JOINT STOCK COMPANY
"ACRON"

International Accounting Standard No. 34

Consolidated Condensed Interim (first quarter) Financial Information (unaudited) and Review Report

31 March 2008

Contents

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Report on the Review of the Interim Financial Information for the Three Months Ended 31 March 2008

To the Shareholders and the Board of Directors of Joint Stock Company "Acron"

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Joint Stock Company "Acron" and its subsidiaries (together, the "Group") as at 31 March 2008 and the related consolidated condensed interim statements of income, cash flows and changes in equity for the three month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Without qualifying our report, we draw your attention to Note 2 to the consolidated condensed interim financial information. Management has withdrawn the previously issued consolidated condensed interim financial information due to an error identified by management related to valuation of available for sale investments attributable to minority interest. The consolidated condensed interim financial information as previously reported by the Group has been revised to adjust for this matter. Consequently, our review report dated 30 June 2008 which we have issued on that consolidated condensed interim financial information should no longer be relied upon.

ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation
16 July 2008

Joint Stock Company "Acron"
Consolidated Condensed Interim Balance Sheet
as at 31 March 2008 (unaudited) and 31 December 2007
(all amounts are presented in thousands of Russian Roubles)

	Note	31 March 2008	31 December 2007
ASSETS			
Non-current assets			
Property, plant and equipment	7	14,184,017	13,726,062
Intangible assets		31,921	-
Exploration rights		237,843	237,843
Leasehold land		146,169	147,414
Goodwill		1,023,601	1,023,601
Other non-current assets		510,273	504,446
Investments in associates	9	434,155	362,568
Available-for-sale investments	8	25,768,752	17,306,627
Long-term loans receivable		3,606	3,606
Total non-current assets		**42,340,337**	**33,312,167**
Current assets			
Inventories		4,040,550	3,883,823
Other current assets		66,923	29,942
Short-term loans receivable		673,711	643,718
Accounts receivable	6	4,473,944	4,036,616
Dividends receivable		-	114,454
Cash and cash equivalents	5	5,239,751	1,335,275
Total current assets		**14,494,879**	**10,043,828**
TOTAL ASSETS		**56,835,216**	**43,355,995**
EQUITY			
Share capital		3,125,018	3,125,018
Treasury shares		(39,737)	(39,737)
Retained earnings		14,899,230	11,247,092
Revaluation reserve		15,629,953	11,207,376
Cumulative currency translation difference		(73,514)	(78,531)
Share capital and reserves attributable to the Company's equity holders		**33,540,950**	**25,461,218**
Minority interest		5,152,327	2,835,506
TOTAL EQUITY		**38,693,277**	**28,296,724**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	2,616,815	3,081,023
Finance lease liability		77,504	110,744
Other long-term liabilities		207,279	193,593
Deferred tax liability		6,788,492	4,779,595
Total non-current liabilities		**9,690,090**	**8,164,955**
Current liabilities			
Accounts payable	10	1,346,212	2,428,901
Notes payable		335,028	134,415
Current income tax payable		944,428	290,236
Other taxes payable		326,865	308,608
Short-term borrowings	11	4,083,530	2,418,101
Advances received		1,215,884	1,153,898
Finance lease liability		25,472	31,965
Other current liabilities		174,430	128,192
Total current liabilities		**8,451,849**	**6,894,316**
TOTAL LIABILITIES		**18,141,939**	**15,059,271**
TOTAL LIABILITIES AND EQUITY		**56,835,216**	**43,355,995**

Approved for issue and signed on behalf of the Board of Directors on 16 July 2008.

I. N. Antonov
President

A. V. Milenkov
Finance Director

The accompanying notes on pages 5 to 13 are an integral part of this consolidated condensed interim financial information.

