

**CONSOLIDATED
ACCOUNTING STATEMENTS
JSC Acron
2004**

Veliky Novgorod, 2005

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CONSOLIDATED ACCOUNTING STATEMENTS JSC Acron
as of 31.12.2004

(in thousand Rubles.)

ASSETS	Line code	At the beginning of the reporting period	At the end of the reporting period	
			With account of all entities	Without entities acquired in 2004
1	2	3	4	5
I. NON-CURRENT ASSETS				
Intangible assets	110	511.922	465.800	433.167
<i>including goodwill of subsidiaries</i>	<i>111</i>	<i>510.016</i>	<i>463.104</i>	<i>430.473</i>
Fixed assets	120	2.786.388	3.107.117	3.027.422
Assets under construction	130	585.472	417.326	415.466
Income bearing investments in tangible assets	135	3	1	1
Long-term financial investments	140	310.271	457.545	498.243
Deferred tax assets	145	2.924	4.181	3.308
Other non-current assets	150	14.761	57.905	56.629
TOTAL for section I	190	4.211.741	4.509.875	4.434.236

1	2	3	4	5
II. CURRENT ASSETS				
Inventory	210	1.634.370	1.926.892	1.869.027
<i>Including:</i>				
<i>raw and other materials and similar valuable items</i>	211	1.248.710	1.490.473	1.485.803
<i>rearers and fatteners</i>	212	75.480	37.455	37.455
<i>cost of production in progress</i>	213	44.163	79.144	67.525
<i>finished products and goods for resale</i>	214	196.955	228.641	190.008
<i>goods dispatched</i>	215	45.201	55.524	53.054
<i>prepaid expenses</i>	216	23.861	35.655	35.182
<i>other inventory and expenditures</i>	217	-	-	-
Input Value Added Tax	220	191.668	237.793	222.723
Accounts receivable (due more than 12 months after the reporting date)	230	65.357	60.116	57.865
<i>including buyers and customers</i>	231	63.293	59.763	57.865
Accounts receivable (due within 12 months after the reporting date)	240	1.592.244	1.360.003	1.357.843
<i>including buyers and customers</i>	241	424.220	503.090	512.408
Short-term financial investments	250	202.458	689.432	689.352
Cash	260	183.823	598.425	586.369
Other current assets	270	102.936	167.109	163.418
TOTAL for section II	290	3.972.856	5.039.770	4.946.597
BALANCE	300	8.184.597	9.549.645	9.380.833

LIABILITIES	Line code	At the beginning of the reporting period	At the end of the reporting period	
			With account of all entities	Without entities purchased in 2004
1	2	3	4	5
III. CAPITAL AND RESERVES				
Charter capital	410	238.438	238.438	238.438
Treasury stock	411	-	-	-
Additional capital	420	1.772.240	1.705.188	1.662.169
Reserve capital	430	43.734	54.365	53.652
<i>including:</i>				
<i>statutory reserve funds</i>	431	11.922	11.922	11.922
<i>reserve funds created in accordance with constituent documents</i>	432	31.812	42.443	41.730
Retained profit (uncovered loss)	470	2.058.656	3.254.884	3.232.625
TOTAL for section III	490	4.113.068	5.252.875	5.186.884
Minority interest		350.299	464.384	436.194
Goodwill of subsidiary companies		25.927	34.045	28.516
IV. LONG-TERM LIABILITIES				
Debt and borrowings	510	990.012	575.100	575.100
Deferred tax liabilities	515	28.372	44.262	43.581
Other long-term liabilities	520	917	5.020	470
TOTAL for section IV	590	1.019.301	624.382	619.151

1	2	3	4	5
V. SHORT-TERM LIABILITIES				
Debt and borrowings	610	1.798.202	1.950.158	1.947.624
Accounts payable	620	867.668	1.217.341	1.156.080
<i>including:</i>				
<i>suppliers and contractors</i>	621	211.502	199.552	203.995
<i>wages payable</i>	622	53.317	54.031	51.037
<i>arrears due to state non-budgetary funds</i>	623	21.039	11.322	6.644
<i>tax payable</i>	624	24.511	144.685	132.407
<i>other creditors</i>	625	557.299	807.751	761.997
Dividends payable to participants (founders)	630	490	541	467
Deferred revenues	640	6.593	5.917	5.917
Reserve for future expenses and payments	650	3.049	-	-
Other short-term liabilities	660	-	2	-
TOTAL for section V	690	2.676.002	3.173.959	3.110.088
BALANCE	700	8.184.597	9.549.645	9.380.833

Values accounted on off-balance sheet accounts

Index description	Line code	At the beginning of the reporting period	At the end of the accounting period	
			With account of all entities	Without entities purchased in 2003
Rented fixed assets	910	837.841	790.891	788.206
<i>including leased ones</i>	<i>911</i>	-	-	-
Material assets in custody	920	11.220	59.134	16.700
Goods accepted for commission	930	-	-	-
Receivables written off from insolvent debtors	940	15.568	27.000	24.611
Collateral for liabilities and payments received	950	-	-	-
Collateral for liabilities and payments issued	960	3.965.961	2.269.184	2.269.184
Depreciation of housing stock	970	533	3.869	2.979
Depreciation of rehabilitation areas and other comparable sites	980	106	178	178
Intangible assets received for use	990	4.074	-	-

