

AUDIT REPORT
on JSC Acron Consolidated Financial
Statements
for the Year 2008

Moscow, 2009

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).

AUDITED COMPANY

- (7) **Name:** JSC Acron
- (8) **Domicile:** JSC Acron Site, 173012 Veliky Novgorod, Russia
- (9) **Certificate of State Registration:**
- 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);
 - 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.

AUDITOR'S REPORT

to the owners and other users

of Consolidated Financial Statements (accounts) of

JSC ACRON

- (10) We have audited the accompanying financial statements (accounts) of JSC Acron for the year 2008 issued on March 26, 2009. 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 (accounts) of Acron include:
- Consolidated Balance Sheet;
 - Consolidated Profit and Loss Statement;
 - Supplements to the Consolidated Balance Sheet and 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.
- (13) We conducted our audit in accordance with:
- Federal Law of the Russian Federation No. 307-FZ *On auditing activity* dd December 30, 2008;
 - the Federal Audit Rules (Standards);
 - Internal Audit Rules (Standards) of the Institute of Professional Auditors, a non-profit partnership;
 - Internal Audit Rules (Standards) of LLC Baker Tilly Russaudit.

- (14) The audit was planned and performed to obtain reasonable assurance about whether the financial statements (accounts) are free of material misstatement.
- (15) The audit is performed on a random basis and includes examining, on a test basis, evidence supporting the amounts in the financial statements (accounts), as well as disclosures of financial and economic activity. The audit also includes assessing adherence to the accounting principles and rules used for preparation of consolidated financial statements (accounts), consideration of significant estimates made by management of the audited Company, as well as evaluating the overall representation of the financial statements (accounts).
- (16) We believe that our audit provides a reasonable basis for our opinion on whether these consolidated financial statements (accounts) are true and fair.
- (17) In our opinion, Acron's consolidated financial statements (accounts) present fairly, in all material respects, Acron's financial position as of December 31, 2008, as well as financial results of its operations for the period between January 1 and December 31, 2008 inclusive, in compliance with the Russian law applicable to consolidated accounting and reporting.

Moscow March 30, 2009

LLC Baker Tilly Russaudit

M.B.Pavlova
Deputy General Director

*(Auditor's Qualification Certificate
No.011191, dated February 29, 1996 (Minutes No.104 dated March 28, 2002)
extended for an unlimited period)*

I.A.Zakharyants
Audit Team Leader

*(Auditor's Qualification Certificate
No. K029077, dated November 12, 2008 (Order No.545, dated November 12,
2008)
extended for an unlimited period)*

CONSOLIDATED BALANCE SHEET OF JSC ACRON
as of December 31, 2008 __

Stated in: RUB '000

OKUD Form No.1

0710001

ASSETS	Code	Opening Balance	Closing Balance
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	2 548 992	3 210 256
<i>incl. subsidiaries goodwill</i>	<i>111</i>	<i>2 543 939</i>	<i>3 130 993</i>
Fixed assets	120	7 238 776	10 292 984
Construction in progress	130	2 593 058	4 702 159
Income-bearing investments in tangible assets	135	-	-
Long-term financial investments	140	18 410 814	5 704 726
Deferred tax assets	145	45 862	468 946
Other non-current assets	150	11 996	79 692
TOTAL under Section I	190	30 849 498	24 458 763
II. CURRENT ASSETS			
Inventories	210	4 925 320	26 237 581
<i>incl.:</i>			
<i>feedstock, raw materials and similar assets</i>	<i>211</i>	<i>4 010 232</i>	<i>5 524 328</i>
<i>rearers and feeders</i>	<i>212</i>	<i>88 429</i>	<i>119 844</i>
<i>cost of work in progress</i>	<i>213</i>	<i>137 089</i>	<i>170 645</i>
<i>finished goods and goods for resale</i>	<i>214</i>	<i>300 042</i>	<i>1 502 572</i>
<i>goods shipped</i>	<i>215</i>	<i>85 722</i>	<i>142 846</i>
<i>prepaid expenses</i>	<i>216</i>	<i>303 668</i>	<i>18 751 236</i>
<i>other inventories and costs</i>	<i>217</i>	<i>138</i>	<i>26 110</i>
Input value added tax	220	206 231	340 217
Accounts receivable (due more than 12 months after the accounting date)	230	282 809	356 699
<i>incl. trade receivables</i>	<i>231</i>	<i>256 455</i>	<i>294 725</i>
Accounts receivable (due within 12 months after the accounting date)	240	3 805 642	3 781 201
<i>incl. trade receivables</i>	<i>241</i>	<i>620 553</i>	<i>450 987</i>
Short-term financial investments	250	655 257	2 668 183
Cash	260	1 658 247	2 481 888
Other current assets	270	41 192	71 501
TOTAL under Section II	290	11 574 698	35 937 270
BALANCE-SHEET TOTAL	300	42 424 196	60 396 033

LIABILITIES	Code	Opening Balance	Closing Balance
1	2	3	4
III. EQUITY			
Authorised capital	410	238 438	238 438
Treasury stock	411	-	(210 236)
Capital surplus	420	1 848 603	1 756 528
Capital reserve	430	457 704	584 450
<i>incl.:</i>			
<i>statutory reserves</i>	431	11 922	11 922
<i>reserves formed under constituent documents</i>	432	445 782	572 528
Retained profit (loss)	470	23 895 134	19 440 952
TOTAL under Section III	490	26 439 879	21 810 132
Minority interest		2 064 012	2 397 185
Subsidiaries goodwill		34 174	37 269
IV. LONG-TERM LIABILITIES			
Loans and borrowings	510	3 224 105	10 482 219
Deferred tax liabilities	515	4 366 622	1 555 044
Other long-term liabilities	520	85 754	134 865
TOTAL under Section IV	590	7 676 481	12 172 128
V.SHORT-TERM LIABILITIES			
Loans and borrowings	610	2 261 805	18 431 598
Accounts payable	620	3 353 402	5 096 569
<i>incl.:</i>			
<i>trade accounts payable</i>	621	1 753 031	2 432 723
<i>payroll payable</i>	622	110 383	95 604
<i>accounts payable to state extra-budgetary funds</i>	623	72 237	65 715
<i>taxes payable</i>	624	431 963	95 900
<i>other accounts payable</i>	625	985 788	2 406 627
Dividends payable to members/founders	630	576 345	448 428
Deferred revenues	640	3 370	2 716
Provision for future expenses	650	-	-
Other short-term liabilities	660	14 728	8
TOTAL under Section V	690	6 209 650	23 979 319
BALANCE-SHEET TOTAL	700	42 424 196	60 396 033
Statement of Off -Balance Sheet Assets			
Rented fixed assets	910	1 026 057	1 028 117
<i>incl. under lease arrangements</i>	911	-	-
Tangibles in custody	920	153 162	398 320
Goods accepted for commission	930	-	363
Bad debt write-offs	940	65 267	72 561
Securities for obligations and payments received	950	-	81 067
Securities for liabilities and payments paid	960	3 297 482	3 917 968
Depreciation of housing stock	970	2 642	2 893
Depreciation of outdoor infrastructure and similar assets	980	513	616
Intangibles received for use	990	-	-

CEO Ivan Antonov
(signature) (Name)

Chief Accountant Nadezhda Pavlova
(signature) (Name)

