

**JOINT STOCK COMPANY
“DOROGOBUZH”**

International Accounting Standard No. 34

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

30 June 2008

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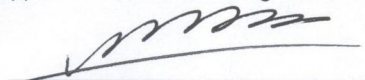
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Joint Stock Company "Dorogobuzh"
Consolidated Condensed Interim Balance Sheet
as at 30 June 2008 (unaudited) and 31 December 2007
(all amounts are presented in thousands of Russian Roubles)




	Note	30 June 2008	31 December 2007
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,221,975	3,355,216
Goodwill		52,068	52,068
Other non-current assets		238,212	163,389
Available-for-sale investments	8	11,746,934	5,266,912
Long-term loans receivable		175,300	55,000
Total non-current assets		15,434,489	8,892,585
Current assets			
Inventories		1,330,353	868,889
Other current assets		56,026	21,560
Short-term loans receivable		487,083	130,000
Accounts receivable	6	2,183,295	1,011,305
Dividends receivable		299,228	47,925
Cash and cash equivalents	5	545,133	350,760
Total current assets		4,901,118	2,430,439
TOTAL ASSETS		20,335,607	11,323,024
EQUITY			
Share capital		1,735,359	1,735,359
Share premium		93,794	93,794
Retained earnings		2,654,284	2,220,311
Revaluation reserve		8,915,203	3,970,103
Share capital and reserves attributable to the Company's equity holders		13,398,640	8,019,567
Minority interest		862	2,819
TOTAL EQUITY		13,399,502	8,022,386
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	18,200	76,429
Other long-term liabilities		45,112	45,112
Deferred tax liability		3,049,225	1,479,120
Total non-current liabilities		3,112,537	1,600,661
Current liabilities			
Accounts payable	9	2,230,623	286,859
Current income tax payable		30,132	30,338
Other taxes payable		261,230	130,335
Short-term borrowings	10	776,714	932,480
Advances received		524,869	319,965
Total current liabilities		3,823,568	1,699,977
TOTAL LIABILITIES		6,936,105	3,300,638
TOTAL LIABILITIES AND EQUITY		20,335,607	11,323,024

Approved for issue and signed on behalf of the Board of Directors on 17 October 2008.


 I. N. Antonov
 President




 N. I. Sluzhenikina
 Chief Accountant

Joint Stock Company “Dorogobuzh”
Consolidated Condensed Interim Statement of Income
for the six months ended 30 June 2008 and 30 June 2007(unaudited)
(all amounts are presented in thousands of Russian Roubles)



		Six months ended	
	Note	30 June 2008	30 June 2007
Revenue		5,621,674	3,589,178
Cost of sales		(2,476,395)	(2,033,558)
Gross profit		3,145,279	1,555,620
Transportation services		(389,939)	(200,777)
Selling, general and administrative expenses		(322,229)	(594,593)
Loss on disposal of property, plant and equipment, net		7,561	14,952
Other operating expenses		(27,457)	(48,719)
Operating profit		2,413,215	726,483
Finance income		338,803	68,790
Interest expense		(57,258)	(65,734)
Profit before taxation		2,694,760	729,539
Income tax expense	12	(603,917)	(178,625)
Net profit for the period		2,090,843	550,914
Net profit is attributable to:			
Equity holders of the Company		2,092,800	550,914
Minority interest		(1,957)	-
Net profit for the period		2,090,843	550,914
Earnings per ordinary share for profit for the year attributable to the equity holders of the Company, basic and diluted (expressed in RR per share)	11	2.39	0.63
Earnings per preference share for profit for the year attributable to the equity holders of the Company, basic and diluted (expressed in RR per share)	11	2.39	0.63

Joint Stock Company "Dorogobuzh"
Consolidated Condensed Interim Statement of Cash Flows
for the six months ended 30 June 2008 and 30 June 2007 (unaudited)
(all amounts are presented in thousands of Russian Roubles)



