

**OA0 SYNERGY
(SYNERGY GROUP)**

**Interim Condensed Consolidated Financial
Statements
for six months ended
30 June 2008**

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**To: The Board of Directors
and Shareholders of Synergy OAO (Synergy Group)**

Report of independent auditors on review of interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Synergy OAO and its subsidiaries (hereinafter referred to as the "Group") as of 30 June 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give true and fair view of the financial position of Synergy Group as at 30 June 2008, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

Chernysheva N.Y.
Deputy General Director
"Baker Tilly Russaudit" Ltd

26 September 2008

95 Prospect Mira, Moscow 129085 Russia



Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2008	As at 31 December 2007
ASSETS			
Non-current assets			
Property, plant and equipment	3	2 478 793	2 312 927
Goodwill		276 379	276 379
Intangible assets	4	4 741 165	2 736 820
Investments	5, 17	95 694	159 597
Other long-term assets	3	216 264	-
Deferred tax assets		167 157	121 170
Total non-current assets		7 975 452	5 606 893
Current assets			
Inventories	6	2 527 160	2 224 555
Biological assets		168 218	162 153
Trade and other receivables		5 633 878	4 524 781
Prepayments		796 988	750 735
Loans to related parties	7	23 645	820 746
Investments	5	587 924	30 073
Income tax overpaid		16 530	16 884
Cash and cash equivalents	8	1 206 736	445 990
Total current assets		10 961 079	8 975 917
TOTAL ASSETS		18 936 531	14 582 810
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity and reserves			
Owners' equity:			
Share capital		1 432 000	1 432 000
Retained earnings		2 145 077	1 584 117
Other reserves		3 627 488	3 627 488
Minority interest		395 048	424 223
Total equity and reserves		7 599 613	7 067 828
Non-current liabilities			
Loans and borrowings	9	1 072 424	298 729
Bond issue	9	2 998 784	2 000 000
Deferred tax liabilities	11	1 034 633	819 989
Total non-current liabilities		5 105 841	3 118 718
Current liabilities			
Bond issue	9	-	748 649
Loans and borrowings	9	3 645 303	626 767
Trade and other payables		2 551 800	2 966 118
Income tax payable		33 974	54 730
Total current liabilities		6 231 077	4 396 264
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		18 936 531	14 582 810

Notes to the financial statements on pages 8 through 19 shall be part and parcel of these Financial Statements

Mechetin A.A., Chairman of Management Board

Kim E.S., Chief Accountant

26 September 2008



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

Interim Condensed Consolidated Income Statement

	<u>Note</u>	<u>1H2008</u>	<u>1H2007</u>
Revenue		7 199 601	4 648 595
Cost of sales		(4 618 306)	(3 220 020)
Gross profit		2 581 295	1 428 575
General and administrative expenses		(809 317)	(322 516)
Sales expenses		(1 037 557)	(513 351)
Other income		481 842	180 906
Other expenses		(250 741)	(152 700)
Results from operating activities		965 522	620 915
Net finance costs		(295 730)	(136 451)
Profit before tax		669 792	484 464
Income tax	10	(102 982)	(104 074)
Profit for the period		566 810	380 390
Attributable to:			
Equity holders of the Company		560 960	323 550
Minority interest		5 850	56 840
Basic and diluted earnings per share	12	39.17	27.89
(expressed in RUR per share)			

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Mechetin A.A., Chairman of Management Board

