URALCHEM HOLDING P.L.C. (FORMERLY ACF – AGROCHEM FINANCE LIMITED)

Condensed consolidated interim financial statements for the three months ended 31 March 2010 (unaudited)

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

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 unaudited condensed consolidated interim financial statements that present fairly the financial position of the Group as at 31 March 2010, the results of its operations, cash flows and changes in equity for the three months then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting.

In preparing the unaudited 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 unaudited condensed consolidated interim financial statements; and
- preparing the unaudited 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 unaudited condensed consolidated interim financial statements for the three months ended 31 March 2010 were approved and signed on 15 June 2010 by:

______________________	______________________
Victor N. Zorkin	Elena A. Zevako
Director	Chief Financial Officer

Limassol, Cyprus
15 June 2010

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Notes	Three months ended 31 March 2010	Three months ended 31 March 2009
Revenue			
Sales of goods	6	308,188	220,467
Other sales		16,495	14,090
Total revenue		**324,683**	**234,557**
Cost of sales	7	(173,974)	(131,743)
Gross profit		**150,709**	**102,814**
Selling and distribution expenses	8	(81,202)	(70,562)
General and administrative expenses	9	(27,596)	(21,876)
Net loss from derivative financial instruments		-	(17,699)
Other operating income		2,589	19,992
Other operating expenses		(5,643)	(5,963)
Operating profit		**38,857**	**6,706**
Interest income		492	19,850
Interest expense		(40,575)	(36,295)
Share of loss of associates	11	(794)	(154)
Foreign exchange gain/(loss) from financing activities		29,509	(133,298)
Profit/(loss) before tax		**27,489**	**(143,191)**
Income tax		(8,858)	25,388
Profit/(loss) for the period		**18,631**	**(117,803)**
Attributable to:			
Shareholders of the parent		21,253	(110,824)
Non-controlling interest		(2,622)	(6,979)
		18,631	**(117,803)**
Earnings/(loss) per share			
Weighted average number of ordinary shares in issue during the period		175,000,000	10,110
Basic and diluted earnings/(loss) per share (US dollars per share)		0.12	(10,961.8)

The notes on pages 8 to 24 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Three months ended 31 March 2010	Three months ended 31 March 2009
Profit/(loss) for the period	**18,631**	**(117,803)**
Other comprehensive income/(loss):		
Effect of translation to presentation currency	1,736	(26,669)
Other comprehensive income/(loss)	**1,736**	**(26,669)**
Total comprehensive income/(loss) for the period	**20,367**	**(144,472)**
Total comprehensive income/(loss) for the period attributable to:		
Shareholders of the parent	20,888	(127,598)
Non-controlling interest	(521)	(16,874)
	20,367	**(144,472)**

URALCHEM HOLDING P.L.C. (FORMERLY ACF – AGROCHEM FINANCE LIMITED)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Notes	31 March 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	10	719,576	722,938
Goodwill		174,710	169,624
Intangible assets		8,946	8,158
Investments in associates	11	34,961	35,304
Inventories	12	35,489	29,605
Available-for-sale investments		183,169	177,837
Other financial assets		5	7,359
Deferred tax assets		60,493	55,153
		1,217,349	**1,205,978**
Current assets			
Inventories	12	119,435	101,502
Trade and other receivables		65,363	40,583
Advances paid and prepaid expenses		31,377	28,948
Income tax receivable		6,983	10,119
Other taxes receivable		75,690	95,306
Other financial assets		44,825	36,973
Cash and cash equivalents		48,521	53,658
		392,194	**367,089**
TOTAL ASSETS		**1,609,543**	**1,573,067**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	1,374	1,374
Additional paid-in capital		152,223	152,223
Foreign currency translation reserve		(67,001)	(66,636)
Accumulated deficit		(238,149)	(259,386)
Equity attributable to shareholders of the parent		**(151,553)**	**(172,425)**
Non-controlling interest		72,157	73,121
Total equity		**(79,396)**	**(99,304)**
Non-current liabilities			
Loans and borrowings	14	878,467	887,366
Obligations under finance leases		41,753	43,094
Trade and other payables		17,628	17,628
Retirement benefit obligations		8,054	7,635
Deferred tax liabilities		54,698	53,879
		1,000,600	**1,009,602**
Current liabilities			
Loans and borrowings	14	528,844	533,604
Obligations under finance leases		11,398	11,500
Trade and other payables		94,550	69,302
Advances received		34,115	39,705
Income tax payable		11,482	2,018
Other taxes payable		7,950	6,640
		688,339	**662,769**
Total liabilities		**1,688,939**	**1,672,371**
TOTAL EQUITY AND LIABILITIES		**1,609,543**	**1,573,067**

The notes on pages 8 to 24 are an integral part of these condensed consolidated interim financial statements.

