

**AUDIT REPORT**  
**on JSC Acron Consolidated Financial**  
**Statements**  
**for the Year 2007**

**Moscow, 2008**

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Audit Team Leader \_\_\_\_\_ E.I.Tikhonov

## I AUDITOR

(1) **Name:** LLC Baker Tilly Russaudit

(2) **Domicile:** 95 Prospect Mira, 129085 Moscow, Russia.

(3) **Phone No.:** + 7 495 788 09 06, +7 495 647 24 20.

**Fax No.:** +7 495 647 24 22.

(4) **License:**

**for general audit** No. E006075 issued by Order No. 158 of the Ministry of Finance of the Russian Federation as of June 24, 2004; the License is valid for the period of five years upon the date of its issuance.

(5) **Certificate of State Registration** No. 015.468 dd. September 8, 1992 issued by the Moscow Registration Chamber; main state registration number (OGRN) 1037700117949.

(6) **Membership with accredited professional audit associations:**

- Institute of Professional Auditors, a non-profit partnership;

- Institute of Professional Accountants of Russia, a non-profit partnership,

**as well as:**

Baker Tilly International (an independent member).

Audit Team Leader \_\_\_\_\_ E.I.Tikhonov

## II AUDITED COMPANY

(7) **Name:** JSC Acron

(8) **Domicile:** JSC Acron Site, 173012 Veliky Novgorod, Russia

(9) **Certificate of State Registration:**

- Resolution of the Novgorod City Administration No.3835rz dd. November 19, 1992 to re-register the State Enterprise Novgorod Production Association Azot as Joint Stock Company Acron;
- Certificate of an entry made to the Unified State Register of Legal Entities regarding the legal entity registered prior to July 1, 2002, under the main state registration number 1025300786610 (series 53 No.0744746).

Audit Team Leader \_\_\_\_\_ E.I.Tikhonov

### III EXECUTIVE SUMMARY

#### on the Financial Statements for the Year 2007

- (10) We have audited the accompanying consolidated financial statements of JSC Acron for the year 2006 issued on March 26, 2008. These statements have been prepared by Acron's executive body on the basis of the accounting and reporting principles and methods established under the laws and regulations of the Russian Federation.
- (11) The consolidated financial statements of Acron include:
- Consolidated Balance Sheet;
  - Consolidated Profit and Loss Statement;
  - Supplements to the Consolidated Balance Sheet and Consolidated Profit and Loss Statement;
  - Explanatory Note to consolidated statements.
- (12) These financial statements are the responsibility of JSC Acron executive body. Our responsibility is to express an opinion, based on our audit, whether these financial statements are true and fair in all material aspects, and whether the applied accounting principles comply with the laws of the Russian Federation.
- (13) We conducted our audit in accordance with:
- Federal Law of the Russian Federation No. 119-FZ dd. August 7, 2001 *On Audit in the Russian Federation*;

Audit Team Leader \_\_\_\_\_ E.I.Tikhonov

- the Federal Audit Rules (Standards);
  - Internal Audit Standards of the Institute of Professional Auditors (or International Audit Standards) to the extent not contradicting to the Federal Audit Standards;
  - Internal Audit Standards of LLC Baker Tilly Russaudit;
  - Regulations of the Ministry of Finance of the Russian Federation; and subject to the Contract No. 106/2008A entered into with JSC Acron as of March 14, 2008.
- (14) The audit was planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The audit is performed on a random basis and includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The audit also includes assessing the accounting principles and methods used, the rules for preparation of consolidated financial statements, and significant estimates made by management of the audited Company, as well as evaluating the overall representation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion on these consolidated financial statements, and on whether the accounting principles have been in compliance with the laws of the Russian Federation.
- (15) In our opinion, the accompanying consolidated financial statements for the year 2007 are true and correct, i.e. present fairly, in all material respects, JSC Acron assets and liabilities as of December 31, 2007 as well as financial results of its operations for the period from January 1 to December 31, 2007 inclusive, in compliance with Federal Law No. 129-FZ dd. November 21, 1996 *On Accounting*.

Audit Team Leader \_\_\_\_\_ E.I.Tikhonov

***Moscow March 26, 2008***

***LLC Baker Tilly Russaudit***

***E.V.Samoilov***  
***General Director***

*(Auditor's Qualification Certificate  
No.K017948, dated August 5, 2004 (Minutes No.94 dated June 28, 2001)  
continues in force indefinitely )*

***E.I. Tikhonov***  
***Audit Team Leader***

*(Auditor's Qualification Certificate  
No. K014700, dated April 8, 2004 (Minutes No.54, dated March 27, 1998)  
continues in force indefinitely)*

**JSC ACRON CONSOLIDATED BALANCE SHEET**  
as of December 31, 200 7

Stated in RUR '000s

OKUD Form No.1

0710001

ASSETS	Code	Opening Balance	Closing Balance
1	2	3	4
<b>I. NON-CURRENT ASSETS</b>			
Intangible assets	110	2 437 647	2 548 992
<i>including subsidiaries' goodwill</i>	<i>111</i>	<i>2 432 474</i>	<i>2 543 939</i>
Fixed assets	120	6 428 178	7 238 776
Construction in progress	130	1 948 745	2 593 058
Income-bearing investment in tangible assets	135	-	-
Long-term investment	140	8 538 084	18 410 814
Deferred tax assets	145	28 116	45 862
Other non-current assets	150	24 460	11 996
<b>TOTAL under Section I</b>	<b>190</b>	<b>19 405 230</b>	<b>30 849 498</b>
<b>II. CURRENT ASSETS</b>			
Inventories	210	4 386 164	4 925 320
<i>including:</i>			
<i>feedstock, raw materials and similar assets</i>	<i>211</i>	<i>3 478 615</i>	<i>4 010 232</i>
<i>rearers and feeders</i>	<i>212</i>	<i>69 838</i>	<i>88 429</i>
<i>cost of production in progress</i>	<i>213</i>	<i>125 637</i>	<i>137 089</i>
<i>finished goods and goods for resale</i>	<i>214</i>	<i>297 376</i>	<i>300 042</i>
<i>shipped goods</i>	<i>215</i>	<i>124 453</i>	<i>85 722</i>
<i>prepaid expenses</i>	<i>216</i>	<i>290 245</i>	<i>303 668</i>
<i>other inventories and costs</i>	<i>217</i>	<i>-</i>	<i>138</i>
Input Value Added Tax	220	311 418	206 231
Accounts receivable (due in more than 12 months after the accounting date)	230	106 287	282 809
<i>including trade receivables</i>	<i>231</i>	<i>106 018</i>	<i>256 455</i>
Accounts receivable (due within 12 months after the accounting date)	240	3 774 502	3 805 642
<i>including trade receivables</i>	<i>241</i>	<i>1 202 606</i>	<i>620 553</i>
Short-term financial investment	250	662 078	655 257
Cash	260	1 435 676	1 658 247
Other current assets	270	62 197	41 192
<b>TOTAL under Section II</b>	<b>290</b>	<b>10 738 322</b>	<b>11 574 698</b>
<b>TOTAL</b>	<b>300</b>	<b>30 143 552</b>	<b>42 424 196</b>