General Director of JSC Acron

V.A. Ivanov

Chief Accountant of JSC Acron

N.A. Pavlova

April 7, 2005

CONSOLIDATED PROFIT AND LOSS STATEMENT JSC ACRON for 2004

(in thousand rubles)

Index description	Line code	For the reporting period		For the same period of the previous year
		With account of all entities	Without entities purchased in 2004	
1	2	3	4	5
Income and expenditures from regular types of activities				
Proceeds (net) from sales of goods, products, services (less value added tax, excise duties and similar compulsory payments)	010	14.074.309	13.876.475	11.094.595
Production cost of sold goods, products, services	020	(8.298.731)	(8.196.189)	(6.914.205)
Gross profit	029	5.775.578	5.680.286	4.180.390
Business expenses	030	(1.898.870)	(1.840.409)	(1.531.763)
Administrative expenses	040	(1.246.653)	(1.239.025)	(1.083.900)
Sales profit (loss)	050	2.630.055	2.600.852	1.564.727

1	2	3	4	5
Other income and expenditures				
Interest receivable	060	58.987	58.961	2.624
Interest payable	070	(305.800)	(305.800)	(409.370)
Income from participation in other entities	080	18.312	15.151	3.793
Other operating income	090	11.613.821	11.550.396	9.177.479
Other operating expenditures	100	(11.542.108)	(11.479.771)	(9.249.525)
Extraordinary income	120	260.932	245.653	172.215
Extraordinary expenditures	130	(714.616)	(696.509)	(677.058)
Capitalized earnings (loss)		-	-	-
Profit (loss) before tax	140	2.019.583	1.988.933	584.885
Deferred tax assets	145	1.292	352	1.419
Deferred tax liabilities	146	(15.498)	(15.209)	(7.978)
Current income tax	150	(628.950)	(619.541)	(281.573)
Net profit (loss) of the reporting period	190	1.376.427	1.354.535	296.753
Minority interest		(107.798)	(108.684)	(36.074)
Net profit (loss) of the reporting period less minority interest		1.268.629	1.245.851	260.679
FOR REFERENCE ONLY				
Permanent tax liabilities (assets)	200	147.429	144.979	133.162
Basic earnings (loss) per share	201	-	-	-
Diluted earnings (loss) per share	202	-	-	-

Explanation of separate profits and losses

Index description	Line code	For the accounting period				For the same period of the previous year	
		With account of all entities		Without entities purchased in 2004		Profit	Loss
		Profit	Loss	Profit	Loss		
Fines, penalties and stipulated damages acknowledged or enforced by a relevant court (arbitral court) award	210	598	13.226	295	13.212	389	18.433
Profit (loss) of previous years	220	5.572	21.034	3.768	19.879	2.114	13.092
Compensation of losses caused by non-performance or undue performance of obligations	230	40	-	40	-	34	-
Exchange difference on foreign currency transactions	240	142.013	90.144	142.013	90.144	82.812	59.523
Deductions to assessed reserves	250	X	-	x	-	x	-
Writing off of accounts receivable and accounts payable with expired period of limitation	260	3.694	13.310	2.780	12.952	1.726	2.106

General Director of JSC Acron

V.A. Ivanov

Chief Accountant of JSC Acron

N.A. Pavlova

April 7, 2005

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
OF JSC ACRON for the year 2004**

(thousand roubles)

I. Changes in equity

Index		Chartered capital	Capital surplus	Reserve capital	Undistributed profit (uncovered loss)	Total
denomination	code					
1	2	3	4	5	6	7
Balance as of December 31 of the year, preceding the previous one	010	238 438	1 734 189	40 030	1 811 070	3 823 727
200 3 (previous year)						
Changes in the accounting policy	011	X	X	X	(6 921)	(6 921)
Result of the revaluation of the objects of fixed assets	012	X		X		
		X				
Balance as of January 1 of the previous year	020	238 438	1 734 189	40 030	1 804 149	3 816 806
Result of foreign currency translation	023	X		X	X	
Net profit	025	X	X	X	259 876	259 876
Dividends	026	X	X	X	(52 035)	(52 035)
Allocation to reserve fund	030	X	X	2 650	(2 650)	-
Capital value increase at the expense of:						
additional shares issue	041		X	X	X	
shares nominal value increase	042		X	X	X	
legal entity reorganization	043		X	X		
other	045		51			51
Capital value decrease at the expense of:						
par value decrease	051		X	X	X	
shares quantity decrease	052		X	X	X	
legal entity reorganization	053		X	X		
other	055		(3 044)			(3 044)
Balance as of December 31 of the previous year	060	238 438	1 731 196	42 680	2 009 340	4 021 654
200 4 (reporting year)						
Changes in the accounting policy	061	X	X	X		
Result of the revaluation of the objects of fixed assets	062	X		X		
		X				
Balance as of January 1 of the reporting year	100	238 438	1 731 196	42 680	2 009 340	4 021 654
Result of foreign currency translation	103	X		X	X	
Net profit	105	X	X	X	1 280 156	1 280 156
Dividends	106	X	X	X	(48 966)	(48 966)

1	2	3	4	5	6	7
Allocation to reserve fund	110	X	X	11 685	(11 685)	-
Capital value increase at the expense of:						
additional shares issue	121		X	X	X	
shares nominal value increase	122		X	X	X	
legal entity reorganization	123		X	X		
other	125		31		26 039	26 070
Capital value decrease at the expense of:						
par value decrease	131		X	X	X	
shares quantity decrease	132		X	X	X	
legal entity reorganization	133		X	X		
revaluation amount, by written-off fixed assets			(26 039)			(26 039)
Balance as of December 31 of the reporting year	140	238 438	1 705 188	54 365	3 254 884	5 252 875

