

**CONSOLIDATED BALANCE SHEET
OF JSC ACRON
FOR 2005**

Veliky Novgorod, 2006

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**CONSOLIDATED BALANCE SHEET OF JSC ACRON
AS OF DECEMBER 31, 2005**

(thousand RUR)

ASSETS	Cod e	Beginning of the accounting period	End of the accounting period	
			Inclusive of all companies	Net of companies acquired in 2005
1	2	3	4	5
I. NON-CURRENT ASSETS				
Intangible assets, including:	110	465.800	809.791	466.667
<i>goodwill of subsidiaries</i>	<i>111</i>	<i>463.104</i>	<i>807.235</i>	<i>464.111</i>
Fixed assets	120	3.107.117	5.202.886	3.087.790
Construction in progress	130	417.326	1.110.220	753.520
Income-bearing investments in tangible assets	135	1	-	-
Long-term financial investments	140	457.545	518.996	1.175.504
Deferred tax assets	145	4.181	9.450	6.135
Other non-current assets	150	57.905	15.089	15.008
TOTAL for section I	190	4.509.875	7.666.432	5.504.624

1	2	3	4	5
II. CURRENT ASSETS				
Inventories, including:	210	1.926.892	4.037.407	2.385.320
<i>raw materials, other materials and other similar assets</i>	211	1.490.473	3.409.941	1.772.458
<i>rearers and fatteners</i>	212	37.455	57.787	57.787
<i>expenditures on work in progress</i>	213	79.144	94.808	94.310
<i>finished goods and goods for resale</i>	214	228.641	349.867	349.867
<i>goods dispatched</i>	215	55.524	66.673	66.673
<i>prepaid expenses</i>	216	35.655	55.453	44.225
<i>other inventories and expenditures</i>	217	-	2.878	-
Input VAT	220	237.793	289.242	287.344
Accounts receivable (payments in respect of which are expected more than 12 months after the balance sheet date), including:	230	60.116	50.763	50.763
<i>trade receivables</i>	231	59.763	50.489	50.489
Accounts receivable (payments in respect of which are expected within 12 months after the balance sheet date), including:	240	1.360.003	2.602.952	2.324.669
<i>trade receivables</i>	241	503.090	474.174	249.292
Short-term financial investments	250	689.432	578.751	588.751
Cash	260	598.425	1.316.362	789.409
Other current assets	270	167.109	198.412	198.456
TOTAL for section II	290	5.039.770	9.073.889	6.624.712
BALANCE	300	9.549.645	16.740.321	12.129.336

LIABILITIES	Code	Beginning of the accounting period	End of the accounting period	
			Inclusive of all companies	Net of companies acquired in 2005
1	2	3	4	5
III. EQUITY AND RESERVES				
Charter capital	410	238.438	238.438	238.438
Treasury shares	411	-	-	-
Additional capital	420	1.705.188	1.701.158	1.701.158
Reserve capital, including:	430	54.365	387.280	59.838
<i>reserves formed in accordance with the law</i>	431	11.922	11.922	11.922
<i>reserves formed in accordance with the incorporation documents</i>	432	42.443	375.358	47.916
Retained earnings (loss)	470	3.254.884	5.395.849	5.143.392
TOTAL for section III	490	5.252.875	7.722.725	7.142.826
Minority interest		464.384	1.325.207	656.176
Goodwill of subsidiaries		34.045	34.958	34.174
IV. NON-CURRENT LIABILITIES				
Loans and credits	510	575.100	3.132.204	2.152.170
Deferred tax liabilities	515	44.262	58.035	58.031
Other non-current liabilities	520	5.020	117.516	12.682
TOTAL for section IV	590	624.382	3.307.755	2.222.883

1	2	3	4	5
V. CURRENT LIABILITIES				
Loans and credits	610	1.950.158	867.461	582.981
Accounts payable, including:	620	1.217.341	2.990.754	1.168.197
<i>trade payables</i>	621	199.552	1.291.422	161.468
<i>payroll payable</i>	622	54.031	126.764	66.329
<i>payable to state non-budgetary funds</i>	623	11.322	30.078	29.564
<i>taxes payable</i>	624	144.685	203.785	187.522
<i>Other debtors</i>	625	807.751	1.338.705	723.314
Payables to participants (founders) in respect of income payment	630	541	420.720	251.358
Deferred income	640	5.917	19.961	19.961
Reserves for future expenses	650	-	-	-
Other current liabilities	660	2	50.780	50.780
TOTAL for section V	690	3.173.959	4.349.676	2.073.277
BALANCE	700	9.549.645	16.740.321	12.129.336

STATEMENT OF ASSETS RECORDED ON OFF-BALANCE-SHEET ACCOUNTS

Name	Code	Beginning of the accounting period	End of the accounting period	
			Inclusive of all companies	Net of companies acquired in 2005
Rented fixed assets, of which:	910	790.891	723.946	723.946
<i>under lease</i>	911	-	-	-
Goods and materials accepted in custody	920	59.134	81.078	79.554
Goods accepted on commission	930	-	-	-
Indebtedness of insolvent debtors written off to losses	940	27.000	37.984	37.984
Guarantees received for obligations and payments	950	-	479.373	2.869
Guarantees issued for obligations and payments	960	2.269.184	3.188.275	2.209.664
Depreciation of housing facilities	970	3.869	3.215	3.215
Depreciation of outside services and utilities and other similar facilities	980	178	203	203
Intangible assets received for use	990	-	-	-