LIABILITIES	Code	Opening Balance	Closing Balance
1	2	3	4
<b>III. EQUITY</b>			
Charter capital	410	238 438	238 438
Treasury stock	411	-	-
Capital surplus	420	1 834 823	1 848 603
Capital reserves	430	411 699	457 704
<i>including</i>			
<i>statutory reserves</i>	431	11 922	11 922
<i>reserves formed under constituent documents</i>	432	399 777	445 782
Retained profit (loss)	470	12 892 296	23 895 134
<b>TOTAL under Section III</b>	<b>490</b>	<b>15 377 256</b>	<b>26 439 879</b>
Minority interest		<b>1 552 702</b>	<b>2 064 012</b>
Subsidiaries goodwill		<b>34 863</b>	<b>34 174</b>
<b>IV. LONG-TERM LIABILITIES</b>			
Loans and borrowings	510	5 349 659	3 224 105
Deferred tax liabilities	515	1 949 398	4 366 622
Other long-term liabilities	520	41 555	85 754
<b>TOTAL under Section IV</b>	<b>590</b>	<b>7 340 612</b>	<b>7 676 481</b>
<b>V. SHORT-TERM LIABILITIES</b>			
Loans and borrowings	610	1 883 163	2 261 805
Accounts payable	620	3 267 223	3 353 402
<i>including:</i>			
<i>trade payables</i>	621	1 659 394	1 753 031
<i>payroll payable</i>	622	65 054	110 383
<i>accounts payable to state non-budgetary funds</i>	623	59 877	72 237
<i>taxes payable</i>	624	144 656	431 963
<i>other accounts payable</i>	625	1 338 242	985 788
Dividends payable to members (founders)	630	659 278	576 345
Deferred revenues	640	5 674	3 370
Provision for future expenses	650	-	-
Other short-term liabilities	660	22 781	14 728
<b>TOTAL under Section V</b>	<b>690</b>	<b>5 838 119</b>	<b>6 209 650</b>
<b>TOTAL</b>	<b>700</b>	<b>30 143 552</b>	<b>42 424 196</b>
<b>Statement of Valuables Recorded Off Balance Sheet</b>			
Rented fixed assets	910	864 500	1 026 057
<i>including under lease arrangements</i>	911	-	-
Tangibles in custody	920	166 461	153 162
Goods accepted for commission	930	-	-
Bad debt written off to losses	940	49 345	65 267
Securities for liabilities and payments received	950	2 869	-
Securities for liabilities and payments issued	960	4 432 970	3 297 482
Depreciation of the housing stock	970	3 290	2 642
Depreciation of outdoor infrastructure and similar objects	980	226	513
Intangible assets received for use	990	-	-

President

/Signature/

Ivan N. Antonov

/Name/

Chief Accountant

/Signature/

Nadezhda A.Pavlova

/Name/

March " 26 ' 200 8

## JSC ACRON CONSOLIDATED PROFIT AND LOSS STATEMENT

for the year 2007

Stated in RUR '000s

OKUD Form No. 2

0710002

Item		Accounting Period	Corresponding Prior Period
Description	Code		
1	2	3	4
<b>Operating revenues and expenses</b>			
(Net) proceeds from the sale of goods, products, works and services (less value added tax, excise duties and similar charges)	010	30 876 180	24 060 660
Cost of sold goods, products, works and services	020	(17 713 286)	(14 645 041)
Gross profit	029	13 162 894	9 415 619
Sales expenses	030	(2 660 212)	(1 965 082)
Administrative expenses	040	(1 975 444)	(1 871 782)
Sales profit (loss)	050	8 527 238	5 578 755
<b>Other revenues and expenses</b>			
Interest receivable	060	57 938	63 556
Interest payable	070	(493 549)	(489 265)
Revenues from shareholdings	080	267 614	39 184
Other revenues	090	29 523 427	22 970 854
Other expenses	100	(20 321 821)	(15 948 489)
Capitalized revenues (losses)		-	-
<b>Profit (loss) before tax</b>	<b>140</b>	<b>17 560 847</b>	<b>12 214 595</b>
Deferred tax assets	141	17 585	16 072
Deferred tax liabilities	142	(2 417 306)	(1 891 557)
Current profit tax	150	(1 939 069)	(1 251 117)
<b>Net profit (loss) for the accounting period</b>	<b>190</b>	<b>13 222 057</b>	<b>9 087 993</b>
Minority interest		(531 771)	(575 916)
<b>Net profit (loss) for the accounting period less minority interest</b>		<b>12 690 286</b>	<b>8 512 077</b>
FOR REFERENCE ONLY			
Permanent tax liabilities (assets)	200	78 823	183 116
Basic earnings (loss) per share	201		
Diluted earnings (loss) per share	202		

**BREAKDOWN OF CERTAIN PROFIT AND LOSS ITEMS**

Item		Accounting Period		Corresponding Prior Period	
Description	Code	Gain	Loss	Gain	Loss
1	2	3	4	5	6
Fines, penalties and damages recognized or awarded by arbitration decision	210	799	55 847	1 597	30 009
Profit (loss) for the previous years	220	2 901	3 293	2 541	1 956
Reimbursement for losses caused by non-fulfillment or improper fulfillment of obligations	230	366	-	113	-
Exchange rate differences on foreign currency transactions	240	403 956	237 563	335 242	188 449
Allocations to allowances	250	X	-	X	-
Write-off of accounts receivable and payable unrecoverable due to expired limitation period	260	2 210	32 055	1 886	9 164

President \_\_\_\_\_ Ivan N. Antonov  
 /Signature/ /Name/

Chief Accountant \_\_\_\_\_ Nadezhda A. Pavlova  
 /Signature/ /Name/

March " 26 ' 200 8

**JSC ACRON CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**for the year 2007**

Stated in RUR '000s

**I. Changes in Shareholders' Equity**

Item		Charter Capital	Capital Surplus	Capital Reserves	Retained Profit (Loss)	Total
Description	Code					
1	2	3	4	5	6	7
Balance as of December 31 of the previous year	010	238 438	1 701 158	387 280	5 395 849	7 722 725
<b>200 6</b> (previous year)						
Effect of changes in accounting policy	011	X	X	X		
Effect of fixed assets revaluation	012	X		X		
		X				
Balance as of January 1 of the previous year	030	238 438	1 701 158	387 280	5 395 849	7 722 725
Translation difference	031	X		(22 074)	(20 859)	(42 933)
Net profit	032	X	X	X	8 512 077	8 512 077
Dividends	033	X	X	X	(1 120 839)	(1 120 839)
Allocations to reserve fund	040	X	X	40 748	(40 748)	-
Increase in shareholders' equity resulting from						
additional share issue	051		X	X	X	
increase in shares par value	052		X	X	X	
legal entity reorganization	053		X	X		
changes in the minority interest and subsidiaries acquisition	054		122 091	5 745	147 380	275 216
other	055		30 997		19 436	50 433
Decrease in shareholders' equity resulting from						
decrease in shares par value	061		X	X	X	
decrease in the number of shares	062		X	X	X	
legal entity reorganization	063		X	X		
other	064		(19 423)			(19 423)
Balance as of December 31 of the previous year	070	238 438	1 834 823	411 699	12 892 296	15 377 256
<b>200 7 r.</b> (accounting year)						
Effect of changes in accounting policy	071	X	X	X		
Effect of fixed assets revaluation	072	X		X		
		X				
Balance as of January 1 of the	100	238 438	1 834 823	411 699	12 892 296	15 377 256
Translation difference	101	X				-
Net profit	102	X	X	X	12 690 286	12 690 286
Dividends	103	X	X	X	(1 853 930)	(1 853 930)