March "26", 200 9

CONSOLIDATED PROFIT AND LOSS STATEMENT OF JSC ACRON

for _____ **200 8**

Stated in: RUB '000

OKUD Form No.2

0710002

Item	Code	Reporting Period	Corresponding Prior Period
1	2	3	4
Operating revenue and expenses			
(Net) proceeds from the sale of goods, products, work and services (less value added tax, excise duties and similar charges)	010	45 105 442	30 876 180
Cost of sold goods, products, works and services	020	(18 607 668)	(17 713 286)
Gross profit	029	26 497 774	13 162 894
Sales expenses	030	(4 816 980)	(2 660 212)
Administrative expenses	040	(2 594 930)	(1 975 444)
Sales profit (loss)	050	19 085 864	8 527 238
Other revenue and expenses			
Interest receivable	060	213 140	57 938
Interest payable	070	(1 413 119)	(493 549)
Revenue from shareholdings	080	257 656	267 614
Other revenues	090	45 785 297	29 523 427
Other expenses	100	(62 241 934)	(20 321 821)
Capitalised revenue (loss)		-	-
Profit (loss) before tax	140	1 686 904	17 560 847
Deferred tax assets	141	678 019	17 585
Deferred tax liabilities	142	2 438 454	(2 417 306)
Current profit tax	150	(4 031 894)	(1 939 069)
Net profit (loss) for the accounting period	190	771 483	13 222 057
Minority interest		32 398	(531 771)
Net profit (loss) for the accounting period less minority interest		803 881	12 690 286
FOR REFERENCE ONLY			
Permanent tax liabilities (assets)	200	508 077	78 823
Basic earnings (loss) per share	201		
Diluted earnings (loss) per share	202		

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
of JSC ACRON for 2008

RUB '000

I. Changes in Shareholders' Equity

Description	Charter Capital	Capital Surplus	Capital Reserves	Retained Profit (Loss)	Total	
Code						
1	2	3	4	5	6	7
Balance as of December 31 of the year preceeding the previous year	010	238 438	1 834 823	411 699	12 892 296	15 377 256
200 7 (previous year)						
Effect of changes in accounting policy	011	X	X	X	-	-
Effect of fixed assets revaluation	012	X	-	X	-	-
Balance as of January 1 of the previous year	030	238 438	1 834 823	411 699	12 892 296	15 377 256
Foreign currency translation difference	031	X	-	-	-	-
Net profit	032	X	X	X	12 690 286	12 690 286
Dividends	033	X	X	X	(1 853 930)	(1 853 930)
Allocations to reserve fund	040	X	X	75	(75)	-
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	-	-
change in minority interest and acquisition of subsidiaries	054	-	29 578	45 930	150 759	226 267
other events	055	-	-	-	15 798	15 798
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 events	064	-	(15 798)	-	-	(15 798)
Balance as of December 31 of the previous year	070	238 438	1 848 603	457 704	23 895 134	26 439 879
200 8 (reporting year)						
Effect of changes in accounting policy	071	X	X	X	-	-
Effect of fixed assets revaluation	072	X	-	X	-	-
Balance as of January 1 of the	100	238 438	1 848 603	457 704	23 895 134	26 439 879
Foreign currency translation difference	101	X	-	113 637	(96 848)	16 789
Net profit	102	X	X	X	803 881	803 881
Dividends	103	X	X	X	(5 397 238)	(5 397 238)

1	2	3	4	5	6	7
Allocations to reserve fund	110	X	X	13 109	(13 109)	-
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	-	-
change in minority interest and acquisition of subsidiaries	124	-	-	-	249 132	249 132
other events	125	-	-	-	0	0
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 events	134	-	(92 075)	-	-	(92 075)
Balance as of December 31 of the reporting year	140	238 438	1 756 528	584 450	19 440 952	22 020 368

II. Reserves

Description	Code	Opening Balance	Allocated	Distributed	Closing Balance
1	2	3	4	5	6
Statutory reserves					
Capital Reserve					
(reserve description)					
for the previous year	151	11 922	-	-	11 922
for the reporting year	152	11 922	-	-	11 922
(reserve description)					
for the previous year		-	-	-	-
for the reporting year		-	-	-	-
Reserves Formed under Constituent Documents					
Capital Reserve					
(reserve description)					
for the previous year	161	399 777	46 005	-	445 782
for the reporting year	162	445 782	126 746	-	572 528
(reserve description)					
for the previous year		-	-	-	-
for the reporting year		-	-	-	-
Revaluation Reserves					
(reserve description)					
for the previous year	171	-	-	-	-
for the reporting year	172	-	-	-	-
(reserve description)					
for the previous year		-	-	-	-
for the reporting year		-	-	-	-
(reserve description)					
for the previous year		-	-	-	-
for the reporting year		-	-	-	-

1	2	3	4	5	6
Provision for deferred expenses:					
(reserve description)					
for the previous year	181	-	-	-	-
for the reporting year	182	-	-	-	-
(reserve description)					
for the previous year		-	-	-	-
for the reporting year		-	-	-	-

Reference Information

Description		Opening Balance		Closing Balance	
	Code				
1	2	3		4	
1) Net assets	200	26 443 249		21 812 848	
		From the budget		From extra-budgetary funds	
		reporting year	previous year	reporting year	previous year
		3	4	5	6
2) Received for:					
operating expenses - total	210	-	-	-	-
including:					
	211	-	-	-	-
	212	-	-	-	-
	213	-	-	-	-
capital expenditure on non-current assets	220	-	-	-	-
including:					
	221	-	-	-	-
	222	-	-	-	-
	223	-	-	-	-

Chief Executive Officer of Acron

Ivan Antonov

Chief Accountant of Acron

Nadezhda Pavlova

March 26, 2009

**CONSOLIDATED CASH FLOW STATEMENT
of JSC ACRON for 2008**

RUB '000

Description			Corresponding Prior
1	Code	Reporting Period	Period
1	2	3	4
Opening cash balance	010	1 658 247	1 435 676
Cash flow from operating activities			
Trade receipts	020	55 048 118	34 206 415
	030		
Other revenues	110	66 882 219	41 067 831
Cash paid in the form of:	120		
payments for goods, work, services, raw materials and other current assets	150	(44 738 970)	(24 690 894)
payroll	160	(2 750 671)	(2 297 241)
dividends and interest	170	(6 552 009)	(1 827 934)
taxes and similar charges	180	(5 960 829)	(2 649 047)
other expenses	190	(83 322 457)	(40 720 368)
Net cash flow from operating activities	200	(21 394 599)	3 088 762
Cash flow from investment activities			
Disposal of fixed assets or other non-current assets	210	30 776	69 929
Disposal of securities or other financial instruments	220	306 153	184 763
Dividends received	230	374 395	235 665
Interest received	240	71 274	44 747
Repayment of loans issued to other companies	250	2 941 234	1 116 009
Acquisitions	260	1 510 000	-
Purchase of subsidiaries	280	-	-
Purchased fixed assets, income-bearing investment and intangible assets	290	(3 563 760)	(843 864)
Purchased securities and other financial instruments	300	(24 251)	(70)
Loans issued to other companies	310	(3 105 072)	(1 362 734)
Other payments	320	(25 000)	(60 011)
Net cash flow from investment activities	340	(1 484 251)	(615 566)
Cash flow from financial activities			
Securities or other equity issued	350	-	-
Loans or borrowings obtained	360	41 523 417	4 598 155

1	2	3	4
other		529 294	2 382
Repayment of loans or borrowings (less interest)	390	(18 820 625)	(6 512 912)
Repayment of financial lease	400	(289 278)	(300 764)
Other expenses		(54 305)	(15 342)
Net cash flow from financial activities	430	22 888 503	(2 228 481)
Net increase (decrease) in cash and cash equivalents	440	9 653	244 715
Closing cash balance	450	2 481 888	1 658 247
Effect of Russian rouble exchange rate movement	460	813 988	-22 144

