

RUSELCO LLP AND SUBSIDIARIES

Independent Auditors' Report

Consolidated Financial Statements
Year ending 31 December 2005

FRIDAY



AD0QQQTK

A06

29/06/2007

254

COMPANIES HOUSE

RUSELCO LLP AND SUBSIDIARIES

PARTNERSHIP INFORMATION

Partnership Number	OC308317
Registered office	Golden Cross House 8 Duncannon Street London WC2N 4JF
Auditors	Constantin Aldwych House 81 Aldwych London WC2B 4HN

RUSELCO LLP AND SUBSIDIARIES

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005	
Consolidated and LLP balance sheets	4
Consolidated income statement	5
Consolidated statement of changes in shareholders' equity	6
Consolidated statement of cash flows	7-8
Notes to the consolidated financial statements	10-25
SUPPLEMENTAL INFORMATION NOT FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	
Convenience translation of certain financial information into thousands of US dollars	
Consolidated balance sheet	27
Consolidated income statement	28
Consolidated statement of cash flows	29
Consolidated statement of changes in shareholders' equity	30

RUSELCO LLP AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Ruselco LLP and subsidiaries (the "Group")

Management is responsible for the preparation of the consolidated balance sheet that presents fairly the financial position of the Group at 31 December 2005 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period ending 31 December 2005 (the "consolidated financial statements"), in compliance with International Financial Reporting Standards ("IFRS")

In preparing the consolidated financial statements, management is responsible for

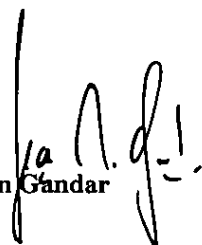
- Selecting suitable accounting principles and applying them consistently,
- Making judgments and estimates that are reasonable and prudent,
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements, and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future

Management is also responsible for

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group,
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS,
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates,
- Taking such steps as are reasonably available to them to safeguard the assets of the Group, and
- Preventing and detecting fraud and other irregularities

The consolidated financial statements for the period ending 31 December 2005 were approved on

18 MAY 2007 by


Jean Gandar

RUSELCO LLP AND SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

To the Members of Ruselco LLP

We have audited the consolidated financial statements of Ruselco LLP for the period ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash flow and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of management and auditors

As described in the statement of management responsibilities the LLP's management are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the Management Report is not consistent with the financial statements, if the LLP has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding management remuneration and transactions with the group is not disclosed.

We read the Management Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

RUSELCO LLP AND SUBSIDIARIES

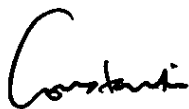
Adverse opinion

In the reporting year, the Group revealed misstatement relating to the past year. The misstatement regards non-recognition of a deferred tax liability arising from the reassessment of property, plant and equipment identified and acquired in the course of acquisition of subsidiaries from Russian GAAP value to fair value. If provision had been made the effect would have been to reduce the net assets as at 31 December 2004 by RUR 111m.

In 2005 the Group recognised the required deferred tax liability of RUR 101m but presented goodwill of RUR 63m and decreased the minority interest and other assets by RUR 47m and RUR 8m respectively. The correct recognition of the deferred tax liability through equity would have resulted in a decrease in retained earnings and minority interest of RUR 76m and RUR 25m respectively.

In view of the effect of the above-mentioned issues, in our opinion the financial statements do not give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the LLP and group's affairs as at 31 December 2005 and of its profit for the period then ended.

In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.



Constantin
Registered Auditors

Date *26 June 2007.*

Aldwych House
81 Aldwych
London
WC2B 4HN

RUSELCO LLP AND SUBSIDIARIES GROUP BALANCE SHEET

BALANCE SHEET AS OF 31 DECEMBER 2005
(in Russian Roubles and in thousands)

		31 December 2005 Group	31 December 2004 Group
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	4	668,581	715,423
Goodwill		64,742	
Long-term investments	5	73,050	76,152
		<u>806,373</u>	<u>791,575</u>
DEFERRED TAX ASSETS	23	516	2,107
CURRENT ASSETS			
Biological assets		1,652	1,102
Inventories	6	45,725	49,416
Trade receivables	7	48,999	58,093
Other receivables and prepaid expenses	8	5,181	11,102
Short-term investments	9	89,879	155,614
Cash and cash equivalents	10	124,891	50,540
		<u>316,327</u>	<u>325,867</u>
TOTAL ASSETS		<u>1,123,216</u>	<u>1,119,549</u>
MEMBERS' INTERESTS AND LIABILITIES			
MEMBERS' INTERESTS			
Members' capital	11	740,433	740,433
Accumulated retained earnings		35,719	29,284
		<u>776,152</u>	<u>769,717</u>
MINORITY INTEREST	12	195,753	266,459
NON-CURRENT LIABILITIES			
Long term borrowings	13	14,657	14,137
Taxes payable	17	-	5,907
		<u>14,657</u>	<u>20,044</u>
DEFERRED TAX LIABILITIES	23	105,921	1,438
CURRENT LIABILITIES			
Trade payables	15	7,265	7,508
Other payables	16	12,707	12,669
Taxes payable	17	10,525	18,768
Short-term borrowings	14	237	22,946
		<u>30,733</u>	<u>61,891</u>
TOTAL MEMBERS' INTERESTS AND LIABILITIES		<u>1,123,216</u>	<u>1,119,549</u>

