OJSC "Russian Sea Group"

Interim Condensed Consolidated
Financial Statements (Unaudited)

For the six months ended 30 June 2010

OJSC "RUSSIAN SEA GROUP"

CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010	1
INDEPENDENT AUDITOR'S REPORT	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7-18

OJSC "RUSSIAN SEA GROUP"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010

Management is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements of financial position of OJSC "Russian Sea Group" and its subsidiaries (the "Group") as at 30 June 2010 and the related interim condensed consolidated statements of comprehensive income, cash flows and changes in equity for the six-month period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the interim condensed consolidated financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's interim condensed consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose, with reasonable accuracy at any time, the financial statements of the Group, and which enable them to ensure that the financial statements of the Group comply with IAS 34;
- 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.

On behalf of the Group's management, the interim condensed consolidated financial statements for the six-month period ended 30 June 2010 were authorised for issue on 8 September 2010 by:

D. Dangauer	**N. Gorbunova**
Chief Executive Officer	Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of OJSC "Russian Sea Group":

We have reviewed the accompanying interim condensed consolidated statement of financial position of OJSC "Russian Sea Group" and its subsidiaries (collectively – the "Group") as of 30 June 2010 and the related interim condensed consolidated statements of comprehensive 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 fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim 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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche

8 September 2010

OJSC "RUSSIAN SEA GROUP"

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 2010
(in thousands of Russian Roubles)

	Notes	30 June 2010 (Unaudited)	30 June 2009
ASSETS			
Non-current assets			
Property, plant and equipment		1,219,801	1,256,424
Intangible assets		45,421	40,397
Long-term financial assets	4	13,342	-
Deferred tax asset		160,271	89,856
		1,438,835	**1,386,677**
Current assets			
Inventory		2,012,099	2,060,054
Trade and other receivables	6	1,184,580	1,124,832
VAT recoverable		97,469	50,549
Advances paid to suppliers	8	423,745	713,688
Short-term financial assets	9	188,541	71,367
Income tax receivable		183,900	121,252
Cash and cash equivalents	5	1,279,671	236,237
		5,370,005	**4,377,979**
Total assets		**6,808,840**	**5,764,656**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	18	7,953,765	7,230,687
Share premium	18	654,035	-
Treasury shares	18	-	(361,525)
Effect from reorganization of the Group under common control		(7,230,687)	(7,230,687)
Retained earnings		431,588	758,038
		1,808,701	**396,513**
Non-controlling interest		-	321
Total equity		**1,808,701**	**396,834**
Current liabilities			
Short-term borrowings	10	2,900,000	3,690,000
Bonds payable	11	902,226	42,904
Trade payables	7	954,799	1,357,392
Other payables		100,607	164,397
Advances received		123,433	106,199
Income tax payable		3,172	-
Taxes payable other than income tax		15,902	6,930
		5,000,139	**5,367,822**
Total equity and liabilities		**6,808,840**	**5,764,656**

D. Dangauer
Chief Executive Officer

N. Gorbunova
Chief Financial Officer

8 September 2010

The notes on pages 7 to 18 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

(in thousands of Russian Roubles)

	Notes	For the six months ended 30 June 2010 (Unaudited)	For the six months ended 30 June 2009 (Unaudited)
Revenue		7,051,433	8,351,932
Cost of sales		(6,332,103)	(6,749,234)
Gross margin	12	**719,330**	**1,602,698**
Selling and distribution costs	13	(821,061)	(439,536)
General and administrative expenses	14	(350,379)	(287,917)
Other operating income		48,968	5,432
Other operating expenses		(15,904)	(86,926)
Interest income		21,567	52,191
Interest expense		(296,484)	(384,993)
Exchange gain/(loss)	15	109,040	(98,471)
(Loss)/profit before income tax		**(584,923)**	**362,478**
Income tax benefit/(expense)	16	111,998	(85,495)
Net (loss)/profit for the period, being total comprehensive (loss)/income for the period		**(472,925)**	**276,983**
Attributable to:			
Equity holders of the parent		(472,925)	276,982
Non-controlling interest		-	-
Basic and diluted (loss)/earnings per share (Russian Roubles)	17	**(6.40)**	**4.03**

The notes on pages 7 to 18 are an integral part of these interim condensed consolidated financial statements.