General Director of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N.A. Pavlova

April 6, 2006

CONSOLIDATED PROFIT AND LOSS STATEMENT OF JSC Acron FOR 2005

(thousand RUR)

Name	Code	Accounting period		Corresponding period of the previous year
		Inclusive of all companies	net of companies acquired in 2005	
1	2	3	4	5
Income and expenses relating to current activities				
Sales revenue, net (less value added tax, excise duties and similar compulsory payments)	010	23.547.300	18.949.268	14.074.309
Prime cost of sales	020	(13.118.836)	(9.419.859)	(8.298.731)
Gross profit	029	10.428.464	9.529.409	5.775.578
Selling expenses	030	(2.069.311)	(2.069.311)	(1.898.870)
Management expenses	040	(1.699.830)	(1.484.106)	(1.246.653)
Profit (loss) from sales	050	6.659.323	5.975.992	2.630.055

1	2	3	4	5
Other income and expenses				
Interest receivable	060	73.918	73.909	58.987
Interest payable	070	(408.550)	(286.801)	(305.800)
Income from participation in other entities	080	62.262	62.262	18.312
Other operating income	090	15.168.766	15.142.780	11.613.821
Other operating expenses	100	(15.393.338)	(15.217.368)	(11.542.108)
Non-operating income	120	301.428	291.770	260.932
Non-operating expenses	130	(1.105.535)	(1.083.269)	(714.616)
Capitalized gain (loss)		-	-	-
Profit (loss) before taxation	140	5.358.274	4.959.275	2.019.583
Deferred tax assets	145	5.616	2.301	1.292
Deferred tax liabilities	146	(13.781)	(13.777)	(15.498)
Current profits tax	150	(1.413.030)	(1.382.918)	(628.950)
Net profit (loss) of accounting period	190	3.937.079	3.564.881	1.376.427
Minority interest		(517.158)	(315.441)	(107.798)
Net profit (loss) of accounting period less minority interest		3.419.921	3.249.440	1.268.629
<i>For reference</i>				
Permanent tax liabilities (assets)	200	105.582	104.954	147.429
Basic earnings (loss) per share	201	-	-	-
Diluted earnings (loss) per share	202	-	-	-

BREAKDOWN OF INDIVIDUAL PROFIT AND LOSS ITEMS

Name	Cod	Accounting period				Corresponding period of the previous year	
		Inclusive of all companies		net of companies acquired in 2005		Profit	Loss
		Profit	Loss	Profit	Loss		
Fines, penalties and forfeitures acknowledged or for which court (arbitration court) decisions on their recovery have been received	210	2.588	25.383	2.588	25.383	598	13.226
Profit (loss) of previous years	220	6.242	18.741	6.242	18.741	5.572	21.034
Compensation for losses caused by non-fulfillment or undue fulfillment of obligations	230	3.559	33	3.559	33	40	-
Exchange rate differences relating to foreign currency operations	240	165.068	218.551	162.312	217.879	142.013	90.144
Deductions to valuation reserves	250	X	-	X	-	X	-
Write-off of accounts receivable and accounts payable for which limitation period has expired	260	2.243	2.653	2.243	2.653	3.694	13.310

General Director of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N.A. Pavlova

April 6, 2006.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
OF JSC ACRON FOR 2005**

(RUR, thousand)

I. Changes in the shareholder's equity

Index		Charter capital	Additional capital	Reserve capital	Retained earnings (retained loss)	Total
name	code					
1	2	3	4	5	6	7
Balance as of December 31 of the year, preceding the previous year	010	238 438	1 731 196	42 680	2 009 340	4 021 654
200 4 (previous year)						
Changes in the accounting policy	011	X	X	X		
Result of fixed assets revaluation	012	X		X		
		X				
Balance as of January 1 of the previous year	020	238 438	1 731 196	42 680	2 009 340	4 021 654
Result of foreign currency translation	023	X		X	X	
Net profit	025	X	X	X	1 280 156	1 280 156
Dividends	026	X	X	X	(48 966)	(48 966)
Deductions to reserve fund	030	X	X	11 685	(11 685)	-
Increase in shareholders' equity resulting from:						
additional share issue	041		X	X	X	
increase in par value	042		X	X	X	
reorganization of legal entity	043		X	X		
other	045		31		26 039	26 070
Decrease in shareholders' equity resulting from:						
decrease in par value	051		X	X	X	
decrease in number of shares	052		X	X	X	
reorganization of legal entity	053		X	X		
other	055		(26 039)			(26 039)
Balance as of December 31 of the previous year	060	238 438	1 705 188	54 365	3 254 884	5 252 875
200 5 (accounting year)						
Changes in the accounting policy	061	X	X	X		
Result of fixed assets revaluation	062	X		X		
		X				
Balance as of January 1 of the accounting year	100	238 438	1 705 188	54 365	3 254 884	5 252 875
Result of foreign currency translation	103	X		X	X	
Net profit	105	X	X	X	3 419 921	3 419 921
Dividends	106	X	X	X	(1 304 293)	(1 304 293)

