans:</i>						
RUR, fixed at 5-15%	2,073	1,538	535	73	54	19
USD, fixed at 14%	86	32	54	3	1	2
EUR, fixed at 14%	188	68	120	6	2	4
EUR, variable at EURIBOR+2.25%	3,967	-	3,967	138	-	138
Secured bank overdraft, EUR, variable EURIBOR+2.25%	464	464	-	16	16	-
<i>Unsecured bank loans:</i>						
RUR, fixed at 12-15%	1,992	1,992	-	69	69	-
EURO, fixed at 10%	275	-	275	9	-	9
USD, variable at LIBOR+3.30%	848	168	680	30	6	24
<i>Unsecured bond issues:</i>						
RUR, maturing in 2005, 19%	600	600	-	21	21	-
RUR, maturing in 2007, 16%	1,196	-	1,196	42	-	42
Unsecured convertible cumulative preferred shares, USD, fixed at 8%	480	-	480	17	-	17
<i>Unsecured credit linked notes, USD, fixed at 9.25%</i>						
	4,956	-	4,956	173	-	173
	17,125	4,862	12,263	597	169	428

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

The carrying amount of assets securing the Group's obligations is as follows:

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st, 2004	Jun 30th, 2005	Dec 31st, 2004
Owned property, plant and equipment and intangible assets	6,288	2,189	219	76
Leased property, plant and equipment	1,094	1,141	38	40
Inventory	674	461	24	16
Accounts receivable and other assets	707	350	24	12
	8,763	4,141	305	144

The Group pledged shares in the following subsidiaries to secure its loan obligations: Vredestein Banden B.V. (100%) and OJSC Shinny Komplex Amtel-Chernozemye (50% and one share). The Group also issued guarantees to banks amounting to RUR 35 million / USD* 1 million.

(b) Finance lease liabilities

The carrying amount of the short-term finance lease liability as of June 30th, 2005 was RUR 142 million / USD* 5 million (December 31st, 2004: RUR 133 million / USD* 5 million). The carrying amount of the long-term finance lease liability is RUR 793 million / USD* 28 million (December 31st, 2004: RUR 822 million / USD* 30 million).

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

17. Employee benefits

(a) Defined benefit obligation

The amounts recognized in the consolidated condensed balance sheet in respect of the Group's defined benefit obligations as of June 30th, 2005 were as follows:

	RUR million	USD* million
Present value of unfunded defined benefit obligations	(158)	(6)
Present value of funded defined benefit obligations	(3,710)	(129)
Fair value of plan assets	2,641	92
Unrecognized actuarial losses	208	7
Net liability	(1,019)	(36)

The amounts recognized during the period in the statement of income were as follows:

	RUR million	USD* million
Service costs	24	1
Interest costs	25	1
Expected return on plan assets	(23)	(1)
Total included in staff costs	26	1

The amounts were recorded in the cost of goods sold, administrative and distribution expenses.

(b) Share-based compensation

In December 2004 the Group issued the share appreciation rights representing 4% of the issued shares of the Parent Company to six senior managers of the Group.

These share appreciation rights expire in 10 years from the date of issue and are exercisable when:

- The Group's shares are listed or the Group achieves certain capitalisation targets; and
- Managers meet their individual performance objectives.

The fair value of the shares to be granted (or cash alternative payable) is restricted to RUR 143 million / USD* 5 million per employee.

The managers' individual performance objectives are defined broadly and their performance is to be measured by the supervisory board before an initial public offering. Consequently, management believes that the grant date has not been reached to date. As a result, the management remuneration in the form of the share appreciation rights was not recognized as an expense in this interim consolidated condensed financial information.

The total number of share appreciation rights outstanding as of June 30th, 2005 is 2,128,390, which is approximately 4% of the total outstanding ordinary share.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

18. Trade and other payables

	In million RUR		In million USD*	
	Jun 30th, 2005	Dec 31st, 2004	Jun 30th, 2005	Dec 31st, 2004
Trade accounts payable	1,694	738	59	26
Payables to related parties, other than to the Controlling Shareholder	144	141	5	5
Taxes payable other than VAT	665	215	23	7
Payables to Controlling Shareholder	63	64	2	2
Current portion of finance lease liability	142	133	5	5
VAT payable	277	200	10	7
Payables to joint venture	-	51	-	2
Other payables	710	243	25	10
	3,695	1,785	129	64