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26 September 2008



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

Interim Condensed Consolidated Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total shareholders' equity</u>	<u>Minority interest</u>	<u>Total</u>
Balance at 31 December 2006	1 160 000	839 707	(478 601)	1 521 106	632 393	2 153 499
Acquisition of shares in subsidiaries	-	-	-	-	(194)	(194)
Issue of share capital of a subsidiary	-	-	-	-	52 757	52 757
Total changes, not recorded into net profit	-	-	-	-	52 563	52 563
Net profit for the period	-	323 550	-	323 550	56 840	380 390
Balance at 30 June 2007	1 160 000	1 163 257	(478 601)	1 844 656	741 796	2 586 452
Acquisition of shares in subsidiaries	-	-	-	-	(404 851)	(404 851)
Issue of share capital of the parent company	272 000	-	4 106 089	4 378 089	-	4 378 089
Issue of share capital of a subsidiary to minority	-	(35 586)	-	(35 586)	27 829	(7 757)
Total changes, not recorded into net profit	272 000	(35 586)	4 106 089	4 342 503	(377 022)	3 965 481
Net profit for the period	-	456 446	-	456 446	59 449	515 895
Balance at 31 December 2007	1 432 000	1 584 117	3 627 488	6 643 605	424 223	7 067 828
Acquisition of shares in subsidiaries	-	-	-	-	(35 025)	(35 025)
Total changes, not recorded into net profit	-	-	-	-	(35 025)	(35 025)
Net profit for the period	-	560 960	-	560 960	5 850	566 810
Balance at 30 June 2008	1 432 000	2 145 077	3 627 488	7 204 565	395 048	7 599 613

Notes to the financial statements on pages 8 through 19 shall be part and parcel of these Financial Statements

Mechetin A.A., Chairman of Management Board

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26 September 2008



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

Interim Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2008	2007
Cash flows from operating activities		
Proceeds		
Products	14 794 403	9 525 090
Services	18 081	4 723
Other operations	597 824	1 161 164
Total cash proceeds	<u>15 410 308</u>	<u>10 690 978</u>
Cash outflow		
Raw materials	(6 708 112)	(4 784 745)
Goods	(2 787 717)	(2 067 636)
Wages and salaries	(1 173 567)	(679 692)
Excises and VAT	(2 970 979)	(1 971 635)
Other expenses	(1 654 298)	(1 002 546)
Total cash outflow	<u>(15 294 673)</u>	<u>(10 506 254)</u>
Cash flows from operating activities	115 635	184 723
Interest paid	(342 998)	(192 713)
Income tax paid	(140 111)	(107 369)
Net cash flow from operating activities	<u>(367 474)</u>	<u>(115 359)</u>
Cash flows from investing activities		
Acquisition of subsidiaries	(2 325 765)	(353 877)
Disposal of subsidiaries		
Acquisition of property, plant and equipment	(368 619)	(244 125)
Disposal of property, plant and equipment	96 177	70 001
Acquisition of intangible assets	(6 163)	(23 283)
Acquisition of financial assets	(6 008)	(21 548)
Disposal of financial assets	39 226	4 724
Loans originated	(2 899 395)	(836 199)
Loans originated repayment	3 644 439	397 283
Interest received	70 446	52 161
Net cash flow from investing activities	<u>(1 755 662)</u>	<u>(954 863)</u>
Cash flows from financing activities		
Issue of share capital	-	45 000
Loans received	27 265 673	8 333 145
Loans repaid	(24 381 791)	(7 282 102)
Net cash flow from financing activities	<u>2 883 882</u>	<u>1 096 043</u>
Net increase/(decrease) in cash and cash equivalents	760 746	25 821
Cash and cash equivalents at beginning of the year	<u>445 990</u>	<u>293 763</u>
Cash and cash equivalents at end of the year	<u>1 206 736</u>	<u>319 584</u>

Notes to the financial statements on pages 8 through 19 shall be part and parcel of these Financial Statements

Mechetin A.A., Chairman of Management Board

Kim E.S., Chief Accountant

26 September 2008



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

1. Reporting entity

ОАО "Synergy" (the "Company") is domiciled in Russia as an open joint-stock company under the laws of the Russian Federation. The address of the Company's registered office is 30/1, Obrucheveva street, bldg. 1, Moscow, Russia.

The consolidated financial statements of the Company as shown herewith comprise the Company and its subsidiaries (together referred as the "Group").

The Company primarily is involved in the production of distilled alcohol and food products and operation of wholesale and retail business thereof.

In April 2008, Synergy OAO acquired 100% of registered and authorised capital of Cyhill Commercial Limited and Myagkov Trading House. Cyhill Commercial Limited is an owner of Myagkov vodka brand, 99% of net assets of the acquired companies comprised of fair value of Myagkov brand.