URALCHEM HOLDING P.L.C. (FORMERLY ACF – AGROCHEM FINANCE LIMITED)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDEDAS AT 31 MARCH 2010 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Three months ended 31 March 2010	Three months ended 31 March 2009
Operating activities		
Profit/(loss) before tax	**27,489**	**(143,191)**
Adjustments for:		
Depreciation of property, plant and equipment	27,150	23,346
Amortisation of intangible assets	460	467
Change in fair value of derivative financial instruments	-	(22,413)
Change in provisions and allowances	(1,187)	(106)
Write-down of inventory to net realisable value	720	8,191
Impairment of investments in associates	-	2,454
Loss on disposal of property, plant and equipment	286	761
Foreign exchange (gain)/loss, net	(25,243)	115,170
Share of loss of associates	794	154
Interest income	(492)	(19,850)
Interest expense	40,575	36,295
Operating cash flows before working capital changes	**70,552**	**1,278**
Increase in inventory	(17,295)	(2,419)
Increase in trade and other receivables	(24,753)	(16,835)
(Increase)/decrease in advances paid and prepaid expenses	(1,462)	280
Decrease in other taxes receivable	22,078	7,335
Increase in retirement benefit obligations	187	184
Increase in trade and other payables	22,212	22,157
(Decrease)/increase in advances received	(7,357)	6,611
Increase/(decrease) in other taxes payable	845	(367)
Cash generated from operations	**65,007**	**18,224**
Interest paid	(35,759)	(35,226)
Income tax paid	(840)	(950)
Net cash generated from/(used in) operating activities	**28,408**	**(17,952)**
Investing activities		
Increase of ownership in subsidiaries	(459)	(106)
Acquisition of available-for-sale investments	-	(298)
Acquisition of short-term promissory note	(35,000)	-
Payments for property, plant and equipment	(8,964)	(13,208)
Proceeds from sale of property, plant and equipment	3,733	4,355
Payments for intangible assets	(994)	(3,224)
Loans issued	(27,896)	(9,825)
Proceeds from repayment of loans issued	46,715	23,969
Interest received	15,938	2,206
Net cash (used in)/generated from investing activities	**(6,927)**	**3,869**
Financing activities		
Proceeds from short-term loans and borrowings	72,969	64,446
Repayment of short-term loans and borrowings	(98,540)	(27,735)
Repayment of principal amounts of finance leases	(1,440)	(2,255)
Net cash (used in)/generated from financing activities	**(27,011)**	**34,456**
Net (decrease)/increase in cash and cash equivalents	**(5,530)**	**20,373**
Cash and cash equivalents at the beginning of the period	**53,658**	**118,301**
Effect of exchange rate changes on the balance of cash held in foreign currencies	393	(729)
Cash and cash equivalents at the end of the period	**48,521**	**137,945**

The notes on pages 8 to 24 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDEDAS AT 31 MARCH 2010 (CONTINUED) (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

The following non-cash transactions were excluded from investing activities:

	Three months ended 31 March 2010	Three months ended 31 March 2009
Change in payables for purchase of property, plant and equipment	2,928	846
	2,928	**846**

