

**JOINT STOCK COMPANY
“ACRON”**

**International Accounting Standard No. 34
Consolidated Condensed Interim
Financial Information (first quarter)**

31 March 2010

Contents

Unaudited Consolidated Condensed Interim Statement of Financial Position	1
Unaudited Consolidated Condensed Interim Statement of Comprehensive Income.....	2
Unaudited Consolidated Condensed Interim Statement of Cash Flows.....	3
Unaudited Consolidated Condensed Interim Statement of Changes in Equity	4

Notes to the Unaudited Consolidated Condensed Interim Financial Information

1	Acron Group and its Operations	5
2	Basis of Preparation of the Financial Statements	5
3	Summary of Significant Accounting Policies	5
4	Balances and Transactions with Related Parties.....	13
5	Cash and Cash Equivalents	14
6	Accounts Receivable	15
7	Property, Plant and Equipment	15
8	Exploration and Evaluation Licences and Expenditure	15
9	Available-for-Sale Investments	15
10	Accounts Payable	16
11	Short-Term and Long-Term Borrowings	16
12	Finance Income / (Expenses), net	18
13	Other Operating Income / (Expenses), net	18
14	Earnings per Share.....	18
15	Income Taxes	18
16	Subsequent Events.....	18

Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Financial Position
at 31 March 2010 (unaudited) and 31 December 2009
(in thousands of Russian Roubles)



	Note	31 March 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	7	20,354,117	20,474,634
Exploration and evaluation licences and expenditure	8	22,171,643	21,690,111
Leasehold land		508,129	516,427
Goodwill		1,266,651	1,266,651
Other non-current assets		655,943	893,667
Available-for-sale investments	9	17,429,086	20,594,908
Long-term loans receivable		63,588	61,279
Deferred tax assets		544,892	582,125
Total non-current assets		62,994,049	66,079,802
Current assets			
Inventories		6,382,292	5,858,448
Short-term loans receivable		849,479	831,442
Accounts receivable	6	5,116,936	4,310,534
Cash and cash equivalents	5	3,542,037	7,706,149
Other current assets		125,125	145,405
Total current assets		16,015,869	18,851,978
TOTAL ASSETS		79,009,918	84,931,780
EQUITY			
Share capital		3,125,018	3,125,018
Treasury shares		(46,326)	(46,326)
Retained earnings		23,267,975	21,687,510
Revaluation reserve		11,891,399	13,712,148
Other reserves		(248,466)	(248,466)
Cumulative currency translation difference		265,242	294,961
Share capital and reserves attributable to the Company's owners		38,524,842	38,524,845
Non-controlling interest		3,295,098	3,867,909
TOTAL EQUITY		41,549,940	42,392,754
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	19,467,438	19,812,018
Finance lease liability		46,125	49,499
Other long-term liabilities		256,430	259,636
Deferred tax liability		3,982,192	4,609,349
Total non-current liabilities		23,752,185	24,730,502
Current liabilities			
Accounts payable	10	2,321,963	1,317,554
Notes payable		722,664	807,733
Current income tax payable		156,509	23,591
Other taxes payable		273,962	239,058
Short-term borrowings	11	7,552,522	12,548,564
Advances received		2,321,849	2,499,178
Finance lease liability		21,002	21,553
Other current liabilities		337,322	351,293
Total current liabilities		13,707,793	17,808,524
TOTAL LIABILITIES		37,459,978	42,539,026
TOTAL LIABILITIES AND EQUITY		79,009,918	84,931,780

Approved for issue and signed on behalf of the Board of Directors on 17 June 2010.

I.N. Antonov
President

A.V. Milenkov
Finance Director

Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Comprehensive Income
for the three months ended 31 March 2010 and 31 March 2009 (unaudited)
(in thousands of Russian Roubles, except for per share amounts)