(all amounts are presented in thousands of Russian Roubles)

	Note	Three months ended 31 March 2008	Three months ended 31 March 2007
Revenue		11,661,134	7,705,926
Cost of sales		(5,089,622)	(4,776,725)
Gross profit		**6,571,512**	**2,929,201**
Transportation services		(660,703)	(387,919)
Selling, general and administrative expenses		(678,080)	(593,223)
Loss on disposal of property, plant and equipment, net		(4,294)	(18,181)
Other operating expenses		(26,481)	(43,576)
Operating profit		**5,201,954**	**1,886,302**
Finance income		130,911	42,738
Interest expense		(136,446)	(152,345)
Share of result of associates	9	71,587	(11,346)
Profit before taxation		**5,268,006**	**1,765,349**
Income tax expense	13	(1,305,034)	(465,403)
Net profit for the period		**3,962,972**	**1,299,946**
Net profit is attributable to:			
Equity holders of the Company		3,652,138	1,207,989
Minority interest		310,834	91,957
Net profit for the period		**3,962,972**	**1,299,946**
Earnings per share for profit for the period attributable to the equity holders of the Company, basic and diluted (expressed in RR per share)	12	83.73	27.70

(all amounts are presented in thousands of Russian Roubles)

	Note	Three months ended 31 March 2008	Three months ended 31 March 2007
Cash flows from operating activities			
Profit before taxation		**5,268,006**	**1,765,349**
Adjustments for:			
Depreciation and amortization		275,502	258,462
Reversal of impairment of accounts receivable	6	(888)	(36,218)
Reversal of provision for write-down on inventory		(8,346)	(78,192)
Reversal of impairment of property, plant and equipment, net		-	(587)
Share of results of associate		(71,587)	11,346
Loss on disposal of property, plant and equipment		4,294	18,181
Interest expense		136,446	152,345
Interest income		(35,687)	(17,152)
Dividend income		-	(148)
Foreign exchange effect on non-operating balances		(68,863)	(52,415)
Operating cash flows before working capital changes		**5,498,877**	**2,020,971**
(Increase)/decrease in gross trade receivables		(397,451)	153,280
Decrease/(increase) in advances to suppliers		67,254	(275,781)
Increase in other receivables		(100,935)	(111,277)
(Increase)/decrease in inventories		(148,381)	96,358
Decrease in trade payables		(612,706)	(257,904)
Increase/(decrease) in other payables		113,593	(179,667)
Increase /(decrease) in advances from customers		61,986	(58,129)
(Increase)/decrease in other current assets		(36,980)	6,293
Increase/(decrease) in other current liabilities		46,238	(50,071)
Net change in other non-current assets and liabilities		7,859	(41,852)
Cash generated from operations		**4,499,354**	**1,302,221**
Income taxes paid		(499,929)	(166,947)
Interest paid		(135,159)	(85,822)
Net cash generated from operating activities		**3,864,266**	**1,049,452**
Cash flows from investing activities			
Purchase of property, plant and equipment		(745,480)	(719,175)
Purchase of intangible assets		(31,921)	-
Proceeds from sale of property, plant and equipment		10,382	53,281
Loans provided		(118,800)	(93,606)
Proceeds from loans repaid		88,807	150,719
Interest received		30,380	21,059
Dividends received		114,454	11,753
Purchase of available-for-sale investments		(53,829)	(24,980)
Proceeds from sale of leasehold land rights		-	213,170
Net cash used in investing activities		**(706,007)**	**(387,779)**
Cash flows from financing activities			
Dividends paid to shareholders		(498,643)	(446,386)
Dividends paid to minority shareholders		(23)	-
Finance lease payments		(39,733)	-
Proceeds from borrowings	11	5,162,537	975,795
Repayment of borrowings	11	(3,873,543)	(956,929)
Net cash provided from (used in) financing activities		**750,595**	**(427,520)**
Effect of exchange rate changes on cash and cash equivalents		(4,378)	(13,892)
Net increase in cash and cash equivalents		**3,904,476**	**220,261**
Cash and cash equivalents at the beginning of the period		**1,335,275**	**1,239,287**
Cash and cash equivalents at the end of the period		**5,239,751**	**1,459,548**

The accompanying notes on pages 5 to 13 are an integral part of this consolidated condensed interim financial information.