2. Basis of preparation and accounting policies

2.1. Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

2.2. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**3. Property, plant and equipment**

During the six months ended 30 June 2008, the Group acquired assets with a cost of RUR 344 603 thousand (six months ended 30 June 2007 RUR 244 214 thousand), including property and equipment acquired through a business combination (see Note 13).

Assets with a net book value of RUR 36 440 thousand were disposed of by the Group during the six months ended 30 June 2008 (six months ended 30 June 2007 RUR 94 982 thousand), resulting a net loss on disposal on RUR 27 258 thousand (six months ended 30 June 2007 – net gain RUR 24 891 thousand).

At 30 June 2008, bank borrowings were secured on land and buildings and equipment for the value of RUR 855 331 thousand (at 31 December 2007 RUR 363 349 thousand).

Advances to acquire property, plant and equipment in amount RUR 216 264 thousand included in the consolidated Balance Sheet to Other-long term assets.

4. Intangible assets

During the six months ended 30 June 2008, the Group acquired intangible assets with a cost of RUR 2 020 834 thousand (six months ended 30 June 2007 RUR 685 117 thousand), including intangible assets acquired through a business combination (see Note 13).

Acquisition of Myagkov brand in April 2008 and Belenkaya brand in July 2007 resulted in the material increment of intangible assets.

Intangible assets with a net book value of RUR 14 300 thousand were disposed of by the Group during the six months ended 30 June 2008 (2007: RUR 8 677).

Brands are stated at fair value on acquisition. The principal brands are as follows:

Brand's name	Product	Remaining amortisation period	Carrying amount as at 30.06.08	Carrying amount as at 31.12.07
Beluga	Vodka	Indefinite life	631 000	631 000
Belen'kaya	Vodka	Indefinite life	1 852 000	1 852 000
Myagkov	Vodka	Indefinite life	2 008 000	-
Medvezhyi Ugol	Vodka	Indefinite life	110 061	110 061
AZ	Vodka	Indefinite life	61 000	63 982
Russkiy prazdnik	Vodka	Indefinite life	20 346	20 346
Other brands and other intangible assets			58 758	59 431
Total			4 741 165	2 736 820

Brands are regarded as having indefinite useful economic lives and have not been amortised. There are not believed to be any legal, regulatory or contractual provisions that limit the useful life of these brands. Management believes that it is appropriate that the brands are treated as having indefinite lives for accounting purposes.

Brands with indefinite useful lives are reviewed annually for impairment. Management is not aware of any events that may have resulted in the likely impairment of brands during the period. As such no impairments review has been undertaken in the interim period.

The Group also owns internally generated brands, such as "Gosudarev Zakaz" and "Sily Prirody". These internally generated brands are not capitalised within the balance sheet in accordance with the group stated accounting policies.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**5. Investments**

Long-term financial assets include equity participations, stock, debt securities and interest-bearing borrowings maturing after 12 months and more after the balance sheet date.

Short-term financial assets include interest-bearing borrowings maturing within 12 months after the balance sheet date, as well as financial investments for sale.

By 23 June 2008 OAO Synergy had made a payment for RUR 500 mln. with the purpose of purchasing of the OOO Far East Logistic Center (see Note 17). An agreement to purchase shares was concluded on June 19, 2008. As at June 30, 2008 the Group did not consolidate the new subsidiary as soon as control over the subsidiary was obtained on July 31, 2008 – on the date of shares ownership registration.

6. Inventories

During the six months ended 30 June 2008, the Group sold and wrote down inventories, resulting a net loss on disposal of RUR 12 816 thousand (six months ended 30 June 2007: 35 960 thousand). This expense is included in the “Other expenses” item line.

At 30 June 2008, bank borrowings were secured on inventories for the value of RUR 546 367 thousand (at 31 December 2007 RUR 604 782 thousand).