	Note	Three months ended	
		31 March 2010	31 March 2009
Revenue		11,425,372	9,430,402
Cost of sales		(6,758,075)	(5,317,472)
Gross profit		4,667,297	4,112,930
Transportation expenses		(1,614,728)	(1,460,064)
Selling, general and administrative expenses		(1,029,736)	(631,163)
Gain / (loss) on disposal of property, plant and equipment, net		7,062	(26,641)
Other operating profit / (expenses), net	13	(74,447)	(274,117)
Operating profit		1,955,448	2,269,179
Finance income/(loss), net	12	421,204	(2,486,797)
Interest expense		(132,466)	(32,614)
Share of result of associates		-	73,363
Profit before taxation		2,244,186	(176,869)
Income tax expense	15	(497,469)	(672,497)
Net profit for the period		1,746,717	(849,366)
Other comprehensive income:			
Available-for-sale investments:			
- Gains less losses arising during the year		(3,199,375)	3,691,422
- Income tax recorded directly in other comprehensive income		639,875	(738,319)
Currency translation differences		(30,031)	373,412
Other comprehensive income for the period		(2,589,531)	3,326,515
Total comprehensive income for the period		(842,814)	2,477,149
Net profit is attributable to:			
Owners of the Company		1,580,465	(840,089)
Non-controlling interest		166,252	(9,277)
Net profit for the period		1,746,717	(849,366)
Total comprehensive income is attributable to:			
Owners of the Company		(270,003)	2,364,828
Non-controlling interest		(572,811)	112,321
Total comprehensive income for the period		(842,814)	2,477,149
Earnings per share, basic and diluted (expressed in RUB per share)	14	36.30	(19.29)

Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Cash Flows for the three months
ended 31 March 2010 and 31 March 2009 (unaudited)
(in thousands of Russian Roubles)



	Note	Three months ended	
		31 March 2010	31 March 2009
Cash flows from operating activities			
Profit before taxation		2,244,186	(176,869)
<i>Adjustments for:</i>			
Depreciation and amortization		369,495	343,037
Provision for impairment of accounts receivable	6	1,079	25,295
Increase in provision for write-down on inventory		-	(270,530)
(Reversal)/ impairment of property, plant and equipment, net		(783)	-
Share of results of associate		-	(73,363)
Loss/ (gain) on disposal of property, plant and equipment		(7,062)	28,041
Interest expense		132,466	32,614
Interest income		(88,595)	(37,178)
Dividend income		(113)	(370)
Foreign exchange effect on non-operating balances		(56,310)	1,445,282
Operating cash flows before working capital changes		2,594,363	1,315,959
(Increase)/ decrease in gross trade receivables		(706,562)	69,382
(Increase)/ decrease in advances to suppliers		(180,422)	217,880
(Increase)/ decrease in other receivables		434,246	(1,176,666)
(Increase)/ decrease in inventories		(523,844)	51,525
Increase/ (decrease) in trade payables		878,491	242,129
Increase/ (decrease) in other payables		85,560	(71,870)
Increase/ (decrease) in advances from customers		(177,329)	(529,424)
(Increase)/ decrease in other current assets		20,280	(115,322)
Increase/ (decrease) in other current liabilities		(13,971)	72,284
Net change in other non-current assets and liabilities		230,593	(122,405)
Cash generated from operations		2,641,405	(46,528)
Income taxes paid		(271,243)	(15,712)
Interest paid		(612,008)	(464,983)
Net cash generated from operating activities		1,758,154	(527,223)
Cash flows from investing activities			
Purchase of property, plant and equipment		(442,591)	(796,155)
Proceeds from sale of property, plant and equipment		4,500	103,113
Loans provided		(100,000)	(98,300)
Proceeds from loans repaid		79,654	101,351
Interest received		2,938	2,060
Dividends received		113	370
Purchase of available-for-sale investments		(66,370)	(7,553)
Net cash used in investing activities		(521,756)	(695,114)
Cash flows from financing activities			
Dividends paid to shareholders		-	(427,299)
Dividends paid to non-controlling shareholders		(116)	(898)
Proceeds from borrowings	11	1,635,880	6,588,811
Repayment of borrowings	11	(6,899,955)	(5,029,867)
Net cash provided from financing activities		(5,264,191)	1,130,747
Effect of exchange rate changes on cash and cash equivalents		(136,319)	473,680
Net increase in cash and cash equivalents		(4,164,112)	382,090
Cash and cash equivalents at the beginning of the period		7,706,149	4,008,768
Cash and cash equivalents at the end of the period		3,542,037	4,390,858

The accompanying notes on pages 5 to 19 are an integral part of this consolidated condensed interim financial information.