II. Reserves

Index		Balance	Inflow	Used	Balance
denomination	code				
1	2	3	4	5	6
Reserves formed in accordance with the legislation:					
Reserve capital					
(reserve denomination)					
data of the previous year		11 922			11 922
data of the reporting year		11 922			11 922
(reserve denomination)					
data of the previous year					
data of the reporting year					
Reserves formed in accordance with the constituent documents:					
Reserve capital					
(reserve denomination)					
data of the previous year		28 125	2 633		30 758
data of the reporting year		30 758	11 685		42 443
(reserve denomination)					
data of the previous year					
data of the reporting year					
Assessed reserves:					
(reserve denomination)					
data of the previous year					
data of the reporting year					
(reserve denomination)					
data of the previous year					
data of the reporting year					
(reserve denomination)					
data of the previous year					
data of the reporting year					

1	2	3	4	5	6
Reserves for future expenses:					
(reserve denomination)					
data of the previous year		3 049			3 049
data of the reporting year		3 049		(3 049)	-
(reserve denomination)					
data of the previous year					
data of the reporting year					

Reference data

Index		Balance as of the beginning of the reporting year		Balance as of the end of the reporting period	
denomination	code				
1	2	3		4	
1) Net assets		4 119 661		5 797 301	
		From the budget		From extra-budgetary funds	
		for the reporting year	for the previous year	for the reporting year	for the previous year
		3	4	5	6
2) Received for: ordinary activities expenses - total					
including:					
capital investments in non-current capital assets					
including:					

General Director of JSC Acron

V.A.Ivanov

Chief Accountant of JSC Acron

N.A.Pavlova

April 07, 2005

**CONSOLIDATED CASH FLOW STATEMENT
OF JSC ACRON for the year 2004**

(thousand roubles)

Index		For the reporting period	For the corresponding period of the previous year
denomination	code		
1	2	3	4
Cash balance as of the beginning of the reporting year	010	186 188	191 242
Cash flow on day-to-day operation			
Cash received from buyers, customers	020	15 074 104	14 216 361
Other revenues	050	17 811 284	14 249 446
Cash outflows for:			
payment for goods acquired, works, services, raw materials and other current assets	150	(11 045 998)	(10 474 960)
remuneration of labor	160	(1 275 216)	(1 157 735)
payment of dividends, interest	170	(355 346)	(453 052)
settlement of taxes and dues	180	(1 152 915)	(594 546)
other expenses	190	(17 680 117)	(15 571 916)
Net cash from day-to-day operation	200	1 375 796	213 598
Cash flow on investment activity			
Proceeds from sales of objects of fixed assets and other non- current capital assets	210	12 066	2 219
Proceeds from sales of securities and other financial investments	220	99 037	486 236
Dividends received	230	32 161	25 243
Interest received	240	60 357	19 579
Cash inflow from repayment of loans extended to other entities	250	644 060	89 450
Acquisition of affiliated companies	280	(10 720)	(234 325)
Acquisition of objects of fixed assets, income-bearing lease investments and intangible assets	290	(387 613)	(279 619)
Acquisition of securities and other financial investments	300	(158 065)	(564 563)
Loans extended to other entities	310	(1 057 349)	(460 330)
Other payments	320	(23)	
Net cash from investment activity	340	(766 089)	(916 110)
Cash flow on financial activity			
Cash inflow from equity issue or other equity securities issue	350		
Cash inflow from loans and credits extended by other entities	360	4 193 409	4 620 982

1	2	3	4
Other		435	16
Repayment of loans and credits (without interest)	390	(4 394 660)	(3 916 178)
Repayment of financial lease obligations	400		
Other expenses		(1 621)	(2 069)
Net cash from financial activity	410	(202 437)	702 751
Net increase (decrease) of cash and its equivalents	420	407 270	239
Cash balance as of the end of the reporting period	430	598 425	186 188
Level of impact of change in foreign currency exchange rate to rouble	440	4 967	(5 293)

General Director of JSC Acron

V.A. Ivanov

Chief Accountant of JSC Acron

N.A. Pavlova

April 07, 2005

**APPENDIX TO CONSOLIDATED BALANCE SHEET
OF JSC ACRON for the year 2004**

(thousand roubles)

Intangible assets

Index		Availability as of the beginning of the reporting year	Inflow	Outflow	Availability as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Intellectual property objects (exclusive rights to the results of the intellectual property)	010	287	973		1 260
including:					
of the patent holder to the invention, industrial sample, utility model	011	2	54		56
of the right holder to the computer programs, databases	012				
of the right holder to the integrated circuit technologies	013				
of the owner to the trade mark and service mark, appellation of origin of goods	014	285	919		1 204
of the patent holder to selection achievements	015				
Organizational expenses	020				
Business reputation of the organization	030	510 016	0	(46 912)	463 104
Other	040	2 358		2	2356

Index		As of the beginning of the reporting year	As of the end of the reporting period
denomination	code		
1	2	3	4
Amortization of intangible assets - total	050	739	920
including:			