(all amounts are presented in thousands of Russian Roubles)

	Share capital and reserves attributable to the Company's equity holders						
	Share capital	**Treasury shares**	**Retained earnings**	**Revaluation reserve**	**Cumulative currency translation difference**	**Minority interest**	**Total equity**
Balance at 1 January 2007	**3,125,018**	**(39,737)**	**7,840,636**	**3,180,513**	**3,586**	**1,258,965**	**15,368,981**
Fair value gains on available-for-sale investments (Note 8)	-	-	-	319,828	-	259,014	578,842
Currency translation differences	-	-	-	-	13,890	8,519	22,409
Income tax recorded in equity	-	-	-	(76,759)	-	(62,164)	(138,923)
Net income recognized directly in equity	-	-	-	243,069	13,890	205,369	462,328
Profit for the period	-	-	1,207,989	-	-	91,957	1,299,946
Total recognized income	-	-	1,207,989	243,069	13,890	297,326	1,762,274
Balance at 31 March 2007	**3,125,018**	**(39,737)**	**9,048,625**	**3 ,423,582**	**17,476**	**1,556,291**	**17,131,255**
Balance at 1 January 2008	**3,125,018**	**(39,737)**	**11,247,092**	**11,207,376**	**(78,531)**	**2,835,506**	**28,296,724**
Fair value gains on available-for-sale investments (Note 8)	-	-	-	5,819,180	-	2,632,986	8,452,166
Currency translation differences	-	-	-	-	5,017	4,918	9,935
Income tax recorded in equity	-	-	-	(1,396,603)	-	(631,917)	(2,028,520)
Net income recognised directly in equity	-	-	-	4,422,577	5,017	2,005,987	6,433,581
Profit for the period	-	-	3,652,138	-	-	310,834	3,962,972
Total recognised income	-	-	3,652,138	4,422,577	5,017	2,316,821	10,396,553
Balance at 31 March 2008	**3,125,018**	**(39,737)**	**14,899,230**	**15,629,953**	**(73,514)**	**5,152,327**	**38,693,277**

1 Acron Group and Its Operations

This unaudited consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the three months ended 31 March 2008 for Joint Stock Company "Acron" (the "Company" or "Acron") and its subsidiaries (together referred to as the "Group" or "Acron Group").

The Group's principal activities include the manufacture, distribution and sales of chemical fertilizers and related by-products. The Group's manufacturing facilities are primarily based in the Novgorodskaya and Smolenskaya oblasts of Russia and also in China. Acron was incorporated as a joint stock company on 19 November 1992. On that date the majority of assets and liabilities previously managed by the state conglomerate "Azot" were transferred to the Company. The transfer of assets and liabilities was made in accordance with Decree No. 721 on the privatisation of state companies approved on 1 July 1992.

The Group's ultimate parent is Subero Associates Inc (British Virgin Islands) (31 December 2007: Subero Associates Inc). At as 31 March 2008 and 31 December 2007 the Group was ultimately controlled by Mr. Viatcheslav Kantor.

The Company's registered office is at Novgorod the Great, 173012, Russia.

Financial and operating activities of the Group are subject to certain seasonal factors. Usually the Group's sales decrease in the second and third quarters, which is connected with decreased demand due to the end of sowing season at key Group's markets being Russia and China. The Group utilizes this period for capital and current repairs of its production facilities. The Group's policy to decrease volatility of sales from seasonal factors is aimed at diversification of overseas customers and range of products as well as on-demand production.

2 Basis of Presentation

This consolidated condensed interim financial information for the three months ended 31 March 2008 has been prepared in accordance with IAS 34, *Interim Financial Reporting*. This consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007.

Re-issuance of financial statements. Management has withdrawn the previously issued consolidated condensed interim financial information which was issued on 30 June 2008 in order to correct the valuation of available for sale investments attributable to minority interest. In the originally issued consolidated condensed interim financial information the fair value gains or losses, net of income tax effect, on available for sale investments attributable to minority interest were not recorded in the statement of changes in equity. Management has concluded that IFRS require minority interest in the net assets of consolidated subsidiaries to include the share of fair value gains or losses attributable to minority interest. As a result of this adjustment, at 31 March 2008 and 31 December 2007, the carrying values of available for sale investments were increased by RR 4,441,487 and RR 1,788,220, respectively, with corresponding increase in minority interest by RR 3,375,530 and RR 1,359,047, respectively, and deferred tax liabilities by RR 1,065,957 and RR 429,173, respectively.

3 Accounting Policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2007, as described in the consolidated financial statements for the year ended 31 December 2007.