	Capital and reserves attributable to the Company's owners							
	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Other reserves	Cumulative currency translation difference	Non-controlling interest	Total equity
Balance at 1 January 2009	3,125,018	(46,326)	15,391,110	3,953,554	(248,466)	189,984	2,810,532	25,175,406
Comprehensive income								
Profit for the period	-	-	(840,089)	-	-	-	(9,277)	(849,366)
<i>Other comprehensive income</i>								
Fair value losses on available-for-sale investments	-	-	-	3,697,608	-	-	(6,186)	3,691,422
Currency translation differences	-	-	-	-	-	246,865	126,547	373,412
Income tax recorded in other comprehensive income	-	-	-	(739,556)	-	-	1,237	(738,319)
Total other comprehensive income	-	-	-	2,958,052	-	246,865	121,598	3,326,515
Total comprehensive income	-	-	(840,089)	2,958,052	-	246,865	112,321	2,477,149
Balance at 31 March 2009	3,125,018	(46,326)	14,551,021	6,911,606	(248,466)	436,849	2,922,853	27,652,555
Balance at 1 January 2010	3,125,018	(46,326)	21,687,510	13,712,148	(248,466)	294,961	3,867,909	42,392,754
Comprehensive income								
Profit for the period	-	-	1,580,465	-	-	-	166,252	1,746,717
<i>Other comprehensive income</i>								
Fair value gains on available-for-sale investments	-	-	-	(2,275,936)	-	-	(923,439)	(3,199,375)
Currency translation differences	-	-	-	-	-	(29,719)	(312)	(30,031)
Income tax recorded in other comprehensive income	-	-	-	455,187	-	-	184,688	639,875
Total other comprehensive income	-	-	-	(1,820,749)	-	(29,719)	(739,063)	(2,589,531)
Total comprehensive income	-	-	1,580,465	(1,820,749)	-	(29,719)	(572,811)	(842,814)
Balance at 31 March 2010	3,125,018	(46,326)	23,267,975	11,891,399	(248,466)	265,242	3,295,098	41,549,940

The accompanying notes on pages 5 to 19 are an integral part of this consolidated condensed interim financial information.



1 Acron Group and its Operations

These unaudited consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the three months ended 31 March 2010 for Joint Stock Company "Acron" (the "Company" or "Acron") and its subsidiaries (together referred to as the "Group" or "Acron Group").

The Group's principal activities include the manufacture, distribution and sales of chemical fertilizers and related by-products. The Group's manufacturing facilities are primarily based in the Novgorodskaya and Smolenskaya oblasts of Russia and also in China. Acron was incorporated as a joint stock company on 19 November 1992. On that date the majority of assets and liabilities previously managed by the state conglomerate "Azot" were transferred to the Company. The transfer of assets and liabilities was made in accordance with Decree No. 721 on the privatisation of state companies approved on 1 July 1992.

The Group's ultimate parent is Subero Associates Inc (British Virgin Islands) (2009: Subero Associates Inc). As at 31 March 2010 and 31 December 2009 the Group was ultimately controlled by Mr. Viatcheslav Kantor.

The Company's registered office is at Novgorod-the-Great, 173012, Russian Federation.

2 Basis of Preparation of the Financial Statements

Basis of preparation. These unaudited consolidated condensed interim financial information for the three months ended 31 March 2010 has been prepared in accordance with IAS 34, Interim Financial Reporting. These unaudited consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2009.

Presentation currency. All amounts in these unaudited consolidated condensed interim financial information are presented in thousands of Russian Roubles, unless otherwise stated. The unaudited consolidated condensed interim financial information is based on the statutory records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS.

Accounting for the effect of inflation. Prior to 1 January 2003 the adjustments and reclassifications made to the statutory records in Russia for the purpose of IFRS presentation included the restatement of balances and transactions for the changes in the general purchasing power of the RUB in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date. As the characteristics of the economic environment of the Russian Federation indicate that hyperinflationary has ceased, effective from 1 January 2003 the Group no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2002 are treated as the basis for the carrying amounts in these consolidated financial statements.

3 Summary of Significant Accounting Policies

3.1 Group accounting

Consolidated financial statements. Subsidiaries are those companies and other entities (including special purpose entities) in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries except for those acquired as the result of the business combinations under common control.