19. Earnings per share

In number of shares	Six-month period ended June 30th	
	2005	2004
Issued ordinary shares on 1 January, including effect of shares issued to existing shareholders in April - refer note 15(b)	43,786,870	41,668,210
Effect of share award - February 2004	-	636,283
Effect of shares issued for cash - February 2005	428,573	-
Weighted average number of ordinary shares	44,215,443	42,304,493

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

20. Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has insured a significant part of the Group's production facilities in Russia, including Voronezh tyre plant, Kirov tyre plant, Krasnoyarsk tyre plant, Kemerovo Chemical Fiber plant, and Volgograd carbon black plant against damage arising from accidents or fire. The insurer, however, will not reimburse the Group for business interruption or any environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage in Russia, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Bankruptcy law

The bankruptcy law in Russia is relatively new, often unclear and subject of interpretation. Application of bankruptcy procedures in practice is often contradictory, and the legality of such procedures is often challenged by different groups of stakeholders, even after all bankruptcy procedures have been completed.

A significant part of the assets of Amtel Group relating to the Russian operations was acquired as a result of bankruptcy procedures. Should the former legal owners of these assets or their shareholders challenge the process by which the Group acquired such assets, such transactions may be declared invalid and fines levied on the Group. The effect of such potential challenge could be significant, and could materially impact the financial position of the Group. However, the risk of economic benefit outflow as a result of the above is considered less than probable.

(c) Corporate law

In 2004 the Group sold 15% of its shares in OJSC Shinny Komplex Amtel-Povolzhye (formerly, OJSC Kirov tyre plant) to a related party.

During 2004 and 2005 transactions in OJSC Shinny Komplex Amtel-Povolzhye were made whereby the company issued gua-

rantees and pledges for other companies of the Amtel Group for the amount of USD 270 million (approximately RUR 7,500 million). Russian legislation requires that such transactions to be approved by minority shareholders at a shareholders' meeting. In such voting, the majority shareholder and its "affiliated entities" (as defined by the Russian law) are by law excluded from voting. Management believes that the acquiring party is not an affiliated entity under Russian law and therefore that the risk of these transactions being challenged, and the likelihood of success by any such challenger, is remote.

In event that a challenge were successful, finance lease non-current liabilities of RUR 612 million / USD* 21 million and long-term credit linked notes in the amount of RUR 4,956 million / USD* 173 million could become repayable on demand. In such circumstance the Group may be forced to negotiate new terms of repayment with the lender, or to forfeit the leased assets - refer to note 16(b).

In July 2005 the Group exercised its option and repurchased the shares from the related party (refer to note 25(b)).

(d) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are a subject of review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In particular, a number of companies of the Amtel Group used special purpose entities ("SPEs"), mainly in periods before December 31st, 2002, in which they did not hold any direct or indirect equity interest, for tax and customs minimisation purposes. The methods used by the SPEs to reduce taxation are not fully

compliant with the Russian tax legislation. Management of these SPEs is responsible for the correctness and timeliness of the tax payments by the SPEs; however, the management of the companies of the Amtel Group may also be held responsible indirectly.

Based on the facts available, the risk of significant economic benefit outflow as a result of potential claims for additional tax, customs and other liabilities being ultimately imposed on the SPEs or the Group is less than probable. However, the SPEs' lack of full compliance with applicable Russian tax legislation could result in such tax, customs and other liabilities (and related penalties and interest), which could materially impact the Group's consolidated financial report.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

21. Related party transactions

(a) Control relationships

The parent company of Amtel-Vredestein N.V. is Amtel Luxembourg S.A.

Related parties comprise the Controlling Shareholder of the Parent Company and all other companies in which the shareholder has a controlling interest or significant influence. Transactions with key management personnel and entities that are controlled, jointly controlled or significantly influenced by the individuals mentioned, were also recognized and disclosed as related party transactions.

(b) Transactions and balances with related parties

During the six-month period ended June 30th, 2005 the Group undertook the following transactions with related parties:

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Sales to related parties	51	29	2	1
Purchases of goods	158	49	6	2
Rent expenses incurred	26	26	1	1
Consideration paid for minority shares in subsidiaries	83	-	3	-
Proceeds from disposal of property, plant and equipment	81	-	3	-

As of June 30th, 2005 the Group companies recorded the following balances with related parties:

	In million RUR		In million USD*	
	Jun 30 th , 2005	Dec 31 st , 2004	Jun 30 th , 2005	Dec 31 st , 2004
Short-term interest free loan issued to related parties	224	99	8	3
Trade and other receivables	103	120	4	4
Payables to related parties other than the Controlling Shareholder	212	192	7	7
Unsecured short-term loans	-	14	-	1
Payables to the Controlling Shareholder	64	64	2	2

During the period the Company sold third party receivables amounting to RUR 22 million / USD* 1 million to a related party. As of June 30th, 2005 proceeds from the transaction had not been received.

