

**OA Scientific Production Corporation "Irkut"**  
**Consolidated Income Statement for the year ended 31 December 2005**

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	<b>2005</b>	<b>2004</b>
	<b>'000 USD</b>	<b>'000 USD</b>
<b>Revenues</b>	711,692	621,852
Cost of sales	(357,774)	(330,894)
<b>Gross profit</b>	<b>353,918</b>	<b>290,958</b>
Research and development costs	(8,179)	(11,731)
Distribution expenses	(86,190)	(62,191)
Administrative expenses	(64,404)	(43,058)
Taxes, other than on profit	(3,255)	(2,767)
Other operating expenses	(42,389)	(22,691)
<b>Profit from operations</b>	<b>149,501</b>	<b>148,520</b>
Net financing costs	(38,529)	(60,749)
Loss from associates	-	(260)
<b>Profit before tax</b>	<b>110,972</b>	<b>87,511</b>
Income tax expense	(27,295)	(20,243)
<b>Net profit for the year</b>	<b>83,677</b>	<b>67,268</b>
<i>Attributable to:</i>		
Shareholders of the parent company	84,826	68,370
Minority interest	(1,149)	(1,102)
	<b>83,677</b>	<b>67,268</b>
Basic and diluted earnings per share (USD)	0.095	0.080

The consolidated financial statements were authorised for issuance on 24 May 2006:

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D.A. Eliseev  
Vice-President for Corporate Finance

**OAO Scientific Production Corporation "Irkut"**  
**Consolidated Balance Sheet as at 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>'000 USD</b>	<b>'000 USD</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	201,922	182,565
Intangible assets	128,852	92,775
Investments in associates	-	8,976
Other investments and non-current financial assets	14,230	20,858
Deferred tax assets	4,523	-
	<b>349,527</b>	<b>305,174</b>
<b>Current assets</b>		
Investments	21,837	438
Inventories	540,367	259,540
Trade and other receivables	189,400	236,142
Cash and cash equivalents	108,335	114,975
	<b>859,939</b>	<b>611,095</b>
Non-current assets held for sale	10,387	-
	<b>870,326</b>	<b>611,095</b>
<b>Total assets</b>	<b>1,219,853</b>	<b>916,269</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	103,811	93,438
Share premium	97,532	41,767
Revaluation reserve	17,741	-
Foreign currency translation reserve	(773)	2,479
Retained earnings	97,918	16,163
<b>Total equity attributable to shareholders of the parent company</b>	<b>316,229</b>	<b>153,847</b>
Minority interest	39,640	18,547
<b>Total equity</b>	<b>355,869</b>	<b>172,394</b>
<b>Non-current liabilities</b>		
Loans and borrowings	529,144	249,949
Deferred tax liabilities	67,734	25,509
	<b>596,878</b>	<b>275,458</b>
<b>Current liabilities</b>		
Loans and borrowings	75,881	272,231
Trade and other payables	182,392	186,356
Provisions	8,833	9,830
	<b>267,106</b>	<b>468,417</b>
<b>Total equity and liabilities</b>	<b>1,219,853</b>	<b>916,269</b>

**OAo Scientific Production Corporation "Irkut"**  
**Consolidated Statement of Cash Flows for the year ended 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>'000 USD</b>	<b>'000 USD</b>
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	110,972	87,511
Adjustments for:		
Depreciation and amortisation	20,368	16,385
Unrealised foreign exchange losses	481	10,904
Impairment of capitalised development costs	17,063	-
Excess of net assets acquired over the consideration given	(3,135)	-
Impairment of loans and bad debts	(446)	3,917
Loss on disposal of property, plant and equipment	2,235	3,792
Loss from associates	-	260
Income from investments	(578)	(122)
Interest expense	57,630	60,037
Government grant related to compensation of interest expense	(7,448)	-
Interest income	(3,006)	(1,961)
<b>Operating profit before changes in working capital and provisions</b>	<b>194,136</b>	<b>180,723</b>
Increase in inventories	(279,913)	(57,695)
Decrease in trade and other receivables	41,675	19,435
(Decrease)/Increase in trade and other payables	(1,545)	46,209
(Decrease)/Increase in provisions	(997)	2,896
<b>Cash flows from operations before income taxes and interest paid</b>	<b>(46,644)</b>	<b>191,568</b>
Income taxes paid	(15,214)	(354)
Interest paid, net of grant received	(50,134)	(59,689)
<b>Cash flows from operating activities</b>	<b>(111,992)</b>	<b>131,525</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	10,304	20,843
Proceeds from disposal of subsidiary	9,541	-
Acquisition of property, plant and equipment	(26,119)	(19,368)
Acquisition of intangible assets	(20,007)	(6,172)
Acquisition of subsidiaries and associates, net of cash acquired	(5,304)	(54,048)
Loans repaid by related parties	15,732	19,899
Net cash to acquisition/(from disposal) of investments	(8,118)	29,461
Interest received	3,006	1,961
Dividends received	-	42
<b>Cash flows from investing activities</b>	<b>(20,965)</b>	<b>(7,382)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	894,878	466,619
Repayment of borrowings	(830,672)	(539,975)
Proceeds from issue of share capital	66,138	51,022
Dividends paid	(3,071)	(1,076)
<b>Cash flows from financing activities</b>	<b>127,273</b>	<b>(23,410)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,684)</b>	<b>100,733</b>
Cash and cash equivalents at beginning of year	114,975	13,146
Effect of exchange rates fluctuations on cash and cash equivalents	(956)	1,096
<b>Cash and cash equivalents at end of year (note Ошибка! Источник ссылки не найден.)</b>	<b>108,335</b>	<b>114,975</b>