1	2	3	4	5	6	7
Allocations to reserve fund	110	X	X	75	(75)	-
Increase in shareholders' equity resulting from additional share issue	121		X	X	X	
increase in shares par value	122		X	X	X	
legal entity reorganization	123		X	X		
changes in the minority interest and subsidiaries acquisition	124		29 578	45 930	150 759	226 267
other	125				15 798	15 798
Decrease in shareholders' equity resulting from decrease in shares par value	131		X	X	X	
decrease in the number of shares	132		X	X	X	
legal entity reorganization	133		X	X		
other	134		(15 798)			(15 798)
Balance as of December 31 of the accounting year	140	238 438	1 848 603	457 704	23 895 134	26 439 879

## II. Reserves

Item	Opening Balance	Allocated	Distributed	Closing Balance	
Description	Code				
1	2	3	4	5	6
<b>Statutory reserves</b>					
<b>Capital reserve</b>					
(reserve description)					
for the previous year	151	11 922			11 922
for the accounting year	152	11 922			11 922
(reserve description)					
for the previous year					
for the accounting year					
<b>Reserved formed under constituent documents</b>					
<b>Capital reserve</b>					
(reserve description)					
for the previous year	161	399 777			399 777
for the accounting year	162	399 777	46 005		445 782
(reserve description)					
for the previous year					
for the accounting year					
<b>Provisions</b>					
(reserve description)					
for the previous year	171				
for the accounting year	172				
(reserve description)					
for the previous year					
for the accounting year					
(reserve description)					
for the previous year					
for the accounting year					

1	2	3	4	5	6
<b>Provision for deferred expenses</b>					
(reserve description)					
for the previous year	181	-		-	-
for the accounting year	182	-		-	-
(reserve description)					
for the previous year					
for the accounting year					

#### Reference Information

Item		Opening Balance		Closing Balance	
Description	Code				
1	2	3	4	4	
1) Net assets	200	15 382 930		26 033 475	
		From the budget		From the non-budget funds	
		accounting year	previous year	accounting year	previous year
		3	4	5	6
2) Received for:					
operating expenses - total	210				
including:					
	211				
	212				
	213				
capital expenditure for non-current assets	220				
including:					
	221				
	222				
	223				

President

Ivan N. Antonov

Chief Accountant

Nadezhda A. Pavlova

March 26, 2008

**JSC ACRON CONSOLIDATED CASH FLOW STATEMENT**  
for the year 2007

Stated in RUR '000s

Item		Accounting Period	Corresponding Prior Period
Description	Code		
1	2	3	4
<b>Opening cash balance</b>	010	1 435 676	1 316 362
<b>Cash flow from operating activities</b>			
Trade receipts	020	34 206 415	24 849 590
	030		
Other revenues	110	41 067 831	28 994 513
Cash allocated for:	120		
acquired goods, works, services, raw materials and other current assets	150	(24 690 894)	(19 392 722)
payroll	160	(2 297 241)	(2 281 984)
dividends and interest	170	(1 827 934)	(1 211 119)
taxes	180	(2 649 047)	(2 249 506)
other expenses	190	(40 720 368)	(29 809 457)
Net cash flow from operating activities	200	3 088 762	(1 100 685)
<b>Cash flow from investment activities</b>			
Proceeds from the sale of fixed assets and other non-current assets	210	69 929	13 005
Proceeds from the sale of securities and other financial instruments	220	184 763	327 782
Dividends received	230	235 665	79 560
Interest received	240	44 747	35 658
Repayment of loans issued to other entities	250	1 116 009	539 234
Other receipts	260	-	150 394
Acquisition of subsidiaries	280	-	-
Acquisition of fixed assets, income-bearing investments in tangible and intangible assets	290	(843 864)	(2 054 436)
Acquisition of securities and other financial investments	300	(70)	(24 041)
Loans issued to other entities	310	(1 362 734)	(1 000 431)
Other payments	320	(60 011)	(59 539)
Net cash flow from investment activities	340	(615 566)	(1 992 814)
<b>Cash flow from financial activities</b>			
Proceeds from issues of shares and other equity securities	350		
Proceeds from loans and borrowings granted to other entities	360	4 598 155	7 185 441

1	2		4
Other		2 382	3 235
Repayment of loans and other borrowings (net of interest)	390	(6 512 912)	(3 631 003)
Repayment of financial lease	400	(300 764)	(117 426)
Other expenses		(15 342)	(201 821)
Net cash flow from financial activities	430	(2 228 481)	3 238 430
Net increase (decrease) in cash and cash equivalents	440	244 715	144 927
<b>Closing cash balance</b>	450	1 658 247	1 435 676
Effect of foreign currency/rouble exchange rate movement	460	-22 144	-25 613

President

Ivan N.Antonov

Chief Accountant

Nadezhda A.Pavlova

March 26, 2008



**SUPPLEMENT TO JSC ACRON CONSOLIDATED BALANCE SHEET  
for the year 2007**

(Stated in RUR '000s)

**Intangible Assets**

Item		Opening Balance	Received	Disposed of	Closing Balance
Description	Code				
1	2	3	4	5	6
Intellectual property items (exclusive rights to the subject- matter of intellectual property)	010	4 277	466		4 743
including:					
of a patent holder in relation to an invention, industrial design, utility model	011	69	9		78
of a software or database right holder	012	2 006			2 006
of an integral circuit topography rights holder	013				
of a holder of a trademark, service mark, geographical indication rights	014	2 202	457		2 659
of a holder of a plant breeder's rights	015				
Administrative expenses	020				
Goodwill	030	2 432 474	111 465		2 543 939
	035				
Other	040	2 356	12	(12)	2 356

Item		Opening Balance	Closing Balance
Description	Code		
1	2	3	4
Intangible assets amortization - total	050	1 460	2 046
including:			
	051		
	052		
	053		

**Fixed Assets**

Item		Opening Balance	Received	Disposed of	Closing Balance
Description	Code				
1	2	3	4	5	6
Buildings	070	2 165 774	459 327	(29 422)	2 595 679
Installations and transmission units	075	2 406 206	161 070	(29 436)	2 537 840
Plant and machinery	080	7 630 728	1 008 048	(84 518)	8 554 258
Vehicles	085	972 865	69 769	(14 280)	1 028 354
Production and household inventory	090	73 393	9 656	(5 684)	77 365
Working livestock	095	14 541	3 425	(1 045)	16 921
Producing livestock	100	15 620	6 138	(4 870)	16 888
Perennial plants	105	1 326	38	(726)	638
Other fixed assets	110	23 101	6 706	(6 323)	23 484
Land plots and natural assets	115	9 693	16 801	(163)	26 331
Capital investment in land reclamation	120				
<b>Total</b>	<b>130</b>	<b>13 313 247</b>	<b>1 740 978</b>	<b>(176 467)</b>	<b>14 877 758</b>

