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**INDEPENDENT AUDITOR'S REPORT AND
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2012**

**ОАО SYNERGY
(SYNERGY GROUP)**

MOSCOW 2012

**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 2012 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".

E.V. Samoilov

General Director

"Baker Tilly Russaudit", Ltd

Basic Registration Number 20102000455

27 September 2012

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



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2012
(All amounts in Russian Ruble thousand, unless stated otherwise)*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2012 | 2011 |
| Revenue | 11 392 451 | 10 219 100 |
| Cost of sales | (6 793 394) | (6 481 884) |
| Gross profit | 4 599 057 | 3 737 216 |
| General and administrative expenses | (917 600) | (836 236) |
| Distribution expenses | (2 235 761) | (1 823 765) |
| Other income/expenses | (369 632) | 73 594 |
| Operating profit | 1 076 064 | 1 150 809 |
| Net finance costs | (436 777) | (889) |
| Profit before tax | 639 287 | 1 149 920 |
| Income tax | (138 506) | (174 334) |
| Net income | 500 781 | 975 586 |
| Attributable to | | |
| Equity holders of the Company | 455 730 | 960 509 |
| Non-controlling interest | 45 051 | 15 077 |
| Basic and diluted earnings per share (RUB per share) | 22.75 | 46.06 |

Mechetin A.A., Chairman of Management Board

Belokopytov N.V., Chief Financial Officer

27 September 2012



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2012
(All amounts in Russian Ruble thousand, unless stated otherwise)*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30 June 2012 | 31 December 2011 |
|---|-------------------------|-----------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 5 098 989 | 4 627 001 |
| Goodwill | 212 554 | 212 554 |
| Intangible assets | 5 592 159 | 5 457 033 |
| Other long-term assets | 351 392 | 179 065 |
| Deferred tax assets | 320 573 | 254 693 |
| Total non-current assets | 11 575 667 | 10 730 346 |
| Current assets | | |
| Inventories | 5 104 505 | 5 062 831 |
| Biological assets | 393 785 | 216 891 |
| Trade and other receivables | 11 154 478 | 10 993 518 |
| Prepayments | 680 041 | 329 768 |
| Income tax overpaid | 38 657 | 27 788 |
| Cash and cash equivalents | 1 020 252 | 717 807 |
| Total current assets | 18 391 718 | 17 348 603 |
| TOTAL ASSETS | 29 967 385 | 28 078 949 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Equity and reserves | | |
| Owners' equity | | |
| Share capital | 2 567 000 | 2 567 000 |
| Treasury Shares | (698 475) | (513 130) |
| Retained earnings | 7 389 594 | 6 933 863 |
| Other reserves | 6 283 934 | 7 092 602 |
| Non-controlling interest | 654 422 | 611 371 |
| Total equity and reserves | 16 196 475 | 16 691 706 |
| Non-current liabilities | | |
| Loans and borrowings | 5 933 826 | 4 323 987 |
| Deferred tax liabilities | 835 171 | 887 262 |
| Total non-current liabilities | 6 768 997 | 5 211 249 |
| Current liabilities | | |
| Loans and borrowings | 1 232 662 | 1 242 640 |
| Trade and other payables | 5 645 199 | 4 815 452 |
| Income tax payable | 124 052 | 117 902 |
| Total current liabilities | 7 001 913 | 6 175 994 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 29 967 385 | 28 078 949 |

