OPEN JOINT STOCK COMPANY “DOROGOBUZH”

International Accounting Standard No. 34

Consolidated Condensed Interim (six months) Financial Information (unaudited)

30 June 2009

Contents

Consolidated Condensed Interim Balance Sheet
as at 30 June 2009 (unaudited) and 31 December 2008
(in thousands of Russian Roubles)

	Note	30 June 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,342,136	4,390,089
Goodwill		52,068	52,068
Other non-current assets		265,683	259,998
Available-for-sale investments	8	3,138,542	1,266,534
Long-term loans receivable		819,300	366,300
Total non-current assets		**8,617,729**	**6,334,989**
Current assets			
Inventories		1,055,519	1,094,630
Other current assets		18,996	15,433
Short-term loans receivable		1,268,768	100,354
Accounts receivable	6	1,071,222	797,565
Cash and cash equivalents	5	715,375	706,828
Total current assets		**4,129,880**	**2,714,810**
TOTAL ASSETS		**12,747,609**	**9,049,799**
EQUITY			
Share capital		1,735,359	1,735,359
Share premium		93,794	93,794
Retained earnings		4,478,228	3,530,754
Revaluation reserve		2,442,796	989,452
TOTAL EQUITY		**8,750,177**	**6,349,359**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	1,251,616	440,706
Other long-term liabilities		102,503	102,504
Deferred tax liability		824,607	457,059
Total non-current liabilities		**2,178,726**	**1,000,269**
Current liabilities			
Accounts payable	9	398,181	530,928
Current income tax payable		14,673	597
Other taxes payable		216,673	59,044
Short-term borrowings	10	531,937	881,412
Advances received		657,242	228,190
Total current liabilities		**1,818,706**	**1,700,171**
TOTAL LIABILITIES		**3,997,432**	**2,700,440**
TOTAL LIABILITIES AND EQUITY		**12,747,609**	**9,049,799**

Approved for issue and signed on behalf of the Board of Directors on 27 August 2009.

V.Y. Kunitsky
Acting President

A.V. Milenkov
Finance Director

Consolidated Condensed Interim Statement of Income
for the six months ended 30 June 2009 (unaudited) and 30 June 2008 (unaudited)
(in thousands of Russian Roubles)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Revenue		5,128,705	5,621,674
Cost of sales		(3,020,374)	(2,476,395)
Gross profit		**2,108,331**	**3,145,279**
Transportation services		(383,865)	(389,939)
Selling, general and administrative expenses		(437,007)	(322,229)
Income / (loss) on disposal of property, plant and equipment, net		3,124	7,561
Other operating income / (expenses), net		(46,042)	(39,526)
Operating profit		**1,244,541**	**2,401,146**
Finance income / (loss)		14,470	350,872
Interest expense		(35,606)	(57,258)
Profit before taxation		**1,223,405**	**2,694,760**
Income tax expense	12	(275,931)	(603,917)
Net profit for the period		**947,474**	**2,090,843**
Net profit is attributable to:			
Equity holders of the Company		947,474	2,092,800
Minority interest		-	(1,957)
Net profit for the period		**947,474**	**2,090,843**
Earnings per ordinary share for profit for the year attributable to the equity holders of the Company, basic and diluted (expressed in RR per share)	11	1.08	2.39
Earnings per preference share for profit for the year attributable to the equity holders of the Company, basic and diluted (expressed in RR per share)	11	1.08	2.39