Item		Opening Balance	Closing Balance
Description	Code		
1	2	3	4
Amortization of fixed assets - total	140	6 885 069	7 638 982
including:			
buildings and installations	141	2 222 799	2 305 408
plant, machinery, vehicles	142	4 624 486	5 285 799
other	143	37 784	47 775
Leased out fixed assets	150	251 510	251 337
including:			
buildings	151	195 575	80 899
other	153	55 935	170 438
Mothballed fixed assets	160	217 636	144 961
Fixed assets taken on lease - total	161	864 500	1 080 604
including:			
Real estate accepted into operation in the process of state registration	165		
	Code	Opening Balance	Closing Balance
<b>For Reference Only</b>	2	3	4
Effect from revaluation of fixed assets	170		
historical (replacement) cost	171		
amortization	172		
	Code	Opening Balance	Closing Balance
	2	3	4
Changes in the fixed assets value as a result of additional construction, equipping, revamping, partial liquidation	180	245 199	967 801

**Income-Bearing Investments in Tangible Assets**

Item		Opening Balance	Received	Written-Off	Closing Balance
Description	Code				
1	2	3	4	5	6
Assets to be transferred under lease arrangements	210				
Assets to be transferred under rent arrangements	220				
	230				
Other	240				
Total	250				
	код	Opening Balance	Closing Balance		
1	2	3	4		
Depreciation of income-bearing investments in tangible assets	260				

**Expenses Associated with Research, Development and Engineering Activities**

Activity		Opening Balance	Received	Written-off	Closing Balance
Description	Code				
1	2	3	4	5	6
Total	310		969	(689)	280
including:	311				
	312				
<b>For Reference Only</b>		Code	Opening Balance	Closing Balance	
		2	3	4	
Expenses associated with research, development and engineering activities in progress		320			
Expenses associated with research, development and engineering activities which did not pay off and are written off to non-sale expenses		Code	Accounting Period	Corresponding Prior Period	
		2	3	4	
		330			

**Expenses Associated with Natural Resources Development**

Item		Opening Balance	Received	Written-off	Closing Balance
Description	Code				
1	2	3	4	5	6
Expenses associated with natural resources development	410				
including:	411				
	412				
<b>For Reference Only</b>		Code	Opening Balance	Closing Balance	
		2	3	4	
Expenses associated with subsoil plots on exploration, evaluation of reserves, prospecting and/or hydro geological surveys and similar activities have not been completed		420			
Expenses associated with natural resources development written-off to non-sales expenses in the accounting period as not paying off		430			

### Investments

Item		Long-term		Short-term	
		Opening Balance	Closing Balance	Opening Balance	Closing Balance
Description	Code				
1	2	3	4	5	6
Interest in charter (share) capital of other entities - total	510	8 533 740	18 401 836		
including subsidiaries and associates	511	-	-		
State and municipal securities	515				
Securities of other entities - total	520	4 344	5 372	20 733	180
including debt securities (bonds and bills of exchange)	521	-	-	20 733	180
Loans issued	525		3 606	491 670	513 002
Deposits	530			38 895	41 225
Other	535			110 780	100 850
<b>Total</b>	<b>540</b>	<b>8 538 084</b>	<b>18 410 814</b>	<b>662 078</b>	<b>655 257</b>
<b>Of the total amount, financial investments quoted at current market value</b>					
Interest in charter (share) capital of other entities - total	550	8 292 902	17 069 200		
including subsidiaries and associates	551				
State and municipal securities	555				
Securities of other entities - total	560				
including debt securities (bonds and bills of exchange)	561				
Other	565				
<b>Total</b>	<b>570</b>	<b>8 292 902</b>	<b>17 069 200</b>		
<b>For Reference Only</b>					
For financial investments quoted at current market value, effect of value adjustment	580	7 903 775	15 879 891		
For debt securities, difference between historical cost and nominal value posted to financial result of the accounting period	590				

### Accounts Receivable and Payable

Item		Opening Balance	Closing Balance
Description	Code		
1	2	3	4
<b>Accounts receivable</b>			
short-term - total	610	3 774 502	3 805 642
including:			
trade receivables	611	1 113 260	620 553
advances paid	612	1 250 301	2 007 922
other	613	1 410 941	1 177 167
long-term - total	620	106 287	282 809
including:			
trade receivables	621	106 018	256 455
advances paid	622		
other	623	269	26 354
<b>Total</b>	<b>630</b>	<b>3 880 789</b>	<b>4 088 451</b>
<b>Accounts payable</b>			
short-term - total	640	5 150 386	5 615 207
including:			
trade payables	641	712 650	336 421
advances received	642	1 432 655	1 416 610
taxes payable	643	204 533	504 200
loans	644	1 816 760	1 448 641
borrowings	645	66 403	813 164
other	646	917 385	1 096 171
long-term - total	650	5 391 214	3 309 859
including:			
loans and borrowings	651	5 349 659	3 224 105
other	653	41 555	85 754
<b>Total</b>	<b>660</b>	<b>10 541 600</b>	<b>8 925 066</b>

### Operative Expenses (by Expense Items)

Item		Accounting Year	Prior Year
Description	Code		
1	2	3	4
Cost of materials	710	16 412 246	12 992 638
Payroll	720	3 159 121	2 932 864
Social charges	730	671 313	642 866
Amortization	740	643 831	496 698
Other expenses	750	1 715 120	2 192 551
<b>Total for expense items</b>	<b>760</b>	<b>22 601 631</b>	<b>19 257 617</b>
Movements (increase [+], decrease [-]) of:			
production in progress	765	13 404	30 086
deferred expenses	766	22 986	234 883
provision for deferred expenses	767		

### Securities

Item		Code	Opening Balance	Closing Balance
Description				
1		2	3	4
Received - total		810	2 075 331	-
including:				
bills of exchange		811	250 371	-
Assets pledged		820	2 869	-
of which:				
fixed assets		821		
securities and other financial instruments		822		
other		823	2 869	-
Issued - total		830	5 536 336	3 297 482
including:				
bills of exchange		831	33 720	2 207 463
Assets pledged		840	34 886	7 040
of which:				
fixed assets		841		
securities and other financial instruments		842		
other		843	34 886	7 040

### State Subsidies

Item		Accounting Period		Corresponding Prior Period	
Description	Code				
1	2	3		4	
Received from the state budget in the accounting year - total	910	3 685		4 590	
including:					
		Opening Balance	Received in the Accountin g Period	Repaid in the Accountin g Period	Closing Balance
Loans from the state budget - total	920				
including:					

President

Ivan N.Antonov

Chief Accountant

Nadezhda A.Pavlova

March 26, 2008

## **EXPLANATORY NOTE**

**to the consolidated financial statements of JSC Acron**

**for the year 2007**

The present consolidated financial statements have been prepared in accordance with the requirements of the *Accounting and Reporting Regulation* of the Russian Federation approved by Order of the Ministry of Finance No.34n dated July 29, 1998, and pursuant to the Methodical Recommendations on preparation and presentation of consolidated financial statements approved by Order of the Ministry of Finance No.112 dated December 30, 1996 (hereinafter referred to as "Methodical Recommendations").

The consolidated financial statements were prepared by integrating the accounting statements of a parent company, its subsidiaries and certain data on its affiliated companies; they reflect the financial situation as of the reporting date and financial performance in the reporting period of a group of interrelated companies (hereinafter the "Group").