In addition, the following revised and issued standards were adopted in accordance with their transitional provisions and effective dates:

- IFRIC 11, IFRS 2 – *Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007);
- IFRIC 12, *Service Concession Arrangements* (effective for annual periods beginning on or after 1 January 2008);
- IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after 1 January 2008).

These standards and interpretations have not significantly affected the Group's financial information.

3 Accounting Policies (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2008 and have not been adopted early:

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information.

IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 was issued on March 2007. The main change in IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. The Group expects the revised IAS 23 has no impact on the financial statements as the Group's accounting policies historically complied with it.

IAS 1, Presentation of Financial Statements (revised September 2007; effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Group expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances.

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or on the same basis as US GAAP (at fair value). The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

3 Accounting Policies (continued)

Vesting Conditions and Cancellations – Amendment to IFRS 2, Share-based Payment (issued in January 2008; effective for annual periods beginning on or after 1 January 2009). The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Amendment to IFRS 2, *Share-based Payment* is not currently applicable to the Group as it has no such payments.

IFRIC 13, Customer Loyalty Programmes (issued in June 2007; effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not applicable to the Group as the Group companies do not currently operate any loyalty programmes.

Improvements to International Financial Reporting Standards (issued in May 2008, effective for annual periods beginning on or after 1 January 2009). In 2007, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments issued in May 2008 consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The Group is currently assessing what impact the amendments will have on its consolidated financial statements.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – IFRS 1 and IAS 27 Amendment (revised May 2008; effective for annual periods beginning on or after 1 January 2009). The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognised in profit or loss rather than as a recovery of the investment. The amendments will not have an impact on the Group's consolidated financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

4 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, *Related Party Disclosures*. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's ultimate controlling party is disclosed in Note 1.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 March 2008 and 31 December 2007 are detailed below.

(all amounts are presented in thousands of Russian Roubles)

4 Balances and Transactions with Related Parties (continued)

The following turnovers and balances arise from transactions with related parties:

i Balances with related parties

Balance sheet caption	Note	Relationship	31 March 2008	31 December 2007
Trade receivables, gross	6	Parties under common control	55,678	48,610
Provision for impairment of trade receivables	6	Parties under common control	(13,744)	(18,214)
Prepayments	6	Parties under common control	8,911	5,000
Loans issued		Parties under common control	224,300	200,583
Loans issued		Key management	42,500	-
Other receivables	6	Parties under common control	7,473	27,894
Loans received		Parties under common control	(9,913)	(9,714)
Trade payables	10	Parties under common control	(18,791)	(20,932)
Advances from customers		Parties under common control	(20,228)	(7)

ii Transactions with related parties

			Three months ended	
Income statement caption	Note	Relationship	31 March 2008	31 March 2007
Sales of chemical fertilizers		Parties under common control	370,776	106,114
Purchases of raw materials		Parties under common control	(37,195)	(8,416)
Security services		Parties under common control	(32,422)	(35,345)

iii Cross shareholding

At 31 March 2008 JSC Dorogobuzh, a 71.83% subsidiary of the Company, owned 4,071,600 ordinary shares or 8.54% of the ordinary share capital of the Company (31 December 2007: 4,071,600 ordinary shares or 8.54%). Shares owned by JSC Dorogobuzh are accounted for as treasury shares, but retain their voting rights and dividends.

iv Loans issued

At 31 March 2008 and 31 December 2007 short-term loans to parties under common control totalled RR 224,300 and RR 200,583 respectively, at interest rates in the range of 9% to 10% (2007: 10% to 10.5%).

For three months ended 31 March 2008 the Group accrued interest income of RR 5,079 (for three months ended 31 March 2007: RR 4,888).

At 31 March 2008 long-term loans to key management members totalled RR 42,500, at interest rate of 8% (31 December 2007: nil).

v Key management personnel compensation

Compensation of key management personnel consists of remunerations paid to the members of the Management Boards of the Group's main subsidiaries and to members of Boards of Directors of the Company and its main subsidiaries. Compensation is made up of an annual remuneration and a performance bonus depending on operating results.

Total key management personnel compensation included in general and administrative expenses in the income statement for three months ended 31 March 2008 amounted to RR 86,815 (for three months ended 31 March 2007: RR 89,447). Related state pension and social security costs for three months ended 31 March 2008 amounted to RR 3,175 (for three months ended 31 March 2007: RR 3,130).