Chief Executive Officer of Acron

Ivan Antonov

Chief Accountant of JSC Acron

Nadezhda Pavlova

March 26, 2009

**CONSOLIDATED BALANCE SHEET SUPPLEMENT
of JSC ACRON for 2008**

RUB '000

Intangible Assets

Item		Opening Balance	Recorded	Disposed of	Closing Balance
	Code				
1	2	3	4	5	6
Intellectual property rights (exclusive rights to intellectual property)	010	4 743	130	-	4 873
including: patent holder rights to an invention, industrial design, useful model	011	78	4	-	82
rights to software or databases	012	2 006	-	-	2 006
rights to integral circuit topography	013	-	-	-	-
rights to a trademark, service mark, geographical indication rights	014	2 659	126	-	2 785
plant breeder's rights	015	-	-	-	-
Administrative expenses	020	-	-	-	-
Goodwill	030	2 543 939	587 054	-	3 130 993
	035				
Other	040	2 356	74 712	-	77 068

Item		Opening Balance	Closing Balance
	Code		
1	2	3	4
Intangible assets amortization - total	050	2 046	2 678
incl:	051		
	052		
	053		

Fixed Assets

Item		Opening Balance	Recorded	Disposed of	Closing Balance
	Code				
1	2	3	4	5	6
Buildings	070	2 595 679	679 875	(145 583)	3 129 971
Installations and transmission units	075	2 537 840	575 372	(153 283)	2 959 929
Plant and machinery	080	8 554 258	1 862 199	(128 965)	10 287 492
Vehicles	085	1 028 354	1 037 572	(43 338)	2 022 588
Production and business inventory	090	77 365	17 778	(3 620)	91 523
Working livestock	095	16 921	2 026	(1 009)	17 938
Producing livestock	100	16 888	15 042	(8 636)	23 294
Perennial plants	105	638	-	-	638
Other fixed assets	110	23 484	443 122	(11 091)	455 515
Land plots and natural assets	115	26 331	256 497	(15 946)	266 882
Capital investments in land improvement	120	-	-	-	-
Total	130	14 877 758	4 889 483	(511 471)	19 255 770

Item		Opening Balance	Closing Balance
	Code		
1	2	3	4
Depreciation of fixed assets - total	140	7 638 982	8 962 786
incl.			
buildings and installations	141	2 305 408	2 606 658
machines, equipment, and vehicles	142	5 285 799	6 265 773
other	143	47 775	90 355
Leased out fixed assets - total	150	251 337	195 153
including			
buildings	151	80 899	69 308
other	153	170 438	125 845
Suspended fixed assets	160	144 961	146 676
Leased fixed assets - total	161	1 080 604	1 028 117
including:			
Real estate pending state registration	165	-	185 524
	Code	Opening Balance	Opening Balance of the prior year
For Reference	2	3	4
Effect from revaluation of fixed assets	170	-	26
historical (replacement) cost	171	-	66
depreciation	172	-	40
	Code	Opening Balance	Closing Balance
	2	3	4
Changes in fixed assets' value resulting from additional construction, modernization, revamping, partial demolition	180	967 801	803 363

Income-Bearing Investments in Tangible Assets

Item		Opening Balance	Recorded	Disposed of	Closing Balance
1	Code 2				
Assets to be transferred under lease arrangements	210	-	-	-	-
Assets to be transferred under rent arrangements	220	-	-	-	-
	230				
Other	240	-	-	-	-
Total	250	-	-	-	-

		Opening Balance	Closing Balance
1	Code 2		
Depreciation of income-bearing investments in tangible assets	260	-	-

R&D Expenses

Description		Opening Balance	Recorded	Disposed of	Closing Balance
1	Code 2				
Total	310	280	-	(133)	147
including	311				
	312				

		Code	Opening Balance	Closing Balance
For Reference				
R&D in progress		2	3	4
		320	-	-

		Code	Reporting Period	Corresponding Prior Period
Unproductive R&D expenses recorded as non-operating expenses				
		2	3	4
		330	-	-

Natural Resources Development

Description		Opening Balance	Recorded	Disposed of	Closing Balance
1	Code 2				
Natural resources development - total	410	-	-	-	-
including:	411				
	412				

		Code	Opening Balance	Closing Balance
For Reference				
Expenses for subsoil resources development, pending exploration, reserve evaluation, and/or hydrogeological survey or simialr activities		2	3	4
		420	-	-
Unproductive expenses for subsoil resources development recorded as non-operating expenses		430		
			-	-

Financial Investments

Description		Long-Term		Short-Term	
		Opening Balance	Closing Balance	Opening Balance	Closing Balance
1	Code	3	4	5	6
Interest in charter (share) capital of other entities - total	510	18 401 836	5 176 997	-	-
including subsidiaries and associates	511	-	-	-	-
State and municipal securities	515	-	-	-	-
Securities of other entities - total	520	5 372	1 028	180	-
including debt securities (bonds and bills of exchange)	521	-	-	180	-
Loans issued	525	3 606	526 701	513 002	811 464
Deposits	530	-	-	41 225	1 856 719
Other	535	-	-	100 850	-
Total	540	18 410 814	5 704 726	655 257	2 668 183
Of the total amount, quoted financial instruments					
Interest in charter (share) capital of other entities - total	550	17 069 200	4 404 189	-	-
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	-	-	-	-
Total	570	17 069 200	4 404 189	-	-
For Reference					
Effect of mark-to-market revaluation for quoted financial instruments	580	15 879 891	3 246 090	-	-
For debt securities, difference between historical cost and nominal value posted to financial result of the reporting period	590	-	-	-	-

Accounts Receivable and Payable

Description		Opening Balance	Closing Balance
1	Code 2		
		3	4
Accounts receivable			
short-term - total	610	3 805 642	3 781 201
including:			
trade receivables	611	620 553	450 987
advances paid	612	2 007 922	1 831 505
other	613	1 177 167	1 498 709
long-term - total	620	282 809	356 699
including:			
trade receivables	621	256 455	294 725
advances paid	622	-	966
other	623	26 354	61 008
Total	630	4 088 451	4 137 900
Accounts payable			
short-term - total	640	5 615 207	23 528 167
including:			
trade payables	641	336 421	568 364
advances received	642	1 416 610	1 864 359
taxes payable	643	504 200	161 615
loans	644	1 448 641	18 255 110
borrowings	645	813 164	176 488
other	646	1 096 171	2 502 231
long-term - total	650	3 309 859	10 617 084
including:			
loans and borrowings	651	3 224 105	10 482 219
other	653	85 754	134 865
Total	660	8 925 066	34 145 251

Operating Expenses Breakdown

Description		Reporting Period	Corresponding Prior Period
1	Code 2		
		3	4
Cost of materials	710	20 793 406	16 412 246
Payroll	720	3 337 699	3 159 121
Social charges	730	727 909	671 313
Amortization	740	771 961	643 831
Other expenses	750	1 624 691	1 715 120
Total for expense items	760	27 255 666	22 601 631
Movements (increase [+], decrease [-]) of:			
production in progress	765	33 556	13 404
deferred expenses	766	18 447 568	22 986
provision for deferred expenses	767		

Guarantees

Description		Opening Balance	Closing Balance
	Code		
1	2	3	4
Received - total	810	-	81 067
including:			
bills of exchange	811	-	-
Assets pledged	820	-	-
of which:			
fixed assets	821	-	-
securities and other financial instruments	822	-	-
other	823	-	-
Issued - total	830	3 297 482	3 917 968
including:			
bills of exchange	831	2 207 463	2 229 682
Assets pledged	840	7 040	26 696
of which:			
fixed assets	841	-	10 465
securities and other financial instruments	842	-	-
other	843	7 040	16 231