1	2	3	4	5	6	7
Deductions to reserve fund	110	X	X	332 915	(332 915)	-
Increase in shareholders' equity resulting from:						
additional share issue	121		X	X	X	
increase in par value	122		X	X	X	
reorganization of legal entity	123		X	X		
other	125				358 252	358 252
Decrease in shareholders' equity resulting from:						
decrease in par value	131		X	X	X	
decrease in number of shares	132		X	X	X	
reorganization of legal entity	133		X	X		
other	135		(4 030)			
Balance as of December 31 of the accounting year	140	238 438	1 701 158	387 280	5 395 849	7 722 725

II. Reserves

Index		Balance	Received	Used	Balance
name	code				
1	2	3	4	5	6
Reserves formed in accordance with the law:					
Reserve capital					
(name of the reserve)					
data of the previous year		11 922			11 922
data of the accounting year		11 922			11 922
(name of the reserve)					
data of the previous year					
data of the accounting year					
Reserves formed in accordance with the incorporation documents:					
Reserve capital					
(name of the reserve)					
data of the previous year		30 758	11 685		42 443
data of the accounting year		42 443	332 915		375 358
(name of the reserve)					
data of the previous year					
data of the accounting year					
Assessed reserves:					
(name of the reserve)					
data of the previous year					
data of the accounting year					
(name of the reserve)					
data of the previous year					
data of the accounting year					
(name of the reserve)					
data of the previous year					
data of the accounting year					

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

Reference information

Index		Accounting year opening balance		Accounting period ending balance	
name	code				
1	2	3		4	
1) Net assets					
		From the budget		From extrabudgetary funds	
		accounting year	previous year	accounting year	previous year
		3	4	5	6
2) Received for: expenses on ordinary activities - total		3 489	-		
including:					
capital investments in non-current assets					
including:					

General Director of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N.A. Pavlova

April 6, 2006

**Consolidated Cash Flow Statement
of JSC Acron for 2005**

(RUR, thousand)

Index		Accounting period	Corresponding period of the previous year
name	code		
1	2	3	4
Opening cash balance of the accounting year	010	598 425	186 188
Cash flow from current activities			
Receipts from purchasers and customers	020	24 853 546	15 074 104
Other income	050	32 241 240	17 811 284
Cash allocated for:			
payment for acquired goods, works, services, raw materials and other current assets	150	(17 522 191)	(11 045 998)
payroll payment	160	(2 004 421)	(1 275 216)
payment of dividends and interest	170	(1 723 818)	(355 346)
taxes payable	180	(2 288 362)	(1 152 915)
other expenses	190	(33 237 186)	(17 680 117)
Net cash flows from ordinary activities	200	318 808	1 375 796
Cash flow from investment activities			
Proceeds from sales of fixed assets and other non-current assets	210	76 216	12 066
Proceeds from sales of securities and other financial investments	220	436 790	99 037
Dividends received	230	331 186	32 161
Interests received	240	74 653	60 357
Proceeds from repayment of loans issued to other entities	250	924 451	644 060
Acquisition of subsidiaries	280	-	(10 720)
Acquisition of fixed assets, income-bearing investments in tangible assets and intangible assets	290	(1 218 046)	(387 613)
Acquisition of securities and other financial investments	300	(580 411)	(158 065)
Loans issued to other entities	310	(827 852)	(1 057 349)
Other payments	320	(7 571)	(23)
Net cash flows from investment activities	340	(790 584)	(766 089)
Cash flow from financial activities			
Proceeds from an issue of shares and other equity securities	350		
Proceeds from loans and credits issued to other entities	360	5 579 228	4 193 409

1	2	3	4
other		1 219 833	435
Repayment of loans and credits (net of interest)	390	(5 603 939)	(4 394 660)
Repayment of financial lease obligations	400		
Other expenses		(2 689)	(1 621)
Net cash flows from financial activities	410	1 192 433	(202 437)
Net increase (decrease) in cash and cash equivalents	420	720 657	407 270
Accounting period ending cash balance	430	1 316 362	598 425
Effect of changes in foreign currency/rouble exchange rate	440	-2 720	4 967

General Director of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N.A. Pavlova

April 6, 2006

**Appendix to Consolidated Balance Sheet
of JSC Acron for 2005**

(thousand roubles)

Intangible assets

Index		Beginning of the accounting year	Received	Disposed of	End of the accounting period
name	code				
1	2	3	4	5	6
Items of intellectual property (exclusive rights to items of intellectual property)	010	1 260	98		1 358
including:					
holder of patent on an invention, industrial sample, utility model	011	56	13		69
copyright holder of software programmes, databases	012				
copyright holder of integrated- circuit layouts	013				
holder of a trademark, service mark, name of the place of origin of goods	014	1204	85		1 289
holder of a patent on selection achievements	015				
Organizational expenses	020				
Goodwill	030	463 104	344 131		807 235
Other	040	2 356	3		2 359

Index		Beginning of the accounting year	End of the accounting period
name	code		
1	2	3	4
Amortization of intangible assets - total	050	920	1 161
including:			

