URALCHEM HOLDING P.L.C.

Condensed consolidated interim financial statements for the nine months ended 30 September 2011 (unaudited)

URALCHEM HOLDING P.L.C.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

The following statement is made with a view to stipulate the responsibilities of management in relation to the unaudited condensed consolidated interim financial statements of UralChem Holding P.L.C. and its subsidiaries (the "Group").

Management is responsible for the preparation of condensed consolidated interim financial statements that present fairly the financial position of the Group as at 30 September 2011, the results of its operations for the nine months ended 30 September 2011, cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting.

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

- selecting suitable accounting principles and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the condensed consolidated interim financial statements; and
- preparing the condensed consolidated interim 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, within its competencies, is also responsible for:

- designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- taking steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The condensed consolidated interim financial statements for the nine months ended 30 September 2011 were approved and signed on 30 November 2011 by:

Victor Zorkin	Charalambos Meivatzis
Director	Director

Limassol, Cyprus
30 November 2011

URALCHEM HOLDING P.L.C.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2011	**2010**	**2011**	**2010**
Revenue					
Sales of goods	6	1,491,430	928,708	498,114	297,935
Other sales		64,073	51,723	21,913	19,043
Total revenue		**1,555,503**	**980,431**	**520,027**	**316,978**
Cost of sales	7	(656,977)	(536,861)	(198,225)	(176,000)
Gross profit		**898,526**	**443,570**	**321,802**	**140,978**
Selling and distribution expenses	8	(331,510)	(232,451)	(102,689)	(74,333)
General and administrative expenses	9	(85,723)	(83,242)	(27,318)	(25,268)
Other operating income		11,835	6,868	542	3,719
Other operating expenses		(6,010)	(9,032)	6,765	(1,927)
Operating profit		**487,118**	**125,713**	**199,102**	**43,169**
Interest income		1,247	865	85	159
Interest expense		(93,253)	(114,518)	(29,647)	(35,838)
Share of gain/(loss) of associates		969	(735)	637	430
Foreign exchange (loss)/gain from financing activities		(31,270)	(3,895)	(115,507)	25,928
Profit before tax		**364,811**	**7,430**	**54,670**	**33,848**
Income tax		(75,804)	4,196	(9,644)	(8,741)
Profit for the period		**289,007**	**11,626**	**45,026**	**25,107**
Attributable to:					
Shareholders of the parent		280,793	17,022	40,869	26,524
Non-controlling interests		8,214	(5,396)	4,157	(1,417)
		289,007	**11,626**	**45,026**	**25,107**
Earnings per share					
Weighted average number of ordinary shares in issue during the period		175,000,000	175,000,000	175,000,000	175,000,000
Basic and diluted earnings per share (US dollars per share)		1.60	0.10	0.23	0.15

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Nine months ended 30 September		**Three months ended 30 September**	
	2011	**2010**	**2011**	**2010**
Profit for the period	**289,007**	**11,626**	**45,026**	**25,107**
Other comprehensive (loss)/income:				
Effect of translation to presentation currency	(17,685)	(1,924)	(23,606)	1,562
Other comprehensive (loss)/income	**(17,685)**	**(1,924)**	**(23,606)**	**1,562**
Total comprehensive income for the period	**271,322**	**9,702**	**21,420**	**26,669**
Total comprehensive income/(loss) for the period attributable to:				
Shareholders of the parent	261,456	15,414	18,601	26,307
Non-controlling interests	9,866	(5,712)	2,819	362
	271,322	**9,702**	**21,420**	**26,669**

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

URALCHEM HOLDING P.L.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Notes	30 September 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	10	594,730	638,073
Goodwill		160,452	168,329
Intangible assets		14,306	11,426
Investments in associates		34,777	34,715
Inventories	11	29,968	32,704
Available-for-sale investments		168,793	176,530
Long-term accounts receivable		2,623	3,072
Other financial assets		5,027	4,833
Deferred tax assets		56,018	72,305
		1,066,694	**1,141,987**
Current assets			
Assets held for sale		6,225	9,274
Inventories	11	125,825	112,938
Trade and other receivables		92,164	103,115
Advances paid and prepaid expenses		28,656	33,776
Income tax receivable		8,630	5,482
Other taxes receivable		61,127	54,788
Other financial assets		1,593	1,689
Cash and cash equivalents		63,257	46,410
		387,477	**367,472**
TOTAL ASSETS		**1,454,171**	**1,509,459**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		1,374	1,374
Additional paid-in capital		152,223	152,223
Foreign currency translation reserve		(88,189)	(68,852)
Retained earnings/(Accumulated deficit)		31,043	(262,630)
Equity attributable to shareholders of the parent		**96,451**	**(177,885)**
Non-controlling interests		472	33,639
Total equity		**96,923**	**(144,246)**
Non-current liabilities			
Loans and borrowings	12	607,122	881,043
Obligations under finance leases		43,309	37,543
Trade and other payables		10,651	8,936
Retirement benefit obligations		8,566	8,655
Deferred tax liabilities		49,012	43,627
		718,660	**979,804**
Current liabilities			
Loans and borrowings	12	529,686	473,263
Obligations under finance leases		12,163	10,604
Trade and other payables		72,736	114,911
Non-controlling interest liability	3	3,323	-
Advances received		11,455	56,041
Income tax payable		3,325	13,782
Other taxes payable		5,900	5,300
		638,588	**673,901**
Total liabilities		**1,357,248**	**1,653,705**
TOTAL EQUITY AND LIABILITIES		**1,454,171**	**1,509,459**