Government Subsidies

Description		Reporting Period		Corresponding Prior Period	
наименование	Code				
1	2	3	4	5	6
Received from the state budget in the reporting year	910	-		3 685	
including					
		Opening Balance	Received in the Reporting Period	Repaid in the Reporting Period	Closing Balance
Loans from the state budget - total	920	-	-	-	-
including					

Chief Executive Officer of Acron

Ivan Antonov

Chief Accountant of Acron

Nadezhda Pavlova

March 26, 2008

BAKER TILLY

RUSSAUDIT

**AUDITOR'S REPORT
ON CONSOLIDATED FINANCIAL
STATEMENTS
OF JSC ACRON
for the year 2008**

Moscow, 2009

EXPLANATORY NOTE

to the consolidated financial statements of JSC Acron for the year 2008

1. General

The present financial statements of Joint Stock Company Acron (hereinafter the "Company" or "Acron") and its subsidiaries (hereinafter jointly referred to as the "Group") for the year ended on December 31, 2008, have been prepared in accordance with the requirements of Order of the Russian Ministry of Finance No.112 dated December 30, 1996 *On the Methodical Recommendations on preparation and presentation of consolidated financial statements* (hereinafter referred to as the "Methodical Recommendations"), RAS 4/99 *Financial accounts of organisations*, and pursuant to the *Accounting and Reporting Regulation of the Russian Federation* approved by Order of the Russian Ministry of Finance No.34n dated July 29, 1998.

The Group's principal activities include the production, marketing and distribution of mineral fertilisers and related by-products. The Group's production facilities are primarily based in the Novgorod and Smolensk regions 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 enterprise 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 Company's registered office is located at 173012 Veliky Novgorod, Russia.

In 2008, the average number of the Group's employees was 13,311.

2. Details of companies included into the consolidated financial statements

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.

ACRON'S SUBSIDIARIES

Name: **JSC Dorogobuzh**

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

Acron holds **91.93%** of Dorogobuzh voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.07%**.

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 **15.07%**.

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 **15.07%**.

Name: **LLC Dnepr**

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

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

15.07%.

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 **15.07%**.

Name: **LLC Starosmolenskoye**

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

Acron holds **100%** interest in LLC Srarosmolenskoye and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.07%**.

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 **15.07%**.

Name: **LLC Dorogobuzh Remstroy**

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

Acron holds **100%** interest in Dorogobuzh Remstroy and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.07%**.

Name: **LLC ANDREX**

Address: 1, 5th 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 **15.07%**.

Name: **LLC Balttrans**

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

Acron holds **100%** interest in Balttrans and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.07%**.

Name: **LLC Yubileiny Hotel Complex**

Address: 31a, Komsomolskaya St., Verkhnedneprovsky Settlement, Dorogobuzh District, 215750 Smolensk Region, Russia

Acron holds **100%** interest in LLC Yubileiny Hotel Complex and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15.07%**.

Name: **CJSC Shebekinoagronova**

Address: 1-a Polevaya 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 **7.62%**.

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 **3.89%**.

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.

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: **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: **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 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: **LLC Private Security Agency Zvezda**

Address: 22 Lenina St., Apatity Murmansk region, Russia

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

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: **CJSC Partomchorr**

Address: 22/39, Zubovsky Blvd, 119992 Moscow, Russia

Acron holds **100%** of Partomchorr 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: **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: **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 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: **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 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: **LLC Acron-Remont**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

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

Name: **LLC Acron-Remstroy**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** interest in Acron-Remstroy 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 Acronagrotrading**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **100%** of Acronagrotrading voting shares 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: **CJSC Acron-Invest**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

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

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: **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 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: **JSC Firma Proekt**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

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

Name: **CJSC Agronova**

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

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: **JSC Agronova-Bryansk**

Address: Glinishevo village, Bryansk District, 242025 Bryansk Region, Russia

Acron holds **74.99%** of Agronova-Bryansk voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **25.12%**.

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 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: **JSC Koubanagronova**

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

Acron holds **71.99%** of Koubanagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **28.12%**.

Name: **CJSC Livnyagronova**

Address: 23 Nagorny village, 303800 Livny 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: **JSC Krasnoarmeiskagronova**

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

Acron holds **63.27%** of Krasnoarmeiskagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **36.83%**.

Name: **CJSC Belagronova**

Address: 1g, August 5th 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: **JSC Alekseevkaagronova**

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

Acron holds **75%** of Alekseevkaagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **25.11%**.

Name: **JSC Yakovlevoagronova**

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

Acron holds **74.98%** of Yakovlevoagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **25.13%**.

Name: **CJSC Gubkinagronova**

Address: 7 3rd Melnichny Lane, 309187 Gubkin town, Belgorod Region, Russia

Acron holds **90.71%** of Gubkinagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **9.43%**.

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 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 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%**.

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 **0.15%**.

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 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 Gryaziagronova**

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

Acron holds **63.36%** of Gryaziagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **36.74%**.

Name: **CJSC Eletzagronova**

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

Acron holds **75.16%** of Eletzagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **24.95%**.

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: **JSC Zadonskagronova**

Address: M. Panarino village, Zadonsky District, 399200 Lipetsk Region, Russia
Acron holds **74.88%** of Zadonskagronova voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **25.23%**.

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: **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: **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: **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 Plodorodie**

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

Name: **LLC Plodorodie-Lukoyanov**

Address: 145 Zarechnaya St., Malaya Polyana village, Lukoyanov district, 607821 Nizhnyi Novgorod region, Russia

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

Name: **LLC Plodorodie-Shatki**

Address: 49 Sovetskaya St., Silino village, Shatki district, 607705 Nizhnyi Novgorod region, Russia

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

Name: **CJSC Agrofirma Vysokye Tekhnologii**

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

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

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: **AS BCT**

Address: Tallinn, Estonia

Acron holds **85%** of AS BCT voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **15%**.

Name: **Seatrader Agency OU**

Address: Tallinn, Estonia

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

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

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

Address: Eastern site, Luozhuang district, Hubei St., 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: **AGRONOVA INTERNATIONAL INC.**

Address: 1920 East Hallandale Beach Blvd., Suite 900, Hallandale FL 33009, the United States of America

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

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

Address: Middle site, Luosijie St., Luozhuang district, 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%**.

Name: **Beijing Yong Sheng Feng Agricultural Means of Production Co., Ltd.**

Address: B-2307, JIAN WAI SOHO, Beijing, China, 100022

Acron holds **100%** interest in Beijing Yong Sheng Feng AMPC Ltd. and, therefore, may influence its decision-making process.

Name: **101109718 SASKATCHEWAN LTD.**

Address: #318, 111 Research Drive, Saskatoon, Saskatchewan, Canada, S7N 3R2

Acron holds **98%** of 101109718 SASKATCHEWAN LTD. voting shares and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **2%**.

Name: **AS DBT**

Address: 13, Koorma Str., Haabneeme, Viimsi vald, Harjumaa, 74115, Estonia

Acron holds **50%** interest in AS DBT and, therefore, may influence its decision-making process. For the consolidated accounting purposes, the minority interest is **50%**.

Name: **CJSC Acron-Trans**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **50%** interest in CJSC Acron-Trans and, therefore, may influence its

decision-making process. For the consolidated accounting purposes, the minority interest is **50%**.

ACRON'S RELATED COMPANIES

Name: **LLC Remvagonservice**

Address: JSC Acron Site, 173012 Veliky Novgorod, Russia

Acron holds **50%** interest in LLC Remvagonservice and, therefore, may influence its decision-making process.

