

**CONSOLIDATED
ACCOUNTING STATEMENTS
JSC «Acron»
year 2003**

Veliky Novgorod, 2004

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CONSOLIDATED ACCOUNTING STATEMENTS JSC «Acron»
as of 31.12.2003

(thous.roub.)

| ASSET | Line code | At the beginning of the accounting period | At the end of the accounting period | |
|--|--------------|--|--|--|
| | | With account of all entities | With account of all entities | Without account of entities purchased in 2003 |
| 1 | 2 | 3 | 4 | 5 |
| I. CAPITAL ASSETS | | | | |
| Intangible assets | 110 | 376.549 | 511.922 | 448.086 |
| <i>including business reputation of affiliated companies</i> | 111 | 374.396 | 510.016 | 446.180 |
| Fixed assets | 120 | 2.470.810 | 2.786.388 | 2.706.764 |
| Assets under construction | 130 | 486.151 | 585.472 | 584.493 |
| Income bearing lease investments | 135 | 5 | 3 | 3 |
| Long-term financial investments | 140 | 186.827 | 310.271 | 386.427 |
| Deferred tax assets | 145 | 731 | 2.924 | 2.924 |
| Other capital assets | 150 | 35.479 | 14.761 | 14.761 |
| TOTAL for section I | 190 | 3.556.552 | 4.211.741 | 4.143.458 |

| 1 | 2 | 3 | 4 | 5 |
|---|------------|------------------|------------------|------------------|
| II. CURRENT ASSETS | | | | |
| Inventory | 210 | 1.384.411 | 1.634.370 | 1.582.617 |
| <i>Including:</i> | | | | |
| <i>raw and other materials and other comparable values</i> | 211 | 1.050.817 | 1.248.710 | 1.230.394 |
| <i>rearsers and fatteners</i> | 212 | 57.577 | 75.480 | 60.923 |
| <i>cost of work in progress</i> | 213 | 83.659 | 44.163 | 30.153 |
| <i>finished products and goods for resale</i> | 214 | 144.757 | 196.955 | 192.098 |
| <i>goods dispatched</i> | 215 | 32.039 | 45.201 | 45.201 |
| <i>deferred expenses</i> | 216 | 15.562 | 23.861 | 23.848 |
| <i>other inventory and expenditures</i> | 217 | - | - | - |
| Value Added Tax on acquired values | 220 | 172.439 | 191.668 | 185.294 |
| Accounts receivable (due in more than 12 months after the balance sheet date) | 230 | 74.654 | 65.357 | 65.357 |
| <i>including buyers and customers</i> | 231 | 71.701 | 63.293 | 63.293 |
| Accounts receivable (due within 12 months after the balance sheet date) | 240 | 1.401.374 | 1.592.244 | 1.597.501 |
| <i>including buyers and customers</i> | 241 | 535.837 | 424.220 | 425.198 |
| Short-term financial investments | 250 | 43.417 | 202.458 | 224.782 |
| Cash | 260 | 211.355 | 183.823 | 180.480 |
| Other current assets | 270 | 80.894 | 102.936 | 100.883 |
| TOTAL for section II | 290 | 3.368.544 | 3.972.856 | 3.936.914 |
| BALANCE | 300 | 6.925.096 | 8.184.597 | 8.080.372 |

| LIABILITIES | Line code | At the beginning of the accounting period | At the end of the accounting period | |
|---|------------|---|-------------------------------------|---|
| | | With account of all entities | With account of all entities | Without account of entities purchased in 2003 |
| 1 | 2 | 3 | 4 | 5 |
| III. CAPITAL AND RESERVES | | | | |
| Charter capital | 410 | 238.438 | 238.438 | 238.438 |
| Treasury stock | 411 | - | - | - |
| Additional capital | 420 | 1.742.704 | 1.772.240 | 1.746.310 |
| Reserve capital | 430 | 40.492 | 43.734 | 43.690 |
| <i>including:</i> | | | | |
| <i>statutory reserve funds</i> | 431 | - | - | |
| <i>reserve funds created in accordance with constituent documents</i> | 432 | 40.492 | 43.734 | 43.690 |
| Retained profit (uncovered loss) | 470 | 1.808.996 | 2.058.656 | 2.042.111 |
| TOTAL for section III | 490 | 3.830.630 | 4.113.068 | 4.070.549 |
| Minority holding | | 321.942 | 350.299 | 337.991 |
| Business reputation of affiliated companies | | 21.424 | 25.927 | 21.424 |
| IV. LONG-TERM LIABILITIES | | | | |
| Debt and borrowings | 510 | 327.192 | 990.012 | 988.605 |
| Deferred tax liabilities | 515 | 20.553 | 28.372 | 28.372 |
| Other long-term liabilities | 520 | 885 | 917 | 829 |
| TOTAL for section IV | 590 | 348.630 | 1.019.301 | 1.017.806 |