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

URALCHEM HOLDING P.L.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Operating activities		
Profit before tax	**364,811**	**7,430**
Adjustments for:		
Depreciation of property, plant and equipment	70,809	78,280
Amortisation of intangible assets	2,236	1,251
Change in provisions and allowances	(412)	610
Write-down of inventory to net realisable value	1,138	1,614
Loss on disposal of property, plant and equipment	4,099	1,039
Foreign exchange loss, net	31,101	6,363
Share of (gain)/loss of associates	(969)	735
Gain on disposal of subsidiaries	(588)	-
Interest income	(1,247)	(865)
Interest expense	93,253	114,518
Operating cash flows before working capital changes	**564,231**	**210,975**
Increase in inventory	(26,865)	(21,598)
Decrease/(increase) in trade and other receivables	9,953	(17,298)
Decrease in advances paid and prepaid expenses	3,901	3,735
(Increase)/decrease in other taxes receivable	(8,790)	35,764
Increase in retirement benefit obligations	322	553
Decrease in trade and other payables	(18,463)	(509)
Decrease in advances received	(46,538)	(27,840)
Increase in other taxes payable	1,036	1,353
Cash generated from operations	**478,787**	**185,135**
Interest paid	(79,971)	(102,780)
Income tax paid	(69,075)	(17,894)
Net cash generated from operating activities	**329,741**	**64,461**
Investing activities		
Acquisition of short-term promissory note	-	(35,000)
Proceeds from disposal of subsidiaries	1,076	-
Payments for property, plant and equipment	(50,777)	(29,278)
Proceeds from disposal of property, plant and equipment	9,963	5,071
Payments for intangible assets	(6,373)	(2,290)
Loans issued	(773)	(28,870)
Proceeds from repayment of loans issued	808	48,013
Interest received	228	16,040
Net cash used in investing activities	**(45,848)**	**(26,314)**

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (CONTINUED) (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Financing activities		
Proceeds from short-term loans and borrowings	225,623	133,894
Proceeds from long-term loans and borrowings	36,170	92,992
Repayment of short-term loans and borrowings	(484,445)	(291,360)
Distribution of dividends received from the associate to parent company	(15,778)	-
Increase of ownership in subsidiaries	(27,350)	(577)
Proceeds from issue of shares by a subsidiary	526	-
Repayment of principal amounts of finance leases	(6,267)	(4,443)
Net cash used in financing activities	**(271,521)**	**(69,494)**
Net increase/(decrease) in cash and cash equivalents	**12,372**	**(31,347)**
Cash and cash equivalents at the beginning of the period	46,410	53,658
Effect of exchange rate changes on the balance of cash held in foreign currencies	4,475	(122)
Cash and cash equivalents at the end of the period	**63,257**	**22,189**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Notes	Share capital	Additional paid-in capital	Foreign currency translation reserve	(Accumulated deficit)/ Retained earnings	Total	Non-controlling interests	Total
			Attributable to shareholders of the company					
Balance as at 1 January 2010		**1,374**	**152,223**	**(66,636)**	**(259,386)**	**(172,425)**	**73,121**	**(99,304)**
Profit/(loss) for the period		-	-	-	17,022	**17,022**	(5,396)	**11,626**
Other comprehensive loss		-	-	(1,608)	-	**(1,608)**	(316)	**(1,924)**
Total comprehensive (loss)/income for the period		**-**	**-**	**(1,608)**	**17,022**	**15,414**	**(5,712)**	**9,702**
Increase of ownership in a subsidiary		-	-	-	(55)	**(55)**	(522)	**(577)**
Disposal of subsidiaries		-	-	-	2,027	**2,027**	3,392	**5,419**
Balance as at 30 September 2010		**1,374**	**152,223**	**(68,244)**	**(240,392)**	**(155,039)**	**70,279**	**(84,760)**
Balance as at 1 January 2011		**1,374**	**152,223**	**(68,852)**	**(262,630)**	**(177,885)**	**33,639**	**(144,246)**
Profit for the period		-	-	-	280,793	**280,793**	8,214	**289,007**
Other comprehensive (loss)/income		-	-	(19,337)	-	**(19,337)**	1,652	**(17,685)**
Total comprehensive income for the period		**-**	**-**	**(19,337)**	**280,793**	**261,456**	**9,866**	**271,322**
Increase in non-controlling interests due to additional share issue by a subsidiary		-	-	-	-	**-**	519	**519**
Increase of ownership in subsidiaries					7,927	**7,927**	(30,576)	**(22,649)**
Non-controlling interest liability	3	-	-	-	4,953	**4,953**	(12,976)	**(8,023)**
Balance as at 30 September 2011		**1,374**	**152,223**	**(88,189)**	**31,043**	**96,451**	**472**	**96,923**

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Organisation

UralChem Holding P.L.C. ("the Company") is a public limited company which was incorporated in Cyprus on 4 May 2006. As at 30 September 2011, the Company was 95.5% owned by CI-Chemical Invest Limited, incorporated in Cyprus. The remaining 4.5% of the Company's shares were held by management. The principal beneficial shareholder of the Company is Mr. Dmitry A. Mazepin. The Company's main office is located at 249, 28th Oktovriou Street, Lophitis Business Center, 1st floor, Office 101, P.C. Limassol 3035, Cyprus.