3. Details of the charter capital's composition and structure

As of December 31, 2008, the company's charter capital is RUB 238,438 thousand all of which is the paid-up capital.

	As of 31.12.2008	As of 31.12.2007
Charter capital, stated in RUB '000	238,438	238,438
Number of issued shares, pcs.	47,687,600	47,687,600
Share par value, stated in RUB	5	5

Type of shares: ordinary registered. No shares are outstanding.

Between May 16 and May 27, 2008, Acron repurchased its shares to comply with the request of shareholders who voted against certain major transactions or did not participate in voting at the general shareholders meeting on March 24, 2008. The repurchase was in conformance with Articles 75 and 76 of Federal Law No. 208-FZ of December 26, 1995 *On Joint Stock Companies*.

JSC Acron's shares are traded at:

Russian Trading System, B list

MICEX, B list

London Stock Exchange, official list

4. Information about payment of declared (accrued) dividend on shares

The general shareholders meeting shall make resolutions on payment (declaration) of dividend, its amount, form and payment procedure. The term for dividend payment shall be defined by the Charter.

For 2007:

- dividend for six months of 2007 per one share (stated in RUB): 13
- dividend for nine months of 2007 accrued in addition to the interim dividend, per one share (stated in RUB): 12
- dividend for the fiscal year 2007 accrued in addition to the interim dividend, per one share (stated in RUB): 40

For 2008:

- dividend Q1 2008 per one share (stated in RUB): 40
- dividend for six months of 2008 accrued in addition to the interim dividend, per one share (stated in RUB): 40

Individual and corporate income tax was charged and withheld in compliance with the current law.

5. Summary of significant accounting policies

These consolidated financial statements were prepared by consolidating the financial statements of the parent company and its subsidiaries, and reflect the financial position as of the reporting date and financial performance for the reporting period of the group of interrelated organisations (hereinafter the “Group”).

In accordance with the requirements of Order of the Russian Ministry of Finance No.112 dated December 30, 1996, the consolidated financial statements are prepared based on corresponding financial statements of every member of the Group with relevant adjustments, where necessary.

Specifically,

- receivables and payables are shown net of mutual payables of the Group’s members
- financial investments are shown net of investments by the parent company in charter capital of the subsidiaries
- capital and reserves are shown net of investments by the parent company in subsidiaries and minority interest
- revenue from sale of products (work, services) and ordinary activity expenses are shown net of volume of internal transactions between members of the Group
- interest receivable and payable, other income and expenses are shown net of income and expenses incurred by the Group’s participants from transactions between them

Business transactions in foreign currencies were recorded based on the official exchange rate of Russian rouble, effective as of the transaction’s date. Cash in foreign currency bank accounts and in hand, and means of settlement, including credit facilities obtained in foreign currency are shown in financial statements as of the end of reporting period in amounts calculated based on official currency rates, effective on December 31, 2008.

Recalculation of income and expense which form the financial performance of a subsidiary, is based on average rates calculated by division of the sum of

multiplication of rates by the number of days on which they were effective in the reporting period by the total number of days in the reporting period.

Revenue from sale of products, goods, work and service is shown net of the value-added tax, and was recognised:

- for goods and products shipped or delivered to the Buyer, at the moment of transfer of ownership
- monthly for work and services, based on the fact of provision or fulfillment.

Shipped products and goods whose ownership was not transferred as of the reporting date are stated in the Balance Sheet (line 215, goods shipped) at cost.

Lines 010 and 030 of Profit and Loss Statement are shown inclusive of export duties.

Other revenue and expenses are inclusive of sale volumes of foreign currency and other property, translation difference, written-off receivables and payables, securities reevaluation, fines and penalties, cost of social and cultural facilities' maintenance, social security payments under the collective agreement, charity and financial support, as well as other revenue and expenses.

Intangible assets are inclusive of exceptional trademark rights. The linear method of depreciation was applied to these assets.

Fixed assets are inclusive of land plots, buildings, plant and machinery and other relevant facilities whose useful life exceeds 12 months.

The Balance Sheet records the fixed and intangible assets at their historical (replacement) cost less depreciation.

For fixed assets commissioned before January 1, 2002, depreciation accrues for accounting purposes at depreciation rates set by the Government in 1990, and for fixed assets commissioned on or after January 1, 2002, depreciation accrues based on the useful life set in accordance with the *Fixed Assets Classification by Depreciation Groups* as approved by the Russian Government by its regulation No. 1 dated January 1, 2001.

For all depreciable property depreciation accrues for tax purposes based on the useful life set in accordance with the *Fixed Assets Classification by Depreciation Groups* as approved by the Russian Government by its regulation No. 1 dated January 1, 2001; other expenses pertaining to manufacture and sale of products, are inclusive of capital expenditures in the amount of 10% of the commissioned fixed assets' historical cost.

The linear method of depreciation applies for accounting and tax purposes.

Assets which meet the eligibility criteria to be recorded as fixed assets but have a cost of less than or equal to RUB 20,000, are recorded as inventory and referred to production costs (selling costs) as they are released for production or operation. Their movements are duly controlled to secure these assets.

Gain and loss on disposal of property, plant, and equipment are recorded on the Income Statement as other revenue and expenses.

Closing balance of long-term financial investments for which in the prescribed manner the market value may be determined, is based on the current market value. Value adjustment of the financial investments is carried to other revenue and expenses and in 2008 was RUB 12,579,803 thousand in expenses (against RUB 9,962,448 thousand in 2007). The deferred tax liability of RUB 3,019,153 thousand accrued under this adjustment (against RUB 2,390,988 thousand in 2007).

Valuation of written-off financial investments for which no current market value was determined, was made based on the average historical cost determined for each type of securities; where the current market value was determined – the valuation was made based on the latest valuation results.

Closing balance of line 250 (short-term financial investments) of the Balance Sheet shows RUB 1,804,683 thousand in deposits (against RUB 32,969 thousand).

Inventory (raw materials, etc) are recorded at actual cost including purchase, delivery and storage costs.

Released for production and otherwise written-off inventory is valued:

- by principal raw materials – applying the FIFO method (at actual cost of the oldest purchased materials)
- by other inventory – by actual cost of every item.

Work in progress is valued at cost net of administration expenses. The administration expenses were monthly written off in full to cost of sales in the reporting period.

Expenses incurred by the Company in the reporting period, however, relating to further reporting periods (insurance payments, etc) are recognised as prepaid expenses. These expenses are regularly amortised in the periods to which they relate.

Trade receivables and payables are recognised based on prices contracted by the Company and customers, inclusive of VAT.

The financial statements show the charter capital in the par value amount of ordinary shares purchased by shareholders. The charter capital amount corresponds to that determined by the Company's Charter and is RUB 238,438 thousand.

As of December 31, 2008, the Company has on its balance-sheet 105,646 treasury shares (state registration number assigned to the issue is 1-03-00207-A), amounting to RUB 210,236 thousand.

The Company's capital surplus consists of increase in the fixed assets' value from reevaluation, share premium from sale of the Company's shares in excess of their par value.

The borrowings payable are recognised in the Balance Sheet inclusive of interest payable as of the end of the reporting period.

In the reporting period, long-term borrowings who reach their maturity in less than 365 days were transferred to short-term.

For accounting and tax purposes the fixed assets repair expenditure were expensed in the amount of actual cost as incurred.

In the Cash Flow Statement the opening cash balance is shown in foreign currency at the exchange rate as of December 31, 2007. Foreign currency revenue and expenses are shown at the exchange rate as of December 31, 2008. Line 440 shows the effect of Russian rouble exchange rate movement.