| 1 | 2 | 3 | 4 | 5 |
|---|------------|------------------|------------------|------------------|
| V. CURRENT LIABILITIES | | | | |
| Debt and borrowings | 610 | 1.730.904 | 1.798.202 | 1.775.493 |
| Accounts payable | 620 | 664.500 | 867.668 | 846.977 |
| <i>including:</i> | | | | |
| <i>suppliers and contractors</i> | 621 | 232.594 | 211.502 | 187.925 |
| <i>wages payable</i> | 622 | 44.908 | 53.317 | 52.850 |
| <i>due to extra-budgetary state funds</i> | 623 | 18.456 | 21.039 | 20.705 |
| <i>tax payable</i> | 624 | 26.660 | 24.511 | 23.746 |
| <i>other payables</i> | 625 | 341.882 | 557.299 | 561.751 |
| Dividends due to partners (founders) | 630 | 673 | 490 | 490 |
| Deferred revenues | 640 | 3.344 | 6.593 | 6.593 |
| Reserve for future expenses and payments | 650 | 3.049 | 3.049 | 3.049 |
| Other current liabilities | 660 | - | - | - |
| TOTAL for section V | 690 | 2.402.470 | 2.676.002 | 2.632.602 |
| BALANCE | 700 | 6.925.096 | 8.184.597 | 8.080.372 |

Values accounted on off-balance sheet accounts

| Index description | Line code | At the beginning of the accounting period | At the end of the accounting period | |
|---|------------|---|-------------------------------------|---|
| | | With account of all entities | With account of all entities | Without account of entities purchased in 2003 |
| Rented fixed assets | 910 | 379.726 | 837.841 | 837.841 |
| <i>including leased ones</i> | <i>911</i> | <i>426</i> | <i>-</i> | <i>-</i> |
| Material assets in custody | 920 | 8.472 | 11.220 | 11.220 |
| Goods accepted for commission | 930 | 920 | - | - |
| Receivables written off from insolvent debtors | 940 | 12.997 | 15.568 | 15.568 |
| Collateral for liabilities and payments received | 950 | 15.906 | - | - |
| Collateral for liabilities and payments issued | 960 | 2.656.151 | 3.965.961 | 3.965.961 |
| Depreciation of housing stock | 970 | 1.582 | 533 | 533 |
| Depreciation of rehabilitation areas and other comparable sites | 980 | 83 | 106 | 106 |
| Intangible assets received for use | 990 | - | 4.074 | 4.074 |

Chairman of the Board of Directors of JSC “Acron”

I.N. Antonov

Chief Accountant of JSC “Acron”

N.A. Pavlova

April 08, 2004

**CONSOLIDATED PROFIT AND LOSS STATEMENT JSC «Dorogobuzh»
for 2003**

(thous.roub.)

| Index description | Line code | For the accounting period | | For the corresponding period of the previous year |
|---|-----------|------------------------------|---|---|
| | | With account of all entities | Without account of entities purchased in 2003 | With account of all entities |
| 1 | 2 | 3 | 4 | 5 |
| Profits and losses from regular business activities | | | | |
| Proceeds (net) from sales of goods, products, services (less value added tax, excise duties and comparable compulsory payments) | 010 | 11.094.595 | 11.037.219 | 10.063.373 |
| Cost of production of goods, products, services sold | 020 | (6.914.205) | (6.861.557) | (5.946.684) |
| Gross margin | 029 | 4.180.390 | 4.175.662 | 4.116.689 |
| Selling expenses | 030 | (1.531.763) | (1.531.763) | (1.531.462) |
| Administrative expenses | 040 | (1.083.900) | (1.083.900) | (974.910) |
| Selling profit (loss) | 050 | 1.564.727 | 1.559.999 | 1.610.317 |