The financial statements on pages 4 to 25 were approved by the members on 18 MAY 2007 and were signed on their behalf by

Jean Gendreau

The notes on pages 10 to 25 form an integral part of these consolidated financial statements

RUSELCO LLP COMPANY BALANCE SHEET

BALANCE SHEET AS OF 31 DECEMBER 2005
(in Russian Roubles and in thousands)

		31 December 2005	31 December 2004
		LLP	LLP
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		-	-
Goodwill		-	-
Long-term investments	5	748,770	747,246
		<u>748,770</u>	<u>747,246</u>
DEFERRED TAX ASSETS		-	-
CURRENT ASSETS			
Biological assets		-	-
Inventories		-	-
Trade receivables		-	-
Other receivables and prepaid expenses		-	-
Short-term investments		-	-
Cash and cash equivalents		(3)	-
		<u>(3)</u>	<u>-</u>
TOTAL ASSETS		<u>748,767</u>	<u>747,246</u>
MEMBERS' INTERESTS AND LIABILITIES			
MEMBERS' INTERESTS			
Members' capital	11	740,433	740,433
Accumulated retained earnings		7,759	6,813
		<u>748,192</u>	<u>747,246</u>
MINORITY INTEREST		-	-
NON-CURRENT LIABILITIES			
Long term borrowings		-	-
Taxes payable		-	-
		<u>-</u>	<u>-</u>
DEFERRED TAX LIABILITIES		-	-
CURRENT LIABILITIES			
Trade payables		-	-
Other payables		575	-
Taxes payable		-	-
Short-term borrowings		-	-
		<u>575</u>	<u>-</u>
TOTAL MEMBERS' INTERESTS AND LIABILITIES		<u>748,767</u>	<u>747,246</u>

The financial statements on pages 4 to 25 were approved by the members on 15 MAY 2007 and were signed on their behalf by

Jean Gandar

The notes on pages 10 to 25 form an integral part of these consolidated financial statements

RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

	Notes	31 December 2005	15 June 2004 to 31 December 2004
Revenue	18	353,890	114,880
Cost of sales	19	(230,590)	(72,682)
GROSS PROFIT		123,300	42,198
Other Operating Income		-	12,862
Selling, general and administrative expenses	20	(85,994)	(22,439)
OPERATING PROFIT		37,306	32,621
Loss from associates	5	(2,637)	(194)
Financial income, net	21	8,365	7,403
Other expenses, net	22	(10,372)	(3,144)
PROFIT BEFORE TAX		32,662	36,686
Taxation	23	(14,118)	(4,445)
PROFIT FOR THE YEAR AFTER TAX		18,544	32,241
Profit attributable to minority interest		(6,872)	(2,957)
PROFIT ATTRIBUTABLE TO MEMBERS		11,671	29,284

The notes on pages 10 to 25 form an integral part of these consolidated financial statements

RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005 (in Russian Roubles and in thousands)

	Notes	31 December 2005	15 June 2004 to 31 December 2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax and minority interest		32,662	36,686
Adjustments for			
Financial income, net		(8,125)	(2,957)
Depreciation and amortization		59,417	12,369
(Gain)/Loss on foreign exchange		(1,511)	830
Impairment (gain)/loss		(4,912)	1,300
Provision for legal contingencies		-	500
Loss from associates		2,637	194
Operating cash flow before changes in working capital		80,168	48,922
Changes in working capital			
Decrease/(Increase) in trade receivables		9,718	(59,136)
Decrease in other receivables and prepaid expenses		(8,472)	(12,204)
Decrease/(Increase) in inventories and biological assets		2,773	(49,673)
(Decrease)/Increase in trade payables		(147)	7,508
(Decrease)/Increase in other payables		(4,513)	291,922
Decrease in taxes payable other than income tax		15,438	-
Cash used in operating activities		94,965	227,339
Income tax (paid) /received		(24,142)	19,561
Interest paid		(254)	(177)
Net cash provided by operating activities		70,569	246,723
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,876)	(727,796)
Proceeds of disposal of property, plant and equipment and intangible assets		687	-
Proceeds of disposal of investments		148,647	-
Purchase of investments		(111,059)	(231,766)
Net cash used in investing activities		18,399	(959,562)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of borrowings		(14,617)	22,946
Contributions to charter capital		-	740,433
Net cash provided by financing activities		(14,617)	763,379
NET INCREASE IN CASH		74,351	50,540
CASH, beginning of the period		50,540	-
CASH, end of the period	10	124,891	50,540

The notes on pages 10 to 25 form an integral part of these consolidated financial statements The Independent Auditors' Report is on page 2

RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005 (in Russian Roubles and in thousands)

Reconciliation of net cash flow

Increase in cash in the period	74,351
Cash outflow from decrease in debt	14,617
Group balance offset	7,594
Translation difference	(22)
Movement in net funds in the period	96,540
Net funds at 1/1/05	13,457
Net funds at 31/12/05	109,997