URALCHEM HOLDING P.L.C. (FORMERLY ACF – AGROCHEM FINANCE LIMITED)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

		Attributable to shareholders of the parent						
	Notes	**Share capital**	**Additional paid-in capital**	**Foreign currency translation reserve**	**Retained earnings/ (accumulated deficit)**	**Total**	**Non-controlling interest**	**Total**
Balance as at 1 January 2009		**24**	**155,204**	**(49,485)**	**23,667**	**129,410**	**72,867**	**202,277**
Loss for the period		-	-	-	(110,824)	**(110,824)**	(6,979)	**(117,803)**
Other comprehensive loss		-	-	(16,774)	-	**(16,774)**	(9,895)	**(26,669)**
Total comprehensive loss for the period		**-**	**-**	**(16,774)**	**(110,824)**	**(127,598)**	**(16,874)**	**(144,472)**
Increase of ownership in subsidiaries		-	-	-	(14)	**(14)**	(93)	**(107)**
Balance as at 31 March 2009		**24**	**155,204**	**(66,259)**	**(87,171)**	**1,798**	**55,900**	**57,698**
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		-	-	-	21,253	**21,253**	(2,622)	**18,631**
Other comprehensive (loss)/income		-	-	(365)	-	**(365)**	2,101	**1,736**
Total comprehensive income/(loss) for the period		**-**	**-**	**(365)**	**21,253**	**20,888**	**(521)**	**20,367**
Increase of ownership in a subsidiary	4	-	-	-	(16)	**(16)**	(443)	**(459)**
Balance as at 31 March 2010		**1,374**	**152,223**	**(67,001)**	**(238,149)**	**(151,553)**	**72,157**	**(79,396)**

The notes on pages 8 to 24 are an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Organisation

UralChem Holding P.L.C. (formerly ACF–Agrochem Finance Limited, the "Company") is a public limited company which was incorporated in Cyprus on 4 May 2006. As at 31 March 2010, 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 office 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.

Market conditions

Global economic conditions continued to improve in the first quarter of 2010 and positively influenced fertiliser markets. The Group was also impacted by the main application season in the Northern Hemisphere starting in the first quarter of the year which contributed to the increase in demand for fertilisers. Demand for fertilisers and, consequently, prices for nitrogen and phosphate based fertilisers began to recover in the third quarter of 2009 and continued through the fourth quarter of 2009 and the first quarter of 2010. Market prices for ammonia and ammonium nitrate increased on average by 40% and for diammonium phosphate on 20% during the first quarter of 2010 in comparison with the first quarter of 2009. Global urea prices rebounded from their lows at the beginning of 2009 and were stable during 2009 and the first quarter of 2010.

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 (refer to note 11).

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for mark-to-market valuation of certain financial instruments, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

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 2009, except for the impact of the adoption of the Standards and Interpretations described in note 3, 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 2009.

All amounts are in thousands of US Dollars unless otherwise stated

3. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

The Group has adopted all revised and new Standards and Interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee that are mandatory for adoption in the annual periods beginning on 1 January 2010.

Standards and Interpretations adopted with no effect on the condensed consolidated interim financial statements

IFRS 2 Share-Based Payment (amendments)
IFRS 3 Business Combinations (revised)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (amendments)
IFRS 7 Financial Instruments – Disclosures (amendments)
IFRS 8 Operating Segments (amendments)
IAS 1 Presentation of Financial Statements (amendments)
IAS 7 Statement of Cash Flows (amendments)
IAS 17 Leases (amendments)
IAS 36 Impairment of Assets (amendments)
IAS 38 Intangible Assets (amendments)
IAS 39 Financial Instruments: Recognition and Measurement (amendments)
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers

Standards and Interpretations in issue but not yet adopted

At the date of authorisation of these condensed consolidated interim financial statements, the following Standards and Interpretations were in issue but not yet effective:

Standards and Interpretations	Effective on or for annual periods beginning on or after
IFRS 9 Financial Instruments – Classification and Measurement	1 January 2013
IAS 24 Related Party Disclosures (revised)	1 January 2011
IAS 32 Financial Instruments: Presentation (amendments)	1 February 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The impact of adoption of these Standards and Interpretations in the preparation of the consolidated financial statements in future periods is currently being assessed by management. Management anticipates that, except for IFRS 9 Financial Instruments - Classification and Measurement ("IFRS 9"), the adoption of these Standards and Interpretations will have no material impact on the consolidated financial statements of the Group in the period of initial adoption.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. All recognised financial assets that are currently in the scope of IAS 39 Financial Instruments: Recognition and Measurement, will be measured at either amortised cost or fair value.

4. BUSINESS COMBINATIONS

Increase of ownership interest in VMF in during the three months ended 31 March 2010 by the Group

During the three months ended 31 March 2010, the Group acquired, through a transaction with non-controlling shareholders, an additional 0.2% of VMF's shares for a total cash consideration of USD 459 thousand, increasing its ownership in the company to 75.0%.The carrying value of VMF's net assets at the date when the shares were acquired ranged from USD 265,504 thousand to USD 270,836 thousand. As a result of this transaction, the Group recognised a decrease in net assets attributable to non-controlling shareholders in the amount of USD 443 thousand. The excess of the consideration paid over the Group's share in net assets acquired of USD 16 thousand was recognised directly in the statement of changes in equity as a decrease in retained earnings.