Fixed assets

Index		Availability as of the beginning of the reporting year	Inflow	Outflow	Availability as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Buildings	061	1 587 422	262 029	(78 945)	1 770 506
Installations and transfer mechanisms	062	1 792 110	118 449	(37 715)	1 872 844
Machines and equipment	063	3 834 244	511 333	(48 898)	4 296 679
Transport means	064	343 118	59 456	(29 169)	373 405
Production and household equipment	065	86 369	18 065	(12 251)	92 183
Workstock	066	3 703	2 158	(295)	5 566
Productive livestock	067	38 689		(23 171)	15 518
Perennial plantations	068	1 449			1 449
Other types of fixed assets	069	12 879	18 485	(4 391)	26 973
Land plots and nature management objects	070	148 080	36	(123 834)	24 282
Capital investments for reclamation	071				
Total	072	7 848 063	990 011	(356 660)	8 479 405

Index		As of the beginning of the reporting year	As of the end of the reporting period
denomination	code		
1	2	3	4
Amortization of fixed assets - total	140	5 061 675	5 315 659
including:			
buildings and installations	141	1 829 927	1 909 412
machines, equipment, transport means	142	3 202 487	3 369 887
other	143	29 261	36 360
Objects of fixed assets leased - total	150	208 864	279 545
including:			
buildings	151	170 674	171 294
other	155	37 972	108 251
Objects of fixed assets temporarily closed down	160	149 501	178 595
Objects of fixed assets taken on lease - total	161	837 841	790 891
including:			
Immovable property taken into operation and being in the process of state registration	165		
	code	As of the beginning of the reporting year	As of the beginning of the previous year
For reference only	2	3	4
Result of the revaluation of the objects of fixed assets:			
of the initial (replacement) cost	171	53	10
of amortization	172	61	11
	173	8	1
	code	As of the beginning of the reporting year	As of the beginning of the reporting period
	2	3	4
Change in the cost of the objects of fixed assets as a result of fitting-out, additional equipping, reconstruction, partial liquidation	180	292 581	48 701

Income-bearing lease investments

Index		Availability as of the beginning of the reporting year	Inflow	Outflow	Availability as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Property for leasing	190			()	
Property being provided under lease agreement	200	6		()	6
Other	210			()	
Total	220	6		()	6

1	2	3	4
denomination	code	As of the beginning of the reporting year	As of the end of the reporting period
Amortization of income-bearing lease investments	230	3	5

Research, development and technological works expenses

Types of works		Availability as of the beginning of the reporting year	Inflow	Written off	Availability as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Total	310			()	
including:				()	
				()	
				()	

	code	As of the beginning of the reporting year	As of the end of the reporting year
	2	3	4
For reference only Amount of the expenses on incomplete research, development and technological works	320		

	code	For the reporting period	For the corresponding period of the previous year
	2	3	4
Amount of the expenses not having positive results on research, development and technological works, attributed to non-sale expenses			

Natural resources development expenses

Index		Balance as of the beginning of the reporting period	Inflow	Written off	Balance as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Natural resources development expenses - total				()	
including:				()	
				()	
				()	

	code	As of the beginning of the reporting year	As of the end of the reporting period
	2	3	4
For reference only. Amount of the expenses on subsoil plots, incomplete search and valuation of deposits, exploration and (or) hydrogeological investigations and other similar works			
Amount of natural resources development expenses, attributed in the reporting period to non-sale expenses as ineffective			

Financial investments

Index		Long-term		Short-term	
		as of the beginning of the reporting year	as of the end of the reporting period	as of the beginning of the reporting year	as of the end of the reporting period
denomination	code				
1	2	3	4	5	6
Investments in chartered (reserve) capitals of other organizations - total	510	301 417	58 771		
including associated and dependent economic societies	511	9 082	9 861		
State and municipal securities	515				
Securities of other organizations - total	520	8 854	398 774		465
including debt securities (bonds, bills of exchange)	521	8 854	4 342		364
Loans granted	525			19 757	641 051
Deposits	530			19 000	9 500
Other	535			4 660	38 416
Total	540	310 271	457 545	43 417	689 432
From the total amount financial investments, having a current market value:					
Deposits in chartered (reserve) capitals of other organizations - total	550	186	33 972		
including associated and dependent economic societies	551				
State and municipal securities	555				
Securities of other organizations - total	560				
including debt securities (bonds, bills of exchange)	561				
Other	565				
Total	570	186	33 972		
For reference only.					
On financial investments, having a current market value, change in the cost as a result of the price adjustment	580		33 786		
On debt securities the difference between the initial cost and nominal cost is attributed to the financial result of the reporting period	590				

Accounts receivable and payable

Index		Balance as of the beginning of the reporting year	Balance as of the end of the reporting year
denomination	code		
1	2	3	4
Accounts receivable:			
short-term - total	610	1 592 244	1 360 003
including:			
settlements with buyers and customers	611	424 220	503 090
advances paid out	612	548 338	527 815
other	613	619 686	329 098
long-term - total	620	65 357	60 116
including:			
settlements with buyers and customers	621	63 293	59 763
advances paid out	622		
other	623	2 064	353
Total	630	1 657 601	1 420 119
Accounts payable:			
short-term - total	640	2 665 870	3 167 499
including:			
settlements with suppliers and contractors	641	206 029	199 552
advances received	642	521 369	722 971
settlements on taxes and dues	643	24 511	156 007
credits	644	1 744 512	1 325 661
loans	645	53 690	624 497
other	646	115 759	138 811
long-term -total	650	990 929	580 120
including:			
credits and loans	651	990 012	575 100
other	655	917	5020
Total	660	3 656 799	3 747 619