Principal business activities

The principal business activities of the Group are the production and distribution of mineral fertilisers. The main products of the Group are nitrogen based, phosphate based and complex fertilisers. The major production facilities of the Group are located in the Moscow, Perm and Kirov regions of the Russian Federation.

Market conditions

During nine months ended 30 September 2011 the development of global economic environment provided significant price growth for all basic fertilizers.

Upward price trend in the ammonia market was due to supply deficit and stable demand growth in Europe, USA, South –Eastern Asia and North Africa. Ammonia prices increased by 46.0% during nine months of 2011 as compared to nine months of 2010. Urea market experienced traditional market weakening at the end of first quarter 2011, strong price growth through second quarter and futher short downward correction and stabilisation of the price level. The main reason for price changes was a strong misbalance between firm demand growth in Asia, Latin America and Africa markets and tight supply. High urea prices were also supported by strong commodity prices. Prices for ammonium nitrate showed stable growth since May 2011, however decrease on the main markets during the third quarter 2011 led to reduction of prices to the level of the beginning of the year. Global phosphates market showed stable price growth since the beginning of the year.

As at 30 September 2011, the Group had a working capital deficiency of USD 251,111 thousand (2010: USD 306,429 thousand). The primary cause of the working capital deficit relates to the Group's short-term loans and borrowings in the amount of USD 529,686 thousand (31 December 2010: USD 473,263 thousand) which are repayable within twelve months from the end of the reporting period.

Management believes based on the information discussed above, that the Group will be able to meet its borrowing obligations and that the Group will continue to generate positive operating cash flows.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board, except for accounting for investments in associates.

These condensed consolidated interim financial statements are prepared based on the accounting policies applied in the annual consolidated financial statements of the Group for the year ended 31 December 2010, and should be read in conjunction with the consolidated financial statements and accompanying notes included in the Group's consolidated financial statements for the year ended 31 December 2010.

3. BUSINESS COMBINATIONS

Non-controlling interest liability

During the nine months ended 30 September 2011, the Group made offers to acquire the remaining non-controlling interests in the two Group subsidiaries. At the date of approval of these condensed consolidated interim financial statements, the Group has already received acceptance from several non-controlling shareholders, and the management assess the probability of the future outflow of economic benefits as highly probable. In accordance with IFRS, the Group recognised a liability in the amount equal to the fair value of the ultimate cash obligation. The difference between the carrying value of the non-controlling interest derecognised in the statement of changes in equity and the fair value of liability was recognised as an increase in retained earnings. The maximum amount of obligation which the Group could potentially face under these offers and the prepayments made to the non-controlling shareholders under one of the offers were reported net in the statement of financial position in the amount of USD 3,323 thousand.

Increase of ownership interest in VMF in 2011 by the Group

During the nine months ended 30 September 2011, the Group acquired, through a number of transactions with non-controlling shareholders, an additional 10.04% of VMF's shares for a total cash consideration of USD 22,643 thousand, increasing its ownership in the company to 99.9%. The carrying value of VMF's net assets at the dates when the shares were acquired ranged from USD 245,346 thousand to USD 268,312 thousand. As a result of these transactions, the Group recognised a decrease in net assets attributable to non-controlling interests in the amount of USD 30,568 thousand. The excess of the Group's share in net assets acquired over the consideration paid of USD 7,925 thousand was recognised directly in the statement of changes in equity as an increase in retained earnings.

4. DISPOSAL OF SUBSIDIARY

During the nine months ended 30 September 2011, the Group sold its 100.0% interest in a subsidiary for a total consideration of USD 5,275 thousand, net of cash disposed. The consideration in the amount of USD 4,199 thousand was recorded as other receivables in these condensed consolidated interim financial statements. The amount of cash disposed equalled USD 333 thousand. At the date of disposal the net assets of this company amounted to USD 8,125 thousand.

As a result of this disposal, the Group recognised a gain on disposal of subsidiary in the amount of USD 588 thousand, which was recorded as other income in the income statement in these condensed consolidated interim financial statements.

5. SEGMENT INFORMATION

For management purposes the Group is organised into two segments, Nitrogen Fertilisers and Phosphate Fertilisers. Reports reviewed by the Chief Executive Officer (the "chief operating decision maker") that are used to assess performance and allocate resources are prepared on the same basis.

- Nitrogen Fertilisers: The nitrogen fertilisers segment comprises subsidiaries engaged in the production of nitrogen based fertilisers, complex fertilisers, ammonia, inorganic acids and other chemical products. The major subsidiaries and branches allocated to the nitrogen fertilisers segment are KCCW Mineral Fertiliser Plant OJSC ("KCCW MFP"), located in the Kirov region of the Russian Federation, and Azot branch of Uralchem OJSC ("Azot branch"), located in the Perm region of the Russian Federation; and
- Phosphate Fertilisers: The phosphate fertilisers segment comprises subsidiaries engaged in the production of phosphate based fertilisers, complex fertilisers and inorganic acids. The major subsidiary allocated to the phosphate fertilisers segment is Voskresensk Mineral Fertilisers OJSC ("VMF"), located in the Moscow region of the Russian Federation.