Fixed assets

Index		Beginning of the accounting year	Received	Disposed of	End of the accounting period
name	code				
1	2	3	4	5	6
Buildings	061	1 770 506	490 159	(156 149)	2 104 516
Installations and transmission devices	062	1 872 844	507 483	(48 754)	2 331 573
Plant and machinery	063	4 296 679	2 592 951	(72 694)	6 816 936
Vehicles	064	373 405	141 039	(34 504)	479 940
Production and domestic implements	065	92 183	19 237	(45 520)	65 900
Working livestock	066	5 566	736	(462)	5 840
Producing livestock	067	15 518	4 665	(3 821)	16 362
Perennial plantations	068	1 449		(123)	1 326
Other fixed assets	069	26 973	6 399	(7 657)	25 715
Land plots and objects of the use of nature	070	24 282	22	(14 798)	9 506
Capital investments in reclamation	071				
Total	072	8 479 405	3 762 691	(384 482)	11 857 614

Index		Beginning of the accounting year	End of the accounting period
name	code		
1	2	3	4
Amortization of fixed assets	140	5 315 659	6 654 728
including:			
buildings and installations	141	1 909 412	2 141 192
plant, machinery, vehicles	142	3 369 887	4 482 371
other	143	36 360	31 165
Fixed assets leased out - total	150	279 545	270 591
including:			
buildings	151	171 294	170 035
other	155	108 251	100 556
Fixed assets mothballed	160	178 595	199 075
Fixed assets taken on lease - total	161	790 891	723 946
including:			
Immovable assets accepted into operation and undergoing State registration	165		
	code	Beginning of the accounting year	Beginning of the previous year
For reference	2	3	4
Result from revaluation of fixed assets	171	35	53
historical (replacement) cost	172	47	61
amortization	173	12	8
	code	Beginning of the accounting year	End of the accounting period
	2	3	4
Change in the fixed assets value as a result of additional construction, additional equipping, reconstruction, partial liquidation	180	48 701	419 061

Income-bearing investments in tangible assets

Index		Beginning of the accounting year	Received	Disposed of	End of the accounting period
name	code				
1	2	3	4	5	6
Assets to be transferred under lease	190			()	
Assets to be provided under rent agreement	200	6		()	6
Other	210			()	
Total	220	6		()	6

Index		Beginning of the accounting year	End of the accounting period
name	code		
1	2	3	4
Amortisation of income-bearing investments in tangible assets	230	5	6

Expenses on research, development and engineering

Types of work		Beginning of the accounting year	Received	Written off	End of the accounting period
name	code				
1	2	3	4	5	6
total	310			()	
including:				()	
				()	
				()	

For reference	code	Beginning of the accounting year	End of the accounting period
Amount of expenses for incomplete research, development and engineering	320		

Amount of negative expenses for research, development and engineering posted to non-operating expenses	code	Accounting period	Corresponding period of previous year

Expenses for development of natural resources

Index		Accounting period opening balance	Received	Written off	End of the accounting period
name	code				
1	2	3	4	5	6
Expenses for development of natural resources - total				()	
including:				()	
				()	
				()	

For reference	code	Beginning of accounting year	End of the accounting period
Amount of expenses for subsoil plots which have not been completed by prospecting and evaluation of deposits, exploration and/or hydrogeology surveying and other similar work			

Amount of expenses for development of natural resources posted in the accounting period to non-operating expenses as negative expenses	code	Accounting period	Corresponding period of previous year

Financial investments

Index		Long-term		Short-term	
		Beginning of the accounting year	End of the accounting period	Beginning of the accounting year	End of the accounting period
name	code				
1	2	3	4	5	6
Contributions to the charter (share) capital of other entities - total	510	58 771	120 049		
including subsidiaries and associates	511	9 861	-		
State and municipal securities	515				
Securities of other entities - total	520	398 774	398 947	465	19 115
including debt securities (bonds and bills of exchange)	521	4 342	-	364	19 115
Loans issued	525			641 051	487 826
Deposits	530			9 500	50 500
Other	535			38 416	21 310
Total	540	457 545	518 996	689 432	578 751
Of the total amount, financial investments which have current market value:					
Contributions to the charter (share) capital of other entities - total	550	33 972	93 361		
including subsidiaries and associates	551				
State and municipal securities	555				
Securities of other entities - total	560				
including debt securities (bonds and bills of exchange)	561				
Other	565				
Total	570	33972	93 361		
For reference					
For financial investments which have current market value, change in value as a result of adjusted valuation	580	33 786	93 175		
For debt securities, difference between historical cost and nominal value is posted to financial result of the accounting period	590				

Accounts receivable and accounts payable

Index		Accounting year opening balance	Accounting year ending balance
name	code		
1	2	3	4
Accounts receivable:			
short-term - total	610	1 360 003	2 602 952
including:			
trade account receivable	611	503 090	474 174
advances issued	612	527 815	1 308 638
other	613	329 098	820 140
long-term - total	620	60 116	50 763
including:			
trade account receivable	621	59 763	50 489
advances issued	622		
Other	623	353	274
Total	630	1 420 119	2 653 715
Accounts payable:			
short-term - total	640	3 167 499	3 858 215
including:			
trade account receivable	641	199 552	1 291 422
advances received	642	722 971	1 308 638
taxes payable	643	156 007	233 863
credits	644	1 325 661	782 512
loans	645	624 497	84 949
other	646	138 811	156 831
long-term - total	650	580 120	3 249 720
including:			
loans and credits	651	575 100	3 132 204
other	655	5 020	117 516
Total	660	3 747 619	7 107 935