Transactions with related parties on acquisition and disposal of shares in subsidiaries are disclosed in notes 4(b) and 4(c).

(c) Pricing policies

Prices for transactions with the related parties are determined as agreed between the parties.

22. Seasonality of operations

The Group's operations are affected by seasonality, peaking in September-November for winter tyres and in March-April for summer tyres, and reaching their lowest levels in January and

May. Sales of all-season tyres are more stable throughout the year but decrease slightly from January through to March.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

23. Significant subsidiaries

	Note	Country of incorporation	Effective ownership interest as of	
			Jun 30th, 2005	Dec 31st, 2004
<i>Holding companies</i>				
Amtel Exports PTE Limited		Cyprus	100	100
Tapistron Limited		Cyprus	100	100
OJSC Amtel - Vredestein (formerly, Kholdingovaya Kompaniya Amtel Ltd.)		Russia	100	100
Amtel B.V. (newly formed)		The Netherlands	100	-
<i>Russian production companies</i>				
<i>Krasnoyarsk tyre plant</i>				
CJSC Shinny Kompleks Amtel-Sibir		Russia	100	100
CJSC Krasny Yar-Shina		Russia	100	100
CJSC Sibirskaya Shina		Russia	100	100
PO Krasnoyarsky Shinny Zavod Ltd.		Russia	100	100
Krasshina Invest Ltd.	4(c)	Russia	-	100
<i>Krasnoyarsk rubber goods plant</i>				
TD Amtel-Elast Ltd.		Russia	-	100
<i>Voronezh tyre plant</i>				
Amtel Chernozemye Ltd.		Russia	100	100
OJSC Shinny Kompleks Amtel Chernozemye		Russia	100	100
<i>Kirov tyre plant</i>				
TD Kirovsky Shinny Zavod Ltd.	4(b)	Russia	90	86
Vyatskaya Shina Ltd.	4(b)	Russia	90	86
OJSC Shinny Kompleks Amtel Povolzhye	4(b), 20(c)	Russia	90	86
<i>Volgograd carbon black plant</i>				
Amtel-Carbon Ltd.		Russia	100	100
Volgogradsky Zavod Ttekhugleroda Ltd.		Russia	100	100
Volgokhimpererabotka Ltd.		Russia	100	100
<i>Kemerovo Chemical Fiber Plant</i>				
OJSC Khimvolokno Amtel-Kuzbass		Russia	100	100
Khimvolokno Amtel-Kuzbass Ltd.		Russia	100	100

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

	Note	Country of incorporation	Effective ownership interest as of	
			Jun 30th, 2005	Dec 31st, 2004
<i>Russian trading companies</i>				
Amtelshintorg Ltd.		Russia	-	100
Amtel-shina Kuzbass Ltd.		Russia	100	100
Amtelshinprom Ltd.		Russia	100	100
Amtelshinprom-Chernozemye Ltd.	4(c)	Russia	-	
Amtelshinprom-Krasnoyarsk Ltd.	4(c)	Russia	-	
Amtelshinprom-Severo-Zapad Ltd.	4(c)	Russia	-	
Amtelshinprom-Sibir Ltd.	4(c)	Russia	-	
Amtelshinprom-Yug Ltd.	4(c)	Russia	-	
Amtelshinprom-Povolzhye Ltd.	4(c)	Russia	-	
Amtel Enterprises		Singapore	100	100
<i>Vredestein Group</i>				
Vredestein Banden B.V.	4(a)			
The Netherlands	100		-	
Vredestein Consulting B.V.		The Netherlands	100	-
Twekkeler Es Beheer B.V.		The Netherlands	100	-
N.V. Vredestein SA		Belgium	100	-
Vredestein GmbH		Germany	100	-
Vredestein (UK) Ltd		UK	100	-
Vredestein France SA		France	100	-
Vredestein Maloya Italia Srl		Italy	100	-
Vredestien FKR (Malaysia) SDNBHD, Klang		Malaysia	40	-
Vredestein Norge A/S		Norway	100	-
Vredestein GesmbH		Austria	100	-
Vredestein Iberica SA, Cornellà de Llobregat		Spain	100	-
Vredestein Daeck, Hising Backa		Denmark	100	-
Maloya Vredestein AG		Germany	100	-
<i>Other companies</i>				
Melina Investments Ltd		BVI	100	100
Amtel-Logistics Center Ltd.		Russia	100	100