		Six month ended	
	Note	30 June 2008	30 June 2007
Cash flows from operating activities			
Profit before taxation		2,694,760	729,539
<i>Adjustments for:</i>			
Depreciation and amortization	7	89,041	117,881
Reversal of impairment of accounts receivable	6	(6,600)	20,422
Decrease)/Increase in provision for write-down on inventory		7,758	2,614
Loss on disposal of property, plant and equipment		(7,561)	5,182
Interest expense		57,258	59,540
Other income		(338,803)	(52,596)
Foreign exchange effect on non-operating balances		14,000	-
Operating cash flows before working capital changes		2,509,853	882,582
Decrease/(Increase) in gross trade receivables		(1,416,693)	159,552
Increase in inventories		(469,222)	40,597
Increase / (decrease) in trade payables		297,793	(157,681)
Increase / (decrease) in advances from customers		204,904	(92,260)
(Decrease)/Increase in other current assets		(109,289)	3,903
Net change in other non-current assets and liabilities		314,360	19,185
Cash provided from operations:		1,331,851	855,878
Income taxes paid		(547,040)	(176,223)
Interest paid		(13,589)	(63,352)
Net cash generated from operating activities:		771,222	616,303
Cash flows from investing activities:			
Purchase of property, plant and equipment		(177,164)	(188,018)
Disposal of property, plant and equipment		228,925	2,422
Loans provided		(477,383)	45,500
Interest received		3,466	11,402
Dividends received		59,757	653
Purchase of available-for-sale investments		24,651	-
Proceeds from sale of available-for-sale investments		2,038	-
Net cash used in investing activities:		(335,710)	(128,041)
Cash flows from financing activities:			
Dividends paid		(94)	-
Proceeds from borrowings	10	2,368,244	632,823
Repayment of borrowings	10	(2,609,289)	(1,193,883)
Net cash provided from (used in) financing activities		(241,139)	(561,060)
Net decrease in cash and cash equivalents		194,373	(72,798)
Cash and cash equivalents at the beginning of the year		350,760	458,855
Cash and cash equivalents at the end of the year		545,133	386,057

Stock Company "Dorogoduzh"
Consolidated Condensed Interim Statement of Changes in Equity
for the six months ended 30 June 2008 and 30 June 2007 (unaudited)
(all amounts are presented in thousands of Russian Roubles)



	Share capital and reserves attributable to the Company's equity holders				Minority interest	Total equity
	Share capital	Share premium	Retained earnings	Revaluation reserve		
Balance at 1 January 2007	1,735,359	93,794	860,320	2,092,624	-	4,782,097
Fair value gains on available-for-sale investments (Note 8)	-	-	-	(104,840)	-	(104,840)
Income tax recorded in equity	-	-	-	25,162	-	25,162
Net income recognized directly in equity	-	-	-	(79,678)	-	(79,678)
Profit for the period	-	-	550,913	-	-	550,913
Total recognized income	-	-	550,913	(79,678)	-	471,235
Dividends declared	-	-	-	-	-	-
Balance at 30 June 2007	1,735,359	93,794	1,411,233	2,012,946	-	5,253,332
Balance at 1 January 2008	1,735,359	93,794	2,220,311	3,970,103	2,819	8,022,386
Fair value gains on available-for-sale investments (Note 8)	-	-	-	6,506,712	-	6,506,712
Income tax recorded in equity	-	-	-	(1,561,612)	-	(1,561,612)
Net income recognized directly in equity	-	-	-	4,945,100	-	4,945,101
Profit for the period	-	-	2,092,800	-	(1,957)	2,090,843
Total recognized income	-	-	2,092,800	4,945,100	(1,957)	7,035,943
Dividends declared	-	-	(1,658,827)	-	-	(1,658,827)
Balance at 30 June 2008	1,735,359	93,794	2,654,284	8,915,203	862	13,399,502

The accompanying notes on pages 6 to 13 are an integral part of this consolidated condensed interim financial information.



1 Dorogobuzh Group and Its Operations

This unaudited consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the six months ended 30 June 2008 for Joint Stock Company “Dorogobuzh” (the “Company” or “Dorogobuzh”) and its subsidiaries (together referred to as the “Group” or “Dorogobuzh Group”).

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

The Group’s parent company is JSC “Acron” (Russian Federation). The Group’s ultimate parent is Subero Associates Inc (British Virgin Islands) (2007: Subero Associates Inc). As at 30 June 2008 and 31 December 2007 the Group was ultimately controlled by Mr. Viatcheslav Kantor.

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

Financial and operating activities of the Group are subject to certain seasonal factors. Usually the Group’s sales decrease in the second and third quarters, which is connected with decreased demand due to the end of sowing season at key Group’s markets being Russia and China. The Group utilizes this period for capital and current repairs of its production facilities. The Group’s policy to decrease volatility of sales from seasonal factors is aimed at diversification of overseas customers and range of products as well as on-demand production.

2 Basis of Presentation

This consolidated condensed interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, *Interim Financial Reporting*. This consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007.

3 Accounting Policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2007, as described in the consolidated financial statements for the year ended 31 December 2007.

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

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

These standards and interpretations have not significantly affected the Group’s financial information.



3 Accounting Policies (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2008 and have not been adopted early:

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information.

IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 was issued on March 2007. The main change in IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. The Group expects the revised IAS 23 has no impact on the financial statements as the Group's accounting policies historically complied with it.

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

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

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or on the same basis as US GAAP (at fair value). The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.