Expenses for ordinary activities (by expenditure item)

Index		Accounting year	Previous year
name	code		
1	2	3	4
Material expenditures	710	11 514 444	7 224 236
Payroll expenditures	720	2 472 452	1 508 836
Social contributions	730	488 926	430 579
Amortisation	740	380 856	219 923
Other expenditures	750	2 031 299	1 441 180
Total for expenditure items	760	16 887 977	10 824 754
Change in balances (increase [+], decrease [-]) of:			
work in progress	765	15 664	32 452
prepaid expenses	766	19 798	15 035
provisions for future expenses	767	-	-3 049

Securities

Index		Accounting year opening balance	Accounting period ending balance
name	code		
1	2	3	4
Received - total	810		479 373
including:			
bills of exchange			
Assets pledged	820		
of which:			
fixed assets			
securities and other financial investments			
other			
Issued - total	830	2 269 184	3 188 275
including:			
bills of exchange	831	565 431	-
Assets transferred on pledge	840	33 592	14 452
of which:			
fixed assets	841		
securities and other financial investments	842		
other	843	33 592	14 452

Government assistance

Index		Accounting period		Corresponding period of the previous year	
name	code				
1	2	3	4	5	6
Budget resources received in the accounting year - total	910	3 489		-	
including:					
		Beginning of the accounting year	received in the accounting period	repaid in the accounting period	End of the accounting period
budget loans - total	920				
including:					

Chairman of the Board of Directors of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N. A. Pavlova

April 6, 2006

EXPLANATORY NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS OF JSC ACRON for 2005

These consolidated financial statements have been prepared as required by the Statute Concerning Accounting and Reporting in the Russian Federation, as approved by Order No. 34 n of the Russian Finance Ministry dated July 29, 1998, and have been compiled in accordance with the Methodological Recommendations Concerning the Compilation and Presentation of Consolidated Financial Statements, as approved by Order No. 112 of the Russian Finance Ministry dated December 30, 1996 (hereinafter, "the Methodological Recommendations").

The consolidated financial statements have been compiled through the consolidation of the financial statements of the parent entity and its subsidiaries, as well as certain details of associates, and reflect the financial position of a group of related entities (hereinafter, "the Group") at the balance sheet date and the results of its operations for the accounting period.

In accordance with the Methodological Recommendations, a subsidiary is consolidated if:

- 1) the parent entity holds more than fifty percent of voting shares in a joint stock company or an equity interest of more than fifty percent in a limited liability company;
- 2) the parent entity is able to govern decision-making at the subsidiary, in accordance with an agreement entered into by and between the parent entity and the subsidiary;
- 3) the parent entity has other means available to govern decision-making at the subsidiary.

Below is a list of subsidiaries and associates which have been consolidated, as required by the Methodological Recommendations.

LIST OF JSC ACRON SUBSIDIARIES

Entity – JSC Dorogobuzh

Address: 215753, Verkhnedneprovsky settlement, Dorogobuzh district, Smolensk region, Russia

JSC Acron relies on its **74.07%** voting interest to exercise influence over decision-making at JSC Dorogobuzh.

For consolidated financial reporting purposes, the minority interest is **32.93%**.

Entity – CJSC Nordic Rus Holding

Address: 119034, 37 (2), Prechistenka Street, Moscow, Russia

JSC Acron relies on its **51%** voting interest to exercise influence over decision-making at CJSC Nordic Rus Holding.

For consolidated financial reporting purposes, the minority interest is **49%**.

Entity – JSC Lipoil

Address: 398024, 2, Papina Street, Lipetsk, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at JSC Lipoil.

Entity – CJSC WIAM-AGRO

Address: 119034, 37 (2), Prechistenka Street, Moscow, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC WIAM-AGRO.

Entity – CJSC ENGservice

Address: 173016, 3 A, Mendeleeva Street, Veliky Novgorod, Russia

JSC Acron relies on its **51%** voting interest to exercise influence over decision-making at CJSC ENGservice.

For consolidated financial reporting purposes, the minority interest is **49%**.

Entity – LLC Private Security Agency Krona

Address: 109017, 41/24, Bolshaya Ordynka Street, bldg. 3, Moscow, Russia

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Private Security Agency Krona.

For consolidated financial reporting purposes, the minority interest is **8.23%**.

Entity – CJSC Acronagrotrading

Address: 173012, JSC Acron site, Veliky Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Acronagrotrading.

For consolidated financial reporting purposes, the minority interest is **16.79%**.

Entity – LLC Acronit

Address: 173012, JSC Acron site, Veliky Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at LLC Acronit.

Entity – JSC Niva Chernozemya

Address: 302035, 35, Oktyabrskaya Street, Orel, Russia

JSC Acron relies on its **84%** voting interest to exercise influence over decision-making at JSC Niva Chernozemya.

For consolidated financial reporting purposes, the minority interest is **31.15%**.

Entity – LLC Private Security Agency Phoenix

Address: 215753, Verkhnedneprovsky settlement, Dorogobuzh district, Smolensk region, Russia

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Private Security Agency Phoenix.