| 1 | 2 | 3 | 4 | 5 |
|--|-----|----------------|----------------|----------------|
| Other profits and losses | | | | |
| Interest receivables | 060 | 2.624 | 7.171 | 3.534 |
| Interest payable | 070 | (409.370) | (409.624) | (375.392) |
| Income from participation in other entities | 080 | 3.793 | 3.793 | 176 |
| Other operating income | 090 | 9.177.479 | 9.168.276 | 8.609.388 |
| Other operating loss | 100 | (9.249.525) | (9.240.668) | (8.648.792) |
| Non-sale income | 120 | 172.215 | 169.723 | 170.316 |
| Non-sales loss | 130 | (677.058) | (674.212) | (486.949) |
| Capitalized earnings value (loss) | | - | - | (6.743) |
| Profit (loss) before tax | 140 | 584.885 | 584.458 | 875.855 |
| Deferred tax assets | 145 | 1.419 | 1.419 | 731 |
| Deferred tax liabilities | 146 | (7.978) | (7.909) | (20.553) |
| Current income tax | 150 | (281.573) | (280.255) | (297.727) |
| Net profit (loss) of an accounting period | 190 | 296.753 | 297.713 | 558.306 |
| Minority holding | | (36.074) | (36.057) | (36.070) |
| Net profit (loss) of an accounting period less minority holding | | 260.679 | 261.656 | 522.236 |
| REFERENTIAL | | | | |
| Permanent tax liabilities (assets) | 200 | 133.162 | 133.161 | 91.204 |
| Basic earning (loss) per share | 201 | - | - | - |
| Diluted earning (loss) per share | 202 | - | - | - |

Explanation of separate profits and loss

| Index description | Line code | For the accounting period | | | | For the corresponding period of the previous year | |
|---|-----------|------------------------------|--------|---|--------|---|--------|
| | | With account of all entities | | Without account of entities purchased in 2003 | | With account of all entities | |
| | | Profit | Loss | Profit | Loss | Profit | Loss |
| Fines, penalties and stipulated damages acknowledged or enforced by a relevant court (arbitral court) award | 210 | 389 | 18.433 | 389 | 18.042 | 306 | 2.832 |
| Profit (loss) of previous years | 220 | 2.114 | 13.092 | 2.082 | 13.092 | 10.827 | 9.333 |
| Compensation of losses caused by non-performance or undue performance of obligations | 230 | 34 | - | 34 | - | 82 | 7 |
| Exchange difference on foreign currency transactions | 240 | 82.812 | 59.523 | 82.812 | 59.523 | 28.103 | 32.623 |
| Deductions to assessed reserves | 250 | x | - | x | - | x | - |
| Writing off of accounts receivable and accounts payable with expired period of limitation | 260 | 1.726 | 2.106 | 1.726 | 2.106 | 2.746 | 3.734 |

Chairman of the Board of Directors JSC “Acron”

I.N. Antonov

Chief Accountant JSC “Acron”

N.A. Pavlova

April 08, 2004

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
OF JSC ACRON for the year 2003**

(thousand roubles)

I. Changes in equity

| Index | | Chartered capital | Capital surplus | Capital reserves | 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 | 1 732 137 | 597 | 1 355 389 | 3 326 561 |
| 200 2 year (previous year) | | | | | | |
| Changes in the accounting policy | 011 | X | X | X | | |
| 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 | 1 732 137 | 597 | 1 355 389 | 3 326 561 |
| Result of foreign currency translation | 023 | X | | X | X | |
| Net profit | 025 | X | X | X | 564 301 | 564 301 |
| Dividends | 026 | X | X | X | (50 977) | (50.977) |
| Allocation to reserve fund | 030 | X | X | 39 895 | (39 895) | - |
| 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 | | 56 349 | | | 56 349 |
| 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 | () | (45.782) | | | (45.782) |
| Balance as of December 31 of the previous year | 060 | 238 438 | 1 742 704 | 40 492 | 1 828 818 | 3 850 452 |
| 200 3 year (reporting year) | | | | | | |
| Changes in the accounting policy | 061 | X | X | X | (19.822) | (19.822) |
| 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 | 1 742 704 | 40 492 | 1 808 996 | 3 830 630 |
| Result of foreign currency translation | 103 | X | | X | X | |
| Net profit | 105 | X | X | X | 305 323 | 305 323 |
| Dividends | 106 | X | X | X | (52 421) | (52.421) |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|-----|---------|-----------|--------|-----------|-----------|
| Allocation to reserve fund | 110 | X | X | 3 242 | (3 242) | - |
| 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 | | 32 581 | | | 32 581 |
| 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 | () | () |
| other | 135 | () | (3 045) | | | (3.045) |
| Balance as of December 31 of the reporting year | 140 | 238 438 | 1 772 240 | 43 734 | 2 058 656 | 4 113 068 |