3 Accounting Policies (continued)

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

IFRIC 13, Customer Loyalty Programmes (issued in June 2007; effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not applicable to the Group as the Group companies do not currently operate any loyalty programmes.

Improvements to International Financial Reporting Standards (issued in May 2008, effective for annual periods beginning on or after 1 January 2009). In 2007, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments issued in May 2008 consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The Group is currently assessing what impact the amendments will have on its consolidated financial statements.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – IFRS 1 and IAS 27 Amendment (revised May 2008; effective for annual periods beginning on or after 1 January 2009). The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognised in profit or loss rather than as a recovery of the investment. The amendments will not have an impact on the Group's consolidated financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

4 Balances and Transactions with Related Parties

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2008 and 31 December 2007 are detailed below.



4 Balances and Transactions with Related Parties (continued)

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

i Balances with related parties

Balance sheet caption	Notes	Relationship	30 June	31 December
			2008	2007
Trade receivables, gross	6	Parent company	209,759	3,322
		Parties under common control	53,477	60,801
Provision for impairment of trade receivables	6	Parties under common control	(9,038)	(19,807)
Prepayments, gross		Parent company	596	-
		Parties under common control	63,294	156,844
Provision for impairment of prepayments		Parties under common control	(68)	(5,068)
Other receivables		Parent company	17,934	-
		Parties under common control	5,358	-
Dividends receivable		Parent company	908,964	47,925
		Parties under common control	374,840	-
Loans provided		Parent company	480,000	130,000
		Parties under common control	162,383	55,000
Loans received	10	Parent company	41,995	36,995
		Parties under common control	2,000	-
Trade payables	9	Parent company	108,349	52,296
		Parties under common control	8,974	8,912
Advances from customers		Parties under common control	37,988	77

ii Transactions with related parties

Income statement caption	Notes	Relationship	Six months ended	
			30 June 2008	30 June 2007
Sales of chemical fertilizers		Parent company	43,328	22,815
		Parties under common control	2,543,905	1,131,144
Income from participation in other companies		Parent company	299,228	50,372
Purchases of raw materials		Parent company	(53,757)	(38,343)
		Parties under common control	(10,368)	(7,432)
Purchase of transportation services		Parties under common control	(88,621)	(69,154)
Security services		Parties under common control	(33,048)	(32,181)
Dividends accrued		Parent company	(908,964)	-
		Parties under common control	(374,840)	-

iii Loans issued to related parties

At 30 June 2008 and 31 December 2007 short-term loans to parent company and parties under common control denominated in RR totalled RR 482,083 and RR 130,000, respectively, at interest rates in the range of 8.5% to 10.0%. The loans are unsecured.

At 30 June 2008 long-term loans to parties under common control totalled RR 160,300 (31 December 2007: RR 55,000), in the range of 9.5% to 11.3%. The loans are unsecured.

For the six months ended 30 June 2008 the Group accrued interest income of RR 24,306 (six month ended 30 June 2007: RR 5,017).



(all amounts are presented in thousands of Russian Roubles)

5 Cash and Cash Equivalents

	30 June 2008	31 December 2007
Cash on hand and bank balances denominated in RR	457,733	284,735
Bank balances denominated in USD	77,988	65,342
Bank balances denominated in Euro	9,412	683
Total cash and cash equivalents	545,133	350,760

6 Accounts Receivable

	30 June 2008	31 December 2007
Trade accounts receivable	912,192	138,301
Less: impairment provision	(51,380)	(54,596)
Total financial assets	860,812	83,705
Advances to suppliers	978,814	546,746
Value-added tax recoverable	335,461	374,629
Income tax prepayments	10,992	10,992
Other taxes receivable	1,495	2,896
Less: impairment provision	(4,279)	(7,663)
Total accounts receivable	2,183,295	1,011,305

7 Property, Plant and Equipment

	2008	2007
Carrying amount at 1 January	3,355,216	3,085,532
Additions	177,164	178,495
Disposals	(221,364)	(99,519)
Charge for the period	(89,041)	(16,443)
Carrying amount at 30 June	3,221,975	3,148,065

8 Available-for-Sale Investments

The Group has investments in the following companies:

Name	Activity	Country of registration	30 June 2008	31 December 2007
JSC Acron	Fertilizers manufacturing	Russia	11,558,173	4,981,767
Sberbank	Banking	Russia	184,709	254,405
Other			4,052	30,740
			11,746,934	5,266,912



8 Available-for-Sale Investments (continued)

For the six months ended 30 June 2008 fair value gains (losses) for available-for-sale investments were recognized directly in equity in the amount of RR 6,506,710 (for six months ended 30 June 2007: RR (104,840)). These investments comprise principally equity securities, which are quoted by MICEX. The share price quoted by MICEX for JSC Acron and Sberbank amounted to RR 2,838.73 and RR 74.63 for 1 share at 30 June 2008 (RR 1,223.54 and RR 102.79 respectively for 1 share at 31 December 2007).