The chief operating decision maker does not regularly review the operating results of other operations, and these operations are not reported as separate operating segments. These other operations contain smaller subsidiaries which engage in a variety of businesses, for example electricity and heat energy generation, construction, repairs and maintenance and processing of waste water.

All amounts are in thousands of US Dollars unless otherwise stated

The profitability of the two operating segments is primarily measured based on OIBDA, which the Group defines as operating profit adjusted for depreciation and amortisation. Since this term is not a standard IFRS measure, the Group's definition of OIBDA may differ from that of other companies. Costs and assets of subsidiaries of the Group engaged in transportation, sales and marketing activities are allocated (pro rata volume of services rendered by these companies to the operating segments) to operating segments within management reports reviewed by the chief operating decision maker. Costs and assets of subsidiaries of the Group engaged in other operations are not allocated to operating segments within management reports reviewed by the chief operating decision maker.

Segment information provided to the chief operating decision maker for the reportable segments for the nine months ended 30 September 2011 is as follows:

Nine months ended 30 September 2011	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Revenue from external customers	1,162,459	328,971	**1,491,430**
Inter-segment revenue	25,453	1,065	**26,518**
Total segment revenue	**1,187,912**	**330,036**	**1,517,948**
OIBDA	514,947	74,861	**589,808**

Nine months ended 30 September 2010	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Revenue from external customers	723,118	205,590	**928,708**
Inter-segment revenue	22,335	446	**22,781**
Total segment revenue	**745,453**	**206,036**	**951,489**
OIBDA	222,476	11,730	**234,206**

The total reportable segment OIBDA is reconciled to consolidated profit before tax as follows:

Nine months ended 30 September 2011	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Segment OIBDA	514,947	74,861	**589,808**
Unallocated operating activity			
Depreciation and amortisation			(73,045)
Corporate overheads			(32,950)
Other			(29,524)
Intersegment operations			32,829
Group operating profit			**487,118**
Interest income			1,247
Interest expense			(93,253)
Share of gain of associates			969
Foreign exchange loss from financing activities			(31,270)
Group profit before tax			**364,811**

All amounts are in thousands of US Dollars unless otherwise stated

Nine months ended 30 September 2010	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Segment OIBDA	222,476	11,730	**234,206**
Unallocated operating activity			
Depreciation and amortisation			(79,531)
Corporate overheads			(27,507)
Other			(33,107)
Inter-segment operations			31,652
Group operating profit			**125,713**
Interest income			865
Interest expense			(114,518)
Share of loss of associates			(735)
Foreign exchange loss from financing activities			(3,895)
Group profit before tax			**7,430**

The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the income statement.

Total reportable segment assets are as follows:

Total segment assets as at:	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
30 September 2011	784,229	308,916	**1,093,145**
31 December 2010	793,932	355,022	**1,148,954**

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that in the financial statements. These assets are allocated based on the operations of the segment.

Investments in shares (classified as available-for-sale financial assets or investments in associates) held by the Group are not considered to be segment assets but are rather managed at the corporate headquarters by the strategic investment function.

Non-current assets other than financial instruments and deferred tax assets are located primarily in the Russian Federation, the location of the Group's major production facilities. The total of these non-current assets located in other countries, including Cyprus, are not significant.

Information about the revenue from sales to external customers attributed to individual countries is not available as the cost to develop it would be excessive. Therefore this information is not disclosed in these condensed consolidated interim financial statements.

All amounts are in thousands of US Dollars unless otherwise stated

6. SALES OF GOODS

Nine months ended 30 September 2011	Total	Export	Russia	CIS
Mineral fertilisers				
Nitrogen based fertilisers	**753,117**	550,913	147,257	54,947
Phosphate based fertilisers	**251,393**	180,085	28,704	42,604
Complex fertilisers	**219,923**	148,902	50,237	20,784
Ammonia	**158,085**	132,103	22,236	3,746
Explosive grade ammonium nitrate	**54,977**	4,507	44,171	6,299
Inorganic acids	**21,521**	139	21,372	10
Other chemical products	**32,414**	6,390	25,536	488
Total	**1,491,430**	**1,023,039**	**339,513**	**128,878**
Nine months ended 30 September 2010				
Mineral fertilisers				
Nitrogen based fertilisers	**483,674**	316,389	117,545	49,740
Phosphate based fertilisers	**154,636**	96,404	32,584	25,648
Complex fertilisers	**120,286**	73,527	30,141	16,618
Ammonia	**99,141**	97,296	1,845	-
Explosive grade ammonium nitrate	**36,331**	4,033	28,868	3,430
Inorganic acids	**13,583**	-	13,583	-
Other chemical products	**21,057**	1,763	18,746	548
Total	**928,708**	**589,412**	**243,312**	**95,984**
Three months ended 30 September 2011				
Mineral fertilisers				
Nitrogen based fertilisers	**251,620**	233,753	14,852	3,015
Complex fertilisers	**80,826**	42,876	24,750	13,200
Phosphate based fertilisers	**73,593**	47,386	12,741	13,466
Ammonia	**55,315**	44,809	10,506	-
Explosive grade ammonium nitrate	**19,030**	1,049	15,153	2,828
Inorganic acids	**7,565**	139	7,422	4
Other chemical products	**10,165**	2,580	7,532	53
Total	**498,114**	**372,592**	**92,956**	**32,566**
Three months ended 30 September 2010				
Mineral fertilisers				
Nitrogen based fertilisers	**143,031**	126,807	11,083	5,141
Phosphate based fertilisers	**53,144**	25,156	18,396	9,592
Complex fertilisers	**46,887**	26,836	11,363	8,688
Ammonia	**27,550**	26,895	655	-
Explosive grade ammonium nitrate	**14,500**	1,934	11,069	1,497
Inorganic acids	**5,814**	-	5,814	-
Other chemical products	**7,009**	792	6,031	186
Total	**297,935**	**208,420**	**64,411**	**25,104**