II. Reserves

| Index | | Balance | Increased | Used | Balance |
|--|------|---------|-----------|------|---------|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Reserves, formed in accordance with the legislation: | | | | | |
| (reserve denomination) | | | | | |
| data of the previous year | | | | () | |
| data of the reporting year | | | | () | |
| (reserve denomination) | | | | | |
| data of the previous year | | | | () | |
| data of the reporting year | | | | () | |
| Reserves, formed in accordance with founding documents: | | | | | |
| (reserve denomination) | | | | | |
| data of the previous year | | 597 | 39 895 | () | 40 492 |
| data of the reporting year | | 40 492 | 3 242 | () | 43 734 |
| (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 of the forthcoming 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 | | | | () | |

References

| Index | | Balance at the beginning of the reporting year | | Balance at the end of the reporting period | |
|---|------|--|-----------------------|--|-----------------------|
| denomination | code | | | | |
| 1 | 2 | 3 | | 4 | |
| 1) Net assets | | 3 833 974 | | 4 119 661 | |
| | | From the budget | | From extrabudgetary 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 assets | | | | | |
| including: | | | | | |
| | | | | | |
| | | | | | |

Chairman of the Board of Directors of JSC Acron

I.N.Antonov

Chief Accountant of JSC Acron

N.A.Pavlova

April 8, 2004

Consolidated cash flow statement
JSC "Acron" for 2003

(thous. roub.)

| Index | | For the accounting period | For the corresponding period of the previous year |
|---|------|------------------------------|---|
| description | code | | |
| 1 | 2 | 3 | 4 |
| Beginning cash balance | 010 | 211 356 | 70 088 |
| Cash flow on day-to-day operations | | | |
| Cash received from buyers, customers | 020 | 13 176 593 | 10 843 204 |
| | | | |
| Other cash inflow | 050 | 14 269 544 | 15 072 224 |
| Cash outflows for: | | | |
| payment for goods purchased, works, services, raw materials and other current assets | 150 | (9 432 982) | (7 950 991) |
| labor compensation | 160 | (1 146 651) | (945 312) |
| dividend, interests payment | 170 | (473 033) | (418 377) |
| settlement of taxes | 180 | (567 898) | (734 063) |
| | | () | () |
| | | () | () |
| other expenses | 190 | (15 602 602) | (15 709 822) |
| | | | |
| Net cash from day-to-day operation | 200 | 222 971 | 156 863 |
| Cash flow on investment activity | | | |
| Revenue from sales of fixed assets and other capital assets | 210 | 1 881 | 9 522 |
| Revenue from sales of securities and other financial assets | 220 | 481 554 | 860 804 |
| Dividends received | 230 | 17 728 | 12 978 |
| Interests received | 240 | 20 835 | 3 731 |
| Proceeds from repayments under loans extended to other entities | 250 | 27 450 | 57 500 |
| | | 61 000 | 11 368 |
| | | | |
| Acquisition of affiliated companies | 280 | (234 445) | (406 672) |
| | | | |
| Acquisition of fixed assets, income bearing lease investments and intangible assets | 290 | (548 460) | (191 740) |
| Acquisition of securities and other financial assets | 300 | (552 616) | (870 893) |
| Loans extended to other entities | 310 | (182 126) | (83 238) |
| Other expenses | | (45.000) | (19.154) |
| | | | |
| Net cash from investment activity | 340 | (952.199) | (615.794) |
| Cash flow on financial activity | | | |
| Proceeds from equity issues or other equity securities | 350 | - | 119 000 |
| Proceeds from debts and borrowings extended by other entities | 360 | 4 595 254 | 3 210 887 |

| 1 | 2 | 3 | 4 |
|---|-----|---------------|---------------|
| Interest receivable | | 2 | 2 |
| Other proceeds | | 14 | 6 |
| Repayment of debts and borrowings (without interests) | 390 | (3 886 289) | (2 729 922) |
| Repayment of finance lease | 400 | () | () |
| | | () | () |
| Other expenses | | (2 069) | (680) |
| Net cash from financial activity | 410 | 706 912 | 599 293 |
| Net cash increase (decrease) and its equivalents | 420 | (22.316) | 140 362 |
| Ending cash balance | 430 | 189 040 | 210 450 |
| Level of impact of change in foreign currency exchange rate to rouble | 440 | (5.217) | 906 |

Chairman of the Board of Directors of JSC "Acron"

I.N. Antonov

Chief Accountant of JSC "Acron"

N.A. Pavlova

April 08, 2004

**APPENDIX TO CONSOLIDATED BALANCE SHEET
OF JSC ACRON for the year 2003**

(thousand roubles)