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

24. Earnings before interest, tax, depreciation and amortisation

	Six-month period ended June 30th			
	2005	2004	2005	2004
	In million RUR		In million USD*	
Profit attributable to equity holders of the Parent	26	91	1	3
Adjustments for:				
Interest expense	555	295	20	10
Interest income	(40)	(4)	(2)	-
Income tax expense	71	79	2	3
Taxes other than on profit	59	53	2	2
Depreciation and amortisation expense	505	370	18	13
	1,176	884	41	31

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

25. Events subsequent to the balance sheet date

(a) Initial public offering

Subsequent to the balance sheet date, the management applied for an approval with the Dutch Securities Regulator (AFM) for a listing on the London Stock Exchange. The initial public offering is planned for November 2005.

(b) Acquisition of 15% of the shares in OJSC Shinny Kompleks Amtel-Povolzhye

In July 2005, the Group exercised its option to purchase 15% of the shares in OJSC Shinny Kompleks Amtel-Povolzhye — refer note 20(c).

(c) Restructuring

In July 2005 management announced that it would cease production of passenger car tyres in Krasnoyarsk and truck tyres in Voronezh. This decision may affect the recoverable amounts of property, plant and equipment and goodwill in future periods. In addition, management announced that it would substantially reduce the number of employees in Voronezh and Krasnoyarsk. This decision may result in a restructuring provision being recognized in future periods.

The management has not yet developed and announced a detailed restructuring plan. Consequently the amount of restructuring provisions, and the amount of adjustment to the carrying amount of property, plant and equipment and goodwill, if any, cannot be measured reliably at the balance sheet date.

(d) Merger

In July 2005, Amtel B.V., Vredestein Banden B.V. and Tweekeler Es Beheer B.V. combined to form one legal entity.

(e) Repayment of a long-term liability

In July 2005 the Group repaid a loan amounting to RUR 276 million / USD* 10 million with an original maturity of September 2006, which is classified as a long-term debt in this financial information.

(f) Acquisition of tyre distribution businesses

In September 2005 the Group announced that it intends to acquire two retail businesses specializing in sales of tyres and other car related accessories and services in Moscow and Moscow region, Russia. As of the date of issue of this financial information the transaction has not been finalized.

(g) Change of name

In October 2005 Amtel Holdings Holland N.V. changed its name to Amtel-Vredestein N.V.

(h) Conversion of shares

In October 2005 all preference shares of the Parent Company were converted to ordinary shares.

(*) The USD figures are not reviewed and are provided for information purposes only. They do not form part of the interim consolidated condensed financial information — refer to note 2(d)

**Unaudited Pro forma Consolidated
Financial Information**

Amtel-Vredestein N.V.
(formerly Amtel Holdings Holland N.V.)
and
Vredestein Banden B.V.

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Independent Accountants' Report on Pro Forma Consolidated Financial Information

The Directors

Amtel-Vredestein N.V. (formerly Amtel Holdings Holland N.V.)

September 30th, 2005

Dear Sirs,

We report on the pro forma consolidated financial information set out in Part [] of the Prospectus dated [** 2005], which has been prepared on the basis described in note 2, for illustrative purposes only, to provide information about how the acquisition of Vredestein Banden B.V. (the "Company") might have affected the financial information presented on the basis of the accounting policies adopted by Amtel-Vredestein N.V. (the "Issuer") in preparing the financial statements as of and for the six-month period ended June 30th, 2005. This report is required by paragraph 20.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that requirement and for no other purpose. It is based on the published interim consolidated condensed financial information of the Issuer and the Company as of and for the six-month period ended June 30th, 2005 and the consolidated financial statements of the Company as of and for the year ended December 31st, 2004 set out in the accountants' report in Part ___ of the Prospectus, adjusted only to reflect the effect of the transactions set out in the notes to the pro forma consolidated financial information.