(in thousands of Russian Roubles)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Cash flows from operating activities			
Profit before taxation		**1,223,405**	**2,694,760**
Adjustments for:			
Depreciation and amortization	7	151,197	89,041
Reversal of impairment of accounts receivable	6	-	(6,600)
Reversal of provision for write-down on inventory		-	7,758
Loss on disposal of property, plant and equipment		(3,124)	(7,561)
Interest expense		35,606	57,258
Interest income		(73,904)	(338,803)
Foreign exchange effect on non-operating balances		60,738	14,000
Operating cash flows before working capital changes		**1,393,918**	**2,509,853**
(Increase)/decrease in gross trade receivables		20,309	(1,416,693)
Decrease/(increase) in advances to suppliers		(123,542)	-
Increase in other receivables		(129,289)	314,360
(Increase)/decrease in inventories		39,111	(469,222)
Decrease in trade payables		(95,715)	297,938
Increase/(decrease) in other payables		124,081	-
Increase /(decrease) in advances from customers		429,052	204,904
(Increase)/decrease in other current assets		(3,563)	(109,289)
Net change in other non-current assets and liabilities		(5,686)	-
Cash generated from operations		**1,648,676**	**1,331,851**
Income taxes paid		(263,742)	(547,040)
Interest paid		(31,647)	(13,589)
Net cash generated from operating activities		**1,353,287**	**771,222**
Cash flows from investing activities			
Purchase of property, plant and equipment		(121,423)	(177,164)
Proceeds from sale of property, plant and equipment		24,861	228,925
Loans provided		(2,463,200)	(477,383)
Proceeds from loans repaid		841,786	-
Interest received		29,211	3,466
Dividends received		-	59,757
Purchase of available-for-sale investments		(55,329)	24,651
Proceeds from sale of available-for-sale investments		-	2,038
Net cash used in investing activities		**(1,744,094)**	**(335,710)**
Cash flows from financing activities			
Dividends paid to shareholders		(1,343)	(94)
Proceeds from borrowings	10	1,726,766	2,368,244
Repayment of borrowings	10	(1,326,069)	(2,609,289)
Net cash provided from (used in) financing activities		**399,354**	**(241,139)**
Net increase in cash and cash equivalents		**8,547**	**194,373**
Cash and cash equivalents at the beginning of the period		**706,828**	**350,760**
Cash and cash equivalents at the end of the period		**715,375**	**545,133**

The accompanying notes on pages 5 to 12 are an integral part of this consolidated condensed interim financial information.

(in thousands of Russian Roubles)

	Share capital and reserves attributable to the Company's equity holders					
	Share capital	Share premium	Retained earnings	Revaluation reserve	Minority interest	Total equity
Balance at 1 January 2008	**1,735,359**	**93,794**	**2,220,311**	**3,970,103**	**2,819**	**8,022,386**
Fair value gains on available-for-sale investments (Note 8)	-	-	-	6,506,712	-	6,506,712
Income tax recorded in equity	-	-	-	(1,561,612)	-	(1,561,612)
Net income recognized directly in equity	-	-	-	4,945,100	-	4,945,100
Profit for the period	-	-	2,092,800	-	(1,957)	2,090,843
Total recognized income	-	-	2,092,800	4,945,100	(1,957)	7,035,943
Dividends declared	-	-	(1,658,827)	-	-	(1,658,827)
Balance at 30 June 2008	**1,735,359**	**93,794**	**2,654,284**	**8,915,203**	**862**	**13,399,502**
Balance at 1 January 2009	**1,735,359**	**93,794**	**3,530,754**	**989,452**	**-**	**6,349,359**
Fair value gains on available-for-sale investments (Note 8)	-	-	-	1,816,679	-	1,816,679
Income tax recorded in equity	-	-	-	(363,335)	-	(363,335)
Net income recognized directly in equity	-	-	-	1,453,344	-	1,453,344
Profit for the period	-	-	947,474	-	-	947,474
Total recognized income	-	-	947,474	1,453,344	-	2,400,818
Dividends declared	-	-	-	-	-	-
Balance at 30 June 2009	**1,735,359**	**93,794**	**4,478,228**	**2,442,796**	**-**	**8,750,177**

1 Dorogobuzh Group and Its Operations

This unaudited consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the six months ended 30 June 2009 for Joint Stock Company "Dorogobuzh" (the "Company" or "Dorogobuzh") and its subsidiaries (together referred to as the "Group" or "Dorogobuzh Group").