Ordinary activities expenses (by cost elements)

Index		For the reporting year	For the previous year
denomination	code		
1	2	3	4
Material costs	710	7 224 236	6 436 205
Labour costs	720	1 508 836	1 280 022
Fringe benefit expenses	730	430 579	378 499
Amortization	740	219 923	192 525
Other costs	750	1 441 180	1 242 617
Total by cost elements	760	10 824 754	9 529 868
Change in the balances (increase [+], decrease [-]):			
incomplete production	765	32 452	-49 485
prepaid expenses	766	15 035	7 284
reserves for future expenses	767	-3 049	

Securities

Index		Balance as of the beginning of the reporting year	Balance as of the end of the reporting period
denomination	code		
1	2	3	4
Received - total	810		
including:			
bills of exchange			
Property in pledge	820		
out of it:			
objects of fixed assets			
securities and other financial investments			
other			
Issued - total	830	3 965 961	2 269 184
including:			
bills of exchange	831	853 148	565 431
Property pledged	840	464 191	33 592
out of it:			
objects of fixed assets	841		
securities and other financial investments	842		
other	843	464 191	33 592

National assistance (Public relief)

Index		Reporting period		For the corresponding period of the previous year	
denomination	code				
1	2	3	4	5	6
Budgetary funds received in the reporting year - total	910				
including:					
		as of the beginning of the reporting year	received for the reporting period	repaid for the reporting period	as of the end of the reporting period
Budgetary credits - total	920				
including:					

Chairman of the Board of Directors of JSC Acron

I.N.Antonov

Chief Accountant of JSC Acron

N.A.Pavlova

April 07, 2005

EXPLANATORY NOTE
to the consolidated accounting statements of JSC Acron for 2004

The present consolidated accounting statements have been prepared in accordance with the requirements of The Regulations on accounting and reporting in the Russian Federation, approved by the decree of the Ministry of Finance of the RF of 29.07.98 No.34n, and drawn up pursuant to the Methodical Recommendations on the procedures of preparation and submission of consolidated accounting statements, approved by the decree of the Ministry of Finance of the RF of 30.12.96 No.112 (hereinafter – Methodical recommendations).

The consolidated accounting statements are executed with incorporation of the accounting statements of a parent company, its subsidiary companies as well as some data on dependent companies, and reflect the financial status as of the accounting date and financial performance of a group of interrelated companies (hereinafter – the Group) for the accounting period.

In accordance with the Methodical recommendations the accounting statements of a subsidiary company shall be incorporated into the consolidated accounting 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 made by a subsidiary company pursuant to an agreement entered into between a parent company and a subsidiary company.
- 3) If a parent company has available other means of influencing decisions made by a subsidiary company.

There presented below is a list of subsidiary and related companies, the accounting statements of which were incorporated into the consolidated accounting statements pursuant to the requirements of the Methodical recommendations.

List of subsidiary companies of JSC Acron

Name – **JSC Dorogobuzh**

Address: settlement Verkhnedneprovsky, Dorogobuzh district of Smolensk region, Russian Federation, 215753

JSC Acron is able to influence decisions of JSC Dorogobuzh by virtue of **74.07%** of voting shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **32.93%**

Name – **CJSC “Nordic Rus Holding”**

Address: bld. 2, 37 Prechistenka street, Moscow, 119034

JSC Acron is able to influence decisions of CJSC Nordic Rus Holding by virtue of **51%** of voting shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **49%**

Name – **JSC “Lipoil”**

Address: 2 Papina street, Lipetsk, 398024

JSC Acron is able to influence decisions of JSC Lipoil by virtue of **100%** of voting shares ownership

Name – **JSC “WIAM-AGRO”**

Address: bld. 2, 37 Prechistenka street, Moscow, 119034

JSC Acron is able to influence decisions of JSC WIAM-AGRO by virtue of **100%** of voting shares ownership

Name – **JSC “Acronrost”**

Address: 41, Bolshaya Sadovaya street, Rostov-na-Donu, 344082

JSC Acron is able to influence decisions of JSC “Acronrost” by virtue of **100%** of voting shares ownership

Name – **CJSC «ENGservice»**

Address: 3 (A) Mendeleeva street, Veliky Novgorod, 173016

JSC Acron is able to influence decisions of CJSC ENGservice by virtue of ownership of **51%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is

49%

Name – **LLC “Private Security Company “Krona”**

Address: Bld.3, 41/24 Bolshaya Ordynka street, Moscow, 109017

JSC Acron is able to influence decisions of LLC Private Security Company Krona by virtue of **100%** of shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **8.23%**

Name – **JSC Acronagrotrading**

Address: site of JSC Acron, Veliky Novgorod, 173012

JSC Acron is able to influence decisions of JSC Acronagrotrading by virtue of **100%** of voting shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **16.79%**

Name – **CJSC “Acronit”**

Address: site of JSC Acron, Veliky Novgorod, 173012

JSC Acron is able to influence decisions of CJSC Acronit by virtue of **100%** of voting shares ownership

Name – **JSC “Niva Chernozemia”**

Address: 35 Oktiabriaskaya street, Orel, Russian Federation, 302035

JSC Acron is able to influence decisions of JSC Niva Chernozemia by virtue of ownership of **84%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **31.15%**

Name – **LLC Private Security Company “Phoenix”**

Address: settlement Verkhnedneprovsky, Dorogobuzh district of Smolensk region, Russian Federation, 215753