All amounts are in thousands of US Dollars unless otherwise stated

7. COST OF SALES

	Nine months ended 30 September		Three months ended 30 September	
	2011	**2010**	**2011**	**2010**
Raw materials, including:				
Natural gas	219,400	178,024	68,957	52,806
Apatite	106,553	90,939	32,457	29,154
Potassium chloride	23,189	15,006	9,936	5,860
Sulphur	21,697	10,676	8,040	3,391
Other raw materials	39,320	32,946	16,207	8,813
Energy and utilities	102,373	79,295	30,276	26,754
Wages and salaries	56,929	50,488	19,048	16,616
Depreciation	55,879	62,460	18,113	19,807
Social taxes	18,527	12,446	6,156	4,042
Repairs and maintenance	5,438	3,059	2,940	1,916
(Increase)/decrease in inventory balance of work in progress and finished goods	(7,004)	(11,466)	(18,504)	1,745
Other	14,676	12,988	4,599	5,096
Total	**656,977**	**536,861**	**198,225**	**176,000**

8. SELLING AND DISTRIBUTION EXPENSES

	Nine months ended 30 September		Three months ended 30 September	
	2011	**2010**	**2011**	**2010**
Transportation, including:				
Railway tariff	141,839	96,049	36,806	26,322
Freight and transshipment	101,782	71,941	37,661	28,968
Rail cars rent expenses	28,097	13,070	9,534	3,228
Other transportation expenses	10,656	9,052	2,423	2,558
Wages and salaries	12,960	9,495	3,685	3,268
Depreciation	9,890	8,835	4,189	3,050
Advertising and marketing	5,957	6,865	2,055	2,178
Social taxes	3,538	1,781	1,591	670
Customs clearance charges	2,194	1,966	808	643
Commissions and agent fees	941	668	633	312
Other	13,656	12,729	3,304	3,136
Total	**331,510**	**232,451**	**102,689**	**74,333**

All amounts are in thousands of US Dollars unless otherwise stated

9. GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September		Three months ended 30 September	
	2011	**2010**	**2011**	**2010**
Wages and salaries	43,351	35,699	13,726	11,102
Social taxes	7,516	5,405	2,070	1,308
Depreciation	5,040	6,985	1,516	1,870
Audit, legal and consulting services	4,452	6,616	1,778	1,770
Rent	2,504	2,726	836	929
Security	2,279	2,897	733	969
Fines and penalties	1,420	446	173	149
Bank charges	1,188	1,384	413	451
Other	17,973	21,084	6,073	6,720
Total	**85,723**	**83,242**	**27,318**	**25,268**

All amounts are in thousands of US Dollars unless otherwise stated

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Machinery, equipment and transport	Other	Construction in-progress	Total
Cost					
Balance at 1 January 2011	**302,522**	**523,515**	**31,222**	**81,719**	**938,978**
Additions	3,354	39,259	657	24,049	**67,319**
Transfers	15	2,678	866	(3,559)	**-**
Disposals	(797)	(5,724)	(8,945)	(1,976)	**(17,442)**
Effect of translation to presentation currency	(14,881)	(26,322)	869	(4,862)	**(45,196)**
Balance at 30 September 2011	**290,213**	**533,406**	**24,669**	**95,371**	**943,659**
Balance at 1 January 2010	**294,828**	**486,490**	**33,885**	**111,656**	**926,859**
Additions	1,754	6,086	839	22,505	**31,184**
Transfers	3,054	21,272	942	(25,268)	**-**
Disposals	(72)	(2,523)	(769)	(3,834)	**(7,198)**
Effect of translation to presentation currency	(1,563)	(2,664)	(50)	(103)	**(4,380)**
Balance at 30 September 2010	**298,001**	**508,661**	**34,847**	**104,956**	**946,465**
Accumulated depreciation					
Balance at 1 January 2011	**(78,971)**	**(213,720)**	**(8,214)**	**-**	**(300,905)**
Charge for the year	(19,158)	(48,970)	(2,681)	-	**(70,809)**
Disposals	133	2,918	591	-	**3,642**
Effect of translation to presentation currency	5,300	13,490	353	-	**19,143**
Balance at 30 September 2011	**(92,696)**	**(246,282)**	**(9,951)**	**-**	**(348,929)**
Balance at 1 January 2010	**(53,108)**	**(145,359)**	**(5,454)**	**-**	**(203,921)**
Charge for the year	(20,642)	(54,737)	(2,901)	-	**(78,280)**
Disposals	60	840	81	-	**981**
Effect of translation to presentation currency	378	1,245	42	-	**1,665**
Balance at 30 September 2010	**(73,312)**	**(198,011)**	**(8,232)**	**-**	**(279,555)**
Carrying value					
At 1 January 2011	**223,551**	**309,795**	**23,008**	**81,719**	**638,073**
At 30 September 2011	**197,517**	**287,124**	**14,718**	**95,371**	**594,730**