(all amounts are presented in thousands of Russian Roubles)

5 Cash and Cash Equivalents

	31 March 2008	31 December 2007
Cash on hand and bank balances denominated in RR	4,251,296	642,278
Bank balances denominated in US$	446,062	170,978
Bank balances denominated in Euro	23,167	16,565
Bank balances denominated in RMB	519,226	505,454
Total cash and cash equivalents	**5,239,751**	**1,335,275**

At 31 March 2008, 53 percent of the Group's cash and cash equivalents were placed as a deposit with a single bank, which is rated as "BBB+" based on the credit ratings of independent rating agency Standard & Poor's.

6 Accounts Receivable

	31 March 2008	31 December 2007
Trade accounts receivable	925,569	528,118
Notes receivable	44,291	435,870
Other accounts receivable	170,271	186,961
Less: impairment provision	(136,921)	(129,753)
Total financial assets	**1,003,210**	**1,021,196**
Advances to suppliers	2,175,700	2,242,954
Deposit for participation in auction for exploration license (Note 15)	620,123	-
Value-added tax recoverable	672,516	772,477
Income tax prepayments	3,065	10,992
Other taxes receivable	7,644	5,367
Less: impairment provision	(8,314)	(16,370)
Total accounts receivable	**4,473,944**	**4,036,616**

7 Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2008	2007
Carrying amount at 1 January	**13,726,062**	**12,233,590**
Additions	759,772	719,175
Disposals	(14,658)	(70,875)
Charge for the period	(275,502)	(257,137)
Currency translation difference	(11,657)	(2,302)
Carrying amount at 31 March	**14,184,017**	**12,622,451**

At 31 March 2008, buildings, machinery, equipment and construction in progress with a net book value of RR 839,298 (31 December 2007: RR 698,623) had been pledged as security for long-term loans.

8 Available-for-Sale Investments

The Group has investments in the following companies:

Name	Activity	Country of registration	31 March 2008	31 December 2007
JSC Sylvinit	Potash mining	Russia	16,327,295	13,229,443
JSC Apatite	Apatite concentrate mining	Russia	9,064,259	3,637,946
JSC Sberbank	Banking	Russia	182,407	254,405
Other			194,791	184,833
			25,768,752	**17,306,627**

(all amounts are presented in thousands of Russian Roubles)

8 Available-for-Sale Investments (continued)

For the three months ended 31 March 2008 fair value gains (losses) for available-for-sale investments were recognized directly in equity in the amount of RR 8,452,166 (for three months ended 31 March 2007: RR 578,842). These investments comprise principally equity securities, which are listed on the Russian Trading System. The share price quoted by RTS for JSC Apatite and JSC Sylvinit amounted to 600 and 1,095 US Dollars for 1 share at 31 March 2008 (230 and 850 US Dollars, respectively, for 1 share at 31 December 2007).

9 Investments in Associates

	2008	2007
Balance at 1 January	362,568	422,221
Share of income/(loss) before tax	71,587	(11,346)
Balance at 31 March	**434,155**	**410,875**

The amount above is represented by the investment of the Group into JSC Sibir Oil and Gas Company (21% of interest held), which significantly expanded production and sales starting from 2008.

10 Accounts Payable

	31 March 2008	31 December 2007
Trade accounts payable	815,092	1,427,798
Dividends payable	6,203	504,869
Total financial payables	**821,295**	**1,932,667**
Payables to employees	277,590	432,469
Accrued liabilities and other creditors	247,327	63,765
Total accounts payable and accrued expenses	**1,346,212**	**2,428,901**

11 Short-Term and Long-Term Borrowings

The Group's borrowings mature as follows:

	31 March 2008	31 December 2007
Borrowings due:		
- within 1 year	4,083,530	2,418,101
- between 2 and 5 years	1,705,893	2,462,135
- after 5 years	910,922	618,888
	6,700,345	**5,499,124**

Bank loans denominated in RMB were collateralised by buildings, machinery and equipment with a net book value of RR 174,299 (31 December 2007: RR 174,834) and land use right with a net book value of RR 124,211 (31 December 2007: RR 123,713). The loans obtained from Chinese banks are secured by guarantees issued by third parties totalled RR 923,336 (2007: RR 1,094,138).