JSC Acron is able to influence decisions of LLC Private Security Company “Phoenix” by virtue of ownership of **100%** of shares

For the purpose of preparation of consolidated accounting statements the minority holding is **32.93%**

Name – **CJSC “Zadonsky syr”**

Address: vil. Repetz, Zadonsky district, Lipetsk region, 399215

JSC Acron is able to influence decisions of CJCS Zadonsky syr by virtue of ownership of **51%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **49%**

Name – **JSC “Zvyaginki”**

Address: vil. Zviaginki, Orlovsky district, Orel region, 302523

JSC Acron is able to influence decisions of JCS Zviaginki by virtue of ownership of **89.87%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **10.13%**

Name – **LLC Elegant**

Address: 5 Molodezhnaya street, settlement Verkhnedneprovsky, Dorogobuzh district of Smolensk region, Russian Federation, 215750

JSC Acron is able to influence decisions of LLC Elegant by virtue of **100%** of shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **32.93%**

Name – **Flornteks Limited**

Address: 3/5 Maly Koptevsky proezd, Moscow, 125315

JSC Acron is able to influence decisions of Flornteks Limited by virtue of ownership of **100%** of shares

Name – **LLC Dnepr**

Address: village Novo-Mikhaylovskoye, Dorogobuzh district of Smolensk region, Russian Federation, 215710

JSC Acron is able to influence decisions of LLC Dnepr by virtue of ownership of **100%** of shares

For the purpose of preparation of consolidated accounting statements the minority holding is **32.93%**

Name – **LLC Investment Port Company**

Address: 19 Chernyakhovskogo street, Moscow, 125319

JSC Acron is able to influence decisions of LLC Investment Port Company by virtue of

100% of shares ownership

Name – **CJSC “Catalyst”**

Address: settlement Verkhnedneprovsky, Dorogobuzh district of Smolensk region, Russian Federation, 215753

JSC Acron is able to influence decisions of CJSC Catalyst by virtue of ownership of **100%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **32.93%**

Name – **JSC “MERITORIOUS”**

Address: Kingisepp, Leningrad region, 188480

JSC Acron is able to influence decisions of JSC MERITORIOUS by virtue of ownership of **75%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **25%**

Name – **CJSC Acron-Saratov**

Address: w/n, Trofimovsky-II station, Leninsky district, Saratov, 410086

JSC Acron is able to influence decisions of CJSC Acron-Saratov by virtue of ownership of **51%** of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is **49%**

Name – **JSC “Shebekinoagrokhim”**

Address: 1-a Polevaya street, village Rzhevka, Shebekinsky district, Belgorodskaya region, Russian Federation, 309261

JSC Acron is able to influence decisions of JSC “Shebekinoagrokhim” by virtue of **100%** of voting shares ownership

For the purpose of preparation of consolidated accounting statements the minority holding is **16.66%**

Name – **JSC “Acronbelagro”**

Address: 1Г 5th August street, Belgorod, 308027

JSC Acron is able to influence decisions of JSC «Acronbelagro» by virtue of **100%** of voting shares ownership

Name – **Closed JSC "Firma "Proekt"**

Address: bld. 2, 37 Prechistenka street, Moscow, 119034

JSC Acron is able to influence decisions of Closed JSC "Firma "Proekt" by virtue of **100%** of voting shares ownership

Name – **JSC «AcronVolga»**

Address: 43 Bolshaya Pokrovskaya street, Nizhny Novgorod, 603000

JSC Acron is able to influence decisions of JSC «AcronVolga» by virtue of **100%** of voting shares ownership

Name – **LLC Acron Hotel**

Address: 24 Predtechenskaya st., Veliky Novgorod 173007

JSC Acron can influence decisions of LLC Acron Hotel by virtue of **100%** of shares ownership

Name – **JSC “Shebekinoagrokhimservice”**

Address: 1a Polevaya st., Rzhevka, Shebekino district, Belgorod region 309261

JSC Acron can influence decisions of JSC “Shebekinoagrokhimservice” by virtue of ownership of **100 %** of voting shares

For the purpose of consolidated statements, the minority interest is **8.51 %**

Name – **JSC Agrofirma Vysokye tekhnologii**

Address: Livenskaya village, Zadonsk district, Lipetsk region 399202

JSC Acron can influence decisions of JSC Agrofirma Vysokye tekhnologii by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **38.11 %**

Name – **CJSC DELOIT**

Address: Office of the Board, 20a Zapovednaya st., Moscow 129642

JSC Acron can influence decisions of CJSC DELOIT by virtue of **100%** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Agronova-Volga”**

Address: 29B Ilyinskaya st., Nizhny Novgorod 603109

JSC Acron can influence decisions of CJSC “Agronova-Volga” by virtue of **100%** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33%**

Name – **CJSC “Agronova-Saratov”**

Address: w/n Trofimovsky-II station, Leninsky district, Saratov 410086

JSC Acron can influence decisions of CJSC “Agronova-Saratov” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Belagronova”**

Address: 1Г August 5 st., Belgorod 308027

JSC Acron can influence decisions of CJSC “Belagronova” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **JSC “Lebedyanagrokhimservis”**

Address: 71 L. Tolstoy st., Lebedyan, Lipetsk region, Russia 399610

JSC Acron can influence decisions of JSC “Lebedyanagrokhimservis” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Lipoil”**