Analysis of Net Funds

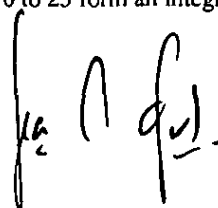
	01/01/2005	Cash Flow	Other non-cash changes	Exchange movement	31/12/2005
Cash	50,540	74,351			124,891
Long-term borrowings	(14,137)			(520)	(14,657)
Short-term borrowings	(22,946)	14,617	7,594	498	(237)
TOTAL	13,457	88,968	7,594	(22)	109,997

The notes on pages 10 to 25 form an integral part of these consolidated financial statements The Independent Auditors' Report is on page 2

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD
ENDED 31 DECEMBER 2005**
(in Russian Roubles and in thousands)

	31 December 2005			15 June 2004 to 31 December 2004		
	Members' capital	Accumulated retained earnings	Total	Members' capital	Accumulated retained earnings	Total
Opening Balance	740,433	29,284	769,717	-	-	-
Contribution to members' capital	-	-	-	740,433	-	740,433
Net income for the period	-	11,671	11,671	-	29,284	29,284
Group Consolidated Reserve	-	5,219	5,219	-	-	-
Foreign Exchange Reserve	-	(10,455)	(10,455)	-	-	-
Balance as at 31 December 2005	740,433	35,719	776,152	740,433	29,284	769,717

The notes on pages 10 to 25 form an integral part of these consolidated financial statements



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

1. GENERAL

Ruselco LLP ("LLP"), was formed in agreement as a limited liability Partnership under the Limited Liability Partnerships Act 2000 of England and Wales on 15 June 2004. The two members during the year were Sungrain Holdings S A (incorporated in Switzerland) and Agro-Industrial Complex (incorporated in Russia). Subsequent to the year-end, Sungrain disposed of its holding to Louis Dreyfus Commodities Silos SAS (incorporated in France).

LLP started operations on 30 September 2004 and has its registered address at Queensberry House, 3 Old Burlington Street, London, UK, W1S 3LD.

The Group comprises LLP and its subsidiaries as follows:

Name of partners	Activity	Percentage holding 31.12.2005	Real storage capacity in metric tonnes
Tatsynsky elevator OJSC	Grain storage and processing	86,82%	102,060
Divensky elevator OJSC	Grain storage and processing, live-stock farming	98,59%	197,200
Ipatovsky elevator OJSC	Grain storage and processing, sale of grain	50,01%	195,200
Blagodarnensky elevator OJSC	Grain storage and processing, live-stock farming	88,95%	210,100
Zerno OJSC	Grain storage and processing	51,01%	65,800
Novopavlovsky elevator OJSC	Grain storage and processing	50,55%	115,300
Tresvyatskoe Khlebopriyomnoe OJSC	Grain storage and processing	80,13%	40,000
Khlebnaya Baza Povorino OJSC	Grain storage and processing	57,31%	105,320
Volgagrain S A, including its Russian subsidiary, OOO Vologradsky	Grain storage and processing	75,00%	89,650

All Partners (except Volgagrain S A) are incorporated in Russia. Volgagrain S A is incorporated in Switzerland.

On 19 January 2005 Korenovsky Elevator's shares were sold. The following additional share packages were bought:

Divensky – 3,382 shares (27 October 2005)

Blagodarnensky – 77 shares (13 April 2005)

Novopavlosky – 1 share (24 February 2005)

As at 31 December 2005 the Group employed approximately 1,332 people (2004: 1,132).

Concentration of Business Risk – The Group's business activities are within Russia. Laws and regulations affecting businesses operating in Russia are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

2. PRESENTATION OF FINANCIAL STATEMENTS

Basis of Presentation – The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) The Group companies maintain their accounting records in Russian Roubles Russian statutory accounting principles and procedures differ substantially from those generally accepted under IFRS Accordingly, the accompanying consolidated financial statements, which have been prepared from the Group entities’ Russian statutory accounting records, reflect adjustments necessary for the financial statements to be presented in accordance with IFRS

The consolidated financial statements of the Group are prepared under the historical cost convention

Use of Estimates and Assumptions – The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from these estimates

Measurement and Reporting Currency – The management of the Group designated the Russian Rouble as the measurement and reporting currency of the Group

For information purposes only, the Group has chosen to present the US dollar (“USD”) equivalent of the consolidated balance sheet, statements of income, cash flows and changes in shareholders’ equity as supplemental information not forming part of the audited consolidated financial statements Translation from Russian Roubles (“RUR”) into USD was made at the closing rate existing at 31 December 2005 The relevant exchange rate as quoted by the Central Bank of the Russian Federation was USD 1 = RUR 28.7825

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

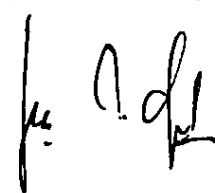
Basis of Consolidation – The consolidated financial statements incorporate the financial statements of LLP and its subsidiaries Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from their date of disposal

The financial statements of the subsidiaries are prepared for the same reporting period as those of LLP

The assets and liabilities of all subsidiaries are measured at their fair values at the date of acquisition The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

All intra-group balances, transactions, and any unrealised profits or losses arising from intra-group transactions, are eliminated on consolidation.



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

Investments in Associates – An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results and the assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognize any impairment in the value of individual investments.

Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Foreign Currency Transactions – Transactions in currencies other than the measurement currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in the consolidated income statement.