For consolidated financial reporting purposes, the minority interest is **32.93%**.

Entity – CJSC Zadonsky Syr

Address: 399215, Repetz village, Zadonsk district, Lipetsk region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Zadonsky Syr.

Entity – LLC Elegant

Address: 215750, 5, Molodezhnaya Street, Verkhnedneprovsky settlement, Dorogobuzh district, Smolensk region, Russia

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Elegant.

For consolidated financial reporting purposes, the minority interest is **32.93%**.

Entity – JSC Zvyaginki

Address: 302523, Zvyaginki village, Orel district, Orel region, Russia

JSC Acron relies on its **89.87%** voting interest to exercise influence over decision-making at JSC Zvyaginki.

For consolidated financial reporting purposes, the minority interest is **10.13%**.

Entity – Florntex Limited

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

JSC Acron relies on its **100%** interest to exercise influence over decision-making at Florntex Limited.

Entity – **LLC Dnepr**

Address: 215710, Novo-Mikhailovskoye village, Dorogobuzh district, Smolensk region, Russia

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Dnepr.

For consolidated financial reporting purposes, the minority interest is **32.93%**.

Entity – **LLC Investment Port Company**

Address: 173012, JSC Acron site, Veliky Novgorod, Russia

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Investment Port Company.

Entity – **JSC Catalyst**

Address: 215753, Verkhnedneprovsky settlement, Dorogobuzh district, Smolensk region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at JSC Catalyst.

For consolidated financial reporting purposes, the minority interest is **32.93%**.

Entity – **CJSC Acron-Saratov**

Address: 410086, Trofimovsky – II station (without number), Leninsky district, Saratov, Russia

JSC Acron relies on its **51%** voting interest to exercise influence over decision-making at CJSC Acron-Saratov.

For consolidated financial reporting purposes, the minority interest is **49%**.

Entity – **CJSC Shebekinoagronova**

Address: 309261, 1A, Polevaya Street, Rzhevka village, Shebekino district, Belgorod region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Shebekinoagronova.

For consolidated financial reporting purposes, the minority interest is **16.66%**.

Entity – **JSC Acronbelagro**

Address: 308027, 1G, Pyatogo Avgusta Street, Belgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at JSC Acronbelagro.

Entity – **CJSC Agrofirm Vysokye Tekhnologyi**

Address: 399202, Livenskaya village, Zadonsk district, Lipetsk region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agrofirm Vysokye Tekhnologyi.

For consolidated financial reporting purposes, the minority interest is **38.11%**.

Entity – CJSC Shebekinoagrokhimservice

Address: 309261, 1A, Polevaya street, Rzhevka village, Shebekino district, Belgorod region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Shebekinoagrokhimservice.

For consolidated financial reporting purposes, the minority interest is **8.51%**.

Entity – CJSC Agronova

Address: 129642, Administration Room, 20 A, Zapovednaya Street, Moscow, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agronova.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – CJSC Agronova-Volga

Address: 603109, 29V, Ilyinskaya Street, Nizhny Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agronova-Volga.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – CJSC Agronova-Saratov

Address: 410086, Trofimovsky – II station (without number), Leninsky district, Saratov, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agronova-Saratov.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – CJSC Belagronova

Address: 308027, 1G, Pyatogo Avgusta Street, Belgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Belagronova.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – CJSC Lebedyanagronova

Address: 399610, 71, Lev Tolstoi Street, Lebedyan, Lipetsk region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Lebedyanagronova.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – CJSC Agronova-Lipetsk

Address: 398002, 15 Balmochnykh Street, Lipetsk, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agronova-Lipetsk.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – **CJSC Agronova-Orel**

Address: 302035, 35 Oktyabrskaya Street, Orel, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Agronova-Orel.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – **CJSC Rostagronova**

Address: 344038, 14A, M. Nagibina Street, Rostov-on-Don, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Rostagronova.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – **CJSC Firma Proekt**

Address: 119034, 37 (2), Prechistenka Street, Moscow, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Firma Proekt.

Entity – **LLC Acron Hotel**

Address: 173007, 24, Predtechenskaya Street, Veliky Novgorod, Moscow

JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC Acron Hotel.

Entity – **CJSC Lukoyanovagronova**

Address: 607800, 41V, Pushkin Street, Lukoyanov, Nizhny Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Lukoyanovagronova.

For consolidated financial reporting purposes, the minority interest is **0.33%**.

Entity – **CJSC Baltaiagronova**

Address: 412630, 15, Rabochaya Street, Baltai village, Baltai district, Saratov region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Baltaiagronova.

For consolidated financial reporting purposes, the minority interest is **49%**.

Entity – **JSC Yakovlevoagronova**

Address: 309070, 9, Vtoraya Zavodskaya Street, Yakovlevo district, Belgorod region, Russia

JSC Acron relies on its **73.9%** voting interest to exercise influence over decision-making at JSC Yakovlevoagronova.

For consolidated financial reporting purposes, the minority interest is **26.34%**.

Entity – **JSC Koubanagronova**

Address: 353810, 20, 302-nd Divizii Street, Leningradskaya Station, Leningrad district, Krasnodar region, Russia

JSC Acron relies on its **54.46%** voting interest to exercise influence over decision-making at JSC Koubanagronova.