Address: 15 Balmochnykh st., Lipetsk 398002

JSC Acron can influence decisions of CJSC “Lipoil” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Niva Chernozemia”**

Address: 35 Oktyabrskaya st., Orel 302035

JSC Acron can influence decisions of CJSC “Niva Chernozemia” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Rostagronova”**

Address: 14 A M.Nagibina st., Rostov on Don 344038

JSC Acron can influence decisions of CJSC “Rostagronova” by virtue of **100 %** of voting shares ownership

For the purpose of consolidated statements, the minority interest is **0.33 %**

Name – **CJSC “Lukoyanovagronova”**

Address: 41 “B” Pushkina st., Lukoyanov, Nizhny Novgorod region 607800

JSC Acron can influence decisions of CJSC “Lukoyanovlagronova” by virtue of ownership of **52.74 %** of voting shares

For the purpose of consolidated statements, the minority interest is **47.43 %**

Name – **CJSC “Baltayagronova”**

Address: 15 Rabochaya st., Baltay, Baltay district, Saratov region 412630

JSC Acron can influence decisions of CJSC “Baltayagronova” by virtue of ownership of **100 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49 %**

Name – **JSC “Selhozhkhimiya”**

Address: 9 2nd Zavodskaya st., Stroitel, Yakovlevsky district, Belgorod region 309070

JSC Acron can influence decisions of JSC “Selhozhkhimia” by virtue of ownership of **73.9 %** of voting shares

For the purpose of consolidated statements, the minority interest is **26.34 %**

Name – **JSC “Agropromkhimiya”**

Address: 20 Division 302 st., Leningradskaya st., Leningradsky district, Krasnodar territory 353810

JSC Acron can influence decisions of JSC “Agropromkhimiya” by virtue of ownership of **54.46 %** of voting shares

For the purpose of consolidated statements, the minority interest is **45.72 %**

Name – **JSC “Krasnoarmeyskagropromkhimiya”**

Address: 10 Narodnaya st., Poltavskaya station, Krasnoarmeysk district, Krasnodar territory 353807

JSC Acron can influence decisions of JSC “Krasnoarmeyskagropromkhimiya” by virtue of ownership of **52.72 %** of voting shares

For the purpose of consolidated statements, the minority interest is **47.45%**

Name – **JSC Ershovskaya selhozhkhimiya**

Address: 30 Pionerskaya st., Ershov, Saratov region 413500

JSC Acron can influence decisions of JSC Ershovskaya selhozhkhimiya by virtue of ownership of **51.66 %** of voting shares

For the purpose of consolidated statements, the minority interest is **48.51 %**

Name – **JSC Livenskagropromkhiya**

Address: Nagorny village, Livny, Orel region 303800

JSC Acron can influence decisions of JSC Livenskagropromkhiya by virtue of ownership of **51.17 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49 %**

Name – **CJSC “Eletsselkhozhiya”**

Address: Moskovskoye sh., GSP-12 Elets, Lipetsk region, Russia 399740

JSC Acron can influence decisions of CJSC “Eletsselkhozhiya” by virtue of ownership of **51.16 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49.01 %**

Name – **CJSC Kubris**

Address: 10 Narodnaya st., Poltavskaya station, Krasnoarmeysk district, Krasnodar territory 353807

JSC Acron can influence decisions of CJSC Kubris by virtue of ownership of **100 %** of voting shares

For the purpose of consolidated statements, the minority interest is **47.45 %**

Name – **JSC Baltayagropromkhiya**

Address: 15 Rabochaya st., Baltay, Baltay district, Saratov region 412630

JSC Acron can influence decisions of JSC Baltayagropromkhiya by virtue of ownership of **51.01 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49.16 %**

Name – **JSC “Griaziagropromkhiya”**

Address: 12 Peskovatskaya st., Griazi, Lipetsk region 399300

JSC Acron can influence decisions of JSC “Griaziagropromkhiya” by virtue of ownership of **50.92 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49.25 %**

Name – **JSC “Gubkinselkhozhiya”**

Address: 7 3rd Melnichny per., Gubkin, Belgorod region 309187

JSC Acron can influence decisions of JSC “Gubkinselkhozhiya” by virtue of ownership of **50.23 %** of voting shares

For the purpose of consolidated statements, the minority interest is **49.94 %**

Name – **JSC “Agrokhim”**

Address: DSP-2 district, Alekseevka, Belgorod region 309850

JSC Acron can influence decisions of JSC “Agrokhim” by virtue of ownership of **50.14 %** of voting shares

For the purpose of consolidated statements, the minority interest is **50.03 %**

Name – **JSC “Plodorodie”**

Address: M. Panarino village, Zadonsk district, Lipetsk region 399200

JSC Acron can influence decisions of JSC “Plodorodie” by virtue of ownership of **50.08 %** of voting shares

For the purpose of consolidated statements, the minority interest is **50.09 %**

Name – **JSC “Glinishevoagropromkhiymiya”**

Address: Glinicshevo village, Bryansk district, Bryansk region 242025

JSC Acron can influence decisions of JSC “Glinishevoagropromkhiymiya” by virtue of ownership of **50.01 %** of voting shares

For the purpose of consolidated statements, the minority interest is **50.16 %**

Name – **LLC “EVLASHEVSKOYE”**

Address: Sosnovka village, Baltay district, Saratov region 412641

JSC Acron can influence decisions of LLC “Elashevskoye” by virtue of ownership of **100 %** of voting shares

For the purpose of consolidated statements, the minority interest is **48.99 %**

The present consolidated accounting statements are executed with incorporation of the accounting statements of a parent company and its subsidiary companies and reflect the financial status as of the accounting date and financial performance of a group of interrelated companies (hereinafter – the Group) for the accounting period.