7. Loans to related parties

At the balance sheet date of 30 June 2008 there was a significant reduction in the amount of non-interest bearing loans received and granted due to a clearing-down settlement between related party companies and consolidated companies, which were previously entered into in order to acquire new subsidiaries.

8. Cash and cash equivalents

Cash and cash equivalents at the end of each period as shown in the cash flow statements can be reconciled to the related items in the balance sheet as follows:

	<u>30 June 2008</u>	<u>31 December 2007</u>
Cash on hand	8 659	9 911
Cash in banks	1 019 348	392 168
Cash in transit	<u>178 729</u>	<u>43 911</u>
	<u>1 206 736</u>	<u>445 990</u>

At 30 June 2008, there are no effective restrictions on the use of cash.

Cash in transit in amount RUR 163 028 thousand was received at July 1, 2008.

9. Borrowings

During the six months ended 30 June 2008 attracted outstanding borrowings totally amounted to RUR 4 714 727 thousand. Funds were received to finance current expenditure and investments (OOO Far East Logistic Center acquisition – see Note 17).

Interest rates on the bank loans are fixed at 11% through 13% p.a. in Rubles depending on the borrower and

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

the terms of the respective contract.

During the six months ended 30 June 2008 the Group did not place bonds. Information on obligations arising on bonds under series 01 and 02 is disclosed in financial statements for the year ended 31 December 2007.

Available credit facility as at 30 June 2008 amounted RUR 1 723 361 thousand.

10. Income tax expense

The major components of income tax expense in the interim consolidated income statement are:

	Six months ended 30 June	
	2008	2007
Current income tax charge	126 167	97 365
Deferred income tax (income)	(23 185)	6 909
Total income tax	102 982	104 074

11. Deferred income tax

During the six months ended 30 June 2008 the amount of net deferred tax liabilities increased by RUR 214 644 thousand. This change is largely due to the acquisition in April 2008 of 100% share in the authorised capital of Cyhill Commercial Limited, and the subsequent determination of the fair value of the brand "Myagkov" (see Note 13).

12. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during period.

	Six months ended 30 June	
	2008	2007
Profit attributable to equity holders	560 960	323 550
Weighted average number of ordinary shares in issue (thousands)	14 320	11 600
Basic and diluted earnings per share, RUR	39.17	27.89

All shares are ordinary shares and there are no dilutive potential ordinary shares. Thus, the Group does not compute diluted earnings per share.

13. Business combinations

In April 2008, Synergy OAO acquired 100% of registered and authorised capital of Cyhill Commercial Limited and Myagkov Trading House. Cyhill Commercial Limited is an owner of Myagkov vodka brand.

The assets and liabilities as of acquisition date are as follows:

	Recognised value on acquisition	Fair value adjustments	Pre acquisition carrying amount
Cash and cash equivalents	130 615	66	130 549
Property, plant and equipment	3 689	-	3 689
Intangible assets, including Brands	2 008 022	2 006 006	2 016

SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

Inventories	82 860	(52)	82 912
Financial assets	259 863	(7 229)	267 092
Trade and other receivables	395 669	(76)	395 745
Net deferred tax liabilities	(210 788)	(200 087)	(10 701)
Loans and credits	(724 455)	-	(724 455)
Trade and other payables	(172 078)	(4 566)	(167 513)
Net assets	1 773 397	1 794 063	(20 665)
Minority interests	-	-	-
Net assets acquired	1 773 397		
Purchase consideration	1 371 079		
Result arising on acquisition, accounted as:	(402 318)		
Goodwill	-		
Negative goodwill	402 318		
Purchase consideration settled in cash	1 371 079		
Loans and credits repaid after acquisition	585 211		
Cash and cash equivalents acquired	(130 549)		
Cash outflow on acquisition	1 825 741		

At 30 June 2008, acquired entities were recognised into the consolidated financial statements.

In the period from the moment of joining the Group and up to 30 June 2008, the acquired entities generated the revenue and net profit (loss) for the period as follows:

	3 months ended 30 June 2008
Sales proceeds	552 230
Operating profit/(loss)	72 168
Profit/(loss) for the period	<u>43 346</u>

The acquisitions in the six months ended 30 June 2007 comprised:

On 5 January 2007, Synergy Group acquired 100% of authorised capital of Russian Vodka Company OOO (Tomsk), which is the owner of Beluga premium brand vodka and a supplier of Mariinsky Distillery OAO acquired by the Group in 2006.