Revenue Recognition – Revenue from the sale of goods is accounted for at the time when shipment of the related goods occurs and the transfer of risks and rewards are completed regardless of when cash or its equivalents is received or paid, and are reported in the consolidated income statement in the period to which it relates.

Financial Assets – Financial assets are classified into the following categories: held-to-maturity, trading, available-for-sale and loans and receivables originated by the enterprise. Investments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Investments acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading. Loans originated by the Group are financial assets that are created by the Group by providing money directly to a borrower or by participating in a loan facility, other than those that are originated with the intent to be sold immediately or in the short term, which are classified as held-for-trading. All other investments are classified as available-for-sale.

Trade and Other Receivables – Trade and other receivables originated by the Group are measured at gross invoice value less provision for doubtful debts where considered appropriate.

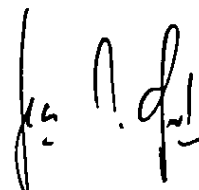
Trade and Other Payables – Liabilities for trade and other amounts payable are stated at their nominal value.

Inventories – Inventories are valued at the lower of cost or net realisable value. Cost is determined by the weighted average method. Inventories are reported net of provisions for slow moving or obsolete items.

Cash and Cash Equivalents – Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Property, Plant and Equipment – Property, plant and equipment is stated at cost.

Cost includes major expenditures for improvements and replacements, which extend useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance are charged to the income statement as incurred. The carrying value of property, plant and equipment, as determined above, less expected residual value, is depreciated on a straight-line basis over the estimated useful economic lives of the related assets, which are



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

Description	Useful Life (Years)
Buildings	20
Machinery and equipment	7
Other fixed assets	3-7

Construction in progress comprises costs directly related to the construction and acquisition of property, plant and equipment plus an appropriate allocation of variable and fixed overheads that are incurred in construction. Construction in progress is depreciated once the asset is put into operation.

Items of property, plant and equipment that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the income statement.

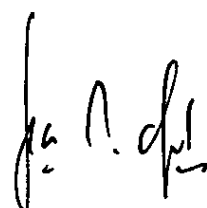
Income Taxes – Income taxes are computed in accordance with the laws of the relevant tax jurisdiction. The charge for current tax is calculated using income tax rates enacted for the year.

Deferred Income Taxes – Deferred tax assets and liabilities are calculated in respect of temporary differences in accordance with International Accounting Standard No. 12 "Income Taxes" ("IAS 12"). IAS 12 requires the use of the balance sheet liability method for financial reporting and accounting for deferred income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax liability, if any, is provided for in full. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the asset is to be realised or the liability settled, based on the tax rates that have been enacted at the balance sheet.

Retirement Benefit Costs – The Group contributes to the state pension, medical and social insurance and employment funds on behalf of all its current employees. Any related expenses are recognised in the income statement as incurred. Contributions to the Russian Federation state pension fund are recorded in the consolidated income statement on an accrual basis.

Related Parties – Related parties are those counterparties that represent

- Enterprises, that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group. This includes, but is not limited to, holding companies, subsidiaries and fellow subsidiaries,
- Enterprises over which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor. This includes associates,
- Individuals owning, directly or indirectly, an interest in the voting power of the Group, which gives them significant influence over the Group, and anyone expected to influence, or be influenced by, that person in their dealings with the Group,
- Key management personnel, namely persons with authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group and close family members of such individuals, and



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

9. SHORT-TERM INVESTMENTS

Short-term investments as of 31 December 2005 consisted of the following.

	2005	2004
Agros	44,433	-
Louis Dreyfus Vostok	44,433	-
Volgogradsky Elevator	1,013	-
Available-for-sale investments in promissory notes of the Ministry of Finance of Russian Federation	-	50
Available-for-sale investments in promissory notes of OJSC "Korenovsky elevator"	-	34,346
Available-for-sale investments in shares of OJSC "Korenovsky elevator"	-	115,000
Others	-	6,218
	89,879	155,614

On 19 January 2005 the Company sold its 98 36% shares (12 456 shares) in Korenovsky Elevator OJSC ("Korenovsky Elevator") to a third party – AgroKuban Resurs LLC (Russian Federation) for 113,107, together with the sale of 15% interest bearer notes issued by Korenovsky Elevator in the amount of 1,245,763 78 US dollars (34,346) to a third party Yug AgroBusiness LLC (Russian Federation) for the same amount paid in cash, and the transfer of accounts receivable from Korenovsky Elevator to Yug AgroBusiness LLC (Russian Federation)

In the period from 1 January 2005 to 31 December 2005 the Group provided loans to Louis Dreyfus Vostok LLC in the amount of 46,879 50 (1,500 thousand US dollars at the exchange rate established by the Central Bank of the Russian Federation) and to Agros LLC in the same amount

The average interest rates paid were as follows

Non-bank loan to Volgogradsky Elevator

Non-bank loans to Agros and LDV

Non-bank loans to third party

2005	2004
3%	3%
3 216625%	3 21625%
-	15%

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

- Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors, partners or shareholders of the Group and enterprises that have a member of key management in common with the Group

In considering each possible related-party relationship, attention is paid to the substance of the relationship, and not merely the legal form