OJSC "RUSSIAN SEA GROUP"

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010
(in thousands of Russian Roubles)

	Notes	For the six months ended 30 June 2010 (Unaudited)	For the six months ended 30 June 2009 (Unaudited)
Cash flows from operating activities:			
(Loss)/profit for the period before income tax		(584,923)	362,478
Adjustments to reconcile(loss)/profit before tax to cash generated from operating activities:			
Depreciation and amortization		51,225	42,065
Interest income		(21,567)	(52,191)
Interest expense		296,484	384,993
(Gain)/loss from disposal of plant and equipment		(367)	34,525
Reversal of bad debt provision		(12,773)	(13,733)
Increase in provision for inventory obsolescense		127,322	-
Impairment of advances paid		43,758	-
Write-off of intangible assets		-	9,769
Income from subsequent bond issue		(20,229)	-
Other income		(9,080)	-
Operating profit before working capital changes		**(130,150)**	**767,906**
Working capital adjustments			
Inventory		(90,674)	524,096
Trade and other receivables		519,287	1,033,603
Advances paid		51,752	(75,930)
Trade accounts payable		(485,976)	404,633
Other payables		(19,634)	(3,006)
Taxes other than income tax		5,621	10,276
Advances received		62,168	65,606
VAT recoverable		(35,878)	-
Cash (used in)/from operations		**(123,484)**	**2,727,184**
Income tax paid		(11,964)	(67,439)
Interest received		7,300	26,219
Interest paid		(308,707)	(384,993)
Net cash (used in)/from operating activities		**(436,855)**	**2,300,971**
Cash flows from investing activities:			
Purchases of property and equipment		(31,818)	(4,006)
Proceeds from sale of fixed assets		3,187	(376)
Purchase of intangible assets		(5,658)	(41,094)
Loans repaid to the Group		70,151	50,000
Net cash from investing activities		**35,862**	**4,524**
Cash flows from financing activities:			
Proceeds/(repayment) from bonds issuance		922,250	(1,945,440)
(Repayment)/proceeds from long-term loans, net		(1,950,000)	-
Proceeds/(repayment) from short-term loans, net		977,000	(147,412)
Proceeds from the additional issue of shares		723,078	-
Proceeds from public listing		905,300	-
Acquisition of treasury shares		-	(371,157)
Net cash from financing activities		**1,577,628**	**(2,464,009)**
Net increase/(decrease) in cash and cash equivalents		**1,176,635**	**(158,514)**
Cash and cash equivalents at 1 January		**103,036**	**394,751**
Cash and cash equivalents at 30 June	5	**1,279,671**	**236,237**

The notes on pages 7 to 18 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010
(In thousands of Russian Roubles)

		Equity attributable to equity holders of the parent							
	Notes	Share capital	Share premium	Treasury shares	Effect from reorganization of the Group under common control	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2009 (Unaudited)		7,230,687	-	(361,525)	(7,230,687)	481,055	119,530	321	119,851
Total comprehensive income for the period		-	-	-	-	276,983	276,983	-	276,983
Balance at 30 June 2009		7,230,687	-	(361,525)	(7,230,687)	758,038	396,513	321	396,834
Balance at 01 January 2010 (Unaudited)		7,230,687	-	(361,525)	(7,230,687)	904,513	542,988	321	543,309
Additional issue and listing of shares in connection with IPO	18	723,078	654,035	361,525	-	-	1,738,638	-	1,738,638
Total comprehensive loss for the period		-	-	-	-	(472,925)	(472,925)	-	(472,925)
Disposal of non-controlling interest		-	-	-	-	-	-	(321)	(321)
Balance at 30 June 2010 (Unaudited)		7,953,765	654,035	-	(7,230,687)	431,588	1,808,701	-	1,808,701

The notes on pages 7 to 18 are an integral part of these interim condensed consolidated financial statements.

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

1. CORPORATE INFORMATION

These interim condensed consolidated financial statements are prepared by the open joint stock company "Russian Sea Group". The principal activities of OJSC "Russian Sea Group" ("the Company") and its subsidiaries (jointly referred to as "the Group") are production and distribution of fish and seafood products. The production and selling companies of the Group are located in Russia. The Company is registered under the laws of Russia in Sankt-Petersburg, Dnepropetrovskaya str., 65. The Company's headquarter address is Moscow, Letnikovskaya str.,10, building 5.