Responsibilities

It is the responsibility solely of the Directors of the Issuer to prepare the pro forma consolidated financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation as to the proper compilation of the pro forma consolidated financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma consolidated financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma consolidated financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma consolidated financial information with the Directors of the Issuer.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma consolidated financial information has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing or other standards generally accepted in the United States of America, or in accordance with International Standards on Auditing, and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- the pro forma consolidated financial information has been properly compiled on the basis set out therein;
- such basis is consistent with the accounting policies of the Issuer as adopted in its financial statements as of and for the six-month period ended June 30th, 2005.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

KPMG Limited

Unaudited Pro Forma Consolidated Balance Sheet as of December 31st, 2004

	Vredestein Banden B.V.				Amtel- Vredestein N.V.	Pro forma adjustments		Pro forma consolidated
	Dutch GAAP	IFRS Adjustments	IFRS	IFRS				
	MLN EUR	MLN EUR	MLN EUR	MLN RUR	MLN RUR	MLN RUR		MLN RUR
	(1)	(2)	(3) = (1) + (2)	(4) = (3) x 37.81	(5)	(6)	Ref.	(7) = (4)+ (5)+(6)
<i>Non-current assets</i>								
Property, plant and equipment	50.5	70.4	120.9	4,571	7,750	-		12,321
Intangible assets	-	27.4	27.4	1,036	2,403	2,437	(C)	5,876
Long-term financial assets	0.1	-	0.1	4	230	-		234
Long-term receivables and other assets	3.8	-	3.8	144	-	-		144
Deferred tax asset	1.2	0.2	1.4	53	68	-		121
	55.6	98.0	153.6	5,808	10,451	2,437		18,696
<i>Current assets</i>								
Inventories	32.8	0.2	33.0	1,248	1,909	-		3,157
Trade and other receivable	46.9	7.8	54.7	2,068	2,124	-		4,192
Short-term financial assets	-	-	-	-	96	-		96
Cash and cash equivalents	6.0	2.8	8.8	333	195	-		528
	85.7	10.8	96.5	3,649	4,324	-		7,973
Total assets	141.3	108.8	250.1	9,457	14,775	2,437		26,669

The pro forma consolidated balance sheet is to be read in conjunction with the notes to and forming part of the pro forma consolidated financial information set out on pages 143 to 146.

The pro forma financial information was approved on October 19th, 2005:

Alexei Gurin
Chief Executive Officer



Victor Nekrassov
Chief Financial Officer



<i>Continued</i>	Vredestein Banden B.V.				Amtel-Vredestein N.V.	Pro forma adjustments		Pro forma consolidated
	Dutch GAAP	IFRS Adjustments	IFRS	IFRS				
	MLN EUR	MLN EUR	MLN EUR	MLN RUR	MLN RUR	MLN RUR		MLN RUR
	(1)	(2)	(3) = (1) + (2)	(4) = (3) x 37.81	(5)	(6)	Ref.	(7) = (4) + (5) + (6)
<i>Non-current liabilities</i>								
Long-term payables and accruals	3.4	7.7	11.1	420	-	-		420
Finance lease liabilities	-	-	-	-	822	-		822
Deferred tax liability	0.5	29.4	29.9	1,131	755	(99)	(E)	1,787
Long-term loans and borrowings	6.5	-	6.5	246	2,019	5,647	(D)	7,912
	10.4	37.1	47.5	1,797	3,596	5,548		10,941
<i>Current liabilities</i>								
Short-term loans and borrowings	5.8	2.8	8.6	325	2,813	-		3,138
Trade and other payables	44.8	8.3	53.1	2,009	1,785	-		3,794
	50.6	11.1	61.7	2,334	4,598	-		6,932
<i>Equity</i>								
Attributable to the shareholders of the Parent	80.3	60.6	140.9	5,326	6,279	(3,111)		8,494
Attributable to minority interests	-	-	-	-	302	-		302
Total liabilities and equity	141.3	108.8	250.1	9,457	14,775	2,437		26,669

The pro forma consolidated balance sheet is to be read in conjunction with the notes to and forming part of the pro forma consolidated financial information set out on pages 143 to 146.

Unaudited Pro Forma Consolidated Statement of Income for the Year Ended December 31st, 2004