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & equipment	Other assets	CIP	Total
Cost						
At 31 December 2004	111	546,511	163,187	12,967	4,977	727,753
Additions	17	21,268	-	212	-	21,497
Disposals	-	(5,940)	(3,737)	(667)	(1,556)	(11,900)
Transfer	-	-	63	(63)	-	-
At 31 December 2005	128	561,839	159,513	12,449	3,421	737,350
Accumulated Depreciation						
At 31 December 2004	-	7,849	3,785	696	-	12,330
Charge for the period	-	38,122	16,099	2,942	-	57,163
Disposal	-	(363)	(274)	(42)	-	(679)
Transfer	-	-	2	(2)	-	-
At 31 December 2005	-	45,608	19,612	3,594	-	68,814
Net Book Value						
At 31 December 2004	111	538,662	159,402	12,271	4,977	715,423
At 31 December 2005	128	516,231	139,901	8,855	3,421	668,536

Other fixed assets consist of transmission devices, transport, computers and office equipment, and other relatively small groups of fixed assets

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

5. LONG-TERM INVESTMENTS

Group

Long-term investments as of 31 December 2005 consisted of the following

	2005	2004	%
Investments in associates:			
Pallasovsky elevator OJSC	47,929	50,704	35.91%
Elevator OJSC	24,527	25,102	29.58%
	<u>72,456</u>	<u>75,806</u>	
Available-for-sale investments in non-marketable equity shares			
Bank "Blagodarnensky"	-	150	6.10%
Bank "Ipatievsky"	-	141	5.48%
Other investments in shares	35	55	-
	<u>35</u>	<u>346</u>	
Other long term investments	559		
Total long – term investments	<u>73,050</u>	<u>76,152</u>	

Associated companies as of 31 December 2005 are as follows

	2005	2004
Cost of investments	58,182	76,000
Goodwill	17,048	-
Net result from investments in Pallasovsky Elevator OJSC	(2,149)	-
Net result from investments in Elevator OJSC	(625)	-
Share of post-acquisition loss of associates	-	(194)
	<u>72,456</u>	<u>75,806</u>

Consisting of

Name of associate	Place of incorporation	Principal activity
Pallasovsky elevator OJSC	The Russian Federation	Grain storage and processing
Elevator OJSC	The Russian Federation	Grain storage and processing

LLP

Consisting of

	2005	2004
Cost of investments	704,511	704,511
Long term loan to subsidiary (Unspecified duration at 6.5% per annum)	44,259	42,735
	<u>748,770</u>	<u>747,246</u>

Name of subsidiary	Place of incorporation	Principal activity
Russian Elevator Company	The Russian Federation	Grain storage and processing
Volgagrain	Switzerland	Grain storage and processing

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

6. INVENTORIES

Inventories as of 31 December 2005 consisted of the following

	2005	2004
Finished goods and goods for resale	31,158	35,468
Raw materials	15,982	14,205
Less provision for obsolescence	(1,415)	(257)
	<u>45,725</u>	<u>49,416</u>

7. TRADE RECEIVABLES

Trade receivables as of 31 December 2005 consisted of the following

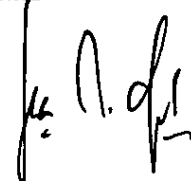
	2005	2004
Trade receivables from third parties	48,613	57,243
Trade receivables from related parties	386	6,349
Less provision for doubtful receivables	-	(5,499)
	<u>48,999</u>	<u>58,093</u>

8. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses as of 31 December 2005 consisted of the following

	2005	2004
Taxes recoverable	1,226	3,626
Advance paid – third parties	1,737	2,700
Other receivables – third parties	987	3,244
Unpaid Capital	-	1,228
Prepaid expenses	1,231	968
Less provision for doubtful receivables	-	(664)
	<u>5,181</u>	<u>11,102</u>

Advances paid comprise advances to suppliers of raw materials, services and utilities



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

15. TRADE PAYABLES

Trade payables as of 31 December 2005 consisted of the following

	2005	2004
Trade accounts payable – third parties	7,265	3,939
Trade accounts payable – related parties	-	3,569
	<u>7,265</u>	<u>7,508</u>

16. OTHER PAYABLES

Other payables as of 31 December 2005 consisted of the following

	2005	2004
Advances received from customers	6,102	5,758
Salaries payable	3,702	3,326
Dividends payable	-	508
Tax payable, other than income	769	-
Loans	1,028	-
Other accounts payable – third parties	1,106	3,077
	<u>12,707</u>	<u>12,669</u>

17. TAXES PAYABLE

Taxes payables as of 31 December 2005 consisted of the following

	2005	2004
Income tax	2,332	4,143
Value added tax	3,452	7,964
Unified social tax (Pension fund)	-	3,663
Other taxes	4,741	8,905
Less long-term portion (payable in 2006-2011)	-	(5,907)
	<u>10,525</u>	<u>18,768</u>

18. REVENUE

Revenue for the period ended 31 December 2005 comprised the following

	2005	2004
Grain storage services	344,018	96,165
Sales of grain	-	12,182
Other sales	9,872	6,533
	<u>353,890</u>	<u>114,880</u>

Other sales comprise agent fees, sales of biological produce, and sales of services

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2005 consisted of the following