Intangible assets

| Index | | Availability at the beginning of the reporting year | Increased | Decreased | Availability at the end of the reporting period |
|---|------|---|-----------|-----------|---|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Intellectual property (exclusive intellectual property rights) | | 2 633 | | () | 2 633 |
| including: | | | | | |
| of the patent holder to the invention, industrial sample, utility model | | | | () | |
| of the right holder to the computer programs, databases | | | | () | |
| of the right holder to the integrated circuit technologies | | | | () | |
| of the owner to the trade mark and service mark, appellation of origin of goods | | 277 | | () | 277 |
| of the patent holder to selection achievements | | | | () | |
| Organizational expenses | | | | () | |
| Business reputation of the organization | | 374 396 | 135 620 | () | 510 016 |
| | | | | () | |
| Others | | 38 | 1 | () | 39 |

| Index | | At the beginning of the reporting year | At the end of the reporting period |
|---|------|--|------------------------------------|
| denomination | code | | |
| 1 | 2 | 3 | 4 |
| Amortization of intangible assets - total | | 518 | 766 |
| including: | | | |
| | | | |
| | | | |

Fixed assets

| Index | | Availability at the beginning of the reporting year | Increased | Decreased | Availability at the end of the reporting period |
|--|------|---|----------------|--------------------|---|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Buildings | | 1 586 574 | 30 476 | (29 628) | 1 587 422 |
| Installations and transfer mechanisms | | 1 787 070 | 26 247 | (21 207) | 1 792 110 |
| Machines and equipment | | 3 584 186 | 327 505 | (77 447) | 3 834 244 |
| Transport means | | 316 499 | 29 012 | (2 393) | 343 118 |
| Production and household equipment | | 77 318 | 14 654 | (5 603) | 86 369 |
| Workstock | | 2788 | 959 | (44) | 3 703 |
| Productive livestock | | 32 370 | 13 095 | (6 776) | 38 689 |
| Perennial plantations | | 1562 | | (113) | 1 449 |
| Other types of fixed assets | | 10 226 | 4 336 | (1 683) | 12 879 |
| Land plots and nature management objects | | 11 871 | 136209 | () | 148 080 |
| Capital investments for reclamation | | | | () | |
| Total | | 7 410 464 | 582 493 | (144 894) | 7 848 063 |

| Index | | At the beginning of the reporting year | At the end of the reporting period |
|---|------|--|--|
| denomination | code | | |
| 1 | 2 | 3 | 4 |
| Amortization of fixed assets - total | | 4 939 654 | 5 061 675 |
| including: | | | |
| buildings and installations | | 1 792 833 | 1 829 927 |
| machines, equipment, transport means | | 3 125 715 | 3 202 487 |
| others | | 21 106 | 29 261 |
| Objects of fixed assets leased - total | | 207 244 | 208 864 |
| including: | | | |
| buildings | | 168 875 | 170 674 |
| others | | 38 369 | 38 190 |
| | | | |
| Objects of fixed assets temporarily closed down | | 147 510 | 149 501 |
| Objects of fixed assets taken on lease - total | | 379 726 | 837 841 |
| including: | | | |
| | | | |
| Immovable property taken into operation and being in the process of state registration | | 25 572 | |
| | code | At the beginning of the reporting year | At the beginning of the previous year |
| For reference only | 2 | 3 | 4 |
| Result of the revaluation of the objects of fixed assets: | | 10 | |
| of the initial (recovery) cost | | 11 | |
| of amortization | | 1 | |
| | code | At the beginning of the reporting year | At 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 | | 48 701 | 55 850 |

Income-bearing investments in material values

| Index | | Availability at the beginning of the reporting year | Increased | Decreased | Availability at the end of the reporting year |
|--|------|---|-----------|------------|---|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Property for leasing | | | | () | |
| Property, being provided under lease agreement | | 6 | | () | 6 |
| Others | | | | () | |
| Total | | 6 | | () | 6 |

| | code | At the beginning of the reporting year | At the end of the reporting period |
|---|------|--|------------------------------------|
| 1 | 2 | 3 | 4 |
| Amortization of income-bearing investments in material values | | 1 | 3 |

Research, development and technological works expenses

| Types of works | | Availability at the beginning of the reporting year | Increased | Written off | Availability at the end of the reporting period |
|----------------|------|---|-----------|-------------|---|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Total | | | | () | |
| including: | | | | () | |
| | | | | () | |
| | | | | () | |