The Group's principal activities include the manufacture, distribution and sales of chemical fertilisers and related by-products. The Group's manufacturing facilities are primarily based in the Smolenskaya oblast of Russia. Dorogobuzh was incorporated as a joint stock company on 27 July 1994. On that date the majority of assets and liabilities previously managed by the state were transferred to the Company. The transfer of assets and liabilities was made in accordance with Decree No. 721 on the privatisation of state companies approved on 1 July 1992.

The Group's parent company os JSC "Acron" (Russian Federation). The Group's ultimate parent is Subero Associates Inc (British Virgin Islands) (2008: Subero Associates Inc). As at 30 June 2009 and 31 December 2008 the Group was ultimately controlled by Mr. Viatcheslav Kantor.

The Company's registered office is Verkhnedneprovsky, Smolenskaya oblast, 215753, Russia.

2 Basis of Presentation

This consolidated condensed interim financial information for the six months ended 30 June 2009 has been prepared in accordance with IAS 34, *Interim Financial Reporting*. This consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2008.

3 Accounting Policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2008, as described in the consolidated financial statements for the year ended 31 December 2008.

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

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

These interpretations did not have any significant effect on the Group's consolidated financial statements.

Reclassification of Financial Assets—Amendments to IAS 39, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures and a subsequent amendment, Reclassification of Financial Assets: Effective Date and Transition. The amendments allow entities the options (a) to reclassify a financial asset out of the held for trading category if, in rare circumstances, the asset is no longer held for the purpose of selling or repurchasing it in the near term; and (b) to reclassify an available-for-sale asset or an asset held for trading to the loans and receivables category, if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity (subject to the asset otherwise meeting the definition of loans and receivables). The amendments may be applied with retrospective effect from 1 July 2008 for any reclassifications made before 1 November 2008; the reclassifications allowed by the amendments may not be applied before 1 July 2008 and retrospective reclassifications are only allowed if made prior to 1 November 2008. Any reclassification of a financial asset made on or after 1 November 2008 takes effect only from the date when the reclassification is made. The Group has not elected to make any of the optional reclassifications during the period.

3 Accounting Policies (continued)

New Accounting Pronouncements

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. Management is currently assessing what impact the standard will have on segment disclosures in the Group’s financial statements.

Puttable Financial Instruments and Obligations Arising on Liquidation—IAS 32 and IAS 1 Amendment (effective for annual periods beginning on or after 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of financial liabilities. The Group does not expect the amendment to affect its financial statements.

IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The main change to IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The Group is currently assessing the impact of the amendment to the standard on its financial statements.

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

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

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

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition

3 Accounting Policies (continued)

date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its financial statements

IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Group's operations because no Group companies operate any loyalty programmes.

IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions. IFRIC 15 is not relevant to the Group's operations because it does not have any agreements for the construction of real estate

Improvements to International Financial Reporting Standards (issued in May 2008). In 2007, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The Group does not expect the amendments to have any material effect on its financial statements;

IFRIC 17, Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 is not relevant to the Group's operations because it does not distribute non-cash assets to owners.

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The Group concluded that the revised standard does not have any effect on its financial statements.

IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 is not expected to have any impact on the Group's financial statements.

(in thousands of Russian Roubles)

3 Accounting Policies (continued)

Improving Disclosures about Financial Instruments—Amendment to IFRS 7, Financial Instruments: Disclosures (issued in March 2009; effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The Group is currently assessing the impact of the amendment on disclosures in its financial statements.

Other new standards or interpretations. The Group has not currently adopted the following other new standards or interpretations:

- IFRIC 15 – Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009);
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008);
- Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – IFRS 1 and IAS 27 Amendment (issued in May 2008; effective for annual periods beginning on or after 1 January 2009);
- Eligible Hedged Items – Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009).
- IFRIC 9, IAS 39 – Embedded Derivatives (effective for annual periods ending on or after 30 June 2009; not yet adopted by the EU).
- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on of after 1 July 2009; amendments to IFRS 5, IAS 1, IAS 7, IAS 17, IAC 36 and IAS 39 are effective for annual periods beginning on of after 1 January 2010).