	2005	2004
Cash on hand	101	2,570
Deposits	40,390	15,000
Cash in bank – third party	84,400	32,970
	<u>124,891</u>	<u>50,540</u>

Deposits represent deposits held in the North Caucasian branch of Sberbank of the Russian Federation by the Company's subsidiary "Ipatovsky elevator" OJSC (40,000) and deposits held with Raiffeisenbank Austria by Ruselco LLC (390)

11. MEMBERS' CAPITAL

This represents amounts contributed by the members at the date of incorporation of the LLP

12. MINORITY INTEREST

	2005	2004
As of 1 January 2005	266,459	-
Minority interest at contribution of subsidiaries	(27,456)	263,818
Share of net income of subsidiaries	6,872	2,641
Other movements	(50,122)	-
As of 31 December 2005	<u>195,753</u>	<u>266,459</u>

13. LONG TERM BORROWINGS

This relates to a loan of \$510,000 to be repaid at any time at the request of either party. Interest is charged at the rate of 6.5% per annum.

14. SHORT TERM BORROWINGS

Short-term borrowings as of 31 December 2005 consisted of the following

	2005	2004
Bank Loans		
International Moscow Bank	-	8,325
Non-bank loans		
Louis Dreyfus Vostok LLC	-	13,696
FKK Roskhelebo-product	-	740
Other loans	237	185
	<u>237</u>	<u>22,946</u>

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

19. COST OF SALES

Cost of sales for the period ended 31 December 2005 comprised the following

	2005	2004
Grain storage services	219,875	56,140
Sales of grain	118	12,783
Other sales	10,697	3,759
	<u>230,590</u>	<u>72,682</u>

Cost of sales for the period ended 31 December 2005, aggregated according to their nature, comprised the following

	2005	2004
Salaries and related taxes	67,648	19,129
Depreciation	60,472	17,115
Cost of goods for resale	10,697	12,783
Purchase of services	-	12,333
Raw materials	-	10,284
Other	91,773	1,038
	<u>230,590</u>	<u>72,682</u>

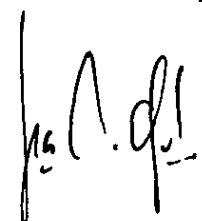
20. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the period ended 31 December 2005 comprised the following

	2005	2004
Salaries and related taxes	50,767	12,952
Purchase of services	3,005	4,331
Taxes	-	1,277
Provision for doubtful receivables	-	1,106
Raw materials	-	799
Provision for contingent liabilities	-	535
Provision for inventory obsolescence	-	272
Other expenses	32,222	1,167
	<u>85,994</u>	<u>22,439</u>

General and administrative expenses rendered by related parties Louis Dreyfus Vostok 532 and Roskheleproduct 466

Other expenses include social, insurance, certification expenses, expenses for consulting services, legal services, employee motivation costs, business trips, representative expenses and other expenses



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

21. FINANCIAL INCOME, NET

Financial income for the period ended 31 December 2005 comprised the following

	2005	2004
Interest expense	(690)	(298)
Currency exchange income, net	4,179	6,813
Interest income	4,876	888
	<u>8,365</u>	<u>7,403</u>

22. OTHER EXPENSES, NET

Other expenses for the period ended 31 December 2005 comprised the following

	2005	2004
Property tax	347	780
Tax penalties	762	758
Welfare	1,635	222
Bank services	985	144
Loss on sales of materials	2,460	9
Provisions	1,310	-
Gain / Loss on sale of assets	8	-
Other expenses	2,866	-
	<u>10,372</u>	<u>3,144</u>

23. TAXATION

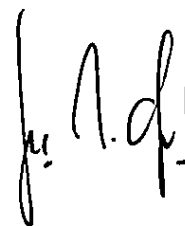
The Group provides for taxes based on the statutory financial statements, which are maintained and prepared in local currency and in accordance with local statutory regulations which may differ from IFRS

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 31 December 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Income tax expense for the period ended 31 December 2005 comprised the following

	2005	2004
Current income tax expense	(7,293)	(6,594)
Deferred income tax benefit	(6,825)	2,149
Total income tax expense	<u>(14,118)</u>	<u>(4,445)</u>

A reconciliation of expected income tax expense to actual tax expense for the period ended 31 December 2005 is as follows



RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

	2005	2004
Profit before income tax	32,662	36,686
Theoretical income tax expense (at statutory tax rate of 24%)	(7,838)	(8,805)
Other permanent differences	(6,280)	4,360
Income tax expense	(14,118)	(4,445)

Deferred tax assets as of 31 December 2005 consisted of the following

	2005	2004
Trade receivables valuation	315	1,435
Other receivables valuation	120	430
Trade Payables	-	60
Other payables	-	119
Other	81	63
	516	2,107

Deferred tax liabilities as of 31 December 2005 consisted of the following

	2005	2004
Property, plant and equipment valuation	(105,706)	(1,281)
Loans	(215)	(157)
	(105,921)	(1,438)

24. RELATED-PARTY TRANSACTIONS

During the period ended 31 December 2005 the Group entered into a variety of transactions with related parties.