As of 30 June 2009 the sole shareholder of the Company was Corsico Ltd registered under the laws of Cyprus. The Group's ultimate controlling party was Maxim Vorobiev, a Russian citizen who controlled 99% interest in Corsico Ltd. On 16 April 2010, the Group placed 15mln. shares in an IPO and obtained listing on the Russian Stock Exchange (RTS) and Moscow Interbank Currency Exchange (MICEX) (Note 18). As of 30 June 2010 Corsico Ltd owned 61% of share capital, 20% of shares were owned by the Group's management and 19% of shares were in free float.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of the Company on 8 September 2010.

The principal activities and the entities of the Group as of 30 June 2010 and 2009 were as follows:

		Equity interest, %	
Name	**Principal activity**	**30 June 2010**	**30 June 2009**
OJSC "Russian Sea Group"	Holding/managing company	n/a	n/a
CJSC "Russian Fish Company"	Distribution	100	100
"Russian Sea Delivery" LLC	Distribution	100	100
"Russian Sea – Kaliningrad" LLC	Fish and seafood processing	100	100
CJSC "Russian Sea"	Fish and seafood processing	100	100
"Trout Farm Segozerskoye" LLC	Fish farming	100	100
"Russian Sea Aquaculture" LLC	Fish farming	100	100
"Royal Fish" LLC (A)	Dormant entity	-	97

(A) In February 2010 "Royal Fish" LLC was disposed. This disposal had no material effect on the interim condenced consolidated financial statements of the Group.

All subsidiaries are registered in Russia.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The annual consolidated financial statements of OJSC "Russian Sea Group" are prepared in accordance with International Financial Reporting Standards ("IFRS"). These interim condensed consolidated financial statements for the half year ended 30 June 2010 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Accordingly, they do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") in the annual financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Group's annual IFRS consolidated financial statements as of 30 June 2009, considering the effect of adoption of new Standards and Interpretations, which is described below.

The Company and its subsidiaries maintain their accounting records in accordance with regulations applicable in the Russian Federation. These interim condensed consolidated financial statements are based on those accounting books and records, as adjusted and reclassified to comply with IAS 34.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements. Actual results can differ significantly from such estimates.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other than the effect of adoption of new Standards and Interpretations, as described below, the Group followed the same accounting policies and methods of computation as compared with those applied in the financial statements at 30 June 2009.

These interim condensed consolidated financial statements unless expressly indicated otherwise are presented in the national currency of the Russian Federation, Russian Rouble (RR), which is the functional currency of the Company and its subsidiaries.

Seasonality of operations

Due to the seasonal nature of the Group's operations, higher revenues in both operating segments (Note 3) are usually expected in the fourth quarter of each calendar year due to very high customer demand for fish and seafood during the Christmas and New Year period.

Given the seasonality of operations, the Group's operating results for the six-month period ended 30 June 2010 are not necessarily indicative of the results that may be expected for the year ending 31 December 2010.

Going concern

The significant disruption in the global supply of salmon and trout and high purchase prices during the first half of 2010 affected the Group's revenue and margin in both segments.

Consolidated revenue for the first six months of 2010 fell by 15.5% compared to the first six months of 2009, gross margin dropped from 19.2% in the first six months of 2009 to 10.2% in the first six months of 2010. The decrease in gross margin was primarily due to increased raw materials cost which could not be passed on in full to end customers. The strong price competition in order to keep market share and price sensitivity of end customers did not allow an increase in sales price accordingly and caused the gross margin decline.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and the settlement of liabilities in the normal course of business.

Net current assets equal 369,866 as of 30 June 2010, while net current liabilities amounted to 989,843 as of 30 June 2009.

Net debt to equity ratio improved from 8.81 as of 30 June 2009 to 1.39 as of 30 June 2010.

However, the Group is in breach of 2 covenants ((Interest + Debt)/EBITDA and net profit) which are covered by the loan agreement with VTB (Note 10).