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

| | | | |
|--|------|--------------------------|---|
| | code | For the reporting period | For the similar 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 at the beginning of the reporting period | Increased | Written off | Balance at the end of the reporting period |
|---|------|--|-----------|--|--|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Natural resources development expenses - total | | | | () | |
| including: | | | | () | |
| | | | | () | |
| | | | | () | |
| For reference only. | | | code | At the beginning of the reporting year | At the end of the reporting period |
| | | | 2 | 3 | 4 |
| 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 | |
|---|------|---|---------------------------------------|---|---------------------------------------|
| | | at the beginning of the reporting year | at the end of the reporting period | at the beginning of the reporting year | at the end of the reporting period |
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Investments in chartered (reserve) capitals of other organizations - total | | 177 973 | 301 417 | | |
| including associated dependent economic societies | | | | | |
| State and municipal securities | | | | | |
| Securities of other organizations - total | | 8 854 | 8 854 | | |
| including debt securities (bonds, bills of exchange) | | 8 854 | 8 854 | | |
| Loans granted | | | | 19 757 | 189 345 |
| Depository investments | | | | 19 000 | 3 000 |
| Others | | | | 4 660 | 10 113 |
| Total | | 186 827 | 310 271 | 43 417 | 202 458 |
| From the total amount financial investments, having a current market value: | | | | | |
| Investments in chartered (reserve) capitals of other organizations - total | | | | | |
| including associated dependent economic societies | | | | | |
| State and municipal securities | | | | | |
| Securities of other organizations - total | | | | | |
| including debt securities (bonds, bills of exchange) | | | | | |
| Others | | | | | |
| Total | | | | | |
| For reference only. | | | | | |
| On financial investments, having a current market value, change in the cost as a result of the price adjustment | | | | | |
| On debt securities the difference between the initial cost and nominal cost is attributed to the financial result of the reporting period | | | | | |

Accounts receivable and payable

| Index | | Balance at the beginning of the reporting year | Balance at the end of the reporting year |
|--|------|--|---|
| denomination | code | | |
| 1 | 2 | 3 | 4 |
| Accounts receivable: | | | |
| short-term - total | | 1 401 374 | 1 592 244 |
| including: | | | |
| settlements with buyers and customers | | 535 837 | 424 220 |
| advances paid out | | 376 578 | 548 338 |
| other | | 488 959 | 619 686 |
| long-term - total | | 74 654 | 65 357 |
| including: | | | |
| settlements with buyers and customers | | 71 701 | 63 293 |
| advances paid out | | | |
| other | | 2 953 | 2 064 |
| Total | | 1 476 028 | 1 657 601 |
| Accounts payable: | | | |
| short-term - total | | 2 395 404 | 2 665 870 |
| including: | | | |
| settlements with suppliers and contractors | | 320 822 | 206 029 |
| advances received | | 188 379 | 521 369 |
| settlements on taxes, dues and fees | | 26 660 | 24 511 |
| credits | | 1 727 829 | 1 744 512 |
| loans | | 3 075 | 53 690 |
| other | | 128 639 | 115 759 |
| long-term -total | | 328 077 | 990 929 |
| including: | | | |
| credits | | 326 991 | 376 823 |
| loans | | 201 | 613 189 |
| other | | 885 | 917 |
| | | | |
| | | | |
| Total | | 2 723 481 | 3 656 799 |

Ordinary activities expenses (cost components)

| Index | | For the reporting year | For the previous year |
|--|------|------------------------|-----------------------|
| denomination | code | | |
| 1 | 2 | 3 | 4 |
| Material costs | | 6 436 205 | 5 945 682 |
| Labour costs | | 1 280 022 | 1 079 881 |
| Fringe benefit expenses | | 378 499 | 327 723 |
| Amortization | | 192 525 | 179 677 |
| Other costs | | 1 242 617 | 920 093 |
| Total for cost components | | 9 529 868 | 8 453 056 |
| Change in the balances (increase [+], decrease [-]): | | | |
| incomplete production | | -49 485 | -3 753 |
| expenses of the future periods | | 7 284 | -1 322 |
| reserves of the forthcoming expenses | | | |

Collaterals

| Index | | Balance at the beginning of the reporting year | Balance at the end of the reporting period |
|--|------|--|--|
| denomination | code | | |
| 1 | 2 | 3 | 4 |
| Received - total | | 15 906 | |
| including: | | | |
| bills of exchange | | | |
| Property in pledge | | | |
| out of it: | | | |
| objects of fixed assets | | | |
| securities and other financial investments | | | |
| other | | | |
| | | | |
| | | | |
| Issued - total | | 2 656 151 | 3 965 961 |
| including: | | | |
| bills of exchange | | 578 341 | 853 148 |
| Property pledged | | 684 336 | 464 191 |
| out of it: | | | |
| objects of fixed assets | | | |
| securities and other financial investments | | | |
| other | | 684 336 | 464 191 |
| | | | |
| | | | |