As a result of this transaction, the Company made a mandatory offer of USD 0.21 per ordinary share to acquire non-controlling shares in VMF. The maximum amount of obligation which the Group can potentially face under this mandatory offer amounts to USD 31,856 thousand. The offer is being made in accordance with the Russian Federal Law on Joint Stock Companies and non-controlling shareholders have 70 days from receipt of the mandatory offer documentation within which to accept the offer. VTB bank is acting as a guarantor of the transaction. The short-term promissory note in the amount of USD 35,000 thousand issued by VTB, which is included in other current financial assets, is pledged to secure this guarantee.

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 allocated to the nitrogen fertilisers segment are KCCW, located in the Kirov region of the Russian Federation, and Azot, 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, ammonia and inorganic acids. The major subsidiary allocated to the phosphate fertilisers segment is 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.

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 three months ended 31 March 2010 is as follows:

All amounts are in thousands of US Dollars unless otherwise stated

Three months ended 31 March 2010	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Revenue from external customers	256,865	51,323	**308,188**
Inter-segment revenue	4,409	-	**4,409**
Total segment revenue	**261,274**	**51,323**	**312,597**
OIBDA	75,127	(589)	**74,538**

Three months ended 31 March 2009	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Revenue from external customers	194,553	25,914	**220,467**
Inter-segment revenue	342	78	**420**
Total segment revenue	**194,895**	**25,992**	**220,887**
OIBDA	52,216	(9,757)	**42,459**

The total reportable segment OIBDA is reconciled to consolidated profit/(loss) before tax as follows:

Three months ended 31 March 2010	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Segment OIBDA	75,127	(589)	**74,538**
Unallocated operating activity			
Depreciation and amortisation			(27,610)
Corporate overheads			(8,950)
Other			(11,398)
Intersegment operations			12,277
Group operating profit			**38,857**
Interest income			492
Interest expense			(40,575)
Share of loss of associates			(794)
Foreign exchange gain from financing activities			29,509
Group profit before tax			**27,489**

All amounts are in thousands of US Dollars unless otherwise stated

Three months ended 31 March 2009	Nitrogen fertilisers	Phosphate fertilisers	Total
Segment OIBDA	52,216	(9,757)	**42,459**
Unallocated operating activity			
Depreciation and amortisation			(23,813)
Corporate overheads			(9,718)
Other			(7,742)
Intersegment operations			5,520
Group operating profit			**6,706**
Interest income			19,850
Interest expense			(36,295)
Share of loss of associates			(154)
Foreign exchange loss from financing activities			(133,298)
Group loss before tax			**(143,191)**

Sales between segments are carried out at market prices. 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
31 March 2010	867,295	379,066	**1,246,361**
31 December 2009	806,213	377,758	**1,183,971**

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

Three months ended 31 March 2010	Total	Export	Russia	CIS
Mineral fertilisers				
Nitrogen based fertilisers	**170,088**	93,800	66,035	10,253
Phosphate based fertilisers	**39,840**	28,280	6,419	5,141
Complex fertilisers	**39,628**	33,009	3,869	2,750
Ammonia	**38,757**	38,182	575	-
Explosive grade ammonium nitrate	**9,638**	964	7,771	903
Inorganic acids	**3,693**	-	3,693	-
Other chemical products	**6,544**	264	6,197	83
Total	**308,188**	**194,499**	**94,559**	**19,130**
Three months ended 31 March 2009				
Mineral fertilisers				
Nitrogen based fertilisers	**138,651**	96,406	35,174	7,071
Complex fertilisers	**34,591**	28,661	2,246	3,684
Phosphate based fertilisers	**11,499**	10,000	1,444	55
Ammonia	**17,391**	16,646	745	-
Explosive grade ammonium nitrate	**9,929**	3,191	5,753	985
Inorganic acids	**3,680**	-	3,653	27
Other chemical products	**4,726**	-	4,628	98
Total	**220,467**	**154,904**	**53,643**	**11,920**