Bank loans denominated in EUR were collateralised by construction in progress with a book value of RR 665,000 (31 December 2007: RR 502,000) and 50% interest in AS BCT, a Group's subsidiary (31 December 2007: 50% interest).

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

At 31 March 2008 and 31 December 2007 the fair value of borrowings was not materially different from their carrying amounts.

(all amounts are presented in thousands of Russian Roubles)

11 Short-Term and Long-Term Borrowings (continued)

The details of the significant short-term loan balances are summarized below:

	31 March 2008	31 December 2007
Short-term borrowings		
Russian roubles		
Loans with fixed interest rates of 7% to 14% per annum	155,078	144,663
Bonds with coupon payments of 8.6% per annum	882,823	882,823
US$		
Loans with fixed interest rates of 7% to 14% per annum	470,312	-
Loans with floating interest rates of LIBOR + 3.45% per annum	1,469,725	147,277
RMB		
Loans with fixed interest rates of 5.58% to 8.28% per annum	804,067	940,905
Plus: current portion of long-term debt	301,525	302,433
Total short-term borrowings	**4,083,530**	**2,418,101**

The details of the significant long-term loan balances are summarized below:

	31 March 2008	31 December 2007
Long-term borrowings		
Russian roubles		
Loans with fixed interest rates of 8% to 14% per annum	621,332	599,382
Euro		
Loans with floating interest rates of EURIBOR + 1.3%	910,922	618,888
US$		
Loans with fixed interest rates of 7.9% per annum	470,312	981,848
Loans with floating interest rates of LIBOR + 2.75% to LIBOR + 3.45% per annum	293,962	559,653
RMB		
Loans with fixed interest rates of 6.732% to 7.83% per annum	621,812	623,685
Less: current portion of long-term debt	(301,525)	(302,433)
Total long-term borrowings	**2,616,815**	**3,081,023**

Unused credit lines available under long-term loan facilities were RR 2,211,795 (31 December 2007: RR 1,791,320).

The loan agreements for a total of RR 2,674,609 (2007: RR 1,325,818) contain certain covenants including those which require the Group to maintain a minimum level of net assets of at least USD 190 million, and impose restrictions on total debt which should not exceed 60% of the net assets, and EBITDA/net interest expense ratio which should be no less than 4 to 1. The loan agreements also provide for the borrower's obligation to maintain the required level of foreign currency inflows through the accounts opened with the lending banks. The loan agreements also provide for subjective acceleration clauses in case of the borrower's failure to fulfill or appropriately fulfill his obligations to the bank.

The loan agreements for a total of RR 1,490,624 (2007: RR 1,551,848) were secured by a pledge of the Company's promissory notes. The collateral value of the notes remaining in pledge should not be less than the borrower's liability, including principal and interest accrued for no less than three months of the credit term. In addition, these agreements contain subjective acceleration clauses in relation to events triggered by borrower's failure to fulfill the contractual obligations. Also, these covenants permit the lending banks to directly debit the accounts opened by the borrower with the banks to ensure repayment of the overdue debt.

(all amounts are presented in thousands of Russian Roubles)

11 Short-Term and Long-Term Borrowings (continued)

The loan agreements for a total of RR 110,000 (2007: RR 110,000) contain a covenant, that requires the borrower to maintain a required level of cash flows through the accounts opened with the lending bank. The loan agreement also includes a number of covenants and a subjective acceleration clause in case of the borrower's failure to fulfill his obligations under the loan agreements which include restrictions on material transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the borrowings.

The loan agreements for a total of RR 116,410 (2007: RR 56,045) contain a covenant to maintain the required level of cash flows through the accounts opened with the lender. Also, they allow the bank to directly debit the borrower's accounts with the lending banks to ensure repayment of his debt.