Public relief

| Index | | Reporting period | | For the similar period of the previous year | |
|--|------|--|-----------------------------------|---|------------------------------------|
| denomination | code | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Budgetary funds received in the reporting year - total | | 2 373 | | 1 347 | |
| including: | | | | | |
| | | at the beginning of the reporting period | received for the reporting period | returned for the reporting period | at the end of the reporting period |
| Budgetary credits - total | | | | | |
| including: | | | | | |
| | | | | | |

Chairman of the Board of Directors of JSC Acron

I.N.Antonov

Chief Accountant of JSC Acron

N.A. Pavlova

April 8, 2004

EXPLANATORY NOTE
to the consolidated accounting statements of JSC “Acron” for 2003

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 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 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 affiliated 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 an affiliated 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 an affiliated company pursuant to an agreement entered into between a parent company and an affiliated company.
- 3) If a parent company has available other means of influencing decisions made by an affiliated company.

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

The List of the affiliated companies of JSC "Acron"

Name – JSC "Dorogobuzh"

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

JSC "Acron" is able to influence decisions of JSC "Dorogobuzh" by virtue of ownership of 74,07% of voting shares

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 ownership of 51% of voting shares

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

Name – JSC «Lipoil»

Address: 2 Papina street, Lipetzk, 398024

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

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 ownership of 100% of voting shares

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 ownership of 100% of voting shares

Name – CJSC "Novpromgaz"

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

JSC "Acron" is able to influence decisions of CJSC "Novpromgaz" by virtue of ownership of 60% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 40%

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 "Dorogobuzh" is able to influence decisions of LLC "Private Security Company "Krona" by virtue of ownership of 100% of shares

For the purpose of preparation of consolidated accounting statements the minority holding is 16,46%

Name – JSC Acronagrotraiding

Address: site of JSC “Acron”, Veliky Novgorod, 173012

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

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 ownership of 100% of voting shares

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 Smolensky 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, Lipetskaya 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 “Zviaginki”

Address: vil. Zviaginki, Orlovsky district, Orlovskaya region, 312523

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 Smolensky region, Russian Federation, 215750

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

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 Smolensky 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 – CJSC “Moskovsky konny zavod No.1”

Address: village Uspenskoye, Odintzovsky district, Moscow region, 143030

JSC “Acron” is able to influence decisions of CJSC “Moskovsky Konny Zavod No.1” by virtue of ownership of 90,88% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 9,12%

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 ownership of 100% of shares

Name – CJSC “Catalyst”

Address: settlement Verkhnedneprovsky, Dorogobuzh district of Smolensky 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 Konnik Podmoskoviya

Address: village Uspenskoye, Odintzovsky district, Moscow region, 143030

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

For the purpose of preparation of consolidated accounting statements the minority holding is 9,12%

Name – JSC “MERITORIOUS”

Address: Kingisepp, Leningradskaya 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 “Shebekinoagrockhim”

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

Russian Federation, 309261

JSC "Acron" is able to influence decisions of JSC "Shebekinoagrockhim" by virtue of ownership of 50,1% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 66,4%

Name – **JSC «Acronbelagro»**

Address: 8 Schors street, Belgorod, 308027

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

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 ownership of 100% of voting shares

Name – **JSC «AcronVolga»**

Address: 43 Bolshaya Pokrovskaya street, Nizhny Novgorod, 603000

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

Name – **LLC Investment Company National Equestrian Park**

Address: site of JSC "Acron", Veliky Novgorod, 173012

JSC "Acron" is able to influence decisions of LLC Investment Company National Equestrian Park by virtue of ownership of 100% of voting shares

Name – **JSC Agrofirma "Vysokye tekhnologyi"**

Address: village Livenskaya, Zadonsky district, Lipetskaya region, Russian Federation, 399202

JSC "Acron" is able to influence decisions of JSC Agrofirma "Vysokye tekhnologyi" by virtue of ownership of 69,8% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 53,19%

Name – **LLC "Konny mir"**

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

JSC "Acron" is able to influence decisions of LLC "Konny mir" by virtue of ownership of 99% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 1%

Name – **LLC "KonPromService"**

Address: 2 Shabolovka street, Moscow, 117049

JSC "Acron" is able to influence decisions of LLC "KonPromService" by virtue of ownership of 99% of voting shares

For the purpose of preparation of consolidated accounting statements the minority holding is 1%

The present consolidated accounting statements are executed with incorporation of the accounting statements of a parent company and its affiliated 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 interenterprise arrears of the Group participants;
 financial investments are disclosed with deduction of investments of a parent company into the charter capitals of affiliated companies;
 capital and reserves are disclosed with deduction of investments of a parent company into affiliated 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.