	Vredestein Banden B.V.				Amtel- Vredestein N.V.		Pro forma adjustments		Pro forma consolidated
	Dutch GAAP	IFRS Adjustments	IFRS	IFRS	IFRS	Adjustment (A)			
	MLN EUR	MLN EUR	MLN EUR	MLN RUR	MLN RUR	MLN RUR	MLN RUR		MLN RUR
	(1)	(2)	(3) = (1) + (2)	(4) = (3) x 35.82	(5)	(6)	(7)	Ref.	(8) = (4) + (5)+(6)+(7)
Sales	230.8	(9.9)	220.9	7,912	13,850	(3,325)	-		18,437
Cost of sales	(156.7)	10.0	(146.7)	(5,254)	(11,126)	2,991	-		(13,389)
	74.1	0.1	74.2	2,658	2,724	(334)	-		5,048
Depreciation charge related to cost of sales	(11.5)	(7.7)	(19.2)	(688)	(739)	143	-		(1,284)
	62.6	(7.6)	55.0	1,970	1,985	(191)	-		3,764
Other operating income	0.8	0.5	1.3	47	166	(166)	-		47
Selling expenses	(29.3)	0.2	(29.1)	(1,042)	(450)	138	-		(1,354)
Administration expenses	(10.3)	4.7	(5.6)	(201)	(972)	78	-		(1,095)
Taxes, other than on profit	-	-	-	-	(78)	6	-		(72)
Impairment losses and reversal of impairment losses, net	-	-	-	-	60	-	-		60
Gain / loss on disposal of property, plant and equipment	-	-	-	-	(42)	1	-		(41)
Gains and losses related to acquisitions, restructuring and disposals of subsidiaries	-	-	-	-	63	-	-		63
Other operating expenses	-	-	-	-	(125)	25	-		(100)
	23.8	(2.2)	21.6	774	607	(109)	-		1,272
Financing costs	(1.4)	(0.3)	(1.7)	(61)	(631)	93	(286)	(D)	(885)
Loss from investments in associates and joint ventures	-	-	-	-	(11)	-	-		(11)
	22.4	(2.5)	19.9	713	(35)	(16)	(286)		376
Income taxes	(7.8)	3.4	(4.4)	(158)	2	(31)	99	(E)	(88)
Profit after tax	14.6	0.9	15.5	555	(33)	(47)	(187)		288
<i>Gains / (losses) attributable to:</i>									
The shareholders of the parent company	14.6	0.9	15.5	555	129	(166)	(187)		331
The minority shareholders	-	-	-	-	(162)	119	-		(43)
	14.6	0.9	15.5	555	(33)	(47)	(187)		288

The pro forma consolidated balance sheet is to be read in conjunction with the notes to and forming part of the pro forma consolidated financial information set out on pages 143 to 146.

Unaudited Pro Forma Consolidated Statement of Income for the Six Months Ended June 30th, 2005

	Vredestein Banden B.V.				Amtel-Vredestein N.V.		Pro forma adjustments		Pro forma consolidated
	Dutch GAAP	IFRS Adjustments	IFRS	IFRS	IFRS	Adjustment (B)			
	MLN EUR	MLN EUR	MLN EUR	MLN RUR	MLN RUR	MLN RUR	MLN RUR		MLN RUR
	(1)	(2)	(3) = (1) + (2)	(4) = (3) x 35.82	(5)	(6)	(7)	Ref.	(8) = (4) + (5)+(6)+(7)
Sales	105.2	-	105.2	3,791	7,990	(1,322)	-		10,459
Cost of sales	(67.5)	0.8	(66.7)	(2,404)	(5,920)	836	-		(7,488)
	37.7	0.8	38.5	1,387	2,070	(486)	-		2,971
Depreciation charge related to cost of sales	(5.7)	(4.1)	(9.8)	(353)	(495)	120	-		(728)
	32.0	(3.3)	28.7	1,034	1,575	(366)	-		2,243
Other operating income	-	-	-	-	-	-	-		-
Selling expenses	(16.2)	0.3	(15.9)	(573)	(455)	226	-		(802)
Administration expenses	(8.3)	1.8	(6.5)	(234)	(598)	102	-		(730)
Taxes, other than on profit	-	-	-	-	(59)	-	-		(59)
Impairment losses and reversal of impairment losses, net	-	-	-	-	-	-	-		-
Gain on disposal of property, plant and equipment	-	-	-	-	12	-	-		12
Gains and losses related to acquisitions, restructuring and disposals of subsidiaries	-	-	-	-	152	-	-		152
Other operating expenses	-	(0.2)	(0.2)	(7)	(129)	7	-		(129)
	7.5	(1.4)	6.1	220	498	(31)	-		687
Financing costs	(0.6)	(0.4)	(1.0)	(36)	(402)	30	(97)	(D)	(505)
	6.9	(1.8)	5.1	184	96	(1)	(97)		182
Income taxes	(1.9)	0.3	(1.6)	(58)	(71)	-	31	(E)	(98)
Profit after tax	5.0	(1.5)	3.5	126	25	(1)	(66)		84
<i>Gains / (losses) attributable to:</i>									
The shareholders of the parent company	5.0	(1.5)	3.5	126	26	(1)	(66)		85
The minority shareholders	-	-	-	-	(1)	-	-		(1)
	5.0	(1.5)	3.5	126	25	(1)	(66)		84

The pro forma consolidated balance sheet is to be read in conjunction with the notes to and forming part of the pro forma consolidated financial information set out on pages 143 to 146.