According to the Methodical Recommendations, the financial statements of a subsidiary company should be incorporated into the consolidated financial statements in the following cases:

- 1) If a parent company holds more than fifty percent of the voting shares in a joint stock company or more than fifty percent of the charter capital of a limited liability company.
- 2) If a parent company is able to influence decisions of a subsidiary company pursuant to an agreement made between the parent company and the subsidiary company.
- 3) If a parent company has other means of influencing decisions made by a subsidiary company.

Below is a list of the subsidiaries and related companies that were incorporated into the consolidated financial statements pursuant to the requirements of the Methodical Recommendations.

## **LIST OF JSC ACRON SUBSIDIARIES**

Name: **JSC Dorogobuzh**

Address: Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **91.59%** of Dorogobuzh voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.41%**.

Name: **CJSC Nordic Rus Holding**

Address: 37(2) Prechistenka St., 119034 Moscow

Acron holds **51%** of Nordic Rus Holding voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49%**.

Name: **JSC Lipoil**

Address: 2 Papina St., 398024 Lipetsk, Russia

Acron holds **100%** of Lipoil voting shares and, therefore, may influence its decision-making process.

Name: **CJSC WIAM-AGRO**

Address: 37(2) Prechistenka St., 119034 Moscow

Acron holds **100%** of WIAM-AGRO voting shares and, therefore, may influence its decision-making process.

Name: **CJSC ENGservice**

Address: 3a Mendeleeva St., 173016 Veliky Novgorod, Russia

Acron holds **51%** of ENGservice voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49%**.

Name: **CJSC Zadonskiy Syr**

Address: Repets village, Zadonsky District, 399215 Lipetsk Region

Acron holds **100%** of Zadonskiy Syr voting shares and, therefore, may influence its decision-making process.

Name: **LLC Private Security Agency Krona**

Address: 41/24 (3) Bolshaya Ordynka St., 109017 Moscow, Russia



Acron holds **100%** interest in Krona and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **3.86%**.

Name: **JSC Acronit**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Acronit and, therefore, may influence its decision-making process.

Name: **CJSC Acronagrotrading**

Address: JSC Acron site, 173012 Veliky Novgorod, Russia

Acron holds **100%** of Acronagrotrading voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **7.88%**.

Name: **LLC Private Security Agency Phoenix**

Address: Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **100%** interest in Phoenix and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **LLC Elegant**

Address: 5 Molodezhnaya St., Verkhnedneprovsky Settlement, Dorogobuzh District, 215750 Smolensk Region, Russia

Acron holds **100%** interest in Elegant and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **JSC Zvyaginki**

Address: Zvyaginki village, Orel District, 302523 Orel Region, Russia

Acron holds **89.87%** of Zvyaginki voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **10.13%**.

Name: **Flornteks Limited**

Address: 3/5 Maly Koptevsky Proezd, 125315 Moscow, Russia

Acron holds **100%** interest in Flornteks Limited and, therefore, may influence its decision-making process.

Name: **LLC Dnepr**

Address: Novo-Mikhailovskoye village, Dorogobuzh District, 215710 Smolensk Region, Russia

JSC Acron holds **15.45%** interest in Dnepr and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **32.93%**.

Name: **LLC Investment Port Company**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Investment Port Company and, therefore, may influence its decision-making process.

Name: **CJSC Catalyst**

Address: Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **100%** of Catalyst voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **CJSC Acron-Saratov**

Address: Trofimovsky-II station (no number), Leninsky District, 410086 Saratov, Russia

Acron holds **51%** of Acron Saratov voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49%**.

Name: **CJSC Agronova-Lipetsk**

Address: 15 Balmochnykh St., 398002 Lipetsk, Russia

Acron holds **100%** of Agronova-Lipetsk voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Shebekinoagronova**

Address: 1-a Poleyaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia

Acron holds **100%** of Shebekinoagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **7.82%**.

Name: **CJSC Agrofirm Vysokye Tekhnologyi**

Address: Livenskaya village, Zadonsky District, 399202 Lipetsk Region, Russia

Acron holds **100%** of the Agrofirm voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **25.88%**.

Name: **CJSC Shebekinoagrokhimservice**

Address: 1-a Polevaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia

Acron holds **100%** of Shebekinoagrokhimservice voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **3.99%**.

Name: **CJSC Agronova**

Address: Administration Office, 20a Zapovednaya St., 129642 Moscow, Russia

Acron holds **100%** of Agronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Agronova-Volga**

Address: 29V, Ilyinskaya St., 603109 Nizhny Novgorod, Russia

Acron holds **100%** of Agronova-Volga voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Agronova-Saratov**

Address: Trofimovsky-II station (without number), Leninsky District, 410086 Saratov, Russia

Acron holds **100%** of Agronova-Saratov voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Belagronova**

Address: 1g August 5<sup>th</sup> St., 308027 Belgorod, Russia

Acron holds **100%** of Belagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Lebedyanagronova**

Address: 71 Lev Tolstoy St., 399610 Lebedyan town, Lipetsk Region, Russia  
Acron holds **100%** of Lebedyanagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Agronova-Orel**

Address: 35 Oktaybrskaya St., 302035 Orel, Russia

Acron holds **100%** of Agronova-Orel voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Rostagronova**

Address: 14 A, M.Nagibina Ave., 344038 Rostov-on-Don, Russia

Acron holds **100%** of Rostagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Lukoyanovagronova**

Address: 41V Pushkina St., Lukoyanov town, 607800 Nizhny Novgorod, Russia

Acron holds **100%** of Lukoyanovagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **0.15%**.

Name: **CJSC Baltaiagronova**

Address: 15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia

Acron holds **100%** of Baltaiagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49%**.

Name: **JSC Firma Proekt**

Address: 37(2) Prechistenka St., 119034 Moscow

Acron holds **100%** of Firma Proekt voting shares and, therefore, may influence its decision-making process.

Name: **LLC Acron Hotel**

Address: 24, Predtechenskaya St., 173007 Veliky Novgorod, Russia

Acron holds **100%** interest in Acron Hotel and, therefore, may influence its decision-making process.

Name: **JSC Yakovlevoagronova**

Address: 9 2<sup>nd</sup> Zavodskaya St., 309070 Stroitel town, Yakovlevsky District, Belgorod Region, Russia

Acron holds **73.9%** of Yakovlevoagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **26.21%**.

Name: **JSC Koubanagronova**

Address: 20 302<sup>nd</sup> Division St., Leningradskaya Station, Leningrad District, 353810 Krasnodar Krai, Russia

Acron holds **54.46%** of Koubanagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **45.62%**.

Name: **JSC Krasnoarmeiskagronova**

Address: 10 Narodnaya St., Poltavskaya Station, Krasnoarmeisk District, 353807 Krasnodar Krai, Russia

Acron holds **63.26%** of Krasnoarmeiskagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **36.68%**.

Name: **JSC Ershovskaya Selhozhkhimiya**

Address: 30 Pionerskaya St., 413500 Ershov town, Saratov Region, Russia

Acron holds **51.66%** of Ershovskaya Selhozhkhimiya voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **48.42%**.