As at 30 September 2011, property, plant and equipment included advances paid for acquisition of the property, plant and equipment in the amount of USD 51,510 thousand (31 December 2010: USD 45,914 thousand).

The Group leases certain items of machinery, equipment and transport under a number of finance lease agreements with third parties. As at 30 September 2011, the net book value of leased machinery, equipment and transport was USD 51,660 thousand (31 December 2010: USD 45,065 thousand).

All amounts are in thousands of US Dollars unless otherwise stated

Assets pledged as collateral

The carrying values of property, plant and equipment pledged to secure loans and borrowings granted to the Group were as follows (refer to note 12):

	30 September 2011	31 December 2010
Machinery, equipment and transport	104,836	136,300
Buildings and structures	20,861	21,433
Other	603	1,276
Total	**126,300**	**159,009**

11. INVENTORIES

	30 September 2011	31 December 2010
Inventories expected to be recovered after twelve months		
Catalytic agents	28,224	29,983
Other inventories	1,744	2,721
	29,968	**32,704**
Inventories expected to be recovered in the next twelve months		
Raw materials, net of allowance for obsolescence	60,817	51,556
Finished goods	55,636	54,287
Work in progress	7,696	6,785
Goods for resale	1,676	310
	125,825	**112,938**
Total	**155,793**	**145,642**

During the nine months ended 30 September 2011, the Group recognised a write down of USD 1,138 thousand to reduce the carrying amount of inventories to net realisable value (nine months ended 30 September 2010: USD 1,614 thousand). At 30 September 2011, inventories in the amount of USD 938 thousand were stated at net realisable value (31 December 2010: USD 5,526 thousand).

At 30 September 2011, raw materials were presented net of allowance for obsolescence of USD 4,313 thousand (31 December 2010: USD 4,902 thousand). During the nine months ended 30 September 2011, the Group recognised USD 316 thousand (nine months ended 30 September 2010: USD 37 thousand) and released USD 905 thousand (nine months ended 30 September 2010: USD 1,018 thousand) of allowance for obsolescence of raw materials.

Certain inventories were pledged to secure bank loans and borrowings granted to the Group, as follows:

	30 September 2011	31 December 2010
Carrying value of pledged inventories (refer to note 12)	19,405	38,981

All amounts are in thousands of US Dollars unless otherwise stated

12. LOANS AND BORROWINGS

	30 September 2011	31 December 2010
Loans denominated in USD	952,917	1,163,365
Loans denominated in RUR	182,529	190,941
Loans denominated in EUR	1,362	-
Total	**1,136,808**	**1,354,306**
Less: current portion repayable within twelve months and shown under current liabilities	(529,686)	(473,263)
Long-term portion of loans and borrowings	**607,122**	**881,043**

Loans denominated in USD

In January 2011, the Group reached an agreement with Raiffeisen Bank to partly extend the repayment of a short-term loan denominated in USD in the amount of USD 57,000 thousand from 2011 to February – May 2012. The agreement requires early partial repayment of the amount extended in the event of an IPO or bond offering made by the Group. The average interest rate on the loan remained unchanged.

In February 2011, the Group reached an agreement with UniCredit Bank to extend the repayment of short-term loans in the amount of USD 190,000 thousand from February 2011 to February - May 2012. The annual interest rate on these facilities decreased from Libor 1m + 5.9% - 6.15% to Libor 1m + 5.8% per annum.

In the end of September 2011, the Group signed an agreement with Sberbank to extend the repayment of the loan in the amount of USD 400,000 thousand. The deal was closed in October 2011 (refer to note15)

The loans denominated in USD had a weighted average annual interest rate of 7.2% during the nine months ended 30 September 2011 (during the year ended 31 December 2010: 8.1%) and included the following borrowings:

- USD 22,640 thousand (31 December 2010: USD 84,797 thousand) at a fixed rate of 6.2% (31 December 2010: from 7.0% to 9.0%) per annum; and
- USD 930,277 thousand (31 December 2010: USD 1,002,118 thousand) at floating rates linked to Libor varying from 5.9% to 7.7% (31 December 2010: linked to Libor 1m and Libor 3m, varying from 6.2% to 7.7%) per annum.