Pursuant to the requirements of the Decree of the Ministry of Finance of the Russian Federation of 30.12.96 No.112 the consolidated accounting statements are executed by summing up of the corresponding indexes of the accounting statements of each participant of the Group, where applicable by applying relevant adjustments.

In particular,

accounts receivable and accounts payable are disclosed with deduction of cross-arrears of the Group participants;

financial investments are disclosed with deduction of investments of a parent company into the charter capitals of subsidiary companies;

capital and reserves are disclosed with deduction of investments of a parent company into subsidiary companies and minority holdings;

proceeds from sales of goods (works, services) and expenses on normal business activities are disclosed without account of internal business volumes between the Group participants;

interests receivable and payable, operating and non-sale incomes and losses are disclosed without account of incomes and losses received by the Group participants on operations effected among themselves.

Pursuant to clause 5.1 of the Methodical recommendations in explanations to the consolidated accounting statements and consolidated profit and loss statement there disclosed a cost estimate of influence, exerted by acquisition and retirement of subsidiary and dependent companies, on the financial status of the Group as of the accounting date and on the financial performance thereof for the accounting period.

In 2004, there were the following changes in the list of JSC Acron subsidiaries:

1. The following companies came out of the list of JSC Acron subsidiaries:

- Name – **CJSC Moscow stud farm No. 1**

Address: vil. Uspenskoye, Odintzovsky district, Moscow region, 143030

As of 01.01.2004 JSC Acron was able to influence decisions of CJSC Moscow stud farm No. 1 by virtue of ownership of **90.61%** of voting shares.

- Name – **JSC Konnik Podmoskoviya**

Address: vil. Uspenskoye, Odintzovsky district, Moscow region, 143030

As of 01.01.2004 JSC Acron was able to influence decisions of JSC Konnik Podmoskoviya by virtue of ownership of **100%** of voting shares.

- Name – **LLC Konny Mir**

Address: 20 bld. 8, Marksistskaya st., Moscow 109147

As of 01.01.2004 JSC Acron was able to influence decisions of LLC Konny Mir by virtue of ownership of **99.9%** of shares.

- Name – **LLC KonPromService**

Address: 2 Shabolovka st., Moscow 117049

As of 01.01.2004 JSC Acron was able to influence decisions of LLC KonPromService by virtue of ownership of **99.9%** of shares.

- Name – **Closed JSC Holding Company National Equestrian Park**

Address: site of JSC Acron, Veliky Novgorod, 173012

As of 01.01.2004 JSC Acron was able to influence decisions of Closed JSC Holding Company National Equestrian Park by virtue of ownership of **100%** of voting shares.

- Name – **JSC “Novpromgaz”**

Address: 3 "A" Mendeleeva st., Veliky Novgorod, 173016

As of 01.01.2004 JSC Acron was able to influence decisions of JSC "Novpromgaz" by virtue of ownership of **60%** of voting shares.

2. The following companies were added to JSC Acron subsidiaries:

- **LLC Acron Hotel – 100%**
- **JSC "Shebekonoagrokhimservice" – 100%**
- **CJSC DELOIT – 100%**
- **CJSC "Agronova-Saratov" – 100%**
- **CJSC "Belagronova" – 100%**
- **CJSC "Agronova-Volga" – 100%**
- **JSC "Lebedyanagrokhimsevis" – 100%**
- **CJSC "Lipoil" – 100%**
- **CJSC "Niva Chernozemia" – 100%**
- **CJSC "Rostagronova" – 100%**
- **JSC "Baltayagronova" – 100%**
- **CJSC Kubris – 100%**
- **JSC EVLASHEVSKOYE – 100%**
- **JSC "Selhozhkhimia" – 73.9%**
- **JSC "Agropromkhimiya" – 54.46%**
- **CJSC "Lukoyanovagronova" – 52.74%**
- **JSC "Krasnoarmeyskagropromkhiya" – 52.72%**
- **JSC Ershovskaya selhozhkhimiya – -51.66%**
- **JSC Livenskagropromkhimiya – -51.17%**
- **JSC "Eletskselhozhkhimiya" – 51.16%**
- **JSC Baltayagropromkhimiya – 51.01%**
- **JSC "Griaziagropromkhimia" – 50.92%**
- **JSC "Gubkinselhozhkhimia" – 50.23%**
- **JSC "Agrokhim" – 50.143%**
- **JSC "Plodorodie" – 50.08%**
- **JSC "Glinishevoagropromkhimiya – 50.01%**

There were no other changes in the membership of the subsidiary and dependent companies of JSC Acron in 2004.

For the purpose of disclosing of the cost estimate of impact of the changes in the membership of the subsidiary companies on the financial status of the Group and on the financial performance thereof, the consolidated accounting statements of JSC Acron for

2004 were added by the following information:

- a) into the consolidated accounting statements and explanatory note thereto – data as of the end of the accounting period without account of details of entities acquired in 2004;
- b) into the consolidated profit and loss statements and explanation of separate profits and losses – data for the accounting period without account details of entities acquired in 2004.

General Director of JSC Acron

V.A. Ivanov

Chief Accountant of JSC Acron

N.A. Pavlova