Notes to the Unaudited Pro Forma Consolidated Financial Information

1. Explanatory notes

(a) The transaction

Amtel-Vredestein N.V. (formerly, Amtel Holdings Holland N.V.), further referred to as "the Issuer", is a public limited liability company as defined by the Civil Law of the Netherlands. Amtel-Vredestein N.V. is the Parent Company of the Amtel Group.

On April 25th, 2005 Amtel Group acquired Vredestein Banden B.V. ("Vredestein") in a transaction accounted for as a business combination.

As consideration for the acquisition the Issuer exchanged EUR 195.6 million in cash for all of the outstanding shares in Vredestein. The Issuer also incurred transaction costs of EUR 4.3 million.

The total cost of the business combination of approximately EUR 199.9 million has been allocated to the tangible and identifiable intangible assets acquired, and liabilities and contingent liabilities assumed on the basis of their estimated fair values on the acquisition date. The Issuer accounted for the business combination in its interim consolidated condensed financial information as of and for the six-month period ended June 30th, 2005 on a provisional basis.

This unaudited pro forma consolidated financial information gives effect to the acquisition by the Issuer of Vredestein. The unaudited pro forma consolidated statements of income combine the results of operations of the Issuer and Vredestein for the year ended December 31st, 2004 and the six-month period ended June 30th, 2005, as if the acquisition had occurred on January 1st, 2004.

The pro forma adjustments are based on available information and certain assumptions and may be revised as additional information becomes available. The unaudited pro forma consolidated financial information is not intended to represent what the Issuer's financial position or results of operations would actually have been if the acquisition had occurred on this date, or to project the Issuer's financial position or results of operations for any future period. Since the Issuer and Vredestein were not under common control or management for periods prior to April 25th, 2005, the unaudited pro forma consolidated financial results may not be comparable to, or indicative of, future performance. This unaudited pro forma consolidated financial information

should be read in conjunction with the historical consolidated financial statements of the Issuer and Vredestein respectively.

(b) Basis of preparation

This unaudited pro forma consolidated financial information has been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation (Commission Regulation (EC) No 809 / 2004 of April 29th, 2004).

(c) Accounting principles of the underlying historical financial information

The Issuer prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") and related interpretations adopted by the International Accounting Standards Board ("IASB").

Vredestein prepares its financial statements in accordance with Dutch accounting principles ("Dutch GAAP"). For the purposes of this unaudited pro forma consolidated financial information, the financial statements of Vredestein were adjusted for differences between Dutch GAAP and the accounting policies applied by the Amtel Group in preparing its consolidated financial statements in accordance with IFRS.

(d) Sources of information

The pro forma consolidated balance sheet as of December 31st, 2004 and pro forma consolidated statement of income for the year then ended have been prepared on the basis of the audited consolidated financial statements of the Issuer prepared in accordance with IFRS as of and for the year ended December 31st, 2004, and the audited consolidated financial statements of Vredestein Banden B.V. as of and for the year ended December 31st, 2004 prepared in accordance with Dutch GAAP.

The pro forma consolidated statement of income for the six-month period ended June 30th, 2005 has been prepared on the basis of the unaudited interim consolidated condensed financial information for the six-month period ended June 30th, 2005 of the Issuer prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, and unaudited interim consolidated condensed financial information for the six-month period ended June 30th, 2005 of Vredestein Banden B.V. prepared in accordance with Dutch GAAP.

2. Underlying assumptions

The following assumptions have been made in preparing this unaudited pro forma consolidated financial information:

(a) The acquisition date

The transaction described in note 1(a) occurred on January 1st, 2004.

(b) The cost of the business combination

The cost that would have been incurred for the shares of Vredestein and the transaction costs directly attributable to the business combination had the acquisition taken place on January 1st, 2004, would have been equal to the actual consideration and transaction costs paid in April 2005 and amounted to EUR 195.6 million and EUR 4.3 million, respectively.

(c) Fair values

The estimated fair values of tangible assets, identifiable intangible assets, liabilities and contingent liabilities of Vredestein as of January 1st, 2004 were the same as their fair values on April 25th, 2005, adjusted for the amount of recognized gains and losses and other changes in shareholders' equity of Vredestein from January 1st, 2004 to April 25th, 2005.

(d) The financing of the transaction

The transaction to acquire Vredestein was financed with the following bank loans:

- EUR 118 million of long-term loan with an effective interest rate of approximately 4.88% per annum linked to Euribor;
- EUR 82 million of long-term loan with fixed interest of 9.95% per annum.