9 Accounts Payable

	30 June 2008	31 December 2007
Trade accounts payable	484,138	132,250
Dividends payable	1,647,661	1,929
Total financial payables	2,131,799	134,179
Payables to employees	94,509	137,618
Accrued liabilities and other creditors	4,315	15,062
Total accounts payable and accrued expenses	2,230,623	286,859

10 Short-Term and Long-Term Borrowings

The Group's borrowings mature as follows:

	30 June 2008	31 December 2007
Borrowings due:		
- within 1 year	776,714	932,480
- between 2 and 5 years	18,200	76,429
	794,914	1,008,909

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.

At 30 June 2008 and 31 December 2007 the fair value of borrowings was not materially different from their carrying amounts.

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

	30 June 2008	31 December 2007
Short-term borrowings		
Russian rubles		
Loans with fixed interest rates of 7% to 14% per annum	72,995	49,657
Bonds with coupon payments of 8.6% per annum	-	882,823
USD		
Loans with floating interest rates of LIBOR + 2.75% to LIBOR + 4% per annum	703,719	-
Total short-term borrowings	776,714	932,480



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

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

	30 June 2008	31 December 2007
Long-term borrowings		
Russian rubles		
Loans with fixed interest rates of 10.5% per annum	10,500	-
USD		
Loans with fixed interest rates of 14% per annum	7,700	7,700
Loans with floating interest rates of LIBOR + 2.75% to LIBOR + 3.45% per annum	-	68,729
Total long-term borrowings	18,200	76,429

Unused credit lines available under long-term loan facilities were RR 0 (31 December 2007: RR 667,657).

The loan agreements for a total of RR 709,719 (2007: RR 68,729) contain certain covenants including those which require the Group to maintain a minimum level of net assets of at least USD 190 million, and impose restrictions on total debt which should not exceed 60% of the net assets, and EBITDA/net interest expense ratio which should be no less than 4 to 1. The loan agreements also provide for the borrower's obligation to maintain the required level of foreign currency inflows through the accounts opened with the lending banks. The loan agreements also provide for subjective acceleration clauses in case of the borrower's failure to fulfill or appropriately fulfill its obligations to the bank.

The loan agreements for a total of RR 30,000 (2007: RR 20,363) 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 includes a number of covenants and a subjective acceleration clause in case of the borrower's failure to fulfill his 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.

11 Earnings per Share

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

	Six month ended	
	30 June 2008	31 June 2007
Weighted average number of ordinary shares outstanding	721,182,860	721,182,860
Weighted average number of preference shares outstanding	154,256,400	154,256,400
Dividends to ordinary shareholders	1,355,824	-
Dividends to preference shareholders	290,002	-
Total dividends for the year	1,645,826	-
Profit attributable to ordinary shareholders	1,722,427	453,840
Profit attributable to preference shareholders	368,416	97,074
Profit for the year	2,090,843	550,914
Basic and diluted earnings per ordinary share (in Russian roubles)	2.39	0.63
Basic and diluted earnings per preference share (in Russian roubles)	2.39	0.63



12 Income Taxes

	Six months ended	
	30 June 2008	30 June 2007
Income tax expense – current	595,280	196,773
Deferred tax credit – origination and reversal of temporary differences	8,637	(18,148)
Income tax charge	603,917	178,625

13 Contractual Commitments and Contingencies

As at 30 June 2008 the Group had outstanding capital commitments in relation to property, plant and equipment for amount of RR 257,726 (2007: RR 327,726).

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

As at 30 June 2008 and 31 December 2007, the Group has not issued any financial guarantees to third parties in respect of borrowings from non-group companies.

14 Subsequent Events

Share Offering

In August 2008, the Group offered at the London Stock Exchange 30,000 ordinary registered uncertificated shares of the Parent Company in the form of global depository receipts. The transaction amounted to USD 2,700,000. As part of the transaction the Group undertook indemnity obligations.

New Subsidiary

In August 2008, the Group incorporated its 100 per cent subsidiary LLC Balttrans with charter capital of RR 10.

Decrease in market value of investments

Between August and October 2008 Russian stock indices and most of Russian shares plummeted. That resulted in lower market value of RTS and MICEX traded available-for-sale investments held by the Group. As of 15 October 2008 JSC Acron and Sberbank market share prices at MICEX were at RR 660.8 and RR 27.3 per share (30 June 2008: 2,838.73 and RR 74.63 per share, respectively). Therefore, total value of available-for-sale investments in JSC Acron (after sale of 30,000 shares in August 2008) and Sberbank fell to RR 2,670,689 and RR 67,568 respectively.