For consolidated financial reporting purposes, the minority interest is **45.72%**.

Entity – **JSC Krasnoarmeiskagronova**

Address: 353807, 10, Narodnaya Street, Poltavskaya Station, Krasnoarmeisk district, Krasnodar region, Russia

JSC Acron relies on its **52.72%** voting interest to exercise influence over decision-making at JSC Krasnoarmeiskagronova.

For consolidated financial reporting purposes, the minority interest is **47.45%**.

Entity – **JSC Ershovskay Selhozhimiya**

Address: 413500, 30, Pionerskaya Street, Ershov, Saratov region, Russia

JSC Acron relies on its **51.66%** voting interest to exercise influence over decision-making at JSC Ershovskay selhoskhimiya.

For consolidated financial reporting purposes, the minority interest is **48.51%**.

Entity – **CJSC Livnyagronova**

Address: 303800, 23, Nagorny village, Livny , Orel region, Russia

JSC Acron relies on its **51.17%** voting interest to exercise influence over decision-making at CJSC Livnyagronova.

For consolidated financial reporting purposes, the minority interest is **49%**.

Entity – **CJSC Eletzagronova**

Address: 399740, GSP-12, Moskovskoye Highway, Eletz, Lipetsk region, Russia

JSC Acron relies on its **51.16%** voting interest to exercise influence over decision-making at CJSC Eletzagronova.

For consolidated financial reporting purposes, the minority interest is **49.01%**.

Entity – **CJSC Kubris**

Address: 353807, 10, Narodnaya Street, Poltavskaya Station, Krasnoarmeisk district, Krasnodar region, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Kubris.

For consolidated financial reporting purposes, the minority interest is **47.45%**.

Entity – **JSC Baltayagropromkhimiya**

Address: 412630, 15, Rabochaya Street, Baltai village, Baltai district, Saratov region, Russia

JSC Acron relies on its **51.01%** voting interest to exercise influence over decision-making at JSC Baltayagropromkhimiya.

For consolidated financial reporting purposes, the minority interest is **49.16%**.

Entity – CJSC Gryaziagronova

Address: 399300, 12, Peskovatskaya Street, Gryazi, Lipetsk region, Russia
JSC Acron relies on its **50.92%** voting interest to exercise influence over decision-making at CJSC Gryaziagronova.
For consolidated financial reporting purposes, the minority interest is **49.25%**.

Entity – JSC Gubkinselkhozkhimia

Address: 309187, 7, 3-th Melnichny Pereulok, Gubkin, Belgorod region, Russia
JSC Acron relies on its **50.23%** voting interest to exercise influence over decision-making at JSC Gubkinselkhozkhimia.
For consolidated financial reporting purposes, the minority interest is **49.94%**.

Entity – JSC Agrokhim

Address: 309850, DSP-2 district, Alekseevka, Belgorod region, Russia
JSC Acron relies on its **50.14%** voting interest to exercise influence over decision-making at JSC Agrokhim.
For consolidated financial reporting purposes, the minority interest is **50.03%**.

Entity – JSC Zadonskagronova

Address: 399200, Maloye Panarino village, Zadonsk district, Lipetsk region, Russia
JSC Acron relies on its **50.08%** voting interest to exercise influence over decision-making at JSC Zadonskagronova.
For consolidated financial reporting purposes, the minority interest is **50.09%**.

Entity – JSC Agronova-Bryansk

Address: 242025, Glinishchevo village, Bryansk district, Bryansk region, Russia
JSC Acron relies on its **50.01%** voting interest to exercise influence over decision-making at JSC Agronova-Bryansk.
For consolidated financial reporting purposes, the minority interest is **50.16%**.

Entity – LLC EVLASHEVSKOYE

Address: 412641, Sosnovka village, Baltai district, Saratov region, Russia
JSC Acron relies on its **100%** interest to exercise influence over decision-making at LLC EVLASHEVSKOYE.
For consolidated financial reporting purposes, the minority interest is **48.99%**.

Entity – LLC Hunting Farm Nikoulinskoye

Address: 173012, JSC Acron Site, Veliky Novgorod, Russia
JSC Acron relies on its **100 %** voting interest to exercise influence over decision-making at LLC Hunting Farm Nikoulinskoye.

Entity – LLC Trustservice

Address: 173012, JSC Acron Site, Veliky Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at LLC Trustservice.

Entity – LLC Private Security Agency Guepard

Address: 173012, JSC Acron Site, Veliky Novgorod, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at LLC Private Security Agency Guepard.

Entity – CJSC North-Western Phosphorous Company

Address: 119034, 37 (2) Prechistenka Street, Moscow, Russia

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at CJSC Northern Phosphorous Company.

Entity – LLC Construction Company Stolny Grad

Address: 125009, 12 (8) Tverskaya Street, Moscow, Russia

JSC Acron relies on its **60%** voting interest to exercise influence over decision-making LLC Construction Company Stolny Grad.

For consolidated financial reporting purposes, the minority interest is **40%**.

Entity – Shandong Hongri-Acron Chemical Joint Stock Company, LTD

Address: Luozhuang district, Linyi city, Shandong province, China

JSC Acron relies on its **50.5%** voting interest to exercise influence over decision-making at Shandong Hongri-Acron Chemical Joint Stock Company, LTD.