Mechetin A.A., Chairman of Management Board

Belokopytov N.V., Chief Financial Officer

27 September 2012



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2012
(All amounts in Russian Ruble thousand, unless stated otherwise)*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Treasury Shares | Retained earnings | Other reserves | Total shareholders' equity | Non-controlling interest | Total |
|--|------------------|------------------|-------------------|------------------|----------------------------|--------------------------|-------------------|
| Balance at 31 December 2010 | 2 182 000 | (162 614) | 5 339 643 | 6 498 228 | 13 857 257 | 570 939 | 14 428 196 |
| 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) | - |
| Total changes, not recorded into net profit | 385 000 | (287 109) | 4 920 | 889 049 | 991 860 | (4 920) | 986 940 |
| Net profit for the period | - | - | 960 509 | - | 960 509 | 15 077 | 975 586 |
| Balance at 30 June 2011 | 2 567 000 | (449 723) | 6 305 072 | 7 387 277 | 15 809 626 | 581 096 | 16 390 722 |
| Balance at 31 December 2011 | 2 567 000 | (513 130) | 6 933 863 | 7 092 602 | 16 080 335 | 611 371 | 16 691 706 |
| Other changes in non-controlling interest | - | - | - | - | - | (2 000) | (2 000) |
| Repurchase of own shares | - | (185 345) | - | (808 668) | (994 013) | - | (994 013) |
| Total changes, not recorded into net profit | - | (185 345) | - | (808 668) | (994 013) | (2 000) | (996 013) |
| Net profit for the period | - | - | 455 731 | - | 455 731 | 45 051 | 500 782 |
| Balance at 30 June 2012 | 2 567 000 | (698 475) | 7 389 594 | 6 283 934 | 15 542 053 | 654 422 | 16 196 475 |

Mechetin A.A., Chairman of Management Board _____

Belokopytov N.V., Chief Financial Officer _____

27 September 2012



SYNERGY GROUP

*Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2012
(All amounts in Russian Ruble thousand, unless stated otherwise)*

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2012 | 2011 |
| Cash flows from operating activities | | |
| Profit before income tax and finance costs | 1 076 063 | 1 150 809 |
| Adjustments for | | |
| Depreciation and amortisation | 216 662 | 193 671 |
| (Gain)/loss on disposal of property, plant and equipment | 272 | (16 135) |
| (Gain)/loss on disposal of materials | 63 440 | 102 122 |
| (Gain)/loss on disposal of subsidiaries | - | 1 364 |
| (Gain)/loss on disposal of accounts payable | (8 174) | (7 299) |
| (Gain)/loss on change in fair value of biological assets | 22 313 | (222 343) |
| Reserves and accruals | 87 486 | 14 279 |
| Gain/loss on disposal of financial assets | (1 223) | 21 |
| Other non-cash transactions | 276 803 | (261 580) |
| Changes in working capital | | |
| (Increase)/decrease in inventories and biological assets | (212 264) | (536 110) |
| (Increase)/decrease in accounts receivable | (873 220) | (247 030) |
| Increase/(decrease) in accounts payable | 206 497 | (332 728) |
| Cash flows from operating activities | 854 655 | (160 959) |
| Interest paid | (388 942) | (94 081) |
| Income tax paid | (258 880) | (288 471) |
| Net cash flow from operating activities | 206 833 | (543 511) |
| Cash flows from investing activities | | |
| Disposal of subsidiaries | - | 1 315 |
| Acquisition of property, plant and equipment and intangible assets | (477 353) | (443 853) |
| Disposal of property, plant and equipment and intangible assets | 6 622 | 9 331 |
| Net cash flow from investing activities | (470 731) | (433 207) |
| Cash flows from financing activities | | |
| Issue of share capital | - | 4 713 986 |
| Repurchase of own shares | (994 013) | (3 727 046) |
| Loans received | 11 776 964 | 3 759 945 |
| Loans repaid | (10 216 608) | (5 156 967) |
| Net cash flow from financing activities | 566 343 | (410 082) |
| Net increase/(decrease) in cash and cash equivalents | 302 445 | (1 386 800) |
| Cash and cash equivalents at beginning of the year | 717 807 | 2 000 455 |
| Cash and cash equivalents at end of the period | 1 020 252 | 613 655 |

Mechetin A.A., Chairman of Management Board _____

Belokopytov N.V., Chief Financial Officer _____

27 September 2012

