



**OA0 SYNERGY
(SYNERGY GROUP)**

**Interim Condensed Consolidated
Financial Statements
for the six months ended 30 June 2010**

REPORT OF INDEPENDENT AUDITORS ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Synergy OAO and its subsidiaries (hereinafter referred to as the "Group") as of 30 June 2010 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting 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 of the Group is not prepared in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

M.B. Pavlova
Deputy General Director
"Baker Tilly Russaudit" Ltd
22 September 2010
Bl.1, 15, Zubarev Pereulok, Moscow 129164 Russia



SYNERGY GROUP

Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2010
 (All amounts in Russian Ruble thousand, unless stated otherwise)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
Revenue	8 878 709	7 778 178
Cost of sales	(5 698 624)	(5 102 167)
Gross profit	3 180 085	2 676 011
General and administrative expenses	(568 799)	(548 282)
Distribution expenses	(1 352 351)	(1 039 723)
Other income/expenses	119 011	130 999
Operating profit	1 377 946	1 219 005
Net finance costs	(365 326)	(634 017)
Profit before tax	1 012 620	584 988
Income tax	(216 028)	(72 829)
Net income	796 592	512 159
Attributable to:		
Equity holders of the Company	776 470	496 322
Non-controlling interest	20 122	15 837
Basic and diluted earnings per share (expressed in RUB per share)	42.31	36.44

Mechetin A.A., Chairman of Management Board _____

Kim E.S., Chief Accountant _____

22 September 2010



SYNERGY GROUP

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>30 June 2010</u>	<u>31 December 2009</u>
ASSETS		
Non-current assets		
Property, plant and equipment	3 421 861	3 082 763
Goodwill	234 100	234 100
Intangible assets	5 205 984	5 229 497
Other long-term assets	270 952	312 135
Deferred tax assets	157 387	137 200
Total non-current assets	9 290 284	8 995 695
Current assets		
Inventories	2 481 364	2 748 023
Biological assets	444 182	184 158
Trade and other receivables	7 380 628	7 358 616
Prepayments	364 074	451 368
Other financial assets	-	30 166
Income tax overpaid	44 986	11 076
Cash and cash equivalents	495 010	734 397
Total current assets	11 210 244	11 517 804
TOTAL ASSETS	20 500 528	20 513 499
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity and reserves		
Owners' equity:		
Share capital	1 892 000	1 790 000
Treasury Shares	(109 645)	(56 890)
Retained earnings	4 602 693	3 826 223
Other reserves	4 357 182	4 325 292
Non-controlling interest	529 650	509 528
Total equity and reserves	11 271 880	10 394 153
Non-current liabilities		
Loans and borrowings	3 718 970	2 571 275
Deferred tax liabilities	779 781	681 319
Total non-current liabilities	4 498 751	3 252 594
Current liabilities		
Loans and borrowings	2 544 519	3 601 554
Trade and other payables	2 156 883	3 149 678
Income tax payable	28 495	115 520
Total current liabilities	4 729 897	6 866 752
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20 500 528	20 513 499

Mechetin A.A., Chairman of Management Board

Kim E.S., Chief Accountant

22 September 2010



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Treasury Shares</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total shareholders' equity</u>	<u>Non-controlling interest</u>	<u>Total</u>
Balance at 31 December 2008	1 432 000	-	2 808 579	3 627 488	7 868 067	444 236	8 312 303
Repurchase of shares	-	(96 809)	-	(1 600 190)	(1 696 999)	-	(1 696 999)
Contribution of assets from shareholders	-	-	-	385 586	385 586	-	385 586
Increase of non-controlling interest due to increase of share capital in subsidiary	-	-	-	-	-	8 711	8 711
Disposal of non-controlling interest	-	-	-	-	-	30 941	30 941
Total changes, not recorded into net profit	-	(96 809)	-	(1 214 604)	(1 311 413)	39 652	(1 271 761)
Net income for the 6 months ended 30 June 2009	-	-	496 322	-	496 322	15 837	512 159
Balance at 30 June 2009	1 432 000	(96 809)	3 304 901	2 412 884	7 052 976	499 725	7 552 701
Balance at 31 December 2009	1 790 000	(56 890)	3 826 223	4 325 292	9 884 625	509 528	10 394 153
Shares issue under pre-emptive rights	102 000	-	-	515 138	617 138	-	617 138
Repurchase of shares	-	(52 755)	-	(483 248)	(536 003)	-	(536 003)
Total changes, not recorded into net profit	102 000	(52 755)	-	31 890	81 135	-	81 135
Net income for the 6 months ended 30 June 2010	-	-	776 470	-	776 470	20 122	796 592
Balance at 30 June 2010	1 892 000	(109 645)	4 602 693	4 357 182	10 742 230	529 650	11 271 880

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22 September 2010



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INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2010	2009
Cash flows from operating activities		
Profit before income tax and finance costs	1 377 946	1 219 005
Adjustments for:		
Depreciation and amortisation	194 207	178 744
(Gain)/loss on disposal of property, plant and equipment	(16 516)	(15 436)
(Gain)/loss on disposal of materials	77 041	42 598
(Gain)/loss on disposal of accounts payable	(190 746)	(23 137)
(Gain)/loss on change in fair value of biological assets	(57 577)	-
Reserves and accruals	28 791	122 581
Gain/loss on disposal of financial assets	(38 062)	(78 259)
Other non-cash transactions	(27 985)	(187 864)
Changes in working capital		
(Increase)/Decrease in inventories and biological assets	186 506	128 544
(Increase)/Decrease in accounts receivable	(259 281)	280 373
Increase/(Decrease) in accounts payable	(783 160)	(692 922)
Cash flows from operating activities	491 164	974 228
Interest paid	(263 288)	(538 974)
Income tax paid	(186 629)	(159 128)
Net cash flow from operating activities	41 247	276 126
Cash flows from investing activities		
Acquisition of subsidiaries	382	(3 255)
Disposal of subsidiaries	-	(20 850)
Disposal of held for sale investment	27 000	-
Acquisition of property, plant and equipment and intangible assets	(131 610)	(32 285)
Disposal of property, plant and equipment and intangible assets	19 805	7 013
Loans originated	-	(15 523)
Loans originated repayment	-	17 859
Interest received	-	55 327
Net cash flow from investing activities	(84 423)	8 286
Cash flows from financing activities		
Issue of share capital (pre-emptive rights under SPO)	617 138	-
Repurchase of own shares	(536 003)	-
Loans received	8 697 528	29 385 064
Loans repaid	(8 974 874)	(30 012 260)
Net cash flow from financing activities	(196 211)	(627 196)
Net increase/(decrease) in cash and cash equivalents	(239 387)	(342 784)
Cash and cash equivalents at beginning of the year	734 397	926 519
Cash and cash equivalents at end of the year	495 010	583 735

Mechetin A.A., Chairman of Management Board

Kim E.S., Chief Accountant

22 September 2010