For consolidated financial reporting purposes, the minority interest is **49.5%**.

Entity – Acronagrotrans Ltd.

Address: offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands

JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at Acronagrotrans Ltd.

Entity – Linyi Fudelai Chemical Fertilizer Company Ltd.

Address: 252 Linxi Yilu Street, Linyi city, Shandong province, China

JSC Acron relies on its **75%** voting interest to exercise influence over decision-making at Linyi Fudelai Chemical Fertilizer Company Ltd.

For consolidated financial reporting purposes, the minority interest is **62.12%**.

Entity – Linyi Jianxiang Xinxing Construction Materials Company Ltd.

Address: Huabolu village, Luozhuang district, Linyi city, Shandong province, China

JSC Acron relies on its **51%** voting interest to exercise influence over decision-making at Linyi Jianxiang Xinxing Construction Materials Company Ltd.

For consolidated financial reporting purposes, the minority interest is **74.24%**.

These consolidated financial statements have been compiled through the consolidation of the financial statements of the parent entity and its subsidiaries and reflect the financial position of a group of related entities (hereinafter, "the Group") at the balance sheet date and the results of its operations for the accounting period.

As required by Order No. 112 of the Russian Finance Ministry dated December 30, 1996, the consolidated financial statements have been compiled by means of aggregating relevant indicators of the financial statements of each Group entity, subject to adjustments if necessary.

In particular:

accounts receivable and accounts payable are shown less mutual debts of Group entities;

financial investments are shown less the parent company's equity investments in subsidiaries;

shareholders' equity and provisions are shown less the parent company's equity investments in subsidiaries and minority interest;

sales revenue and expenses for current activities are shown less intercompany (Group entity) balances;

interest receivable and payable, operating and non-operating income and expenses are shown less intercompany income and expenses.

In accordance with section 5.1 of the Methodological Recommendations, the explanatory notes to the consolidated balance sheet and consolidated profit and loss statement must disclose an estimate of the effects of the acquisitions and disposals of subsidiaries and associates on the financial position of the Group as of the balance sheet date and on the results of its operations of the accounting period.

During 2005 the composition of JSC Acron's subsidiaries changed as follows:

1. The following entities withdrew from among JSC Acron's subsidiaries:

- Entity – **JSC Acronrost**

Address: 344082, 41, Bolshaya Sadovaya Street, Rostov-on-Don, Russia

As of January 1, 2005, JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at JSC Acronrost.

- Entity – **JSC MERITORIUS**

Address: 188480, Kingisepp, Leningrad region, Russia

As of January 1, 2005, JSC Acron relies on its **75%** voting interest to exercise influence over decision-making at JSC MERITORIUS.

- Entity – **JSC Acron-Volga**

Address: 603000, 43, Bolshaya Pokrovskaya street, Nizhny Novgorod district, Nizhny Novgorod, Russia

As of January 1, 2005, JSC Acron relies on its **100%** voting interest to exercise influence over decision-making at JSC Acron-Volga.

2. The following entities were included in JSC Acron's subsidiaries:

- **LLC Hunting Farm Nikoulinskoye - 100%**
- **LLC Trustservice - 100%**
- **LLC Private Security Agency Guepard - 100%**
- **CJSC North-Western Phosphorous Company - 100%**
- **LLC Construction Company Stolny Grad - 60%**
- **Acronagrotrans Ltd. - 100%**
- **Shandong Hongri-Acron Chemical Joint Stock Company, LTD. – 50.5%**
- **Linyi Fudelai Chemical Fertilizer Company Ltd. - 75%**
- **Linyi Jianxiang Xinxing Construction Materials Company Ltd. - 51%**

3. The share in the subsidiary has changed as follows:

- **CJSC Lukoyanovagronova from 52.74% to 100%**
- **CJSC Zadonsky Syr 51% to 100%**

4. Changes in the names made in 2005:

No.	Former name	Current name
1.	CJSC Niva Chernozemia	CJSC Agronova-Orel
2.	CJSC Lipoil	CJSC Agronova-Lipetsk
3.	JSC Selkhozkhimiya	JSC Yakovlevoagronova
4.	JSC Shebekinoagrokhim	CJSC Shebekinoagronova
5.	JSC Shebekinoagrokhimservice	CJSC Shebekinoagrokhimservice
6.	JSC Krasnoarmeyskagropromkhimiya	JSC Krasnoarmeyskagronova
7.	JSC Agropromkhimiya	JSC Koubanagronova
8.	JSC Plodorodiye	JSC Zadonskagronova
9.	JSC Gryaziagropromkhimiya	CJSC Gryaziagronova
10.	JSC Lebedyanagrokhimservis	CJSC Lebedyanagronova
11.	JSC Agrofirma Vysokye tekhnologiyi	CJSC Agrofirma Vysokye tekhnologiyi
12.	JSC Glinishchevoagropromkhimiya	JSC Agronova-Bryansk
13.	JSC Livenskagropromkhimiya	CJSC Livnyagronova
14.	CJSC Elettselkhozhihimia	CJSC Eletzagronova

There were no other changes in the composition of JSC Acron's subsidiaries and associates during 2005.

General Director of JSC Acron

I.N. Antonov

Chief accountant of JSC Acron

N.A. Pavlova