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group’s consolidated condensed interim finance information.

4 Balances and Transactions with Related Parties

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2009 and 31 December 2008 are detailed below. The following turnovers and balances arise from transactions with related parties:

i Balances with related parties

Balance sheet caption	Notes	Relationship	30 June 2009	31 December 2008
Trade receivables, gross	6	Parent company	27,707	6,963
		Parties under common control	254,195	206,152
Provision for impairment of trade receivables	6	Parties under common control	(202)	(40)
Prepayments		Parties under common control	21,702	24,511
Loans provided		Parent company	1,591,068	-
		Parties under common control	479,100	412,654
Trade payables	9	Parent company	(66,779)	(51,174)
		Parties under common control	(23,493)	(4,802)
Advances from customers		Parties under common control	(54,068)	(136,250)

(in thousands of Russian Roubles)

4 Balances and Transactions with Related Parties (continued)

ii Transactions with related parties

Income statement caption	Relationship	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales of chemical fertilisers	Parent company	30,130	43,328
	Parties under common control	2,317,261	2,543,905
Income from participation in other companies	Parent company	-	299,228
Purchases of raw materials	Parent company	(19,376)	(53,757)
	Parties under common control	(7,499)	(10,368)
Purchase of transportation services	Parties under common control	(39,650)	(88,621)
Security services	Parties under common control	(36,580)	(33,048)
Dividends accrued	Parent company	-	(908,964)
	Parties under common control	-	(374,840)

iii Loans issued to related parties

At 30 June 2009 and 31 December 2008 short-term loans to parent company and parties under common control denominated in RR totalled RR 1,250,868 and RR 90,354, respectively, at interest rates in the range of 10.5% to 14.2%. The loans are unsecured.

At 30 June 2009 and 31 December 2008 long-term loans to parties under common control totalled RR 819,300 and RR 322,300, in the range of 9.5% to 13.5%. The loans are unsecured.

For the six months ended 30 June 2009 the Group accrued interest income of RR 71,604 (six months ended 30 June 2008: RR 24,306).

5 Cash and Cash Equivalents

	30 June 2009	31 December 2008
Cash on hand and bank balances denominated in RR	97,562	539,178
Bank balances denominated in USD	611,648	114,749
Bank balances denominated in EUR	6,165	52,901
Total cash and cash equivalents	**715,375**	**706,828**

6 Accounts Receivable

	30 June 2009	31 December 2008
Trade accounts receivable	292,572	312,881
Other accounts receivable	79,718	37,719
Less: impairment provision	(46,503)	(46,503)
Total financial assets	**325,787**	**304,097**
Advances to suppliers	385,375	261,833
Value-added tax recoverable	362,880	211,778
Income tax prepayments	2,645	25,454
Other taxes receivable	1,502	1,370
Less: impairment provision	(6,967)	(6,967)
Total accounts receivable	**1,071,222**	**797,565**

(in thousands of Russian Roubles)

7 Property, Plant and Equipment

	2009	2008
Carrying amount at 1 January	**4,390,089**	**3,355,216**
Additions	121,423	177,164
Disposals	(18,179)	(221,364)
Deprecation charge for the period	(151,197)	(89,041)
Carrying amount at 30 June	**4,342,136**	**3,221,975**

8 Available-for-Sale Investments

The Group has investments in the following companies:

Name	Activity	Country of registration	30 June 2009	31 December 2008
JSC Acron	Fertiliser manufacturing	Russia	3,022,886	1,192,999
Sberbank	Banking	Russia	98,183	56,455
Other			17,473	17,080
			3,138,542	**1,266,534**

For the six months ended 30 June 2009 fair value gains for available-for-sale investments were recognized directly in equity in the amount of RR 1,453,344 (for six months ended 30 June 2008: RR 6,506,712). The share price quoted by MICEX for JSC Acron amounted to RR 728.89 (RR 295.18 for 1 share at 31 December 2008), share price quoted by MICEX for Sberbank RR 39.67 for 1 share (RR 22.81 respectively for 1 share at 31 December 2008).

