



**Lebedyansky**

**Consolidated balance sheet for 3 months ended 31.3.2005 (unaudited)**

( all items are measured in Russian Roubles and presented in thousands of US Dollars)

	31 March 2005	31 March 2004
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	2 562	5 622
Trading securities		
Available for sale investments	477	1 110
Originated loans	20	468
Trade Receivables	38 222	24 917
Other receivable and prepayments	29 834	22 620
Inventories	42 232	38 831
<b>Total current assets</b>	<b>113 346</b>	<b>93 568</b>
<b>Non-current assets:</b>		
Property, plant and equipment	90 362	81 401
Intangible assets	1 036	273
<b>Total non-current assets</b>	<b>91 399</b>	<b>81 674</b>
<b>Total assets</b>	<b>204 745</b>	<b>175 241</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	24 177	48 387
Dividends Accruals		7 030
Tax payable	3 740	3 190
Finance lease payable	3 706	4 122
Short-term borrowings	6 052	5
Other current liabilities	2 180	
<b>Total current liabilities</b>	<b>39 855</b>	<b>62 734</b>
<b>Non-current liabilities:</b>		
Finance lease payable	7 790	17 709
Long-term borrowings	6 390	
Government grants	72	99
Deferred tax liability	5 349	3 071
Other non-current liabilities	3 815	
<b>Total non-current liabilities</b>	<b>23 417</b>	<b>20 880</b>
<b>Total liabilities</b>	<b>63 272</b>	<b>83 613</b>
<b>Minority interest</b>	<b>3 210</b>	<b>2 199</b>
<b>Shareholders' equity:</b>		
Share capital	447	437
Share premium	34	33
Presentation currency adjustment	10 056	7 035
Retained earnings	127 727	81 925
<b>Total shareholders' equity</b>	<b>138 264</b>	<b>89 429</b>
<b>Total liabilities and shareholders' equity</b>	<b>204 745</b>	<b>175 241</b>



**Lebedyansky**

**Consolidated Statement of Income for 3 months ended 31.3.2005 (unaudited)**

*( all items are measured in Russian Roubles and presented in thousands of US Dollars)*

	31 March 2005	31 March 2004
Sales	116 751	90 410
Cost of sales	(65 698)	(52 630)
<b>Gross profit</b>	<b>51 053</b>	<b>37 780</b>
%	43,7%	41,8%
Selling and distribution costs	(16 398)	(10 547)
General and administrative expenses	(5 500)	(3 335)
Other operating expenses – net	(32)	(132)
<b>Operating income</b>	<b>29 124</b>	<b>23 766</b>
%	24,9%	26,3%
Finance expense – net	(238)	(189)
Net foreign exchange gains	651	942
<b>Income before taxation</b>	<b>29 537</b>	<b>24 519</b>
%	25,3%	27,1%
Income tax expense	(7 527)	(6 833)
<b>Income after taxation</b>	<b>22 010</b>	<b>17 686</b>
%	18,9%	19,6%
Minority interest	(268)	(87)
<b>Net income</b>	<b>21 742</b>	<b>17 599</b>
%	18,6%	19,5%
<b>EBITDA</b>	<b>31 870</b>	<b>25 515</b>
%	27,3%	28,2%



**Lebedyansky**

**Consolidated Statement of Cash Flows for 3 months ended 31.3.2005 (unaudited)**

( all items are measured in Russian Roubles and presented in thousands of US Dollars)

<b>Cash flows from operating activities</b>	<b>31 March 2005</b>	<b>31 March 2004</b>
Income before taxation and minority interest	29 537	24 519
Adjustments for:		
Depreciation	2 719	1 748
Amortisation	27	2
Provision for impairment of receivables	56	188
Allowance for obsolete inventory	0	-
Deffered Income	(544)	-
Loss on disposal of property, plant and equipment	(1)	(26)
Interest expense / income	238	189
Forex on non-operating balances	(671)	(694)
<b>Operating cash flows before working capital changes</b>	<b>31 359</b>	<b>25 925</b>
Decrease (increase) in trade receivables	(5 082)	(4 616)
Decrease (increase) in other receivables and prepayments	(6 971)	(5 694)
Decrease (increase) in inventories	(266)	(6 562)
Increase (decrease) in accounts payable and accrued expenses	(6 127)	11 515
Increase (decrease) in taxes payable	(598)	(1 838)
<b>Cash provided from operations</b>	<b>12 316</b>	<b>18 731</b>
Income taxes paid	(4 573)	(3 357)
Interest paid	(349)	(142)
<b>Net cash provided from operating activities</b>	<b>7 394</b>	<b>15 232</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(4 422)	(7 368)
Loan provided	(129)	(428)
Repayment of loans given	52	-
<b>Net cash used in investing activities:</b>	<b>(4 499)</b>	<b>(7 796)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	19 186	-
Repayment of borrowings	(19 436)	(4 111)
Repayment of finance lease liability	(1 731)	(1 109)
Change in promissory notes	250	(247)
<b>Net cash used in financing activities</b>	<b>(1 731)</b>	<b>(5 467)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1 164</b>	<b>1 969</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 351</b>	<b>3 522</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1 164</b>	<b>1 969</b>
<b>Effect of translation</b>	<b>46</b>	<b>130</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 562</b>	<b>5 622</b>