2009 accounting policy provides for the following change:

For tax purpose other expenses related to products manufacture and distribution, shall include capital expenditure in the amount of up to 30% of the fixed assets' historical cost – for fixed assets of the third – seventh depreciation groups.

7. Key technical and economic performance indicators

Revenue from sale of goods, work and services at 2008 values was RUB 45,105 mn, a year-on-year 46% increase principally due to higher product prices. Revenue from mineral fertilisers sale makes over 80% of the total revenue.

Effective from January 1, 2008, the domestic pricing procedure changed: the product price includes the delivery costs.

Export duties were imposed in the foreign market, effective from April 2008.

The sales profit more than doubled year-on-year and totaled RUB 19,086 mn.

The net profit in the reporting year was RUB 771 mn, due to loss on mark-to-market revaluation of financial investments in the amount of RUB 12,579,803 thousand.

The net profit in 2008 before the financial investments' revaluation totaled RUB 10,332,133 thousand (against RUB 5,650,597 thousand in 2007).

At the reporting year end:

- permanent differences amount was RUB 2,116,988 thousand, and RUB 508,077 thousand in tax assets accrued.
- temporary deductible differences amount was RUB 2,825,079 thousand, and correspondingly the deferred tax assets increased by RUB 678,019 thousand
- temporary taxable differences amount was RUB 10,160,225 thousand, which decreased the deferred tax liability by RUB 2,438,454.

Breakdown of other revenue (stated in RUB '000)

Other revenues, total, incl.:	45,785,297
sale of foreign currency	36,233,680

mark-to-market adjustment of securities' valuation	6,594,571
translation difference	1,197,706
other revenues	1,759,340

Breakdown of other expenses (stated in RUB '000)

Other expenses, total, incl.:	62,241,934
sale of foreign currency	36,312,863
mark-to-market adjustment of securities' valuation	19,174,374
translation difference	3,667,914
other expenses	3,086,783

8. Changes of the Group's composition

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 2008, the composition of JSC Acron's subsidiaries changed as follows:

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

- Name: **JSC Lipoil**

Address: 2 Papina St., 398024 Lipetsk, Russia

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

- Name: **CJSC Kubris**

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

Acron held **100%** of Kubris voting shares and, therefore, might influence its decision-making process.

- Name: **LLC Flornteks**

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

Acron held **100%** interest in Flornteks and, therefore, might influence its decision-making process.

- Name: **JSC Ershovskaya Selhozhimiya**

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

Acron held **51.66%** of Ershovskaya Selhozhimiya voting shares and, therefore, might influence its decision-making process.

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

- **JSC Dorogobuzh – from 91.54% to 91.93%**

- **JSC Krasnoarmeiskagronova – from 63.26% to 63.27%**
- **CJSC Eletzagronova – from 51.16% to 75.16%**
- **CJSC Gubkinagronova – from 50.23% to 90.71%**
- **JSC Zadonskagronova – from 50.08% to 74.88%**
- **JSC Agronova-Bryansk – from 50.01% to 74.99%**
- **JSC Yakovlevoagronova – from 73.90% to 74.98%**
- **JSC Koubanagronova – from 54.46% to 71.99 %**
- **CJSC Gryaziagronova – from 50.92% to 63.36%**
- **JSC Alekseevkaagronova – from 50.14% to 75.0%**

3. The following subsidiaries were included:

- **AGRONOVA INTERNATIONAL INC – 100%**
- **LLC Acron-Remont – 100%**
- **101109718 SASKATCHEWAN LTD. – 100%**
- **LLC Plodorodie – 100%**
- **LLC Balttrans – 100%**
- **LLC Private Security Agency Zvezda – 100%**
- **CJSC Partomchorr – 100%**
- **LLC Yubileiny Hotel Complex – 100%**
- **LLC Plodorodie-Lukoyanov – 100%**
- **LLC Plodorodie-Shatki – 100%**
- **LLC Dorogobuzh Remstroy – 100%**
- **AS DBT – 50%**
- **CJSC Acron-Trans – 50%**
- **Beijing Yong Sheng Feng AMPC Ltd. – 100%**

4. The following Acron's related companies were included:

- **LLC Remvagonservice – 50%**

As a result of 2008 changes in subsidiaries the Group's profit decreased by RUB 404 mn, revenue from sales, work and services decreased by RUB 46 mn, cost of sales, work and services decreased by RUB 376 mn.

9. Segment Information

The Group has one reportable segment, which is manufacturing and sale of chemical fertilisers which have similar risks and rewards. The Group evaluates

performance and makes investment and strategic decisions based upon review of profitability for the Group as a whole.

Its secondary segment reporting format is determined to be the geographical segments: Russia China, and other counties.

Sales are based on the geographical area in which the customer is located. There are no sales or other transactions between the segments. Production and major assets and liabilities of the Group are located in the Russian Federation and China.

Stated in RUB '000

Revenue	2008	2007
Russia	14,273,364	7,821,648
China	6,129,824	6,847,401
Other countries	24,702,254	16,207,131

Stated in RUB '000

Assets	2008	2007
Russia	49,513,606	36,480,940
China	7,411,195	4,976,011
Other countries	3,471,232	967,245

10. Balances with Related Parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Transactions were entered into with related parties during the ordinary course of business on normal commercial terms.

Key management personnel compensation:

Compensation of key management personnel consists of remunerations paid to members of the Company's Managing Board and/or Board of Directors. Compensation is made up of an annual remuneration and a performance bonus depending on operating results.

The total amount of compensation of management personnel for the year ended on December 31, 2008, was RUB 153,933 thousand (against RUB 164,010 thousand as of December 31, 2007).

Related parties as of December 31, 2008:

As of December 31, 2008, the Company's related parties are:

No.	Full company name (name of a non-profit organisation) or given name and family name of the affiliated person	Location of a legal entity or domicile of an individual (domicile is indicated subject to the individual's consent)	Reason(s) for which the person is recognised affiliated
1	2	3	4
1.	Oleg Kornyshev	Moscow, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
2.	Nikolai Arutyunov	Moscow, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
3.	Igor Belikov	Moscow, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
4.	Alexander Dynkin	Moscow, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
5.	Vladimir Kunitsky	Dorogobuzh, Smolensk Region, Russia	Member of the collegial executive body of the joint stock company
6.	Viktor Kochubey	Veliky Novgorod, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
7.	Vladimir Gavrikov	Veliky Novgorod, Russia	Member of the Board of Directors (Supervisory Board) of the joint stock company
8.	Ivan Antonov	Veliky Novgorod, Russia	Sole executive body of the joint stock company Member of the collegial executive body of the joint stock company
9.	Oscar Valters	Moscow, Russia	Member of the collegial executive body of the joint stock company
10.	Svetlana Nemova	Moscow, Russia	Member of the collegial executive body of the joint stock company
11.	Alexander Popov	Moscow, Russia	Member of the collegial executive body of the joint stock company Member of the Board of Directors (Supervisory Board) of the joint stock company
12.	Closed joint stock company Catalyst	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	Is the member of the same group
13.	Limited liability company Dnepr	Novo-Mikhailovskoye village, Dorogobuzh District, 215710 Smolensk Region, Russia	Is the member of the same group
14.	Limited liability company Private Security Agency Phoenix	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	Is the member of the same group
15.	Limited liability company Elegant	5 Molodezhnaya St., Verkhnedneprovsky Settlement, Dorogobuzh District, 215750 Smolensk Region, Russia	Is the member of the same group
16.	Limited liability company Starosmolenskoye	JSC Dorogobuzh production site, Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	Is the member of the same group
17.	Limited liability company ANDREX	1, 5th Prichalnaya St., Kaliningrad, Russia	Is the member of the same group
18.	Limited liability company Dorogobuzh Polymer	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	Is the member of the same group