Up to 1 January 2009 the cost of an acquisition was measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.



3 Summary of Significant Accounting Policies (continued)

The excess of the cost of acquisition over the acquirer's share of the fair value of the net assets of the acquiree at each exchange transaction represented goodwill. The excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired over cost ("negative goodwill") was recognised immediately in profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

From 1 January 2009 the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The acquisition date is the date on which the acquirer obtains control of the acquiree. In a business combination achieved in stages, the acquirer shall 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.

As of the acquisition date, the acquirer recognises the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The acquirer recognises goodwill as of the acquisition date measured as the excess of (a) over (b) below:

- (a) the aggregate of the consideration transferred measured in accordance with IFRS 3; the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3; and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.

Should the acquirer make a bargain purchase, which is a business combination in which the amount of share in net assets acquired exceeds the aggregate of the amount of consideration transferred, the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the net assets of a subsidiary, which is attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Purchases of non-controlling interests. The Group applies economic entity model to account for transactions with non-controlling shareholders pursuant to early adoption of IAS 27 (Revised). Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as capital transaction directly in equity. Prior to 1 January 2009 the difference, if any, between the carrying amount of a minority interest and the amount paid to acquire it was recorded as goodwill.

Purchases of subsidiaries from parties under common control. Purchases of subsidiaries as the result of business combinations under common control are accounted for using the predecessor values method. Under this method the financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration paid is accounted for in these consolidated financial statements as an adjustment to equity.

Investments in associates. Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The carrying amount of associates includes goodwill identified on acquisition less



3 Summary of Significant Accounting Policies (continued)

accumulated impairment losses, if any. The Group's share of the post-acquisition profits or losses of associates is recorded in profit or loss for the year as share of result of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Bank overdrafts are shown within borrowings in the current liabilities statement of financial position. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date are included in other non-current assets.

3.3 Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the original effective rate of interest. The amount of the provision is recognised in the statement of comprehensive income. The primary factors that the Group considers whether a receivable is impaired is its overdue status. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any portion of the receivable is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

3.4 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

3.5 Inventories

Inventories comprise raw materials, finished goods, work in progress, catalytic agents, spare parts and other materials and supplies. Catalytic agents consumed for the period of more than 12 months are presented within other non-current assets in the amount of RUB 687,267 (31 December 2009: RUB 694,239). Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.



3 Summary of Significant Accounting Policies (continued)

3.6 Property, plant and equipment

Property, plant and equipment are recorded at cost, restated where applicable to the equivalent purchasing power of the Russian Rouble at 31 December 2002 for assets acquired prior to 1 January 2003, less accumulated depreciation and provision for impairment, where required.

At each reporting date management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less cost to sell and its value in use. The carrying amount is reduced to the recoverable amount and the difference is recognised as an expense (impairment loss) in the statement of comprehensive income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the assets recoverable amount. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in the profit or loss.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated to allocate cost of property, plant and equipment to their residual values on a straight-line basis. The depreciation periods, which approximate the estimated useful economic lives of the respective assets, are as follows:

	<u>Number of years</u>
Buildings	40 to 50
Plant and machinery	10 to 20
Other equipment and motor vehicles	5 to 20

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalised and the assets replaced are retired. Gains and losses arising from the retirement or disposal of property, plant and equipment are included in the statement of income as incurred.

Borrowing costs on specific or general funds borrowed to finance the construction of qualifying asset are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

3.7 Leasehold land

Leases of land are classified as operating leases. The pre-paid lease payments are amortised over the lease period of 30 years on a straight-line basis.

3.8 Intangible assets

Goodwill. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Other intangible assets. The entire Group's other intangible assets have definite useful lives and primarily include capitalised computer software, patents, acquired trademarks and licences. They are capitalised on the basis of the costs incurred to acquire and bring them to use. Intangible assets are amortised using the straight-line method over their useful lives, but not exceeding 20 years.



3 Summary of Significant Accounting Policies (continued)

3.9 Borrowings

Borrowings are stated at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

3.10 Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with the legislation of the countries, where most significant subsidiaries of the Group are located, enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in the consolidated statement of comprehensive income except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity. Corporate profit tax rate is 20% (2009: 20%) for Russia, where the most significant Group subsidiaries are registered. With effect from 1 January 2009, the rate of profit tax payable by companies in the Russian Federation can range from 15.5% to 20%, depending on applicable rates set by regional authorities.