The Group's ability to continue as a going concern is dependent in the short-term on increase of profitability in both segments, sufficiency of liquid funds to finance operating activities and timely repayment of debt as it falls due. In order to increase margin, maintain liquidity and guarantee settlement of all obligations on a timely basis management has introduced the following measures:

- In February, March and April of 2010 all loan agreements with VTB and Sberbank in the total amount of 2,900,000 were signed at a lower variable interest rate (Note 10);
- Terminated pre-payment terms with the main vendors, intensified supply chain inventory management (including closure of several regional branches, extension of credit terms and conditions and agreement of additional discounts with foreign vendors);
- Cost reduction plan is under implementation to significantly reduce cost of good sold and general and administration expenses of the Group;
- Signed contracts with new suppliers in Norway for restoring supply of trout and salmon;
- Building regional distribution network (16 sales representatives in Chilled and Frozen Business have been hired and started to work in the regions).

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Management has evaluated the Group's ability to continue as a going concern and believes that the Group will continue to trade as a going concern for the foreseeable future. In addition, management believes that should it be necessary, it will be able to draw down on facilities which are currently uncommitted.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2009, except for the following new or revised standards and interpretations issued by the IASB and IFRIC effective for financial years beginning on or after 1 July 2009:

Standards and Interpretations	Effective for accounting periods beginning on or after
IAS 1 (Revised) "Presentation of Financial Statements"	1 January 2009
IAS 23 (Revised) "Borrowing Costs"	1 January 2009
IAS 27 (Revised) "Consolidated and Separate Financial Statements"	1 July 2009
IAS 28 (Revised) "Investments in Associates"	1 July 2009
IAS 31 (Revised) "Interests in Joint Ventures"	1 July 2009
IAS 39 "Financial Instruments: recognition and measurement" (amended)	1 July 2009
IFRS 3 "Business Combinations"	1 July 2009
IFRS 8 "Operating Segments"	1 January 2009
IFRIC 17 "Distributions of Non-cash Assets to Owners"	1 July 2009
IFRIC 18 "Transfers of assets from customers"	1 July 2009
Improvement to IFRS (2008)	1 January 2009 (generally)

Except as described below the adoption of these standards and interpretations have not had and is not expected to have an impact on the consolidated financial statements of the Group:

Application of IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 3.

IAS 1 Presentation of Financial Statements (revised)

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRSs and IFRIC interpretations not yet effective

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the period since 1 July 2009 and have not been early adopted:

- IFRS 9 "Financial instruments" issued in December 2009. The standard introduces new requirements for classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
- Revised IAS 24 "Related party disclosures" issued in November 2009. It supersedes IAS 24 "Related party disclosures" issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.
- "Classification of rights issues" (Amendment to IAS 32), issued in October 2009. For right issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price denominated. The amendment should be for annual periods beginning on or after 1 February 2010. Earlier application is permitted.
- "Prepayment of a minimum funding requirement" (Amendments to IFRIC 14) issued in November 2009. The amendments correct an unintended consequence of IFRIC 14 and IAS 19. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.
- IFRIC 19 "Extinguishing financial liabilities with equity instruments". This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

The impact of the adoption of these standards and interpretations in the preparation of the consolidated financial statements in future periods is currently being assessed by the Group's management and it is anticipated that the adoption of these standards and interpretations will have no material effect in the period of initial application. The Group will adopt the pronouncements listed above in the period starting on or after the date when they become effective.

Reclassifications

Certain comparative figures presented in the condensed consolidated financial statements for the year ended 30 June 2009 have been reclassified to be consistent with classifications as of 30 June 2010. The effect of the reclassifications is summarized below:

	30 June 2009 (As previously reported)	Reclassifications	30 June 2009 (Revised)
Advances paid to suppliers	785,055	(71,367)	713,688
Short-term financial assets	-	71,367	71,367

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

3. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and has two reportable operating segments[1]: (1) chilled and frozen fish distribution and (2) ready-to-eat fish and seafood products. The Group is also involved in fish farming operating activities conducted by "Trout Farm Segozerskoye" LLC and "Russian Sea Aquaculture" LLC. However for segment reporting purposes, the fish farming business was included in the chilled and frozen fish distribution operating segment, as its result is not material to be reported as a separate operating segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit. Segment profit is segment revenue less segment expense. Segment expense consists of cost of sales and selling and distribution costs.