19.	Limited liability company Dorogobuzh Remstroy	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	Is the member of the same group
20.	Closed joint stock company Shebekinoagronova	1-a Polevaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia	Is the member of the same group
21.	Closed joint stock company Shebekinoagrokhimservice	1-a Polevaya St., Rzhevka village, Shebekino District, 309261 Belgorod Region, Russia	Is the member of the same group
22.	Closed joint stock company Agrofirm Vysokye Tekhnologyi	Livenskaya village, Zadonsky District, 399202 Lipetsk Region, Russia	Is the member of the same group
23.	Limited liability company Baltrans	37(2) Prechistenka St., 119034 Moscow, Russia	Is the member of the same group
24.	Limited liability company Yubileiny Hotel Complex	31a, Komsomolskaya St., Verkhnedneprovsky Settlement, Dorogobuzh District, 215750 Smolensk Region, Russia	Is the member of the same group
25.	Closed joint stock company Baltaiaagronova	15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia	Is the member of the same group
26.	Joint stock company Agronova-Bryansk	Glinishevo village, Bryansk District, 242025 Bryansk Region, Russia	Is the member of the same group
27.	Closed joint stock company Agronova-Volga	29V, Ilyinskaya St., 603109 Nizhny Novgorod, Russia	Is the member of the same group
28.	Closed joint stock company Agronova-Saratov	Trofimovsky-II station (without number), Leninsky District, 410086 Saratov, Russia	Is the member of the same group
29.	Joint stock company Koubanagronova	20 302nd Division St., Leningradskaya Station, Leningrad District, 353810 Krasnodar Krai, Russia	Is the member of the same group
30.	Joint stock company Alekseevkaagronova	DSP-2 district, 309850 Alekseevka town, Belgorod Region, Russia	Is the member of the same group
31.	Closed joint stock company Baltaiaagronova	15 Rabochaya St., Baltay village, Baltay District, 412630 Saratov Region, Russia	Is the member of the same group
32.	Limited liability company EVLASHEVSKOYE	Sosnovka village, Baltay District, 412641 Saratov Region, Russia	Is the member of the same group
33.	Closed joint stock company Belagronova	1g August 5th St., 308027 Belgorod, Russia	Is the member of the same group
34.	Joint stock company Krasnoarmeiskagronova	10 Narodnaya St., Poltavskaya Station, Krasnoarmeisk District, 353807 Krasnodar Krai, Russia	Is the member of the same group
35.	Joint stock company Yakovlevoagronova	9 2nd Zavodskaya St., 309070 Stroitel town, Yakovlevsky District, Belgorod Region, Russia	Is the member of the same group
36.	Closed joint stock company Lebedyanagronova	71 Lev Tolstoy St., 399610 Lebedyan town, Lipetsk Region, Russia	Is the member of the same group
37.	Closed joint stock company Gryaziagronova	12 Peskovatskaya St., 399300 Gryazi town, Lipetsk Region, Russia	Is the member of the same group
38.	Closed joint stock company Gubkinagronova	7 3rd Melnichny Lane, 309187 Gubkin town, Belgorod Region, Russia	Is the member of the same group
39.	Closed joint stock company Eletzagronova	Moscovskoye Shosse, GSP-12, 399740 Eletz town, Lipetsk Region, Russia	Is the member of the same group
40.	Closed joint stock company Livnyagronova	23 Nagorny village, 303800 Nagorny town, Orel Region, Russia	Is the member of the same group
41.	Closed joint stock company Agronova-Lipetsk	15 Balmochnykh St., 398002 Lipetsk, Russia	Is the member of the same group
42.	Closed joint stock company Lukoyanovagronova	41V Pushkina St., Lukoyanov town, 607800 Nizhny Novgorod, Russia	Is the member of the same group
43.	Closed joint stock company	35 Oktaybrskaya St., 302035	Is the member of the same group

	Agronova-Orel	Orel, Russia	
44.	Joint stock company Zadonskagronova	M. Panarino village, Zadonsky District, 399200 Lipetsk Region, Russia	Is the member of the same group
45.	Closed joint stock company Rostagronova	14 A, M.Nagibina Ave., 344038 Rostov-on-Don, Russia	Is the member of the same group
46.	101109718 SASKATCHEWAN LTD.	#318, 111 Research Drive, Saskatoon, Saskatchewan, Canada, S7N 3R2	Is the member of the same group
47.	Acronagrotrans Ltd	Trident Trust Company Limited (B.V.I.) Office, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	Is the member of the same group
48.	Premier Management Limited	P.O. Box 556, Main Street, Charlestown, Nevis, West Indies	Is the member of the same group
49.	Shandong Hongri Acron Chemical Joint Stock Company, Ltd.	Eastern site, Luozhuang district, Hubei St., Linyi city, Shandong province, China	Is the member of the same group
50.	Linyi Fudelai Chemical Fertilizer Company Ltd.	Middle site, Luosijie St., Luozhuang district, Linyi city, Shandong province, China	Is the member of the same group
51.	Closed joint stock company ENGservice	3a Mendeleeva St., 173016 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
52.	Closed joint stock company Acron-Saratov	Trofimovsky-II station (without number), Leninsky District, 410086 Saratov, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
53.	Joint stock company Acronit	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
54.	Closed joint stock company North-Western Phosphorous Company	37(2) Prechistenka St., 119034 Moscow	Is the member of the same group
55.	Limited liability company Verkhnekamsk Potash Company	37(2) Prechistenka St., 119034 Moscow	Is the member of the same group
56.	Closed joint stock company Partomchorr	22/39, Zubovsky Blvd, 119992 Moscow, Russia	Is the member of the same group
57.	Closed joint stock company Zadonskiy Syr	Repets village, Zadonsky District, 399215 Lipetsk Region	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
58.	Closed joint stock company Nordic Rus Holding	37(2) Prechistenka St., 119034 Moscow	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
59.	Joint stock company Firma Proekt	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
60.	Closed joint stock company Agronova	37(2) Prechistenka St., 119034 Moscow	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
61.	Limited liability company Investment Port Company	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
62.	Limited liability company Acron Hotel	24, Predtechenskaya St., 173007 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
63.	AGRONOVA INTERNATIONAL	1920 East Hallandale Beach	The joint stock company has under its

	INC.	Blvd., Suite 900, Hallandale FL 33009, the United States of America	control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
64.	Beijing Yong Sheng Feng Agricultural Means of Production Co., Ltd.	B-2307, JIAN WAI SOHO, Beijing, China, 100022	Is the member of the same group
65.	Limited liability company Private Security Agency Krona	41/24 (3) Bolshaya Ordynka St., 109017 Moscow, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
66.	Limited liability company Nikoulinskoye	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
67.	Limited liability company TrustService	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
68.	Limited liability company Private Security Agency Guepard	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
69.	Limited liability construction company Stolny Grad	12(8) Tverskaya St., 125009 Moscow	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
70.	Limited liability company Acron-Service	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
71.	Closed joint stock company Acronagrotraiding	JSC Acron site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
72.	Limited liability company Plodorodie	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
73.	Limited liability company Plodorodie-Lukoyanov	145 Zarechnaya St., Malaya Polyana village, Lukoyanov district, 607821 Nizhnyi Novgorod region, Russia	Is the member of the same group
74.	Limited liability company Plodorodie-Shatki	49 Sovetskaya St., Silino village, Shatki district, 607705 Nizhnyi Novgorod region, Russia	Is the member of the same group
75.	Closed joint stock company WIAM-AGRO	37(2) Prechistenka St., 119034 Moscow	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
76.	Joint stock company Dorogobuzh	Verkhnedneprovsky Settlement, Dorogobuzh District, 215753 Smolensk Region, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
77.	Joint stock company Zvyaginki	Zvyaginki village, Orel District, 302523 Orel Region, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
78.	Limited liability company Acron Food Production Facility	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
79.	Closed joint stock company Granit	JSC Acron Site, 173012 Veliky	The joint stock company has under its