Current income tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post acquisition retained earnings of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

3.11 Foreign currency transactions

Foreign currency translation. Functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The Company's functional currency and the



3 Summary of Significant Accounting Policies (continued)

Group's presentation currency is the national currency of the Russian Federation, Russian Rouble ("RUB"). The functional currency of the Company's subsidiary Shandong Hongri Acron Chemical Joint Stock Company Limited (China) is Chinese yuan (CNY).

For the Company and its subsidiaries monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank at the respective ends of the reporting periods. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the Central Bank are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

Foreign exchange gains and losses on operating items are presented within other operating expenses, foreign exchange gain and losses on finance items are presented within net finance income.

Translation from functional to presentation currency. The results and financial position of each group entity (functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) components of equity are translated at the historic rate; and
- (iv) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the exchange differences deferred in equity are reclassified from other comprehensive income to profit or loss.

At 31 March 2010 the principal rate of exchange used for translating foreign currency balances was USD 1 = RUB 29.3638, USD 1 = CNY 6.8263 (31 December 2009: USD 1 = RUB 30.2442, USD 1 = CNY 6.8282). Exchange restrictions and controls exist relating to converting Russian Roubles into other currencies.

3.12 Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are evaluated and re-estimated annually, and are included in the financial statements at their expected net present values using discount rates appropriate to the Company or its subsidiaries in applicable economic environment at each end of the reporting period.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at every reporting date. Liabilities are recorded for income tax positions that are determined by management as less likely than not to be sustained if challenged by tax authorities, based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.



3 Summary of Significant Accounting Policies (continued)

3.13 Shareholders' equity

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented in the notes as a share premium.

Treasury shares. Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

Dividends. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared and approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

3.14 Revenue recognition

Revenues from sales of chemical fertilisers and related by-products are recognised at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Group agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Sales are shown net of VAT, custom duties and discounts, and after eliminating sales within the Group. Revenues are measured at the fair value of the consideration received or receivable. When the fair value of consideration received cannot be measured reliably, the revenue is measured at the fair value of the goods or service given up.

Interest income is recognised on a time-proportion basis using the effective interest method.

3.15 Mutual cancellations

A portion of sales and purchases are settled by mutual settlements or non-cash settlements. These transactions are generally in the form of direct settlements through cancellation of mutual trade receivables and payables balances within the operational contracts. Non-cash settlements include promissory notes or bills of exchange, which are negotiable debt obligations. Sales and purchases that are expected to be settled by mutual settlements or other non-cash settlements are recognised based on the estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to various market information. Non-cash transactions have been excluded from the cash flow statement, so investing activities, financing activities and the total of operating activities represent actual cash transactions.

The Group also accepts bills of exchange from its customers (both issued by customers and third parties) as a settlement of receivables. A provision for impairment of bills of exchange is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3.16 Employee benefits

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group and are included within labour costs in operating expenses.

Social costs. The Group incurs significant costs on social activities. These costs include the provision of health services, kindergartens, and the subsidy of worker holidays. These amounts represent an implicit cost of employing principally production workers and other staff and, accordingly, have been charged to operating expenses.



3 Summary of Significant Accounting Policies (continued)

Pension costs. In the normal course of business the Group contributes to state pension schemes on behalf of its employees. Mandatory contributions to the governmental pension scheme are accrued in the year in which the associated services are rendered by the employees of the Group.

3.17 Financial assets and liabilities

Classification of financial assets. The Group classifies its financial assets into the following measurement categories: available-for-sale and loans and receivables.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term.

All other financial assets are included in the available-for-sale category, which includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Initial recognition of financial instruments. Financial assets and liabilities are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date that the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Available-for-sale investments. Available-for-sale investments are carried at fair value. Interest income on available for sale debt securities is calculated using the effective interest method and recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is removed from other comprehensive income to profit or loss.

Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale investments. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

3.18 Finance lease liabilities

Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest cost is charged to the statement of comprehensive income



3 Summary of Significant Accounting Policies (continued)

over the lease period using the effective interest method. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

3.19 Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are ten percent or more of all the segments are reported separately unless they meet all qualitative and quantitative aggregation criteria, in which case they are aggregated in a single reporting segment.

3.21 Exploration and evaluation expenditure

Expenditures incurred in exploration and evaluation activities (acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource) are capitalised. In accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, exploration assets are measured applying the cost model described in IAS 16, Property, Plant and Equipment, after initial recognition. Exploration assets are not depreciated until the production phase. The Group tests exploration assets for impairment when there are facts and circumstances that suggest that the carrying value of the asset may not be recoverable.

3.22 Development expenditure

Development expenditure incurred by or on behalf of the group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure. Once a development decision has been taken, the expenditure in respect of the area of interest is classified in assets under construction category. Costs incurred are tested for impairment upon commencement of development phase.

Development expenditure is reclassified as a "mining property" at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. No depreciation is recognised in respect of development expenditure until they are reclassified as "mining properties".

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 nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 March 2010 and 31 December 2009 are detailed below.

The following turnovers and balances arise from transactions with related parties:



4 Balances and Transactions with Related Parties (continued)

i Balances with related parties

Statement of financial position caption	Note	Relationship	31 March 2010	31 December 2009
Trade receivables, gross	6	Companies under common control	103,215	101,393
Prepayments	6	Companies under common control	5,025	7,574
Loans issued		Companies under common control	693,916	718,733
Other receivables	6	Companies under common control	30,545	1,913
Loans received		Companies under common control	-	(8,000)
Trade payables	10	Companies under common control	(14,835)	(21,594)

ii Transactions with related parties

Statement of comprehensive income caption	Note	Relationship	Three months ended	
			31 March 2010	31 March 2009
Sales of chemical fertilizers		Companies under common control	18,446	17,366
Purchases of raw materials		Companies under common control	95,084	(12,356)
Security services		Companies under common control	-	(36,772)

iii Cross shareholding

At 31 March 2010 JSC Drogobuzh, a 72.33% subsidiary of the Group (31 December 2009: 72.33%), owned 4,147,246 ordinary shares or 8.70% of the ordinary share capital of the Company (31 December 2009: 4,147,246 ordinary shares or 8.70%). Shares owned by JSC Drogobuzh are accounted for as treasury shares, but retain their voting rights and dividends.

iv Loans issued

At 31 March 2010 short-term loans to parties under common control totalled RUB 693,916 (31 December 2009: RUB 713,718) at interest rates in the range of 11.3% to 14.2%. The loans were unsecured.

At 31 March 2010 long-term loans to parties under common control totalled nil (31 December 2009: RUB 5,015). The loans are unsecured.

For three months ended 31 March 2010 the Group accrued interest income of RUB 24,023 (for three months ended 31 March 2009: RUB 7,778).

At 31 March 2010 loans issued to key management personnel totalled of nil (31 December 2009: RUB 6,982).

5 Cash and Cash Equivalents

	31 March 2010	31 December 2009
Cash on hand and bank balances denominated in RUB	1,294,827	3,917,032
Bank balances denominated in USD	1,185,531	2,477,868
Bank balances denominated in Euro	346,586	411,363
Bank balances denominated in Canadian dollars	3,856	4,029
Bank balances denominated in Estonian krone	26,434	72,101
Bank balances denominated in CNY	684,803	823,756
Total cash and cash equivalents	3,542,037	7,706,149



6 Accounts Receivable

	31 March 2010	31 December 2009
Trade accounts receivable	1,093,160	386,598
Notes receivable	25,285	75,383
Other accounts receivable	218,589	202,783
Less: impairment provision	(226,699)	(226,699)
Total financial assets	1,110,335	438,065
Advances to suppliers	2,338,767	2,067,901
Value-added tax recoverable	1,552,373	1,656,970
Income tax prepayments	49,671	89,142
Other taxes receivable	71,148	62,735
Less: impairment provision	(5,358)	(4,279)
Total accounts receivable	5,116,936	4,310,534

Included in notes receivable are notes receivable from Sberbank for RUB nil (31 December 2009: RUB 68,424) and notes receivable from banks in China for RUB 25,285 (31 December 2009: RUB 6,959).