The following table presents revenue and profit information regarding the Group's operating segments:

Six months ended 30 June 2010 (Unaudited)	**Chilled and frozen fish distribution**	**Ready-to-eat fish and seafood products**	**Eliminations**	**Group**
Sales to external customers	5,518,463	1,532,970	-	7,051,433
Inter-segment sales	916,235	84,093	(1,000,328)	-
Total revenue	**6,434,698**	**1,617,063**	**(1,000,328)**	**7,051,433**
Segment profit [2]	**316,690**	**(422,711)**	**4,290**	**(101,731)**
General and administrative expenses				(350,379)
Other operating income				48,968
Other operating expenses				(15,904)
Interest income				21,567
Interest expense				(296,484)
Exchange gain				109,040
Loss before income tax				**(584,923)**
Segment assets	2,536,504	2,713,736		5,250,240
Unallocated assets				1,558,600
Total assets				**6,808,840**
Segment liabilities	910,441	259,574		1,170,015
Unallocated liabilities				3,830,124
Total liabilities				**5,000,139**

Six months ended 30 June 2009 (Unaudited)	**Chilled and frozen fish distribution**	**Ready-to-eat fish and seafood products**	**Eliminations**	**Group**
Sales to external customers	6,320,277	2,031,655	-	8,351,932
Inter-segment sales	904,546	-	(904,546)	-
Total revenue	**7,224,823**	**2,031,655**	**(904,546)**	**8,351,932**
Segment profit	**783,347**	**371,102**	**8,713**	**1,163,162**
General and administrative expenses				(287,917)
Other operating income				5,432
Other operating expenses				(86,926)
Interest income				52,191
Interest expense				(384,993)
Exchange loss				(98,471)
Profit before income tax				**362,478**
Segment assets	2,279,611	3,223,387		5,502,998
Unallocated assets				261,658
Total assets				**5,764,656**
Segment liabilities	1,317,018	310,970		1,627,988
Unallocated liabilities				3,739,834
Total liabilities				**5,367,822**

[1] These segments were re-named as compared to the annual consolidated financial statements from (1) wholesale of raw fish and seafood and (2) production and wholesale of ready-for-use fish and seafood products.

[2] Inter-segment sales are based on about 1.75% mark up for the six month ended 30 June 2010 (2009: 13.3%)

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include shareholders, key management, entities under common ownership and control, and entities over which the Group has significant influence.

The nature of the related party relationships for those related parties with whom the Group entered into transactions for the six month period ended 30 June 2010 and 2009 or had balances outstanding at 30 June 2010 and 2009 are detailed below.

Balances with Related Parties:

	Loans receivable from related parties	Interest and other receivable	Cash and cash equivalents
30 June 2010 (Unaudited)			
Entities under common control (A)	-	1,318	-
Entities under common control (A)	-	485	1,148,170
Key management personnel (B)	13,342	1,575	-
30 June 2009			
Parent entity (C)	62,367	2,648	-
Entities under common control (C)	9,000	-	-
Entities under common control (A)	-	-	456

Transactions with Related Parties:

Description	Relationship	Six months ended 30 June, 2010 (Unaudited)	2009 (Unaudited)
Loans provided to related parties	Parent entity (C)	16,000	725,000
Loans repaid by related parties	Parent entity (C)	16,000	662,633
	Entities under common control (C)	-	41,000
Bond reissued	Entities under common control (F)	577,000	-
Payment received from transaction with bonds	Entities under common control (F)	599,550	-
Purchases	Entity under common control (D)	8,989	1,060
	Parent entity	194	-
Interest income	Entity under common control (C)	83	2,689
	Entity under common control (A)	4,389	-
	Parent entity (C)	-	14,895
	Key management personnel	1,389	-
Interest accrued	Entities under common control (F)	10,242	-
Other operating income	Entities under common control (F)	12,309	-
Other operating income	Entity under common control (E)	240	-

(A) Cash and cash equivalents represent current bank accounts and deposits, interest income related to interest accrued for cash deposits at interest rate 2-5% in US dollars.

(B) Long-term unsecured loan denominated in Russian Roubles provided to related party with maturity date in 2015 and an interest rate of 6.67% p.a.

(C) Short-term unsecured loans provided to related parties were denominated in US dollars and attracted an interest rate of 11.5% p.a. (2009: 12% p.a).

(D) Purchases from entities under common control represented consulting services.

(E) Other operating income represented rent of office.

(F) Transaction related to repurchase bonds by the related party in amount of 577,000 units.