Name: **CJSC Livnyagronova**

Address: 23 Nagorny village, 303800 Nagorny town, Orel Region, Russia

Acron holds **51.17%** of Livnyagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **48.91%**.

Name: **CJSC Eletzagronova**

Address: Moscovskoye Shosse, GSP-12, 399740 Eletz town, Lipetsk Region, Russia

Acron holds **51.16%** of Eletzagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **48.92%**.

Name: **CJSC Kubris**

Address: 10 Narodnaya St., Poltavskaya Station, Krasnoarmeisk District, 353807 Krasnodar Krai, Russia

Acron holds **100%** of Kubris voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **47.36%**.

Name: **JSC Baltayagropromkhiymiya**

Address: 15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia

Acron holds **51.01%** of Baltayagropromkhiymiya voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.07%**.

Name: **CJSC North-Western Phosphorous Company**

Address: 37(2) Prechistenka St., 119034 Moscow

Acron holds **100%** of North-Western Phosphorous Company voting shares and, therefore, may influence its decision-making process.

Name: **CJSC Gryaziagronova**

Address: 12 Peskovatskaya St., 399300 Gryazi town, Lipetsk Region, Russia

Acron holds **50.92%** of Gryaziagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.16%**.

Name: **JSC Gubkinselkhozkhimia**

Address: 7 3<sup>rd</sup> Melnichny Lane, 309187 Gubkin town, Belgorod Region, Russia

Acron holds **50.23%** of Gubkinselkhozkhimia voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.85%**.

Name: **JSC Agrokhim**

Address: DSP-2 district, 309850 Alekseevka town, Belgorod Region, Russia

Acron holds **50.14%** of Gubkinselkhozkhimia voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.94%**.

Name: **JSC Zadonskagronova**

Address: M. Panarino village, Zadonsky District, 399200 Lipetsk Region, Russia  
Acron holds **50.08%** of Zadonskagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **50%**.

Name: **LLC EVLASHEVSKOYE**

Address: Sosnovka village, Baltay District, 412641 Saratov Region, Russia  
Acron holds **100%** interest in EVLASHEVSKOYE and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.07%**.

Name: **LLC Verkhnekamsk Potash Company**

Address: 37(2) Prechistenka St., 119034 Moscow  
Acron holds **100%** interest in Verkhnekamsk Potash Company and, therefore, may influence its decision-making process.

Name: **LLC Private Security Agency Guepard**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia  
Acron holds **100%** interest in Guepard and, therefore, may influence its decision-making process.

Name: **CJSC Granit**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia  
Acron holds **100%** of Granit voting shares and, therefore, may influence its decision-making process.

Name: **LLC Acron Food Production Facility**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia  
Acron holds **100%** interest in Acron Food Production Facility and, therefore, may influence its decision-making process.

Name: **JSC Agronova-Bryansk**

Address: Glinishevo village, Bryansk District, 242025 Bryansk Region, Russia  
Acron holds **50.1%** of Agronova-Bryansk voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **50.07%**.

Name: **LLC Nikoulinskoye**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Nikoulinskoye and, therefore, may influence its decision-making process.

Name: **LLC Acron Machine Building Plant**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100 %** interest in Acron Machine Building Plant and, therefore, may influence its decision-making process.

Name: **LLC Dorogobuzh Polymer**

Address: Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **100%** interest in Dorogobuzh Polymer and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **LLC Dorogobuzh Remstroy**

Address: Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **100%** interest in Dorogobuzh Polymer and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **LLC Starosmolenskoye**

Address: JSC Dorogobuzh production site, Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia

Acron holds **100%** interest in Srarosmolenskoye Hunting Farm and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **LLC ANDREX**

Address: 1, 5<sup>th</sup> Prichalnaya St., Kaliningrad, Russia

Acron holds **100%** interest in Andrex and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.45%**.

Name: **AS BCT**

Address: Tallinn, Estonia

Acron holds **85%** of AS BCT voting shares and, therefore, may influence its decision-making process.



Name: **Seatrader Agency OY**

Address: Tallinn, Estonia

Acron holds 100% of Seatrader Agency voting shares and, therefore, may influence its decision-making process.

For the consolidated accounting purpose, the minority interest is 15%.

Name: **AS BFT Eesti**

Address: Tallinn, Estonia

Acron holds **100%** of AS BFT Eesti voting shares and, therefore, may influence its decision-making process.

Name: **LLC Construction Company Stolny Grad**

Address: 12(8) Tverskaya St., 125009 Moscow

Acron holds **100%** interest in Stolny Grad and, therefore, may influence its decision-making process.

Name: **LLC TrustService**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Trustservice and, therefore, may influence its decision-making process.

Name: **LLC Acron-Service**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Acron-Service and, therefore, may influence its decision-making process.

Name: **Shandong Hongri Acron Chemical Joint Stock Company, Ltd.**

Address: Luozhuang district, Linyi city, Shandong province, China

Acron holds **50.5%** of Shandong Hongri Acron Chemical Joint Stock Company, Ltd. voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **49.5%**.

Name: **Acronagrotrans Ltd.**

Address: Trident Trust Company Limited (B.V.I.) Office, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands

Acron holds **100%** of **Acronagrotrans Ltd.** voting shares and, therefore, may influence its decision-making process.

Name: **Linyi Fudelai Chemical Fertilizer Company Ltd.**

Address: 252 Linxi Yilu St., Linyi city, Shandong province, China

Acron holds **75%** interest in Linyi Fudelai Chemical Fertilizer Company and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **62.12%**.

These consolidated financial statements have been compiled through the consolidation of the financial statements of the parent entity and its subsidiaries and reflect the financial position of a group of related entities (hereinafter, "the Group") at the balance sheet date and the results of its operations for the accounting period.

As required by Order No. 112 of the Russian Finance Ministry dated December 30, 1996, the consolidated financial statements have been compiled by means of aggregating relevant indicators of the financial statements of each Group entity, subject to adjustments if necessary.

In particular:

- accounts receivable and accounts payable are shown less intergroup debt;
- financial investments are shown less the parent company's equity investments in subsidiaries;
- shareholders' equity and provisions are shown less the parent company's equity investments in subsidiaries and minority interest;
- sales revenue and expenses for current activities are shown less intergroup balances;
- interest receivable and payable, operating and non-sales revenues and expenses are shown less intergroup income and expenses.

In accordance with section 5.1 of the Methodological Recommendations, the explanatory notes to the consolidated balance sheet and consolidated profit and loss statement must disclose an estimate of the effects of the acquisitions and disposals of subsidiaries and associates on the financial position of the Group as of the balance sheet date and on the results of its operations of the accounting period.

During 2007 the composition of JSC Acron's subsidiaries changed as follows:

1. The following entities ceased being Acron's subsidiaries:

Name: **Jianxiang New Construction Materials Company Ltd.**

Address: Huabolu village, Luozhuang district, Linyi city, Shandong province, China

Acron held **51%** interest in **Jianxiang New Construction Materials Company Ltd.** and, therefore, could influence its decision-making process.

2. Acron's holdings in its subsidiaries changed as follows:

- **AS BCT – from 75% to 85%**
- **JSC Krasnoarmeiskagronova – from 52.72% to 63.26%**

3. The following subsidiaries were acquired:

- **Seatrader Agency OY – 100%**
- **LLC Acron-Service – 100%**
- **LLC Dorogobuzh Remstroy – 100%**

As a result of changes in the Group's subsidiaries and interest held in subsidiaries in the year 2007, the Group's profit grew by RUB 774 thousand.