7. COST OF SALES

	Three months ended 31 March 2010	Three months ended 31 March 2009
Raw materials, including:		
Natural gas	65,022	44,120
Apatite	30,968	13,238
Sulphur	3,449	957
Potassium chloride	3,260	4,145
Other raw materials	10,409	4,876
Energy and utilities	26,351	19,906
Depreciation	21,462	19,111
Payroll and social taxes	20,765	16,852
(Increase)/decrease in inventory balance of work in-progress and finished goods	(11,897)	5,137
Other	4,185	3,401
Total	**173,974**	**131,743**

All amounts are in thousands of US Dollars unless otherwise stated

8. SELLING AND DISTRIBUTION EXPENSES

	Three months ended 31 March 2010	Three months ended 31 March 2009
Transportation, including:		
Railway tariff	37,646	27,105
Freight and transshipment	20,020	13,888
Rail cars rent expenses	4,996	4,699
Other transportation expenses	4,276	6,096
Payroll and social taxes	3,860	2,748
Depreciation	2,963	2,534
Advertising and marketing	2,271	9,933
Customs clearance charges	743	321
Other	4,427	3,238
Total	**81,202**	**70,562**

9. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2010	Three months ended 31 March 2009
Payroll and social taxes	15,123	11,898
Audit, legal and consulting services	2,976	629
Depreciation	2,725	1,701
Rent	893	896
Security	887	829
Bank charges	326	1,160
Other	4,666	4,763
Total	**27,596**	**21,876**

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 2009	**294,485**	**478,762**	**28,721**	**55,942**	**857,910**
Additions	370	1,527	61	10,404	**12,362**
Transfers	14	2,183	345	(2,542)	**-**
Disposals	(255)	(370)	(662)	(3,944)	**(5,231)**
Effect of translation to presentation currency	(39,919)	(65,240)	(4,127)	(7,668)	**(116,954)**
Balance at 31 March 2009	**254,695**	**416,862**	**24,338**	**52,192**	**748,087**
Balance at 1 January 2010	**294,828**	**486,490**	**33,885**	**111,656**	**926,859**
Additions	214	850	124	4,848	**6,036**
Transfers	1,022	7,863	815	(9,700)	**-**
Disposals	(23)	(1,669)	(182)	(2,708)	**(4,582)**
Effect of translation to presentation currency	8,861	14,712	1,030	3,759	**28,362**
Balance at 31 March 2010	**304,902**	**508,246**	**35,672**	**107,855**	**956,675**
Accumulated Depreciation					
Balance at 1 January 2009	**(27,000)**	**(75,590)**	**(2,108)**	**-**	**(104,698)**
Charge for the year	(5,781)	(16,835)	(730)	-	**(23,346)**
Disposals	34	76	5	-	**115**
Effect of translation to presentation currency	3,694	10,385	422	-	**14,501**
Balance at 31 March 2009	**(29,053)**	**(81,964)**	**(2,411)**	**-**	**(113,428)**
Balance at 1 January 2010	**(53,108)**	**(145,359)**	**(5,454)**	**-**	**(203,921)**
Charge for the year	(6,970)	(19,154)	(1,026)	-	**(27,150)**
Disposals	28	516	19	-	**563**
Effect of translation to presentation currency	(1,717)	(4,693)	(181)	-	**(6,591)**
Balance at 31 March 2010	**(61,767)**	**(168,690)**	**(6,642)**	**-**	**(237,099)**
Carrying value					
At 1 January 2010	**241,720**	**341,131**	**28,431**	**111,656**	**722,938**
At 31 March 2010	**243,135**	**339,556**	**29,030**	**107,855**	**719,576**

As at 31 March 2010, property, plant and equipment included advances paid for acquisition of the property, plant and equipment in the amount of USD 8,124 thousand (31 December 2009: USD 55,110 thousand).