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Compensation to Key Management Personnel

Key management personnel comprised 18 persons as at 30 June 2010 (2009: 7 persons). Total compensation to key management personnel, all of which represented short-term employee benefits (monthly payroll and bonuses), included in general and administrative expenses in the income statement amounted to 47,529 for the six months ended 30 June 2010 (17,280 for the six months ended 30 June 2009).

Shareholders of the Group

As of 30 June 2010 and 2009 the registered shareholders of OJSC "Russian Sea Group" and their respective ownership and voting rights were as follows:

	30 June 2010 (Unaudited)	30 June 2009
Corsico Ltd.	61%	95%
Management	20%	-
Free float	19%	-
Treasury shares	-	5%
	100%	**100%**

All shares bear equal voting rights.

5. CASH AND CASH EQUIVALENTS

	30 June 2010 (Unaudited)	30 June 2009
Russian Rouble denominated cash in banks and on hand	597,892	221,776
Foreign currency denominated cash in banks	678,921	2,493
Cash equivalents	2,858	11,968
	1,279,671	**236,237**

Cash in banks include short-term, redeemable on demand deposits in the amount of 924,912 as of 30 June 2010 (nil as of 30 June 2009).

6. TRADE AND OTHER RECEIVABLES

	30 June 2010 (Unaudited)	30 June 2009
Trade receivables	1,050,623	1,079,761
Other receivables	246,659	174,928
Allowance for doubtful accounts receivable	(112,702)	(129,857)
	1,184,580	**1,124,832**

Trade receivables are non-interest bearing and are normally settled within 90-120 days.

Included in the Group's total trade and other receivables are debtors with a carrying amount of 195,570 and 244,216 as of 30 June 2010 and 2009, respectively, which are past due at the respective reporting date and which the Group considers to be fully recoverable. The Group does not hold any collateral over these outstanding balances.

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

7. TRADE PAYABLES

	30 June 2010 (Unaudited)	30 June 2009
Trade payables for raw fish and seafood	802,876	1,159,909
Trade payables for packaging materials	9,657	4,393
Trade payables for operational services	142,266	193,090
	954,799	**1,357,392**

8. ADVANCES PAID TO SUPPLIERS

	30 June 2010 (Unaudited)	30 June 2009
Seasonal advances paid to fishing companies (Note 9)	110,842	295,411
Advances paid for raw fish and seafood	64,944	104,104
Advances paid for packaging materials	7,006	13,084
Other	284,711	301,089
Less: Impairment for advances paid	(43,758)	-
	423,745	**713,688**

9. SHORT-TERM FINANCIAL ASSETS

During 2010 one of the suppliers of the Group with whom the Group had old outstanding advances was acquired by a third party. As a result of this transaction the Group concluded an agreement for refinancing of those advances to be settled in cash till December 2010. Accordingly, the outstanding amount of 188,541 was classified as short-term financial assets as of 30 June 2010.

10. SHORT-TERM BORROWINGS

Short term borrowings as at 30 June 2010 consisted of the following:

Bank	Outstanding balance as of 30 June 2010 (Unaudited)	Interest rate	Maturity date	Credit facility limit
VTB				
Agreement N2441 dd. December 2009 as amended by additional agreement dd. 15 April 2010	1,400,000	MosPrime3M + 3,25%	3 June 2011	1,400,000
Sberbank				
Agreement N6/1 dd. February 2010	300,000	MosPrime3M + 4,5%	February 2011	300,000
Agreement N6/2 dd. February 2010	300,000	MosPrime3M + 4,5%	February 2011	300,000
Agreement N6/3 dd. February 2010	250,000	MosPrime3M + 4,5%	February 2011	250,000
Agreement N6/4 dd. March 2010	300,000	MosPrime3M + 4,5%	March 2011	300,000
Agreement N6/5 dd. March 2010	350,000	MosPrime3M + 4,5%	March 2011	350,000
Total	**2,900,000**			

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

10. SHORT-TERM BORROWINGS (CONTINUED)

Short term borrowings as at 30 June 2009 consisted of the following:

Bank	Outstanding balance as of 30 June 2009 (Unaudited)	Interest rate	Maturity date	Credit facility limit
VTB				
Agreement N2212 dd. December 2008	1,540,000	17,1%	December 2009	1,540,000
Agreement N2309 dd. June 2009	650,000	19%	September 2009	650,000
Sberbank				
Agreement N34 dd. May 2009	323,000	17,25%	May 2010	323,000
Agreement N13 dd. March 2009	650,000	17,25%	March 2010	650,000
Agreement N36 dd. June 2009	527,000	16,50%	November 2010	527,000
Total	**3,690,000**			

