URALCHEM HOLDING P.L.C.

Condensed consolidated interim financial statements for the three months ended 31 March 2011 (unaudited)

TABLE OF CONTENTS

	Page
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 2011	1
Condensed consolidated interim financial statements for the three months ended 31 March 2011 (unaudited):	
Condensed consolidated interim income statement (unaudited)	2
Condensed consolidated interim statement of comprehensive income (unaudited)	3
Condensed consolidated interim statement of financial position (unaudited)	4
Condensed consolidated interim statement of cash flows (unaudited)	5-6
Condensed consolidated interim statement of changes in equity (unaudited)	7
Notes to the condensed consolidated interim financial statements (unaudited)	8-24

URALCHEM HOLDING P.L.C.

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 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 unaudited condensed consolidated interim financial statements that present fairly the financial position of the Group as at 31 March 2011, the results of its operations for the three months ended 31 March 2011, cash flows and changes in equity for the three months ended 31 March 2011, 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 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 unaudited condensed consolidated interim financial statements for the three months ended 31 March 2011 were approved and signed on 31 May 2011 by:

Victor N. Zorkin	Maksim Kh. Bakov
Director	Chief Financial Officer

Limassol, Cyprus
31 May 2011

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Notes	Three months ended 31 March 2011	Three months ended 31 March 2010
Revenue			
Sales of goods	5	544,754	308,188
Other sales		21,695	16,495
Total revenue		**566,449**	**324,683**
Cost of sales	6	(249,845)	(173,974)
Gross profit		**316,604**	**150,709**
Selling and distribution expenses	7	(118,899)	(82,074)
General and administrative expenses	8	(29,807)	(27,596)
Other operating income		4,193	3,461
Other operating expenses		(12,110)	(5,643)
Operating profit		**159,981**	**38,857**
Interest income		989	492
Interest expense		(33,263)	(40,575)
Share of loss of associates	10	(37)	(794)
Foreign exchange gain from financing activities		72,477	29,509
Profit before tax		**200,147**	**27,489**
Income tax		(39,090)	(8,858)
Profit for the period		**161,057**	**18,631**
Attributable to:			
Shareholders of the parent		159,764	21,253
Non-controlling interests		1,293	(2,622)
		161,057	**18,631**
Earnings per share			
Weighted average number of ordinary shares in issue during the period		175,000,000	175,000,000
Basic and diluted earnings per share (US dollars per share)		0.91	0.12

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 2011 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Three months ended 31 March 2011	Three months ended 31 March 2010
Profit for the period	**161,057**	**18,631**
Other comprehensive income:		
Effect of translation to presentation currency	6,080	1,736
Other comprehensive income	**6,080**	**1,736**
Total comprehensive income for the period	**167,137**	**20,367**
Total comprehensive income for the period attributable to:		
Shareholders of the parent	163,355	20,888
Non-controlling interests	3,782	(521)
	167,137	**20,367**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (UNAUDITED)

All amounts are in thousands of US Dollars unless otherwise stated

	Notes	31 March 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	9	664,696	638,073
Goodwill		180,454	168,329
Intangible assets		13,774	11,426
Investments in associates	10	35,756	34,715
Inventories	11	37,246	32,704
Available-for-sale investments		189,247	176,530
Long-term accounts receivable		3,183	3,072
Other financial assets		4,915	4,833
Deferred tax assets		61,586	72,305
		1,190,857	**1,141,987**
Current assets			
Assets held for sale		9,942	9,274
Inventories	11	96,972	112,938
Trade and other receivables		107,291	103,115
Advances paid and prepaid expenses		31,435	33,776
Income tax receivable		4,369	5,482
Other taxes receivable		54,539	54,788
Other financial assets		1,305	1,689
Cash and cash equivalents		87,652	46,410
		393,505	**367,472**
TOTAL ASSETS		**1,584,362**	**1,509,459**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	1,374	1,374
Additional paid-in capital		152,223	152,223
Foreign currency translation reserve		(65,261)	(68,852)
Accumulated deficit		(102,866)	(262,630)
Equity attributable to shareholders of the parent		**(14,530)**	**(177,885)**
Non-controlling interests		37,940	33,639
Total equity		**23,410**	**(144,246)**
Non-current liabilities			
Loans and borrowings	13	895,485	881,043
Obligations under finance leases		36,325	37,543
Other payables		22,359	8,936
Retirement benefit obligations		9,393	8,655
Deferred tax liabilities		48,662	43,627
		1,012,224	**979,804**
Current liabilities			
Loans and borrowings	13	372,484	473,263
Obligations under finance leases		10,645	10,604
Trade and other payables		94,219	114,911
Advances received		40,197	56,041
Income tax payable		19,249	13,782
Other taxes payable		11,934	5,300
		548,728	**673,901**
Total liabilities		**1,560,952**	**1,653,705**
TOTAL EQUITY AND LIABILITIES		**1,584,362**	**1,509,459**