Outstanding balances receivable from / payable to related parties as at December 31, 2005 are as follows

Related party	Nature of relationship	Investments	Accounts receivable	Loans payable	Accounts payable
Agroskhlebproduct	Member of Agros Group	-	421	44,308	-
Roskhlebproduct	Member of Agros Group	-	10	-	-
Tatsynsky Elevator	Member of Sungrain Holding Group	-	-	1,013	-
Louis Dreyfus Vostok	Member of Sungrain Holding Group	-	9,629	44,308	-
Total		-	10,060	89,629	-

Transactions with related parties for the period ended 31 December 2005 include the following:

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

Related party	Nature of relationship	Sales	Purchase of goods, works, services	Interest income	Interest expense
Louis Dreyfus Vostok Roskhlproduct	Member of Sungrain Holding Group	77,646	-	1,259	-
Smolensky Kombinat khleboproductov Agroskhlproduct	Member of Agros Group	8,553	-	-	-
LD Trading	Member of Agros Group	3,171	-	-	-
	Member of Sungrain Holding Group	5,584	-	1,259	-
		1,985	-	-	-
Total		96,939		2,518	

25. PENSIONS AND RETIREMENT PLANS

Contributions are made to the Russian state social and medical insurance and retirement benefit schemes at the statutory rates in force during the year. During the year all social contributions, including contributions to the pension fund, were substituted with a unified social tax ("UST") calculated by the application of a regressive rate from 26% to 2% of the annual gross remuneration of each employee. UST is allocated to three social funds, including the pension fund, where the rates of contribution to the pension fund vary between 20% to 2%, depending on the annual gross salary of each employee. The contributions are expensed as incurred. As of 31 December 2005, the Group was not liable for any supplementary pensions, post retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

26. CONTINGENCIES

On 31 December 2005, Volgogradsky Elevator had the following contingent liabilities.

103,689 thousand Roubles in respect of grain amount accepted for storage

Taxation Contingencies in the Russian Federation

The taxation system in the Russian Federation is at a relatively early stage of development, and is characterised by numerous taxes, frequent changes and inconsistent enforcement at federal, regional and local levels.

The Government of the Russian Federation has recently commenced a revision of the Russian tax system and passed certain laws implementing tax reform. The new laws reduce the number of taxes and overall tax burden on businesses and simplify tax laws. However, these new tax laws continue to rely heavily on the interpretation of local tax officials and fail to address many existing problems. Many issues associated with the practical application of new legislation are unclear and complicate the Group's tax planning and related business decisions.

In terms of Russian tax legislation, authorities have a period of up to three years to re-open tax declarations for further inspection. Changes in the tax system, that may be applied retrospectively by authorities, could affect the Group's previously submitted and assessed tax declarations.

RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 (in Russian Roubles and in thousands)

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to issues of interpretation. This uncertainty may expose the Group to additional taxation, fines and penalties, that could be significant

Russian Federation Risk

Over the past decade the Russian Federation has undergone substantial political, economic and social changes. As an emerging market, the Russian Federation does not possess a fully developed business and regulatory infrastructure that would generally exist in a more mature market economy.

The current Government is attempting to address these issues, however, it has not yet fully implemented the reforms necessary to create banking, judicial and regulatory systems that usually exist in more developed markets. As a result operations in the Russian Federation involve risks that are not typically associated with those in more developed markets. Such risks persist in the current environment with results that include, but are not limited to, a currency that is not freely convertible outside of the country, various currency controls, low liquidity levels for debt and equity markets, and continuing inflation. Furthermore, substantially all privatisations in the Russian Federation in the early 1990s were flawed in some manner, and even the most minor administrative flaw in the privatisation documents may be invoked as a basis for challenging the validity of the privatisation process as a whole and thus the title to assets acquired as a result of privatisation. The environment is such that the state, local authorities and administration, the former owners of property and other interested parties can attempt to obstruct normal business operations of a company. Accordingly, the stability and success of the Group's business will depend upon the Government's ability to institute supervisory, judicial and other regulatory reforms.

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its production, processing and transportation facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Management understands that until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.



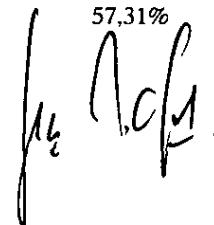
RUSELCO LLP AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2005 *(in Russian Roubles and in thousands)*

27. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The Company's voting and ownership interest in significant subsidiaries as of 31 December 2005 is as follows

Operating entity	2005	
	Ownership, %	Voting, %
Tatsynsky elevator OJSC	86,82%	86,82%
Divensky elevator OJSC	98,59%	73,08%
Ipatovsky elevator OJSC	50,01%	50,01%
Blagodarnensky elevator OJSC	88,95%	88,72%
Zerno OJSC	51,01%	51,01%
Novopavlovsky elevator OJSC	50,55%	50,54%
Tresvyatskoe Khlebopriymnoe OJSC	80,13%	80,13%
Khlebnaya Baza Povorino OJSC	57,31%	57,31%

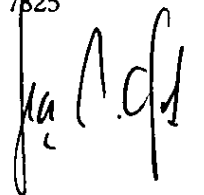


RUSELCO LLP AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION NOT FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Convenience translation of certain financial information into thousands of US dollars

For the convenience of users of the consolidated financial statements, the Group has chosen to present its consolidated financial statements in US dollars. Translation of the balance sheet items and the items in the statements of income, cash flows and changes in shareholders' equity from Russian Roubles ("RUR") into US dollars ("USD") was made at the closing rate existing at 31 December 2005. The relevant exchange rate as quoted by the Central Bank of the Russian Federation was USD 1 = RUR 28 7825.