9 Accounts Payable

	30 June 2009	31 December 2008
Trade accounts payable	233,501	329,216
Dividends payable	9,775	11,247
Total financial payables	**243,276**	**340,463**
Payables to employees	149,815	184,584
Accrued liabilities and other creditors	5,090	5,881
Total accounts payable and accrued expenses	**398,181**	**530,928**

10 Short-Term and Long-Term Borrowings

The Group's borrowings mature as follows:

	30 June 2009	31 December 2008
Borrowings due:		
- within 1 year	531,937	881,412
- between 1 and 5 years	1,251,616	440,706
	1,783,553	**1,322,118**

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

(in thousands of Russian Roubles)

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

At 30 June 2009 and 31 December 2008 the fair value of borrowings was not materially different from their carrying amounts.

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

	30 June 2009	31 December 2008
Short-term borrowings		
USD		
Loans with fixed interest rate from 8% per annum	62,581	-
Loans with floating interest rates of LIBOR + 2.75% to LIBOR + 3.75% per annum	469,356	881,412
Total short-term borrowings	**531,937**	**881,412**

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

	30 June 2009	31 December 2008
Long-term borrowings		
USD		
Loans with floating interest rates of LIBOR + 3.6% to LIBOR + 5% per annum	1,251,616	440,706
Total long-term borrowings	**1,251,616**	**440,706**

The loan agreements for a total of RR 1,720,972 (31 December 2008: RR 1,322,118) contain certain covenants including those which require the Group and Group entities to maintain a minimum level of net assets, and impose restrictions on total debt, EBITDA/net interest expense ratio and debt/EBITDA ratio. The loan agreements provide for the borrower's obligation to maintain the required level of foreign currency inflows through the accounts opened with the lending banks and stipulate subjective acceleration clauses in case of the borrower’s failure to fulfill or appropriately fulfill its obligations to the bank.

11 Earnings per Share

Earnings per share are calculated by dividing the net income attributable to participating shareholders by the weighted average number of ordinary and preference shares in issue during the period, excluding the average number of ordinary shares purchased by the Company or its subsidiary and held as treasury shares.

	Six months ended	
	30 June 2009	**30 June 2008**
Weighted average number of ordinary shares outstanding	721,182,860	721,182,860
Weighted average number of preference shares outstanding	154,256,400	154,256,400
Dividends to ordinary shareholders	-	1,355,824
Dividends to preference shareholders	-	290,002
Total dividends for the year	-	**1,645,826**
Profit attributable to ordinary shareholders	780,525	1,722,427
Profit attributable to preference shareholders	166,949	368,416
Profit for the year	**947,474**	**2,090,843**
Basic and diluted earnings per ordinary share (in Russian roubles)	**1.08**	**2.39**
Basic and diluted earnings per preference share (in Russian roubles)	**1.08**	**2.39**

(in thousands of Russian Roubles)

12 Income Taxes

	Six months ended	
	30 June 2009	**30 June 2008**
Income tax expense – current	(271,885)	(595,280)
Deferred tax expense – origination and reversal of temporary differences	(4,046)	(8,637)
Income tax charge	**(275,931)**	**(603,917)**

13 Contractual Commitments and Contingencies

As at 30 June 2009 the Group had outstanding capital commitments in relation to property, plant and equipment for amount of RR 47,126 (31 December 2008: RR 100,112).

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

As at 30 June 2009 and 31 December 2008, the Group has not issued any financial guarantees to third parties in respect of borrowings from non-group companies.