The Group leases certain items of machinery, equipment and transport under a number of finance lease agreements with third parties. As at 31 March 2010, the net book value of leased machinery, equipment and transport was USD 52,906 thousand (31 December 2009: USD 53,542 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 14):

	31 March 2010	31 December 2009
Machinery, equipment and transport	165,679	183,973
Buildings and structures	49,548	49,723
Other	1,501	1,563
Total	**216,728**	**235,259**

11. INVESTMENTS IN ASSOCIATES

Details of the Group's associates are as follows:

		Effective ownership, %	
Name of associate	**Principal activity**	**31 March 2010**	**31 December 2009**
Perm Mineral Fertilisers	Production of mineral fertilisers	46.5	46.5
NPK Karbon-Shungit	Mining and processing	49.7	49.7
ZhDTsekh	Other services	50.0	50.0

Movements in the carrying amount of investments in associates were as follows:

	31 March 2010	31 March 2009
Investments in associates – equity method		
Balance at the beginning of the period	**10,726**	**15,892**
Share of loss of associates	(794)	(154)
Impairment	-	(2,448)
Effect of translation to presentation currency	97	(2,164)
Balance at the end of the period	**10,029**	**11,126**
Investments in associates – at cost		
Balance at the beginning of the period	**24,578**	**-**
Effect of translation to presentation currency	354	-
Balance at the end of the period	**24,932**	**-**
Total at the beginning of the period	**35,304**	**15,892**
Total at the end of the period	**34,961**	**11,126**

All amounts are in thousands of US Dollars unless otherwise stated

Investments in associates – equity method

Summarised financial information in respect of the Group's associates accounted for under the equity method:

	31 March 2010	31 December 2009
Total assets	27,354	28,037
Total liabilities	(7,018)	(6,329)
Net assets	**20,336**	**21,708**
Group's share of net assets of associates	**10,029**	**10,726**

	Three months ended 31 March 2010	Three months ended 31 March 2009
Revenue	850	535
Loss for the period	(1,596)	(312)
Share of loss of associates	(794)	(154)

Investments in associates – at cost

The Group does not have any information related to the financial position of Open Joint Stock Company Perm Mineral Fertilisers ("PMF") as at 31 March 2010 and its financial results for the three months then ended. Thus, it is impracticable for the Group to account for this investment applying equity method and the Group has continued to account for this investment at cost. PMF is a Russian-based company engaged in the production of mineral fertilisers, whose main operating facilities are located in the Perm region of the Russian Federation.

12. INVENTORIES

	31 March 2010	31 December 2009
Inventories expected to be recovered after twelve months		
Catalytic agents	29,372	25,583
Other inventories	6,117	4,022
	35,489	**29,605**
Inventories expected to be recovered in the next twelve months		
Raw materials, net of allowance for obsolescence	52,788	48,552
Finished goods	52,313	37,456
Work in-progress	10,211	10,311
Goods for resale	4,123	5,183
	119,435	**101,502**
Total	**154,924**	**131,107**

During the three months ended 31 March 2010, the Group recognised a write down of USD 720 thousand to reduce the carrying amount of inventories to net realisable value (three months ended 31 March 2009: USD 8,191 thousand). At 31 March 2010, inventories in the amount of USD 6,573 thousand were stated at net realisable value (31 December 2009: USD 18,784 thousand).

All amounts are in thousands of US Dollars unless otherwise stated

At 31 March 2010, raw materials were presented net of allowance for obsolescence of USD 4,571 thousand (31 December 2009: USD 4,902 thousand). During the three months ended 31 March 2010, the Group recognised a USD 230 thousand (three months ended 31 March 2009: USD 1,078 thousand) and released a USD 561 thousand (three months ended 31 March 2009: USD 945 thousand) allowance for obsolescence of raw materials.

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

	31 March 2010	31 December 2009
Carrying value of pledged inventories (refer to note 14)	49,262	58,492

13. SHARE CAPITAL

	Number of authorised ordinary shares		Number of issued ordinary shares		
	Class A	Class B	Class A	Class B	Share capital
Balance at 31 March 2010	**10,110**	**359,989,890**	**10,110**	**174,989,890**	**1,374**

There were no changes in share capital of the Company during the three months ended 31 March 2010.

Shareholders of Class A and Class B ordinary shares have the same rights, voting powers, preferences and restrictions. Class A ordinary shares have a par value of EUR 1.71 each and Class B ordinary shares have a par value of EUR 0.00515 each.

At 31 March 2010, share capital was fully paid (31 December 2009: USD 18 thousand remained unpaid related to 100 Class A shares and 7,848,751 Class B shares).

Earnings/(loss) per share

Earnings/(loss) per share were calculated by dividing net profit/(loss) attributable to shareholders of the Company for the three months ended 31 March 2010 and 2009 by the weighted average number of ordinary shares in issue during respective period.