14. Seasonality*Spirits*

The alcohol drinks sales are subject to seasonal fluctuations with peak demand in the fourth quarter of the year. For the six months ended 30 June 2007, the level of sales was 40% of the annual level of sales in the year ended 31 December 2007 (the same plants).

There are the low and high seasons: the summer period (May - August) is considered the low season and the winter period peaking in November-December is considered the high season. The summer is considered to be a lower period of consumption for vodka, while the long public holidays during November-December (with part of January) are the reason for high demand in the second half of the year. In December the distributors make reserves for trading in January of the next year.

Retail

Within the retail segment, similar seasonal trends are seen to those detailed regarding spirits above.

Traditionally, the habitual residents prefer to make extra purchases before the holidays, concentrated in

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

November and December. For example, the November trade is 1.5 times as much as the monthly average, whereas the December trade is twice as much.

Food

The high season for dairy products is the winter when the supply of raw milk is at the lowest. The company is able to mitigate partially the effect of the seasonality in the supply of raw milk by producing stores of condensed milk with long storage period in the summer months, to be used in the winter months.

Meat and poultry products consumption has a light trend to increase in the second half of the year, partially due to the long Easter fest (about 1.5 months) in the first half of the year and due to the long New Year and the Christmas public holidays in the second half of the year.

The Group's marketing and production policy is planned in such a way so as to pay full account on the existing seasonality and to optimise capacities and warehouses load. The Group Management does not expect significant changes to the seasonal cycle in the near future.

15. Segment reporting

The Group operates in three principal business segments, namely: production of distillery products, food production, and retail sales.

15.1. Results of Group's operations by segments

Business segment

Six months ended 30 June 2008	Distilled spirit production	Food	Trade	Unallocated corporate transactions	Group
Revenue, including:	5 105 022	1 518 074	769 216	88 829	7 481 141
Proceeds of the Group from operations with third parties	4 946 929	1 483 417	769 216	-	7 199 601
Intersegment proceeds	158 093	34 657	-	88 790	281 539
Total cost, including	(3 391 710)	(923 878)	(590 446)	-	(4 906 034)
Cost of operations with third parties	(3 305 769)	(915 567)	(396 971)	-	(4 618 306)
incl. Amortisation and depreciation	(59 100)	(29 129)	-	-	(88 229)
Cost of intragroup operations	(85 941)	(8 311)	(193 476)	-	(287 727)
Gross profit	1 713 312	594 196	178 769	88 829	2 575 107
General and administration expenses, including:	(490 174)	(147 129)	(15 471)	(156 545)	(809 317)
General and administration expenses from operations with third parties	(490 174)	(147 129)	(15 471)	(156 545)	(809 317)
incl. Amortisation and depreciation	(8 239)	(2 154)	(996)	(2 360)	(13 749)
Selling expenses total, including:	(723 378)	(199 875)	(117 337)	-	(1 040 796)
Selling expenses from operations with third parties	(722 743)	(198 140)	(116 469)	-	(1 037 557)
incl. Amortisation and depreciation	(11 274)	(1 891)	(3 031)	-	(16 196)
Expenses from intersegment operations	(635)	(1 735)	(868)	-	(3 238)
Other income, including:	431 629	32 613	3 934	23 189	491 365
Other income from operations with third parties	423 781	32 583	3 144	22 333	481 842
Income from intersegment operations	7 848	-	789	856	9 523

SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

Other expenses, including	(109 971)	(123 877)	(5 671)	(11 315)	(250 834)
Other expenses from operations with third parties	(109 976)	(123 779)	(5 671)	(11 315)	(250 741)
Operating profit	821 418	155 928	44 223	(56 047)	965 523
Net finance costs					(295 730)
Profit tax					(102 982)
Profit for the period					566 810