The VTB credit facility was secured by a pledge of 404,818 shares of CJSC "Russian Sea" and 607,144 shares of CJSC "Russian Fish Company". As at 30 June 2010, the Sberbank short-term credit facility was secured by a pledge of inventory (raw fish) in the amount of 770,126 (as at 30 June 2009: 1,047,764) and by a pledge of production equipment in the amount of 254,270 (as at 30 June 2009: 261,029).

Certain credit facility agreements also establish a minimal monthly credit turnover requirement for the Group's accounts with the creditor bank.

The loan agreements with VTB and Sberbank establish certain financial covenants which should be maintained by the Group. As of 30 June 2010 the Group did not comply with several covenants stipulated in loan agreements with VTB and Sberbank. Such non-compliance with the covenants gives VTB the right to increase the current interest rate by 2%. With respect to the non-compliance on the Sberbank loan covenant, the Group received a waiver indicating that the balance outstanding as of 30 June 2010 would not be recalled.

11. BONDS PAYABLE

In January 2010 the Group re-issued 1,181,000 non-convertible bonds, which were previously redeemed by the Group in June 2009, for thousand 1,206,597 with the resulting gain recognized in other income in the amount of 25,597. The bonds are due on 14 June 2012, and bondholders have a put option exercisable every June during the perod of circulation. Therefore the bonds are classified as current liabilities.

In June 2010, the Group pre-maturely redeemed 1,180,979 non-convertible bonds, at par for thousand 1,180,979 and re-issued again 902,000 non-convertible bonds for 896,804.

The coupon rate for the bonds payable outstanding as of 30 June 2010 was set at 18% p.a., with interest payable on a quarterly basis (30 June 2009: 12.75%).

12. GROSS MARGIN

A major part of the Group's revenues are derived from the distribution of salmon and trout and production of delicacy fish products. The significant decrease in Group revenues for the first six months of 2010 compared to the same period of 2009 was driven mainly by tight global supply of salmon and trout, as has been the case from mid 2009. Following a decrease of salmon supply from Norway, the largest global producer of farmed salmon, tight fish supply caused sharp price jumps which negatively affected consumption and caused the related price-driven decline in consumer demand. To facilitate sales, when the delicacy fish supply was tight and prices were rising, the Group had to offer significant discounts to distributors and retailers and offered a number of price promotions for its ready-to-eat products, which resulted in significant decline of gross margins.

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

13. SELLING AND DISTRIBUTION COSTS

	Six months ended 30 June	
	2010 (Unaudited)	**2009 (Unaudited)**
Transport	288,411	226,892
Obsolete stock provision	127,322	-
Payroll	119,388	68,310
Warehouse rent	80,987	83,930
Write-offs as a result of stock take	64,813	10,685
Advertising	54,086	28,958
Advance paid impairment	43,758	-
Certification	13,791	9,437
Commission fees	6,689	466
Insurance of goods in transit	1,525	1,736
Reversal of recognized bad debt expense	(12,773)	(13,733)
Other	33,064	22,855
	821,061	**439,536**

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2010 (Unaudited)	**2009 (Unaudited)**
Payroll	210,263	193,717
Rent and maintenance of buildings	27,783	18,939
Bank charges	25,346	14,377
Depreciation and amortization	19,848	11,779
Audit and consulting	15,494	16,689
Travel	9,682	4,752
Taxes other than income tax	8,365	7,072
Communication	7,154	4,799
Security	5,876	2,964
Other	20,568	12,829
	350,379	**287,917**

15. EXCHANGE GAIN/(LOSS)

Exchange gain in the amount of 77,584 occurred as a result of fluctuation of exchange rates between the dates of IPO and date of payment for shares.