12 Earnings per Share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the reporting period, excluding treasury shares. The Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	Three months ended	
	31 March 2008	**31 March 2007**
Weighted average number of shares outstanding	47,687,600	47,687,600
Adjusted for weighted average number of treasury shares	(4,071,600)	(4,071,600)
Weighted average number of shares outstanding	43,616,000	43,616,000
Profit attributable to the equity holders of the Company	**3,652,138**	**1,207,989**
Basic and diluted earnings per share (in Russian roubles) attributable to the equity holders of the Company	**83.73**	**27.70**

13 Income Taxes

	Three months ended	
	31 March 2008	**31 March 2007**
Income tax expense – current	1,324,656	434,067
Deferred tax credit – origination and reversal of temporary differences	(19,622)	31,336
Income tax charge	**1,305,034**	**465,403**

14 Contractual Commitments and Contingencies

As at 31 March 2008 the Group had outstanding capital commitments in relation to property, plant and equipment for amount of RR 812,791 (31 December 2007: RR 904,199).

The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 31 March 2008 and 31 December 2007, the Group has issued financial guarantees to third parties in respect of borrowings from non-group companies in the amount of RR 923,336 and RR 1,094,138, respectively. No amount has been accrued in the consolidated condensed interim financial information for the Group's obligation under these guarantees as the projected outflows from such guarantees are immaterial.

Management estimates that the Group has possible obligations from exposure to other than remote tax risks of RR 59,773 (2007: RR 64,750). These exposures primarily relate to recoverability of VAT.

15 Subsequent Events

Export duties

In March 2008 the Government of the Russian Federation introduced duties, effective from April 2008, on exports of nitrogen fertilizers, complex fertilizers and apatite to countries outside the CIS Customs Union. The duties applicable to the Group's products are 8.5% and 6% of the declared customs value of nitrogen and complex fertilizers and apatite, respectively. Management is currently assessing the impact of these duties on the Group's future financial results. Currently, export sales represent 52% (for three months ended 31 March 2007: 50%) of Group's of revenues.

Acquisition of the right to develop Verkhnekamskoye potash deposit

In May 2008, the Group, following an auction process, acquired a license for the exploration and development of the Talitsky section of the Verkhnekamskoye potash deposit, located in Perm region, Russian Federation. The license expires in April 2028. The cost of the license amounted to RR 16,802,000, which was paid in cash to the Russian State. This acquisition was financed by credit line committed by JSC Sberbank for RR 13,441,600 payable in 7 years and bearing 11.25% interest. Available for sale investment in JSC Sylvinit (Note 8) and 100% shares in the Group's subsidiary, LLC Verkhnekamskaya Kaliyanaya Kompaniya, the legal owner of the license, had been pledged as security for this long-term loan facility. In accordance with the conditions of the license, the Group has the following commitments:

- to commence the geological exploration by 15 April 2009;
- to commence the extraction of potash salt by 15 June 2014.

Management is in the process of estimation of the probable expenditure required to comply with terms of the license. At the date of this consolidated condensed interim financial information, no significant purchase commitments or contracts were outstanding in connection with such exploratory expenditure.

Dividends declared by the Company

In May 2008 the annual shareholders meeting approved an annual dividends distribution for the year ended 31 December 2007 in the amount of 65 Russian roubles per each ordinary share. This dividend will be paid in addition to the interim dividends declared during the year in the amount of 25 Russian roubles per each ordinary share.

In June 2008 the extraordinary shareholders meeting of the Company approved an interim dividends distribution for the three months ended 31 March 2008 in the amount of 40 Russian roubles per each ordinary share.

Dividends declared by the Group's subsidiary

In May 2008 the annual shareholders meeting of the Group's subsidiary, JSC Dorogobuzh, approved an annual dividends distribution for the year ended 31 December 2007 in the amount of RR 1,645,826 (1.88 Russian roubles per each ordinary share and preferred share).

New subsidiaries

In June 2008 the Group established the 100% subsidiary, trading house Agronova International Inc. in the United States of America.

In May 2008 the Group contributed RR 734,700 ($CDN 31 million) to the share capital of 101109718 Saskatchewan Ltd (Canada) in exchange for the new shares issued comprising 98% of the share capital of a company. The cash contributed was used to acquire exploration licenses. As at the date of this consolidated condensed interim financial information the acquired entity obtained 26 licenses to explore for potash deposits in the Canadian province of Saskatchewan.

Bank loans and bonds

Subsequent to 31 March 2008 and prior to the date of this consolidated condensed interim financial information, the Group has obtained additional bank loans of RR 3,830,687, excluding JSC Sberbank loan described above, and repaid existing bank loans and bonds of RR 988,945.