In June 2005 the Group issued US dollar denominated credit linked notes for approximately RUR 4,937 million / USD 175 million / EUR 143 million with an average effective interest rate of

9.25% per annum. In addition the Issuer issued ordinary shares representing approximately 12% of the share capital for RUR 2,003 million / USD 70 million / EUR 58 million. The proceeds from these transactions were partially used to repay the EUR 82 million loan referred to above.

Thus, if the Issuer had acquired Vredestein on January 1st, 2004, the transaction would have been financed with the following funding obtained on January 1st, 2004:

- EUR 118.0 million of long-term loan with an average effective interest rate of 4.88% per annum linked to EURIBOR;
- EUR 58.1 million of proceeds from the private placement of shares;
- EUR 23.8 million of proceeds from credit linked notes with an average interest rate of 9.25% per annum.

This unaudited pro forma consolidated financial information also assumes no cash settlements of interest and principal amounts of the loans from January 1st, 2004 to April 25th, 2005.

(e) Functional and presentation currency

The Parent Company's functional currency and the currency in which the historical consolidated financial statements of the Issuer are presented, is the Russian Ruble ("RUR").

The functional currency in which the historical financial statements of Vredestein are prepared is EUR.

For the purposes of this pro forma consolidated financial information the financial statements of Vredestein were translated to RUR at the following exchange rates as published by the Central Bank of the Russian Federation ("CBR"):

Pro forma statement	Description	Rate: RUR / 1 EUR
Assets and liabilities as of December 31st, 2004	Spot rate at close of the business on December 31st, 2004	37.81
Statement of income for the year ended December 31st, 2004	Average rate for 2004	35.82
Statement of income for the six-month period ended June 30th, 2005	Average rate for the six-month period ended June 30th, 2005	36.04

The resulting exchange differences for the year ended December 31st, 2004 and for the six-month period ended June 30th, 2005 were not recorded in the statement of income as they would have represented the foreign exchange differences arising

from a net investment in foreign operations and would have been recognized as a part of equity.

3. Pro forma adjustments

The below adjustments have been reflected in the unaudited pro forma consolidated financial information. These adjustments are expected to have a continuing impact on the Issuer:

Adjustment (A)

The adjustment represents elimination of the results of operations of CJSC Rosava from the consolidated statement of income of the Issuer for the year ended December 31st, 2004. The Amtel Group lost control over the subsidiary on December 31st, 2004 and it was excluded from the scope of the consolidated financial statements from that date.

Adjustment (B)

The adjustment represents elimination of the results of operations of Vredestein for the period from April 25th, to June 30th, 2005. These results are included in the consolidated financial statements of the Issuer for the six-month period ended June 30th, 2005.

Adjustment (C)

The adjustment corresponds to the pro forma goodwill on the investment in Vredestein assuming that the acquisition was made on January 1st, 2004. The acquisition of Vredestein is assumed

to involve pro forma goodwill on consolidation as shown below:

	EUR million
Pro forma cost of business combination	195.6
Transaction costs directly attributable to the business combination	4.3
Pro forma fair value of the net identifiable assets acquired	(135.4)
The excess of the consideration paid over the fair value of the net identifiable assets, liabilities and contingent liabilities (pro forma goodwill)	64.5
Translated to RUR at foreign exchange rate as of December 31st, 2004 - in million RUR	2,437

The pro forma goodwill of EUR 64.5 differs from the actual goodwill on the acquisition of Vredestein amounting to EUR 83.9 million by the amount of recognized gains and losses and other changes in shareholders' equity of Vredestein from January 1st, 2004 to April 25th, 2005 - refer notes 2(b) and 2(c) for assumptions applied to the cost of the business combination and the fair values of the net identifiable assets.

Adjustment (D)

Interest that would have been payable for the year 2004 and for the six-month period ended June 30th, 2005 based on an assumed interest rate of 4.88% for the long-term loan and 9.25% for credit linked notes.

Adjustment (E)

The tax effect of interest recorded as adjustment (D) from the loans (as described in note 2(d)) based on the Dutch corporate tax rate of 34.5% for 2004 and 31.5% for 2005.

4. Pro forma earnings before interest, tax, depreciation and amortisation

	Six months ended June 30th, 2005	Year ended December 31st, 2004
	RUR million	RUR million
Profit attributable to equity holders of the Parent	85	331
Adjustments for:		
Interest expense and income, net	618	891
Income tax expense	98	88
Taxes, other than on profit	59	72
Depreciation and amortisation expense	738	1,293
	1,598	2,675