16. INCOME TAX

The major components of income tax expense (benefit) are as follows:

	Six months ended 30 June	
	2010 (Unaudited)	**2009 (Unaudited)**
Current income tax expense	37,323	137,212
Income tax recognized in equity	(16,890)	-
Deferred income tax benefit	(132,431)	(51,717)
Total income tax (benefit)/expense	**(111,998)**	**85,495**

(All amounts in thousands of Russian Rouble, if not otherwise indicated)

16. INCOME TAX (CONTINUED)

The Group has tax losses that are available indefinitely for offset against future taxable profits of the companies in which they arose. Deferred tax assets have been recognized in respect of these losses as they have arisen in subsidiaries that are expected to be profitable in future periods.

	Six months ended 30 June	
	2010 (Unaudited)	**2009 (Unaudited)**
(Loss)/profit before income tax expense	(584,923)	362,478
Theoretical income tax (benefit)/expense at statutory rate of 20%	(116,985)	72,496
Adjustments due to:		
Non-deductible expenses	17,252	5,813
Non-deductible income	(15,617)	-
Write-off of deferred tax asset	3,352	7,186
Income tax (benefit)/expense	**(111,998)**	**85,495**

17. EARNINGS PER SHARE

Earnings per share are calculated as follows:

	Six months ended 30 June	
	2010 (Unaudited)	**2009 (Unaudited)**
Weighted average number of ordinary shares outstanding	73,924,867	68,691,619
(Loss)/profit for the period attributable to equity holders of the parent	(472,925)	276,982
Basic and diluted (loss)/earnings per share, Russian Roubles	**(6.40)**	**4.03**

18. SHARE CAPITAL AND EQUITY

As at 31 December 2009 the authorized and issued number of the Company's ordinary shares amounted to 72,306,874 with a par value of 100 Russian Roubles per share. All the issued shares were exchanged for the interests in the Group subsidiaries previously held by the Company's shareholder Corsico Ltd.

In November 2008 the Group acquired 3,615,254 of its ordinary shares for cash consideration of 415,758. The difference of 54,233 between par value of the treasury shares and consideration paid was recorded in retained earnings.

In April 2010 the Group held an initial public offering of its shares by listing its shares on the Russian Stock Exchange (RTS) and Moscow Interbank Currency Exchange (MICEX). The Offering consisted of 3,615,254 treasury shares and an offering by the shareholder of 11,384,746 shares. Subsequently the Group issued to public investors 7,230,777 additional shares, each with a nominal value of 100 Russian Roubles per share. The additional ordinary shares issued have the same rights as the other shares in issue. The fair value of the listed shares amounted to 0.174 (US $6.00 per share). The related transaction costs amounting to 127,150 with tax effect 16,890 have been netted off with the deemed proceeds.

Dividends

In accordance with Russian legislation, earnings available for dividends are limited to retained earnings of OJSC "Russian Sea Group", calculated in accordance with statutory rules in local currency. No dividends were declared or paid during six months ended 30 June 2010 and 2009 and subsequent to 30 June 2010 up to the date of authorization of this condensed consolidated financial statements for issue.

19. COMMITMENTS AND CONTINGENCIES

Operating environment

The Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital market instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia. While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Taxation and regulatory environment

Laws and regulations affecting businesses in the Russian Federation continue to change. Those changes are characterized by different interpretations and arbitrary application by the authorities. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments as a result, it is possible that the transactions and activities that have not been challenged in the past may be challenged. It is therefore possible that significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances review may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However the relevant authorities may have differing interpretations, and the effects could be significant. Management's estimate of the amount of possible liabilities, including fines that could be incurred in the event that the tax authorities disagree with the Group's position on certain tax matters and certain tax practices used by the Group is 10,899 at 30 June 2010 (as at 30 June 2009: 69,998). Should the Russian tax authorities decide to issue a claim and prove successful in court, they would be entitled to recover the amount claimed, together with fines amounting to 20% of such amount and interest at a rate of 1/300 of the Central Bank of Russia rate for each day of delay for late payment of such amount. Management believes that it is not probable that the ultimate outcome of such matters would result in additional liabilities. Therefore, no provision for these contingencies was recorded in these interim condensed consolidated financial statements.

Environmental matters

The Group's management believes that it is in compliance with applicable legislation and is not aware of any potential environmental claims. Therefore, no liabilities associated with such costs are recorded as of 30 June 2010.

20. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through 8 September 2010 which is the date of issuance of this condensed consolidated financial information. As at the date when this interim condensed consolidated financial information was authorised for issue, no material subsequent events have taken place that would require disclosure in the financial statements.