Investments for which market value can be duly defined are presented as of the end of the accounting period at current market price; the respective adjustment of their value in the current year amounted to RUB 9,962,448,000 (2006: 7,810,600,000) and was posted to other expenses. The following amounts accrued for this transaction:

- deferred tax liability in the amount of RUB 2,390,988,000 (2006: 1,874,544,000) accrued on this adjustment;
- minority interest in the amount of RUB 221,743,000 (2006: 381,525,00).

Therefore, in the accounting year net gain on revaluation of current market value of financial investments less minority interest amounted to RUB 7,349,717,000 (RUB: 5,554,531,000).

Net profit without the effect of investment revaluation amounts to RUB 5,650,597,000 (2006: RUB 3,151,937,000).

#### JSC Acron Affiliates as of December 31, 2007:

No.	Name	Domicile (in case of an individual, domicile is indicated subject to the individual's consent)	Interest in the Company's Charter Capital Held by the Affiliate, per cent	Company's Common Stock Held by the Affiliate, per cent
1	2	3	6	7
1	Valery Ivanov	Veliky Novgorod, Russia	-	-
2	Vladimir Kunitsky	Dorogobuzh, Smolensk Region, Russia	-	-

No.	Name	Domicile (in case of an individual, domicile is indicated subject to the individual's consent)	Interest in the Company's Charter Capital Held by the Affiliate, per cent	Company's Common Stock Held by the Affiliate, per cent
1	2	3	6	7
3	Viktor Kochubey	Veliky Novgorod, Russia	-	-
4	Vladimir Gavrikov	Veliky Novgorod, Russia	-	-
5	Vladimir Ovchinnikov	Veliky Novgorod, Russia	-	-
6	Ivan Antonov	Veliky Novgorod, Russia	-	-
7	Oscar Valters	Moscow, Russia	-	-
8	Svetlana Nemova	Moscow, Russia	-	-
9	Alexander Popov	Moscow, Russia	-	-
10	Veliky Novgorod Jewish Community Fund – Cultural and Spiritual Heritage Development Center	8 Dvortsovaya St., 173000 Veliky Novgorod, Russia	-	-
11	Joint Stock Company Catalyst	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	-	-
12	Limited Liability Company Dnepr	Novo-Mikhailovskoye village Dorogobuzh District, 215710 Smolensk Region, Russia	-	-
13	Limited Liability Private Security Agency Phoenix	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	-	-
14	Limited Liability Company Elegant	5, Molodezhnaya St., Verkhnedneprovsky Settlement, Dorogobuzh District, 215750 Smolensk Region, Russia	-	-
15	Limited Liability Company Starosmolenskoye	JSC Dorogobuzh production site, Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	-	-
16	Limited Liability Company ANDREX	1 5 <sup>th</sup> Prichalnaya St., 236035 Kaliningrad, Russia	-	-
17	Limited Liability Company Dorogobuzh Polymer	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	-	-
18	Limited Liability Company	Verkhnedneprovsky	-	-

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1	2	3	6	7
	Dorogobuzh Remstroy	Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia		
19	Closed Joint Stock Company Shebekinoagronova	1-a Polevaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia	-	-
20	Closed Joint Stock Company Shebekinoagrokhimservice	1-a Polevaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia	-	-
21	Closed Joint Stock Company Agrofirma Vysokye Tekhnologii	Livenskaya village, Zadonsky District, 399202 Lipetsk Region, Russia	-	-
22	Closed Joint Stock Company Baltaiagronova	15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia	-	-
23	Joint Stock Company Agronova-Bryansk	Glinishevo village, Bryansk District, 242025 Bryansk Region, Russia	-	-
24	Closed Joint Stock Company Agronova-Volga	29V, Ilyinskaya St., 603109 Nizhny Novgorod, Russia	-	-
25	Closed Joint Stock Company Agronova-Saratov	Trofimovsky-II station (without number), Leninsky District, 410086 Saratov, Russia	-	-
26	Joint Stock Company Koubanagronova	20 302 <sup>nd</sup> Division St., Leningradskaya Station, Leningrad District, 353810 Krasnodar Krai, Russia	-	-
27	Joint Stock Company Agrokhim	DSP-2 district, 309850 Alekseevka town, Belgorod Region, Russia	-	-
28	Joint Stock Company Baltayagropromkimiya	15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia	-	-
29	Limited Liability Company EVLASHEVSKOYE	Sosnovka village, Baltay District, 412641 Saratov Region, Russia	-	-
30	Closed Joint Stock Company Belagronova	1g August 5 <sup>th</sup> St., 308027 Belgorod, Russia	-	-
31	Joint Stock Company Krasnoarmeiskagronova	10 Narodnaya St., Poltavskaya Station, Krasnoarmeisk District, 353807 Krasnodar Krai, Russia	-	-
32	Closed Joint Stock Company Kubris	10 Narodnaya St., Poltavskaya Station, Krasnoarmeisk District, 353807 Krasnodar Krai, Russia	-	-
33	Joint Stock Company Yakovlevoagronova	9 2 <sup>nd</sup> Zavodskaya St., 309070 Stroitel town, Yakovlevsky District, Belgorod Region,	-	-

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1	2	3	6	7
		Russia		
34	Closed Joint Stock Company Lebedyanagronova	71 Lev Tolstoy St., 399610 Lebedyan town, Lipetsk Region, Russia	-	-
35	Closed Joint Stock Company Gryaziagronova	12 Peskovatskaya St., 399300 Gryazi town, Lipetsk Region, Russia	-	-
36	Joint Stock Company Gubkinselkhozkhimia	7 3 <sup>rd</sup> Melnichny Lane, 309187 Gubkin town, Belgorod Region, Russia	-	-
37	Closed Joint Stock Company Eletzagronova	Moscovskoye Shosse, GSP-12, 399740 Eletz town, Lipetsk Region, Russia	-	-
38	Joint Stock Company Ershovskaya Selkhozkhimiya	30 Pionerskaya St., 413500 Ershov town, Saratov Region, Russia	-	-
39	Closed Joint Stock Company Livnyagronova	23 Nagorny village, 303800 Nagorny town, Orel Region, Russia	-	-
40	Closed Joint Stock Company Agronova-Lipetsk	15 Balmochnykh St., 398002 Lipetsk, Russia	-	-
41	Closed Joint Stock Company Lukoyanovagronova	41V Pushkina St., Lukoyanov town, 607800 Nizhny Novgorod, Russia	-	-
42	Closed Joint Stock Company Agronova-Orel	35 Oktaybrskaya St., 302035 Orel, Russia	-	-
43	Joint Stock Company Zadonskagronova	M. Panarino village, Zadonsky District, 399200 Lipetsk Region, Russia	-	-
44	Closed Joint Stock Company Rostagronova	14 A, M.Nagibina Ave., 344038 Rostov-on-Don, Russia	-	-
45	Acronagrotrans Ltd	Trident Trust Company Limited (B.V.I.) Office, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	-	-
46	Premier Management Limited	P.O. Box 556, Main Street, Charlestown, Nevis, West Indies	-	-
47	Shandong Hongri Acron Chemical Joint Stock Company, Ltd.	Luozhuang district, Linyi city, Shandong province, China	-	-
48	Linyi Fudelai Chemical Fertilizer Company Ltd.	252 Linxi Yilu St., Linyi city, Shandong province, China	-	-
49	Closed Joint Stock Company ENGservice	3a Mendeleeva St., 173016 Veliky Novgorod, Russia	-	-
50	Closed Joint Stock Company	Trofimovsky-II station (without		