The loans denominated in USD are due in the years 2011 to 2013. As at 30 September 2011, USD-denominated loans in the amount of USD 930,277 thousand (31 December 2010: USD 1,144,504 thousand) were secured by 100.0% of OJSC Uralchem's shares (31 December 2010: 100.0%), 74.8% of VMF's shares (31 December 2010: 74.8%), 96.8% of KCCW MFP's shares (31 December 2010: 87.4 %) and 44.3% of OJSC Perm Mineral Fertilisers' ("PMF") shares (31 December 2010: 44.3%) held by the Group and certain fixed assets and inventories (refer to notes 10 and 11).

Loans denominated in RUR

In June 2011, the Group obtained a credit facility from Sberbank in the amount of USD 35,622 thousand, which matures in June 2013.The annual interest rate on this facility is settled at MosPrime rate + 3.9% per annum.

In August 2011, the Group reached an agreement with Sberbank to reduce the annual interest rate from 13% to 9%.

Loans denominated in RUR consist of a loan of USD 151,133 thousand (31 December 2010: USD 158,080 thousand) that bears interest at a fixed rate of 9.0% (31 December 2010: 13.0%) per annum and is repayable in quarterly instalments starting from June 2012 with the final instalment due on June 2013 and a loan of USD 31,396 thousand (31 December 2010: nil) that bears interest at floating rate linked to MosPrime and equals 8.1% (31 December 2010: nil) per annum and is due in June 2013.

All amounts are in thousands of US Dollars unless otherwise stated

The loans are secured by 100.0% of OJSC Uralchem's shares (31 December 2010: 100.0%), 74.8% of VMF's shares (31 December 2010: 74.8%), 96.8% of KCCW MFP's shares (31 December 2010: 87.4 %) and 44.3% of PMF's shares (31 December 2010: 44.3%) held by the Group and certain fixed assets and inventories (refer to notes 10 and 11).

Total loans and borrowings were repayable as follows:

	30 September 2011	31 December 2010
Due within three months	31,931	268,756
Due from three to six months	152,591	37,399
Due from six to twelve months	345,164	167,108
	529,686	**473,263**
Due in the second year	465,257	414,988
Due in the third year	141,865	466,055
	607,122	**881,043**

The Group's bank loans are subject to the restrictive covenants, including but not limited to:

- set-up limits for the total amount of borrowings of certain Group subsidiaries;
- set-up limit for the Group total amount of loans and borrowings not exceeding USD 1,400,000 thousand;
- bank approval for any transfer of pledged property;
- set-up limits for the amount of cash collections of certain Group subsidiaries that have to be transferred to the accounts at defined banks;
- set-up limit for the annualised "net debt/EBITDA" ratio not exceeding 3.5; and
- set-up limits for disposal of assets with a carrying value of more than USD 3,137 thousand for OJSC Uralchem.

All loan agreements have acceleration clauses, allowing the creditors to request early repayment of outstanding amounts in case of non-compliance with these covenants.

13. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Related parties include shareholders, entities under common ownership and control with the Group and members of key management personnel. The Group enters into transactions with related parties in the ordinary course of business for the purchase and sale of goods and services and in relation to the provision of financing arrangements to and from its parent entity or entities under common ownership and control.

The Group had the following outstanding balances with related parties:

	30 September 2011	31 December 2010
Parent company of the Group		
Loans and borrowings	(22,640)	(18,754)
Other payables	(28,537)	(51,323)

All amounts are in thousands of US Dollars unless otherwise stated

	30 September 2011	31 December 2010
Entities under common ownership and control with the Group		
Trade and other receivables	4,773	5,070
Advances paid and prepaid expenses	118	-
Promissory notes of related parties, at amortised cost	333	349
Trade and other payables	(1,808)	(1,621)
Advances received	(2)	-

The Group entered into the following transactions with related parties:

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Parent company of the Group		
Proceeds from repayment of loans issued	-	35,124
Interest income	924	74
Interest expense	(1,995)	(58)
Entities under common ownership and control with the Group		
Sales of goods and services	40,962	30,888
Purchases of goods and services	(9,638)	(7,009)
Interest income	134	117
Other income	182	503

Transactions with related parties

Sales and purchases of goods

Sales of goods to related parties were made on market terms. Sales of services, which mainly consisted of sales of electricity and heat energy, were made at prices established by the Federal Utility Committee, a government regulator responsible for establishing and monitoring the prices on the utility market in the Russian Federation.

Purchases from related parties which primarily included purchases of raw materials for production of nitrogen fertilisers were made at market prices plus an insignificant premium of 1.0% to 2.0% as reimbursement for operating expenses of those entities.

Loans received from parent company

As at 30 September 2011, the USD-denominated loan received from parent company in the amount of USD 22,640 thousand (31 December 2010: USD 18,754 thousand) bears interest at a fixed rate of 6.2% (31 December 2010: 7.0%) per annum.

Dividends received from related parties

During the year ended 31 December 2010, the Group received dividends from PMF in the amount of USD 16,423 thousand, of which the Group was obliged to transfer USD 15,638 thousand to its parent company in accordance with the original purchase agreement. This amount has been recorded in other payables in the consolidated statement of financial position as at 31 December 2010 and shown as a distribution to shareholders in the consolidated statement of changes in equity for the year then ended. During the nine months ended 30 September 2011, the Group repaid this liability to its parent company in the amount of USD 15,778 thousand.