Six months ended 30 June 2007	Distilled spirit production	Food	Trade	Unallocated corporate transactions	Group
Revenue, including:	2 922 423	1 347 147	717 521	6 785	4 993 875
Proceeds of the Group from operations with third parties	2 603 579	1 339 259	702 494	3 264	4 648 595
Intersegment proceeds	318 844	7 888	15 027	3 521	345 280
Total cost, including	(2 124 923)	(879 965)	(551 132)	(2 753)	(3 558 773)
Cost of operations with third parties	(2 107 275)	(877 877)	(232 225)	(2 644)	(3 220 020)
incl. Amortisation and depreciation	(41 347)	(40 504)	-	(96)	(81 947)
Cost of intragroup operations	(17 648)	(2 088)	(318 907)	(110)	(338 753)
Gross profit	797 501	467 181	166 389	4 032	1 435 103
General and administration expenses, including:	(160 319)	(124 195)	(14 500)	(68 034)	(322 929)
General and administration expenses from operations with third parties	(160 254)	(123 963)	(14 500)	(67 917)	(322 516)
incl. Amortisation and depreciation	(3 963)	(1 760)	(443)	(762)	(6 928)
Expenses from intersegment operations	(65)	(231)	-	(118)	(413)
Selling expenses total, including:	(278 067)	(96 554)	(100 977)	-	(519 717)
Selling expenses from operations with third parties	(277 186)	(95 166)	(96 879)	-	(513 351)
incl. Amortisation and depreciation	(6 230)	(833)	(2 826)	-	(9 890)
Expenses from intersegment operations	(881)	(1 388)	(4 098)	-	(6 367)
Other income, including:	(32 221)	12 510	711	199 906	180 906
Other income from operations with third parties	(32 221)	12 510	711	199 906	180 906
Income from intersegment operations	-	-	-	-	-
Other expenses total, including	(46 872)	(78 750)	(7 716)	(19 107)	(152 446)
Other expenses from operations with third parties	(47 125)	(78 750)	(7 716)	(19 107)	(152 699)
Expenses from intersegment operations	252	-	-	-	252
Operating profit	280 021	180 193	43 906	116 796	620 916
Net finance costs					(136 451)
Profit tax					(104 074)
Profit					380 390

SYNERGY GROUP

Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

15.2. By business-segment distribution of assets and liabilities

By business-segment distribution of assets and liabilities

As at 30 June 2008	Distilled spirit production	Food	Trade	Unallocated corporate balances	Elimination	Group
ASSETS						
Non-current assets						
Property, plant and equipment	1 547 146	867 328	34 112	30 207	-	2 478 793
Goodwill	217 163	42 600	(4 930)	21 546	-	276 379
Intangible assets	4 735 963	998	-	4 204	-	4 741 165
Investments	5 711	2 145 382	-	4 296 545	(6 351 945)	95 694
Other long-term assets	115 514	52 061	3 354	45 336	-	216 264
Deferred tax assets	115 533	39 016	522	12 082	-	167 157
Total non-current assets	6 737 030	3 147 385	33 059	4 409 921	(6 351 945)	7 975 452
Current assets						
Inventories	1 555 728	840 405	128 638	2 388	-	2 527 160
Biological assets	-	168 218	-	-	-	168 218
Trade and other receivables	5 973 478	4 753 247	861 460	947 096	(6 901 404)	5 633 878
Prepayments	616 087	136 247	10 042	34 612	-	796 988
Loans to related parties	-	3 908	19 730	-	-	23 645
Investments	610 460	9 465	245 000	1 054 100	(1 331 100)	587 925
Income tax overpaid	15 752	-	-	-	-	16 530
Cash and cash equivalents	832 522	110 485	45 924	217 803	-	1 206 736
Total current assets	9 604 027	6 022 290	1 311 251	1 201 913	(8 232 504)	10 961 077
TOTAL ASSETS	16 341 057	9 169 675	1 344 310	5 611 834	(14 584 449)	18 936 526
LIABILITIES						
Non-current liabilities						
Long-term borrowings	1 998 975	3 160 113	61 018	436 987	(4 584 670)	1 072 424
Bond issue	-	-	-	2 998 784	-	2 998 784
Deferred tax liabilities	989 165	40 033	-	5 349	-	1 034 633
Total non-current liabilities	2 988 140	3 200 146	61 105	3 441 121	(4 584 670)	5 105 841
Current liabilities						
Loans and borrowings	3 458 941	4 555 251	1 037 237	2 450 738	(7 856 864)	3 645 303
Trade and other payables	3 542 818	247 820	46 914	856 061	(2 141 812)	2 551 800
Income tax payable	21 666	8 030	-	4 278	-	33 974
Total current liabilities	7 023 425	4 811 101	1 084 152	3 311 078	(9 998 676)	6 231 077
TOTAL LIABILITIES	10 011 565	8 011 247	1 145 256	6 752 198	(14 583 346)	11 336 922

SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for six months ended 30 June 2008
(All amounts in Russian Ruble thousand, unless stated otherwise)*

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

As at 31 December 2007	Distilled spirit production	Food	Trade	Unallocated corporate balances	Elimination	Group
ASSETS						
Non-current assets						
Property, plant and equipment	1 485 784	784 183	32 526	10 434	-	2 312 927
Goodwill	233 711	42 600	68	-	-	276 379
Intangible assets	2 729 345	1 894	572	5 009	-	2 736 820
Investments	9 419	125 234	-	24 944	-	159 597
Deferred tax assets	74 443	35 340	806	10 581	-	121 170
Total non-current assets	4 532 702	989 251	33 972	50 968	-	5 606 893
Current assets						
Inventories	1 294 349	778 190	135 135	16 881	-	2 224 555
Biological assets	1	162 152	-	-	-	162 153
Trade and other receivables	3 429 645	903 866	79 567	555 884	(444 181)	4 524 781
Prepayments	608 479	122 878	12 855	6 523	-	750 735
Loans to related parties	121 904	115 833	343 786	239 223	-	820 746
Investments	22 129	7 825	-	119	-	30 073
Income tax overpaid	16 813	-	-	71	-	16 884
Cash and cash equivalents	209 328	87 748	58 053	90 861	-	445 990
Total current assets	5 702 648	2 178 492	629 396	909 562	(444 181)	8 975 917
TOTAL ASSETS	10 235 350	3 167 743	663 368	960 530	(444 181)	14 582 810
LIABILITIES						
Non-current liabilities						
Loans and borrowings	137 679	161 050	-	-	-	298 729
Bond issue	-	-	-	2 000 000	-	2 000 000
Deferred tax liabilities	761 580	54 866	323	3 220	-	819 989
Total non-current liabilities	899 259	215 916	323	2 003 220	-	3 118 718
Current liabilities						
Bond issue	-	-	-	748 649	-	748 649
Loans and borrowings	2 543 215	3 440 838	330 033	459 945	(6 147 264)	626 767
Trade and other payables	2 552 499	342 105	188 325	201 982	(318 793)	2 966 118
Income tax payable	46 700	6 006	2	2 022	-	54 730
Total current liabilities	5 142 414	3 788 949	518 360	1 412 598	(6 466 057)	4 396 264
TOTAL LIABILITIES	6 041 673	4 004 865	518 683	3 415 818	(6 466 057)	7 514 982

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**16. Related party transactions**

The major stakeholders of the Group are A.A. Mechetin and V.G. Zavadnikov, who beneficially control 51% and 26% shares of the Group, respectively, at 30 June 2008. Mr Mechetin is therefore the ultimate controlling party.

Compensation of key management personnel

Remuneration paid to key management personnel for the first half year 2008 was RUR 38 252 thousand (in first half year 2007, RUR 49 900 thousand).

The remuneration of directors and key executives is determined by labor contracts. The directors received no share based payments, post employment benefits and other benefits in the period under review.

A number of key management personnel, or their related parties, hold positions in other entities that results in then having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-related parties or on arms length basis.