In the consolidated accounting statements of JSC “Acron” for 2003 some data as of the beginning of the accounting period and for the corresponding period of the previous year have been modified as compared to the corresponding data of the consolidated accounting statements of JSC “Acron” for 2002 in view of the introduction of new forms of accounting approved by the Decree of the Ministry of Finance of the Russian Federation of 22.07.03 No.67n:

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| Index | Accountancy data | | Modification |
|--|--|--|--------------|
| | For the year 2002 - at the end of the period | For the year 2003 – at the beginning of the period | |
| Line 145 «Deferred tax assets» | - | 731 | 731 |
| TOTAL for section I | 3.555.821 | 3.556.552 | 731 |
| Line 470 «Retained profit (uncovered loss)» | 1.828.818 | 1.808.996 | (19.822) |
| TOTAL for section III | 3.850.452 | 3.830.630 | (19.822) |
| Line 515 «Deferred tax liabilities» | - | 20.553 | 20.553 |
| TOTAL for section IY | 328.077 | 348.630 | 20.553 |
| Lines 300, 700 «Balance» | 6.924.365 | 6.925.096 | 731 |
| Index | Accountancy data | | Modification |

| | For the year 2002 - for the accounting period | For the year 2003 – for the corresponding period of the previous year | |
|--|---|---|----------|
| Line 145 «Deferred tax assets» | - | 731 | 731 |
| Line146 «Deferred tax liabilities» | - | 20.553 | 20.553 |
| Line 160 «Net profit (loss)» | 578.128 | 558.306 | (19.822) |
| «Net profit (loss) less minority holding» | 542.058 | 522.236 | (19.822) |
| «Fixed tax liabilities (assets)» | - | 91.204 | 91.204 |

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 affiliated 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.

During 2003 there took place the following changes in the membership of affiliated and dependent companies of JSC “Acron”:

1. The following companies retired from the membership of the affiliated companies of JSC “Acron”:

- Name – CJSC Managing Company National Equestrian Park
Address: vil. Uspenskoye, Odintzovsky district, Moscow region, 143030
As of 01.01.2003 JSC “Acron” was able to influence decisions of CJSC Managing Company National Equestrian Park by virtue of ownership of 100% of voting shares.

2. The following companies retired from the membership of the dependent companies of JSC “Acron”:

- Name – CJSC “Lebedyanagrokhimservice”
Address: 71 L.Tolstoy street, Lebedyan, Lipetzkaya region, 399610
As of 01.01.2003 JSC “Acron” was able to influence decisions of CJSC “Lebedyanagrokhimservice” by virtue of ownership of 20,08% of voting shares.

- Name – CJSC “Kemicrona”
Address: bld. 2, 37 Prechistenka street, Moscow
As of 01.01.2003 JSC “Acron” was able to influence decisions of CJSC “Kemicrona” by virtue of ownership of 50% of voting shares.

- Name – JSC "Sibneftegaz"
Address: 78 Tazhnaya street, Novy Urengoy
- As of 01.01.2003 JSC “Acron” was able to influence decisions of JSC "Sibneftegaz" by virtue of ownership of 21% of voting shares.

These retirements have exerted no influence on the financial status of the Group.

2. There have been acquired shares in the following affiliated company:

- Closed JSC Holding Company National Equestrian Park – 100%
- JSC Konnik Podmoskoviya – 100%
- LLC “Konny mir” – 99%
- LLC „KonPromService“ – 99%
- JCS “Zviaginki” – 89,87%
- JSC Agrofirma “Vysokye tekhnologii” – 69,8%

There took place no other changes in the membership of the affiliated and dependent companies of JSC “Acron” in 2003.

For the purpose of disclosing of the cost estimate of impact of the changes in the membership of the affiliated companies on the financial status of the Group and on the financial performance thereof, the consolidated accounting statements of JSC “Dorogobuzh” for 2003 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 2003;
- 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 2003.

Chairman of the Board of Directors
JSC “Acron”

I.N. Antonov

Chief Accountant
JSC “Acronh”

N.A. Pavlova