All amounts are in thousands of US Dollars unless otherwise stated

Compensation of key management personnel

The compensation of key management personnel of the Group for the nine months ended 30 September 2011 comprised salaries and cash bonuses in the amount of USD 12,583 thousand (nine months ended 30 September 2010: USD 5,940 thousand), including social taxes in the amount of USD 505 thousand (nine months ended 30 September 2010: USD 735 thousand).

14. COMMITMENTS AND CONTINGENCIES

Purchase of natural gas

In December 2007, the Group entered into binding purchase agreements with Gazprom and Novatek, to purchase defined volumes of natural gas.

Future minimum costs under non-cancellable purchase agreements were as follows:

	30 September 2011	31 December 2010
Due in one year	271,764	271,899
Due from two to five years	59,393	248,471
Total	**331,157**	**520,370**

Purchase of apatite concentrate

In October 2010, the Group entered into purchase agreement with Apatit, to purchase defined volumes of apatite concentrate.

Future minimum costs under non-cancellable purchase agreement were as follows:

	30 September 2011	31 December 2010
Due in one year	101,161	103,577
Due from two to five years	24,758	103,577
Total	**125,919**	**207,154**

Purchase of potassium chloride

In November 2010, the Group entered into purchase agreements with Uralkali, to purchase defined volumes of potassium chloride.

Future minimum costs under non-cancellable purchase agreements were as follows:

	30 September 2011	31 December 2010
Due in one year	18,903	17,585
Due from two to five years	28,483	46,550
Total	**47,386**	**64,135**

All amounts are in thousands of US Dollars unless otherwise stated

Capital commitments

	30 September 2011	31 December 2010
Acquisition of property, plant and equipment	11,121	4,684
Total	**11,121**	**4,684**

Operating leases: Group as a lessee

The Group leases certain machinery, equipment and office premises. The respective lease agreements have an average life of one to five years with no renewal option at the end of the lease term.

Future minimum rental expenses under non-cancellable operating leases were as follows:

	30 September 2011	31 December 2010
Due in one year	25,771	29,280
Due from two to five years	33,833	46,082
Total	**59,604**	**75,362**

Litigation

The Group has a number of claims and litigation relating to sales and purchases. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

Taxation contingencies in the Russian Federation

The Russian Federation currently has a number of laws related to various taxes imposed by both federal and regional governmental authorities. Applicable taxes include VAT, corporate income tax, social taxes, together with others. Laws related to these taxes have not been in force for significant periods, in contrast to more developed market economies; therefore, the government's implementation of these regulations is often inconsistent or nonexistent. Accordingly, few precedents with regard to tax rulings have been established. Tax declarations, together with other legal compliance areas (for example, customs and currency control matters), are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Russia that are more significant than typically found in countries with more developed tax systems. Generally, tax declarations remain open and subject to inspection for a period of three years following the tax year.

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 different positions with regard to interpretive issues. This uncertainty may expose the Group to additional taxation, fines and penalties that could be significant.

Environmental matters

The Group is subject to extensive federal, state and local environmental controls and regulations in the regions of the Russian Federation in which it operates. The Group's operations involve the discharge of materials, contaminants and waste water into the environment that could potentially impact on flora and fauna, and give rise to other environmental concerns.

The Group's management believes that its production facilities are in compliance with all current existing environmental legislation in the regions in which it operates. However, environmental laws and regulations continue to evolve.

The Group is unable to predict the timing or extent to which those laws and regulations may change. Such change, if it occurs, may require that the Group modernise technology and upgrade production equipment to meet more stringent standards.

Management of the Group regularly reassesses environmental obligations related to its operations. Estimates are based on management's understanding of current legal requirements and the terms of licence agreements. Should the requirements of applicable environmental legislation change or be clarified and amended, the Group may incur additional environmental obligations.

Russian Federation risk

The economy of the Russian Federation, while deemed to be of market status, continue to display certain traits consistent with that of an emerging market. These characteristics have in the past included higher than normal inflation, insufficient liquidity of the capital markets, and the existence of currency controls. The continued success and stability of the Russian economy will be subject to their government's continued actions with regard to supervisory, legal and economic reforms.

15. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

In October 2011, the Group restructured the loan in the amount of USD 700,000 thousand. First part of the loan in the amount of USD 400,000 thousand was extended from December 2013 to December 2016. The second part in the amount of USD 300,000 thousand was extended from December 2013 to October 2014. The commission for loan restructuring amounted to USD 4,200 thousand. The annual interest rate under previous loan was set at Libor 3m + 7.4%. The annual interest rates under new loans were set at Libor 3m + 3.95% for the loan in the amount of USD 300,000 thousand and Libor 3m+4.95% for the loan in the amount of USD 400,000 thousand.

In October 2011 the Group increased its effective ownership in KCCW to 100%. Total consideration comprised USD 8,278 thousand. The carrying value of KCCW net assets at the dates when the shares were acquired was USD 423,771 thousand.

In October 2011 the Group increased its effective ownership in VMF to 100%. Total consideration comprised USD 428 thousand. The carrying value of VMF net assets at the date when the shares were acquired was USD 269,086 thousand.