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1	2	3	6	7
	Agronova-Saratov	number), Leninsky District, 410086 Saratov, Russia	-	-
51	Joint Stock Company Acronit	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
52	Closed Joint Stock Company North-Western Phosphorous Company	37(2) Prechistenka St., 119034 Moscow	-	-
53	Limited Liability Company Verkhnekamsk Potash Company	37(2) Prechistenka St., 119034 Moscow	-	-
54	Closed Joint Stock Company Zadonskiy Syr	Repets village, Zadonsky District, 399215 Lipetsk Region	-	-
55	Closed Joint Stock Company Nordic Rus Holding	37(2) Prechistenka St., 119034 Moscow	-	-
56	Joint Stock Company Firma Proekt	37(2) Prechistenka St., 119034 Moscow	-	-
57	Closed Joint Stock Company Agronova	Administration Office, 20a Zapovednaya St., 129642 Moscow, Russia	-	-
58	Limited Liability Company Investment Port Company	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
59	Limited Liability Company Acron Hotel	24, Predtechenskaya St., 173007 Veliky Novgorod, Russia	-	-
60	Flornteks Limited	3/5 Maly Koptevsky Proezd, 125315 Moscow, Russia	-	-
61	Limited Liability Company Private Security Agency Krona	41/24 (3) Bolshaya Ordynka St., 109017 Moscow, Russia	-	-
62	Limited Liability Company Nikoulinskoye	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
63	Limited Liability Company TrustService	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
64	Limited Liability Company Private Security Agency Guepard	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
65	Limited Liability Construction Company Stolny Grad	12(8) Tverskaya St., 125009 Moscow	-	-
66	Limited Liability Company Acron-Service	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
67	Closed Joint Stock Company Acronagrotraiding	JSC Acron site, 173012 Veliky Novgorod, Russia	-	-
68	Closed Joint Stock Company WIAM-AGRO	37(2) Prechistenka St., 119034 Moscow	-	-

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1	2	3	6	7
69	Joint Stock Company Dorogobuzh	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	8.54	8.54
70	Joint Stock Company Zvyaginki	Zvyaginki village, Orel District, 302523 Orel Region, Russia	-	-
71	Joint Stock Company Lipoil	2, Papina St., 398024 Lipetsk, Russia	-	-
72	Limited Liability Company Acron Food Production Facility	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
73	Closed Joint Stock Company Granit	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
74	AO BCT	Tallinn, Estonia	-	-
75	Seatrader Agency OÜ	Tallinn, Estonia	-	-
76	AS BFT Eesti	Tallinn, Estonia	-	-
77	Limited Liability Company Acron Machine Building Plant	JSC Acron Site, 173012 Veliky Novgorod, Russia	-	-
78	Victor Bocherikov	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	-	-
79	Svetlana Kolesnikova	Belgorod, Russia	-	-
80	Pavel Chaturon	Saratov, Russia	-	-
81	Oleg Kostylev	Safonovo, Smolensk Region, Russia	-	-
82	Andrey Rovensky	Moscow, Russia	-	-
83	Victor Ryzhkov	Moscow, Russia	-	-
84	Valery Shvalyuk	Moscow, Russia	-	-
85	Andrey Velichko	Dorogobuzh, Smolensk Region, Russia	-	-
86	Dmitry Golubkov	Moscow, Russia	-	-
87	Sergey Shekhovtsev	Krasnoarmeisk District, Krasnodar Krai, Russia	-	-
88	Vera Yandyo	Lipetsk, Russia	-	-
89	Nikolay Nesterov	Orel, Russia	-	-
90	Alexey Zhibul	Veliky Novgorod, Russia	-	-
91	Galina Petukhova	Orel District, Orel Region, Russia	-	-



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1	2	3	6	7
92	Vladimir Lukunev	Moscow, Russia	-	-
93	Sergey Fedorov	Moscow, Russia	-	-
94	Vladimir Zakharov	Moscow, Russia	-	-
95	Andrey Pestov	Veliky Novgorod, Russia	-	-
96	Anatoly Petrov	Veliky Novgorod, Russia	-	-
97	Limited Liability Company Diagnose-Center	3a Mendeleeva St., 173016 Veliky Novgorod, Russia	-	-
98	Evgeny Konovalov	Shebekino District, Belgorod Region, Russia	-	-
99	Alexander Torgashov	Baltay District, Saratov Region, Russia	-	-
100	Dmitry Dashkov	Vygonichsky District, Bryansk Region, Russia	-	-
101	Gennady Shestopalov	Nizhny Novgorod, Russia	-	-
102	Sergey Vivchar	Leningrad District, Krasnodar Krai, Russia	-	-
103	Vladimir Kolesnik	Alekseevka, Belgorod Region, Russia	-	-
104	Victor Sergeev	Saratov, Russia	-	-
105	Victor Streikh	Baltay District, Saratov Region, Russia	-	-
106	Marina Glushakova	Kaliningrad, Russia	-	-
107	Tatiana Izmestieva	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	-	-
108	Alexander Knopov	Veliky Novgorod, Russia	-	-
109	Alexander Volohhonski	Tallinn, Estonia	-	-
110	Evgeny Demidov	Tallinn, Estonia	-	-
111	Nikolay Grigoriev	Zadonsky District, Lipetsk Region, Russia	-	-
112	Shi Chongqing	Beijing, China	-	-
113	Yulia Tarasova	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	-	-
114	Nikolay Buzykin	Azov District, Rostov Region, Russia	-	-
115	Alexey Alekhin	Zadonsk, Lipetsk Region, Russia	-	-
116	Alexander Chernyshev	Lukoyanov, Nizhny Novgorod Region, Russia	-	-
117	Sergey Stroev	Livny, Orel Region, Russia	-	-
118	Igor Kuvshinov	-	-	-
119	Vasily Pechikin	Yelets, Lipetsk Region, Russia	-	-
120	Alexander Sharik	Gubkin town, Belgorod Region, Russia	-	-
121	Yuri Galkin	Gryazi, Lipetsk Region, Russia	-	-
122	Leonid Romnov	Lebedyansky District, Lipetsk Region, Russia	-	-
123	Vasily Khodykin	Yakovlevsky District, Belgorod Region, Russia	-	-

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124	Oleg Ogorev	Krasnoarmeisk District, Krasnodar Krai, Russia	-	-
125	Song Guojing	Linyi city, Shandong province, China	-	-
126	Viktoria Palgi	Tallinn, Estonia		
127	Yuri Gurov	-	-	-
128	Yuri Marmilov	Saratov, Russia	-	-
129	Alexey Balagurov	Veliky Novgorod, Russia	-	-

**General Director**

**Ivan N.Antonov**

**Chief Accountant**

**Nadezhda A.Pavlova**