14. LOANS AND BORROWINGS

	31 March 2010	31 December 2009
Loans denominated in USD	1,141,918	1,149,585
Loans denominated in RUR	254,267	262,955
Loans denominated in EUR	10,854	8,165
Promissory notes	272	265
Total	**1,407,311**	**1,420,970**
Less: current portion repayable within twelve months and shown under current liabilities	(528,844)	(533,604)
Long-term portion of loans and borrowings	**878,467**	**887,366**

All amounts are in thousands of US Dollars unless otherwise stated

Loans denominated in USD

In February 2010, the Group reached an agreement with UniCredit Bank to extend the repayment of short-term loans in the amount of USD 200,000 thousand from 2010 to 2011. If an initial public offering of UralChem Holding occurs before 31 July 2010 the entire outstanding amount shall be due on 1 March 2011, otherwise, the Group needs to make instalments starting from 31 July 2010 with the final payment due on 1 March 2011. The average interest rate on the loans increased from 6.1% to 6.3%. The commission for loans restructuring amounted to USD 750 thousand and included in interest expense in the consolidated income statement. Related to this refinancing was an increase in the weighted average annual interest rate on these loans from 6.1% to 6.3%.

In March 2010, the Group reached an agreement with Raiffeisen Bank to extend the repayment of short-term loan in the amount of USD 60,000 thousand from 2010 to 2011. The commission for loan restructuring amounted to USD 150 thousand and included in interest expense in the consolidated income statement. The interest rate on this loan did not change.

Loans denominated in RUR

In March 2010, the Group reached an agreement with Sberbank to extend the repayment of USD 70,096 thousand obtained under a revolving credit facility agreement from 2010 to 2011. In accordance with the agreement, the bank provided the Group with a new multi-currency revolving credit facility with a borrowing limit of USD 70,096 thousand. Annual interest rates under this facility vary from 9.0% to 14.5% depending on the currency in which the financing is drawn as compared to the average annual interest rate of 16.0% under the old credit facility. As at 31 March 2010, the Group repaid USD 16,308 thousand of the amount outstanding under the old credit facility. The commission for loan restructuring amounted to 0.5% of the borrowing limit.

Total loans and borrowings were repayable as follows:

	31 March 2010	31 December 2009
Due within three months	147,085	166,150
Due from three to six months	27,104	190,792
Due from six to twelve months	354,655	176,662
	528,844	**533,604**
Due in the second year	266,520	199,867
Due in the third year	343,299	317,142
Due in the fourth year	268,648	370,357
	878,467	**887,366**

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;
- 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;
- proceeds from an Initial Public Offering are required to be used for repayment of bank loans and borrowings; and
- set-up limits for disposal of assets with a carrying value of more than USD 3,406 thousand for the subsidiaries UralChem OJSC and UralChem Management.

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

All amounts are in thousands of US Dollars unless otherwise stated

15. 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:

	31 March 2010	31 December 2009
Parent company of the Group		
Loans issued, at amortised cost	-	35,116
Loans and borrowings	(1,102)	(1,087)
Trade and other payables	(45,326)	(47,628)
Entities under common ownership and control with the Group		
Trade and other receivables	4,654	4,277
Loans issued, at amortised cost	1,874	1,781
Promissory notes of related parties, at amortised cost	362	351
Trade and other payables	(2,069)	(2,816)

The Group entered into the following transactions with related parties:

	Three months ended 31 March 2010	Three months ended 31 March 2009
Parent company of the Group		
Loans issued	-	(7,449)
Proceeds from repayment of loans issued	18,847	21,815
Interest income	75	4,959
Interest expense	(38)	-
Entities under common ownership and control with the Group		
Sales of goods and services	9,855	7,449
Purchases of goods and services	(2,277)	(3,533)
Proceeds from repayment of loans issued	-	1,110
Interest income	39	60
Interest expense	-	(53)
Other income/(expense)	201	(744)

All amounts are in thousands of US Dollars unless otherwise stated

Transactions with related parties

Sale and purchases of goods

Sales of goods to related parties were made on terms similar to those that were used in transactions with third parties, including average discounts of 3.0% to 5.0% applicable to the Group's largest customers. 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 inventories 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 issued to related parties

The loans issued to related parties are primarily loans issued to the parent company for financing of its investing activity.

