



**OAD SYNERGY  
(SYNERGY GROUP)**

**Interim Condensed Consolidated  
Financial Statements  
for the six months ended  
30 June 2011**

## **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 2011 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 these consolidated interim condensed financial statements in accordance with IAS 34, Interim financial reporting. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements 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 in making inquiries, primarily to 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 of 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 consolidated interim condensed financial statements are not prepared in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

***M.B. Pavlova***

***Deputy General Director***

***"Baker Tilly Russaudit" Ltd***

***Power of Attorney No. 01-10/11-8, dated 11.01.2011***

***Basic Registration Number 29602000361***

***23 September 2011***

***Bl.1, 15, Zubarev Pereulok, Moscow 129164 Russia***



**SYNERGY GROUP**

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011  
(All amounts in Russian Ruble thousand, unless stated otherwise)*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
Revenue	10 219 100	8 878 709
Cost of sales	(6 481 884)	(5 698 624)
<b>Gross profit</b>	<b>3 737 216</b>	<b>3 180 085</b>
General and administrative expenses	(836 236)	(568 799)
Distribution expenses	(1 823 765)	(1 352 351)
Other income/expenses	73 594	119 011
<b>Operating profit</b>	<b>1 150 809</b>	<b>1 377 946</b>
Net finance costs	(889)	(365 326)
<b>Profit before tax</b>	<b>1 149 920</b>	<b>1 012 620</b>
Income tax	(174 334)	(216 028)
<b>Net income</b>	<b>975 586</b>	<b>796 592</b>
Attributable to:		
Equity holders of the Company	960 509	776 470
Non-controlling interest	15 077	20 122
<b>Basic and diluted earnings per share</b> (RUB per share)	<b>46.06</b>	<b>42.31</b>

**Mechetin A.A., Chairman of Management Board** \_\_\_\_\_

**Kim E.S., Chief Accountant** \_\_\_\_\_

23 September 2011



**SYNERGY GROUP**

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011  
(All amounts in Russian Ruble thousand, unless stated otherwise)*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 995 806	3 898 465
Goodwill	212 554	212 554
Intangible assets	5 500 187	5 172 936
Other long-term assets	81 319	105 965
Deferred tax assets	229 325	179 988
<b>Total non-current assets</b>	<b>10 019 191</b>	<b>9 569 908</b>
<b>Current assets</b>		
Inventories	3 559 268	3 275 789
Biological assets	618 132	201 986
Trade and other receivables	9 700 332	9 303 506
Prepayments	404 216	675 937
Income tax overpaid	63 611	31 719
Cash and cash equivalents	613 655	2 000 455
<b>Total current assets</b>	<b>14 959 214</b>	<b>15 489 392</b>
<b>TOTAL ASSETS</b>	<b>24 978 405</b>	<b>25 059 300</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Owners' equity:		
Share capital	2 567 000	2 182 000
Treasury Shares	(449 723)	(162 614)
Retained earnings	6 305 072	5 339 643
Other reserves	7 387 277	6 498 228
Non-controlling interest	581 096	570 939
<b>Total equity and reserves</b>	<b>16 390 722</b>	<b>14 428 196</b>
<b>Non-current liabilities</b>		
Loans and borrowings	3 376 409	4 967 226
Deferred tax liabilities	861 756	821 949
<b>Total non-current liabilities</b>	<b>4 238 165</b>	<b>5 789 175</b>
<b>Current liabilities</b>		
Loans and borrowings	1 353 773	1 193 346
Trade and other payables	2 976 321	3 548 552
Income tax payable	19 424	100 031
<b>Total current liabilities</b>	<b>4 934 518</b>	<b>4 841 929</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>24 978 405</b>	<b>25 059 300</b>

**Mechetin A.A., Chairman of Management Board** \_\_\_\_\_

**Kim E.S., Chief Accountant** \_\_\_\_\_

23 September 2011



**SYNERGY GROUP**

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2011  
(All amounts in Russian Ruble thousand, unless stated otherwise)*