The fair value of accounts receivable does not differ significantly from their carrying amounts.

7 Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2010	2009
Carrying amount at 1 January	20,474,634	18,053,913
Additions	352,148	796,155
Disposals	(6,945)	(27,912)
Charge for the period	(369,495)	(343,037)
Currency translation difference	(96,225)	499,285
Carrying amount at 31 March	20,354,117	4,310,534

At 31 March 2010, buildings, machinery and equipment and construction in progress with a net book value of RUB 732,607 (31 December 2009: RUB 774,956) had been pledged as security for long-term loans.

8 Exploration and Evaluation Licences and Expenditure

Exploration and evaluation expenditure comprise of:

	31 March 2010	31 December 2009
Apatite-nepheline deposits	387,843	237,843
Potash deposits	20,282,706	19,966,540
Permits for exploration	1,501,094	1,485,728
	22,171,643	21,690,111

9 Available-for-Sale Investments

The Group has investments in the following companies:

Name	Activity	Country of registration	31 March 2010	31 December 2009
JSC Silvinit	Potash mining	Russia	13,504,834	14,835,600
JSC Apatit	Apatite concentrate mining	Russia	3,339,023	5,226,653
Sberbank	Banking	Russia	212,355	206,935
Other			372,874	325,720
			17,429,086	20,594,908

The accompanying notes on pages 5 to 19 are an integral part of this consolidated condensed interim financial information.



Fair value of the investments was determined by reference to the current market value at the close of business on 31 March 2010. At 31 March 2010 the share price quoted by RTS and MICEX for JSC Apatit and JCS Silvinit amounted to USD 177 and RUB 21,301 for 1 share, respectively. At 31 December 2009 the share price quoted by RTS and MICEX for JSC Apatit and JSC Silvinit amounted to USD 269 and RUB 23,400 for 1 share, respectively.

10 Accounts Payable

	31 March 2010	31 December 2009
Trade accounts payable	1,580,602	702,111
Dividends payable	12,001	12,117
Total financial payables	1,592,603	714,228
Payables to employees	292,596	290,696
Accrued liabilities and other creditors	436,764	312,630
Total accounts payable and accrued expenses	2,321,963	1,317,554

11 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	31 March 2010	31 December 2009
Bonds issued	6,632,257	6,047,494
Credit lines	15,443,093	20,673,272
Term loans	4,944,610	5,639,816
	27,019,960	32,360,582

The Group's borrowings mature as follows:

	31 March 2010	31 December 2009
Borrowings due:		
- within 1 year	7,552,522	12,548,564
- between 1 and 5 years	19,467,438	19,812,018
	27,019,960	32,360,582

The Group's borrowings are denominated in currencies as follows:

	31 March 2010	31 December 2009
Borrowings denominated in:		
- Russian Roubles	10,913,534	10,327,094
- Euro	1,705,572	1,927,033
- US Dollars	12,637,211	18,467,611
- CNY	1,763,643	1,638,844
	27,019,960	32,360,582

Bank loans denominated in CNY were collateralised by buildings, machinery and equipment with a net book value of RUB 590,076 (31 December 2009: RUB 652,062) and land use right with a net book value of RUB 198,545 (31 December 2009: RUB 196,167). The loans obtained from banks in China are secured by guarantees issued by third parties totalled RUB 881,822 (31 December 2009: RUB 730,836).

The other Group's loan agreements are collateralised by property, plant and equipment with net book value of RUB 142,531 (31 December 2009: RUB 149,894).

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.

The loan agreements for a total of RUB 4,271,600 (31 December 2009: RUB 4,271,600) were secured by pledge of 100% shares of subsidiary LLC Verkhnekamsk Potash Company with net assets of RUB 17,345,829 (31 December 2009: RUB 16,923,223).



At 31 March 2010 unused credit lines available under the long-term loan facilities were RUB 3,079,282 (31 December 2009: RUB nil).