During the three months ended 31 March 2010, the parent company of the Group repaid previously issued loans in the amount of USD 35,116 thousand denominated in USD which were outstanding as at 31 December 2009. These loans used to bear fixed interest rate of 12.0% (31 December 2009: 12.0%) per annum. As at 31 March 2010, loans issued to related parties included an amount of USD 1,874 thousand denominated in RUR (31 December 2009: USD 1,781 thousand). These loans bear fixed interest rate at 11.0% (31 December 2009: 11.0%) per annum.

Compensation of key management personnel

The compensation of key management personnel of the Group for the three months ended 31 March 2010 comprised salaries and cash bonuses in the amount of USD 1,469 thousand (three months ended 31 March 2009: USD 1,032 thousand), including unified social tax in the amount of USD 311 thousand (three months ended 31 March 2009: USD 91 thousand).

16. 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:

	31 March 2010	31 December 2009
Due in one year	244,419	238,856
Due from two to five years	393,603	436,738
Total	**638,022**	**675,594**

All amounts are in thousands of US Dollars unless otherwise stated

Capital commitments

As at 31 March 2010 the Group's contractual capital commitments for acquisition of property, plant and equipment amounted to USD 9,944 thousand (31 December 2009: USD 13,250 thousand).

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:

	31 March 2010	31 December 2009
Due in one year	26,862	18,748
Due from two to five years	47,404	46,840
Total	**74,266**	**65,588**

Guarantees issued

As at 31 March 2009 and 31 December 2009, the Group issued financial guarantees in respect of loans obtained by related and third parties. The total amount of outstanding guarantees issued by the Group was as follows:

	31 March 2010	31 December 2009
Related parties	3,040	6,723
Third parties	11	13
Total	**3,051**	**6,736**

The Group's maximum exposure to credit risk in the event of non-performance by parties to these financial guarantees is limited to the contractual amounts disclosed above. At 31 March 2010 and 31 December 2009 management assessed the risk of non-performance by parties to these financial guarantees as remote.

The loans subject to guarantees have maturities are due in August 2010. Management believes that these loans will be refunded by the borrowers in due course.

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.

The Group is a party to a corporate dispute with a non-controlling shareholder in VMF relating to the compulsory buyout of the non-controlling share in VMF, following the Group's acquisition of VMF on 6 June 2008. Management believes that the action can be successfully defended and therefore no losses will be incurred.

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, UST, 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.

17. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Loans issued and repaid

Up to the date of approval of these condensed consolidated interim financial statements, the third parties repaid previously issued loans outstanding as at 31 March 2010 to the Group, which resulted in a cash inflow of USD 1,150 thousand. The loans bore interest at annual fixed rate of 10.5%.

Up to the date of approval of these condensed consolidated interim financial statements, the Group repaid loans to the third parties in the amount of USD 17,503 thousand. The loans bore interest at annual interest rates from BNPP+2.0% to BNPP+2.7% . The BNPP rates are linked to Libor.

Up to the date of approval of these condensed consolidated interim financial statements, the Group repaid USD 46,357 thousand due to Sberbank under the restructured credit facility and obtained USD 39,130 thousand under the new credit facility (refer to note 14).

Expiry of the mandatory offer on the buy-out of non-controlling shares in VMF

The mandatory offer to the non-controlling shareholders of VMF to purchase ordinary shares at USD 0.21 per share expired on 7 May 2010. As a result of this offer, the Group acquired 5,600 additional ordinary shares or 0.0004% interest in the share capital for a consideration of USD 1 thousand.

Loans restructuring

In April 2010, the Group decided to postpone an initial public offering of shares of UralChem Holding, and according to initial agreements with UniCredit bank, repayment of loans changed to four equal quarterly instalments starting from 31 July 2010 with the final instalment due on 1 March 2011 (refer to note 14).

In May 2010, the Group reached an agreement with VTB Bank to extend repayment of short term loan in the amount of USD 65,000 thousand originally due in June 2010 to five monthly instalments starting from August 2010 with the final instalment due on December 2010. The interest rate on this loan did not change.

In June 2010, the Group reached an agreement with Raiffeisen Bank to decrease interest rate on loan from Libor 1m + 9.0% to Libor 1m + 6.5%.