**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>
<b>Balance at 31 December 2009</b>	<b>1 790 000</b>	<b>(56 890)</b>	<b>3 826 223</b>	<b>4 325 292</b>	<b>9 884 625</b>	<b>509 528</b>	<b>10 394 153</b>
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)
<b>Total changes, not recorded into net profit</b>	<b>102 000</b>	<b>(52 755)</b>	<b>-</b>	<b>31 890</b>	<b>81 135</b>	<b>-</b>	<b>81 135</b>
Net profit for the period	-	-	776 470	-	776 470	20 122	796 592
<b>Balance at 30 June 2010</b>	<b>1 892 000</b>	<b>(109 645)</b>	<b>4 602 693</b>	<b>4 357 182</b>	<b>10 742 230</b>	<b>529 650</b>	<b>11 271 880</b>
<b>Balance at 31 December 2010</b>	<b>2 182 000</b>	<b>(162 614)</b>	<b>5 339 643</b>	<b>6 498 228</b>	<b>13 857 257</b>	<b>570 939</b>	<b>14 428 196</b>
Shares issue	385 000	-	-	4 328 986	4 713 986	-	4 713 986
Repurchase of own shares	-	(287 109)	-	(3 439 937)	(3 727 046)	-	(3 727 046)
Other changes in non-controlling interest	-	-	4 920	-	4 920	(4 920)	-
<b>Total changes, not recorded into net profit</b>	<b>385 000</b>	<b>(287 109)</b>	<b>4 920</b>	<b>889 049</b>	<b>991 860</b>	<b>(4 920)</b>	<b>986 940</b>
Net profit for the period	-	-	960 509	-	960 509	15 077	975 586
<b>Balance at 30 June 2011</b>	<b>2 567 000</b>	<b>(449 723)</b>	<b>6 305 072</b>	<b>7 387 277</b>	<b>15 809 626</b>	<b>581 096</b>	<b>16 390 722</b>

**Mechetin A.A., Chairman of Management Board**



**Kim E.S., Chief Accountant**

23 September 2011

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## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2011	2010
<b>Cash flows from operating activities</b>		
Profit before income tax and finance costs	1 150 809	1 377 946
Adjustments for:		
Depreciation and amortisation	193 671	194 207
(Gain)/loss on disposal of property, plant and equipment	(16 135)	(16 516)
(Gain)/loss on disposal of materials	102 122	77 041
(Gain)/loss on disposal of subsidiaries	1 364	-
(Gain)/loss on disposal of accounts payable	(7 299)	(190 746)
(Gain)/loss on change in fair value of biological assets	(222 343)	(57 577)
Reserves and accruals	14 279	28 791
Gain/loss on disposal of financial assets	21	(38 062)
Other non-cash transactions	(261 580)	(27 985)
Changes in working capital		
(Increase)/Decrease in inventories and biological assets	(536 110)	186 506
(Increase)/Decrease in accounts receivable	(247 030)	(259 281)
Increase/(Decrease) in accounts payable	(332 728)	(783 160)
<b>Cash flows from operating activities</b>	<b>(160 959)</b>	<b>491 164</b>
Interest paid	(94 081)	(263 288)
Income tax paid	(288 471)	(186 629)
<b>Net cash flow from operating activities</b>	<b>(543 511)</b>	<b>41 247</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	-	382
Disposal of subsidiaries	1 315	-
Disposal of held for sale investment	-	27 000
Acquisition of property, plant and equipment and intangible assets	(443 853)	(131 610)
Disposal of property, plant and equipment and intangible assets	9 331	19 805
<b>Net cash flow from investing activities</b>	<b>(433 207)</b>	<b>(84 423)</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	4 713 986	617 138
Repurchase of own shares	(3 727 046)	(536 003)
Loans received	3 759 945	8 697 528
Loans repaid	(5 156 967)	(8 974 874)
<b>Net cash flow from financing activities</b>	<b>(410 082)</b>	<b>(196 211)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1 386 800)</b>	<b>(239 387)</b>
Cash and cash equivalents at beginning of the year	2 000 455	734 397
<b>Cash and cash equivalents at end of the period</b>	<b>613 655</b>	<b>495 010</b>

**Mechetin A.A., Chairman of Management Board** \_\_\_\_\_

**Kim E.S., Chief Accountant** \_\_\_\_\_

23 September 2011