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

	31 March 2010	31 December 2009
Short-term borrowings		
Russian Roubles		
Loans with fixed interest rates of 10% to 14% per annum	9,677	8,000
Euro		
Loans with floating interest rates of Euribor + 1.3% per annum	189,303	282,479
USD		
Loans with fixed interest rate of 3.6% to 8% per annum	1,273,420	2,528,917
Loans with floating interest rates of LIBOR + 5.1% to LIBOR + 5.6% per annum	4,316,479	8,090,324
CNY		
Loans with fixed interest rates of 4.62% to 8.5% per annum	1,763,643	1,395,232
Add: current portion of long-term debt	-	243,612
Total short-term borrowings	7,552,522	12,548,564

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

	31 March 2010	31 December 2009
Long-term borrowings		
Russian Roubles		
Loans with fixed interest rates 11,25% per annum	4,271,600	4,271,600
Bonds with coupon payments of 13.85% to 14.05% per annum	6,632,257	6,047,494
Euro		
Loans with floating interest rates of Euribor + 1.3%	1,516,269	1,644,554
USD		
Loans with fixed interest rates of 8.0% to 8.25% per annum	7,047,312	5,292,735
Loans with floating interest rates of LIBOR + 4.13% to LIBOR + 5.6% per annum	-	1,345,867
Loans with floating interest rates of LIBOR + 8%	-	1,209,768
CNY		
Loans with fixed interest rates of 6.2% to 7.4% per annum	-	243,612
Less: current portion of long-term debt	-	(243,612)
Total long-term borrowings	19,467,438	19,812,018

The loan agreements for a total of RUB 8,077,517 (31 December 2009: RUB 11,794,156) 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 acceleration clauses in case of the borrower's failure to fulfil or appropriately fulfil its obligations to the bank.

The loan agreements for a total of around RUB 1,115,824 (31 December 2009: RUB 4,964,053) contain a covenant, that requires the borrower to maintain a required level of cash flows through the accounts opened with the lending bank. The loan agreement also contains a number of covenants and acceleration clause in case of the borrower's failure to fulfil its obligations under the loan agreements which include restrictions on material transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the borrowings.

In September 2009 the Group placed through an offering to the public under an open subscription RUB denominated 14.05% non-convertible bonds with a face value of RUB 3,500,000 to be redeemed in September 2013. The holders of this bonds issue were granted an option to redeem the bonds in September 2011.

(*) EBITDA is defined as earnings before tax, interest, depreciation and amortization adjusted for operating foreign exchange gain or loss, result on disposal of property, plant and equipment and investments and extraordinary items.

The accompanying notes on pages 5 to 19 are an integral part of this consolidated condensed interim financial information.



12 Finance Income / (Expenses), net

	Three months ended	
	31 March 2010	31 March 2009
Interest income from loans provided and term deposits	88,595	37,178
Dividend income	113	370
Foreign exchange gain	519,993	898,513
Foreign exchange loss	(187,497)	(3,422,856)
	421,204	(2,486,797)

13 Other Operating Income / (Expenses), net

	Three months ended	
	31 March 2010	31 March 2009
Gain (loss) on disposal of investments	56,683	158,129
Charity expenses	(18,199)	(40,052)
Other income / (expenses)	13,369	(137,864)
Foreign exchange gain	202,798	1,141,802
Foreign exchange loss	(329,098)	(847,898)
	(74,447)	274,117

14 Earnings per Share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares. The Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	31 March 2010	31 March 2009
Weighted average number of shares outstanding	47,687,600	47,687,600
Adjusted for weighted average number of treasury shares	(4,147,256)	(4,147,246)
Weighted average number of shares outstanding	43,540,344	43,540,354
Profit attributable to the equity holders of the Company	1,580,465	(840,089)
Basic and diluted earnings per share (in Russian roubles) attributable to the equity holders of the Company	36.30	(19.29)

15 Income Taxes

	Three months ended	
	31 March 2010	31 March 2009
Income tax expense – current	465,982	111,697
Deferred tax credit – origination and reversal of temporary differences	31,487	560,800
Income tax charge	497,469	672,497

16 Subsequent Events

Subsequent to 31 March 2009 and prior to the date of these consolidated financial statements, the Group has obtained additional bank loans of RUB 7,436,076 and repaid existing loans of RUB 5,687,127.

In May 2010, the shareholder meeting approved dividends for 2009 of RUB 25 per share.

In May 2010, the Board of Directors resolved to buy 2% (953,752 shares) of previously allocated Acron's common shares within the period from July 22 to 20 August 2010.