		Novgorod, Russia	control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
80.	AS BCT	Tallinn, Estonia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
81.	Seatrader Agency OU	Tallinn, Estonia	Is the member of the same group
82.	AS BFT Eesti	Tallinn, Estonia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
83.	Limited liability company Acron Machine Building Plant	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
84.	Limited liability company Acron-Remont	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
85.	AS DBT	13, Koorma Str., Haabneeme, Viimsi vald, Harjumaa, 74115, Estonia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
86.	Limited liability company Acron-Remstroy	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
87.	Closed joint stock company Acron-Invest	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
88.	Limited liability company Remvagonsservice	JSC Acron Site, 173012 Veliky Novgorod, Russia	The joint stock company has under its control over 20% of the total number of votes underlying the voting shares, or of interest in the relevant entity's authorised capital
89.	Valery Ivanov	Veliky Novgorod, Russia	Is affiliated with the same group
90.	Victor Bocherikov	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	Is affiliated with the same group
91.	Svetlana Kolesnikova	Belgorod, Russia	Is affiliated with the same group
92.	Pavel Chaturov	Saratov, Russia	Is affiliated with the same group
93.	Oleg Kostylev	Safonovo, Smolensk Region, Russia	Is affiliated with the same group
94.	Andrey Rovensky	Moscow, Russia	Is affiliated with the same group
95.	Alexey Gusev	Moscow, Russia	Is affiliated with the same group
96.	Valery Shvalyuk	Moscow, Russia	Is affiliated with the same group
97.	Andrey Velichko	Dorogobuzh, Smolensk Region, Russia	Is affiliated with the same group
98.	Dmitry Golubkov	Moscow, Russia	Is affiliated with the same group
99.	Sergey Shekhovtsev	Krasnoarmeisk District, Krasnodar Krai, Russia	Is affiliated with the same group
100.	Vera Yandyo	Lipetsk, Russia	Is affiliated with the same group
101.	Nikolay Nesterov	Orel, Russia	Is affiliated with the same group
102.	Alexey Zhibul	Veliky Novgorod, Russia	Is affiliated with the same group
103.	Evgeny Kukushkin	Orel district, Orel region, Russia	Is affiliated with the same group
104.	Vladimir Lukunev	Moscow, Russia	Is affiliated with the same group
105.	Sergey Fedorov	Moscow, Russia	Is affiliated with the same group
106.	Vladimir Zakharov	Moscow, Russia	Is affiliated with the same group
107.	Andrey Pestov	Veliky Novgorod, Russia	Is affiliated with the same group
108.	Anatoly Petrov	Veliky Novgorod, Russia	Is affiliated with the same group
109.	Limited liability company Diagnose-Center	3a Mendeleeva St., 173016 Veliky Novgorod, Russia	Is the member of the same group
110.	Evgeny Konovalov	Shebekino District, Belgorod Region, Russia	Is affiliated with the same group
111.	Alexander Torgashov	Baltay District, Saratov Region,	Is affiliated with the same group

		Russia	
112.	Dmitry Dashkov	Vygonichsky District, Bryansk Region, Russia	Is affiliated with the same group
113.	Gennady Shestopalov	Nizhny Novgorod, Russia	Is affiliated with the same group
114.	Sergey Vivchar	Leningrad District, Krasnodar Krai, Russia	Is affiliated with the same group
115.	Vladimir Kolesnik	Alekseevka, Belgorod Region, Russia	Is affiliated with the same group
116.	Victor Sergeev	Saratov, Russia	Is affiliated with the same group
117.	Victor Streikh	Baltay District, Saratov Region, Russia	Is affiliated with the same group
118.	Marina Glushakova	Kaliningrad, Russia	Is affiliated with the same group
119.	Tatiana Izmestieva	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	Is affiliated with the same group
120.	Alexander Knopov	Veliky Novgorod, Russia	Is affiliated with the same group
121.	Alexander Volohhonski	Tallinn, Estonia	Is affiliated with the same group
122.	Vladimir Volohhonski	Tallinn, Estonia	Is affiliated with the same group
123.	Evgeny Demidov	Tallinn, Estonia	Is affiliated with the same group
124.	Nikolay Grigoriev	Zadonsky District, Lipetsk Region, Russia	Is affiliated with the same group
125.	Shi Chongqing	Beijing, China	Is affiliated with the same group
126.	Yulia Tarasova	Verkhnedneprovsky Settlement, Dorogobuzh District, Smolensk Region, Russia	Is affiliated with the same group
127.	Nikolay Buzykin	Azov District, Rostov Region, Russia	Is affiliated with the same group
128.	Alexey Alekhin	Zadonsk, Lipetsk Region, Russia	Is affiliated with the same group
129.	Alexander Chernyshev	Lukoyanov, Nizhny Novgorod Region, Russia	Is affiliated with the same group
130.	Sergey Stroev	Livny, Orel Region, Russia	Is affiliated with the same group
131.	Vasily Pechikin	Yelets, Lipetsk Region, Russia	Is affiliated with the same group
132.	Alexander Sharik	Gubkin town, Belgorod Region, Russia	Is affiliated with the same group
133.	Yuri Galkin	Gryazi, Lipetsk Region, Russia	Is affiliated with the same group
134.	Leonid Romnov	Lebedyansky District, Lipetsk Region, Russia	Is affiliated with the same group
135.	Vasily Khodykin	Yakovlevsky District, Belgorod Region, Russia	Is affiliated with the same group
136.	Dmitry Shimanovich	-	Is affiliated with the same group
137.	Song Guojing	Linyi city, Shandong province, China	Is affiliated with the same group
138.	Arnold Yuriev	Tallinn, Estonia	Is affiliated with the same group
139.	Sergey Vasiliev	Orel district, Orel region, Russia	Is affiliated with the same group
140.	Alexander Chernenkov	Dorogobuzh, Smolensk region, Russia	Is affiliated with the same group
141.	Arkady Sverdlov	Moscow, Russia	Is affiliated with the same group
142.	Vasily Borovkov	Shatki district, Nizhnyi Novgorod region, Russia	Is affiliated with the same group
143.	Vladimir Potapov	Lukoyanov district, Nizhnyi Novgorod region, Russia	Is affiliated with the same group
144.	Alexander Chernov	Moscow, Russia	Is affiliated with the same group
145.	Sergey Uvarov	Veliky Novgorod, Russia	Is affiliated with the same group
146.	Sergey Lyubchenko	Veliky Novgorod, Russia	Is affiliated with the same group
147.	Shao Zhujiang	Linyi city, Shandong province, China	Is affiliated with the same group

In the course of its business, related parties established various legal relationships and entered into various transactions, the most common types of such transactions being:

- purchase and sale of goods, provision of work and services
- lease-in and lease-out of property
- execution of agency agreements.

The goods, work and services were sold in arm's length transactions.

11. Events after the reporting date

8.5% export duty on nitrogen and complex mineral fertilisers was lifted, effective February 1, 2009.

Positive effect from lifting the export duty in 2009 is expected to amount to RUB 1,070,000 thousand in the net profit.

**General Director
JSC Acron**

Ivan Antonov

**Chief Accountant
JSC Acron**

Nadezhda Pavlova

March 26, 2009