The aggregate value of transactions and outstanding balances relating to related parties over which they have control or significant influence were as follows:

Sales of goods and services

	Six months ended 30 June	
	2008	2007
Sales of goods	1 907	189 738
Sales of services	150	3 525
	2 057	193 263

Purchases of goods and services

	Six months ended 30 June	
	2008	2007
Purchases of goods	43 495	48 660
Purchases of services	2 078	1 338
	45 573	49 998

Receivables and payables arising from sales and purchases of goods and services

	30 June 2008	31 December 2007
Trade and other receivables from related parties	23 944	68 303
Trade and other payables to related parties	4 377	202 912

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

Loans to related parties

Interest-bearing loans to related parties

	Six months ended 30 June	
	2008	2007
Beginning of year	267 776	677 556
Loans advanced	238 811	836 199
Loans repayments received	441 437	397 283
Interest charged	-	61 634
Interest received	-	52 161
Reclassification into advances for acquisition of subsidiary	-	1 064 603
End of the year	65 150	61 342

Amount of interest-bearing loans to related parties included in the consolidated balance sheet to Other Investments.

Non interest-bearing loans to related parties

	30 June 2008	31 December 2007
Non interest-bearing loans to related parties	23 645	552 971

Loans from related parties

	Six months ended 30 June	
	2008	2007
Beginning of year	45 293	13 478
Loans received	6 747 338	-
Loans paid	6 577 894	13 362
Interest accrued	8 459	-
Interest paid	20 155	116
End of the year	203 041	-

Non-interest bearing loans are provided by and to related parties, principally in order to finance acquisitions. More details are given with regard to the nature of these transactions in the financial statements for the year ended 31 December 2007.

17. Events after the balance sheet date

Acquisition of a subsidiary

In July 2008, the Group gained control over 100% of the shares of Far East Logistic Center OOO, located in Vladivostok.

Taking into consideration that the acquired companies did not administer its accounting according to the IFRS, the Management of OAO Synergy was guided by the accounting of the mentioned companies made in accordance with Russian accounting standards and by information given by the companies' management.

Key information was viewed to help to make this decision on this M&A transaction. This information contained revenue, cost prices, earnings of potential subsidiaries, management and accounting estimation of their actives and liabilities. The given information has been properly studied, systematised and checked up in the preparing period and during the due diligence exercise.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

Group management considers the price paid for the got active fair, to the full considering financial condition and prospects of the development of the Far East Logistic Center OOO.

According to IFRS 3 "Business combinations" the organisation-buyer recognises identified actives, obligations and conditional obligations of the got organisation at their fair cost for date of purchase.

Acquired companies have a significant amount of acquired fixed assets. Group has made the decision to engage an independent appraiser to assess the fair value of the fixed assets and intangible assets of the Far East Logistic Center OOO on the date of its acquiring.

At date of signing of these financial statements, work of the independent appraiser was not completed and any data on an estimation of fair cost of the fixed assets and intangible assets of the East Logistic Center OOO is not available. The management of OAO Synergy has no opportunity to reflect corresponding values in the present financial report.

The value of net assets of the Far East Logistic Center OOO as at the acquisition date, calculated in accordance with the Russian Accounting Standards amounted to RUR 111 381 thousand; the revenue for 6 months ended 30 June 2008 amounted to RUR 23 760 thousand; net profit for this period amounted to RUR 6 000 thousand.

Disposal of Ob'edinennye spirtovye zavody OOO

In August 2008 in Ob'edinennye spirtovye zavody OOO, 100% subsidiary of the Group, was sold.

Net assets as at 30 June 2008	(3 320)
Revenue for the six months ended 30 June 2008	140
Net loss for the period	(4 963)

Disposal of Saratov-Broiler ZAO

By the July 1, 2008 the Group lost control over Saratov-Broiler ZAO as control agreement was cancelled.

Net assets as at 30 June 2008	32 827
Revenue for the six months ended 30 June 2008	8 182
Net loss for the period	(13 593)

Group management is not aware of other events after the balance sheet date that would require recognition in the financial statements or disclosure in the notes.