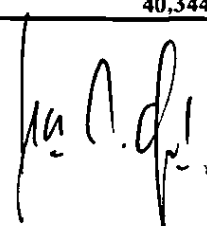
A handwritten signature in black ink, appearing to be "J. A. C. H.", is located to the right of the text block.

RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2005

(Convenience translation into thousands of US dollars – unaudited)

	2005 (unaudited)	2004 (unaudited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	23,263	25,781
Goodwill	2,253	
Long-term investments	2,542	2,744
	<u>29,058</u>	<u>28,525</u>
DEFERRED TAX ASSETS		76
	18	
CURRENT ASSETS		
Biological assets	58	40
Inventories	1,591	1,781
Trade receivables	1,707	2,093
Other receivables and prepaid expenses	180	400
Short-term investments	3,127	5,608
Cash and cash equivalents	4,346	1,821
	<u>11,399</u>	<u>11,743</u>
TOTAL ASSETS	<u>39,082</u>	<u>40,344</u>
MEMBERS' INTERESTS AND LIABILITIES		
MEMBERS' INTERESTS		
Members' capital	25,763	26,682
Accumulated retained earnings	1,243	1,055
	<u>27,969</u>	<u>27,737</u>
MINORITY INTEREST	6,811	9,602
NON-CURRENT LIABILITIES		
Long term borrowings	510	509
Taxes payable	-	213
	<u>528</u>	<u>722</u>
DEFERRED TAX LIABILITIES	3,685	52
CURRENT LIABILITIES		
Trade payables	253	271
Other payables	442	457
Taxes payable	366	676
Short-term borrowings	8	827
	<u>1,108</u>	<u>2,231</u>
TOTAL MEMBERS' INTERESTS AND LIABILITIES	<u>39,082</u>	<u>40,344</u>

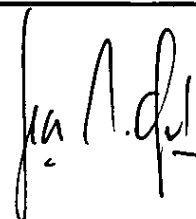


RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2005

(Convenience translation into thousands of US dollars – unaudited)

	31 December 2005 (unaudited)	30 September to 31 December 2004 (unaudited)
Revenue	12,314	4,140
Cost of sales	(8,023)	(2,619)
GROSS PROFIT	4,290	1,521
Other operating income	-	463
Selling, general and administrative expenses	(2,992)	(809)
OPERATING PROFIT	1,298	1,175
Loss from associates	(92)	(7)
Financial income, net	291	267
Other expenses, net	(361)	(113)
PROFIT BEFORE TAX	1,136	1,322
Taxation	(491)	(160)
PROFIT FOR THE YEAR	645	1,162
Profit attributable to minority interest	(239)	(107)
PROFIT ATTRIBUTABLE TO MEMBERS	406	1,055



RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005

(Convenience translation into thousands of US dollars – unaudited)

	31 December 2005	30 September to 31 December 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax and minority interest	1,136	1,322
Adjustments for		
Financial income, net	(283)	(107)
Depreciation and amortization	2,067	445
(Profit)/Loss on foreign exchange	(138)	30
Impairment (gain)/loss	(171)	47
Provision for legal contingencies		18
Loss from associates	92	7
Operating cash flow before changes in working capital	2,704	1,762
Changes in working capital		
Decrease/(Increase) in trade receivables	338	(2,131)
Decrease in other receivables and prepaid expenses	(295)	(440)
Decrease/(Increase) in inventories and biological assets	96	(1,790)
(Decrease)/Increase in trade payables	(5)	271
(Decrease)/Increase in other payables	(157)	10,520
Decrease in taxes payable other than income tax	537	-
Cash used in operating activities	3,219	8,192
Income tax (paid) /received	(840)	705
Interest paid	(9)	(6)
Net cash provided by operating activities	2,370	8,891
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(692)	(26,227)
Proceeds of disposal of property, plant and equipment and intangible assets	24	-
Proceeds of disposal of investments	5,172	-
Purchase of investments	(3,864)	(8,352)
Net cash used in investing activities	640	(34,579)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	(571)	827
Contributions to charter capital		26,682
Net cash provided by financing activities	(571)	27,509
NET INCREASE IN CASH	2,525	1,821
CASH, beginning of the period	1,821	-
CASH, end of the period	4,346	1,821

RUSELCO LLP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2005

(Convenience translation into thousands of US dollars – unaudited)

	Charter capital (unaudited)	2005 Accumulated retained earnings (unaudited)	Total (unaudited)	Charter capital (unaudited)	2004 Accumulated retained earnings (unaudited)	Total (unaudited)
Balance as at 1 January 2005	26,682	1,055	27,737	-	-	-
Contribution to charter capital	-	-	-	26,682	-	26,682
FX Reserve	-	(356)	(356)			
Group Consolidated Reserve	-	182	182			
Net income for the period	-	406	406	-	1,055	1,055
Balance as at 31 December 2005	26,682	1,287	27,969	26,682	1,055	27,737