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 ENDED 31 MARCH 2011 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Three months ended 31 March 2011	Three months ended 31 March 2010
Operating activities		
Profit before tax	**200,147**	**27,489**
Adjustments for:		
Depreciation of property, plant and equipment	24,770	27,150
Amortisation of intangible assets	831	460
Change in provisions and allowances	3,670	(1,187)
Write-down of inventory to net realisable value	1,595	720
Loss on disposal of property, plant and equipment	690	286
Foreign exchange gain, net	(65,028)	(25,243)
Share of loss of associates	37	794
Interest income	(989)	(492)
Interest expense	33,263	40,575
Operating cash flows before working capital changes	**198,986**	**70,552**
Decrease/(increase) in inventory	18,217	(17,295)
Increase in trade and other receivables	(6,908)	(24,753)
Decrease/(increase) in advances paid and prepaid expenses	4,329	(1,462)
Decrease in other taxes receivable	4,075	22,078
Increase in retirement benefit obligations	111	187
Increase in trade and other payables	6,278	22,212
Decrease in advances received	(19,105)	(7,357)
Increase in other taxes payable	6,174	845
Cash generated from operations	**212,157**	**65,007**
Interest paid	(28,727)	(35,759)
Income tax paid	(15,992)	(840)
Net cash generated from operating activities	**167,438**	**28,408**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(459)
Acquisition of short-term promissory note	-	(35,000)
Payments for property, plant and equipment	(7,193)	(8,964)
Proceeds from sale of property, plant and equipment	2,386	3,733
Payments for intangible assets	(2,312)	(994)
Loans issued	(5)	(27,896)
Proceeds from repayment of loans issued	441	46,715
Interest received	72	15,938
Net cash used in investing activities	**(6,611)**	**(6,927)**

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 ENDED 31 MARCH 2011 (CONTINUED) (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Three months ended 31 March 2011	Three months ended 31 March 2010
Financing activities		
Proceeds from short-term loans and borrowings	33,010	72,969
Proceeds from long-term loans and borrowings	29,150	-
Repayment of short-term loans and borrowings	(164,956)	(98,540)
Dividends paid to parent company	(15,778)	-
Proceeds from issue of shares by a subsidiary	526	-
Repayment of principal amounts of finance leases	(1,344)	(1,440)
Net cash used in financing activities	**(119,392)**	**(27,011)**
Net increase/(decrease) in cash and cash equivalents	**41,435**	**(5,530)**
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	(193)	393
Cash and cash equivalents at the end of the period	**87,652**	**48,521**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)
All amounts are in thousands of US Dollars unless otherwise stated

	Attributable to shareholders of the parent						
	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings/ (accumulated deficit)	Total	Non-controlling interests	Total
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 (loss)/income for the period	**-**	**-**	**(365)**	**21,253**	**20,888**	**(521)**	**20,367**
Increase of ownership in a subsidiary	-	-	-	(16)	**(16)**	(443)	**(459)**
Balance as at 31 March 2010	**1,374**	**152,223**	**(67,001)**	**(238,149)**	**(151,553)**	**72,157**	**(79,396)**
Balance as at 1 January 2011	**1,374**	**152,223**	**(68,852)**	**(262,630)**	**(177,885)**	**33,639**	**(144,246)**
Profit for the period	-	-	-	159,764	**159,764**	1,293	**161,057**
Other comprehensive income	-	-	3,591	-	**3,591**	2,489	**6,080**
Total comprehensive income for the period	**-**	**-**	**3,591**	**159,764**	**163,355**	**3,782**	**167,137**
Increase in non-controlling interests due to additional share issue by a subsidiary	-	-	-		**-**	519	**519**
Balance as at 31 March 2011	**1,374**	**152,223**	**(65,261)**	**(102,866)**	**(14,530)**	**37,940**	**23,410**

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. is a public limited company which was incorporated in Cyprus on 4 May 2006. As at 31 March 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 three months ended 31 March 2011, prices of all types of fertilisers continued to increase as a result of the recovery of the global economy. The upward price trend of ammonia prices is connected with the supply deficit and the seasonal increase in demand driven by the European application season. Ammonium nitrate prices were stable during the first quarter of 2011, being 20% higher compared to the first quarter of 2010. The prices for urea fluctuated during the first quarter of 2011 after reaching post-crisis highs in January 2011. Prices for phosphate fertilisers continued the positive trend which started in 2010 and were approximately 30% higher as compared to 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 2010, 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 2010.

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 2011.

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

IFRS 3 Business Combinations (amendments)
IFRS 7 Financial Instruments (amendments)
IAS 1 Presentation of Financial Statements (amendments)
IAS 24 Related Party Disclosures (revised)
IAS 27 Consolidated and Separate Financial Statements (amendments)
IAS 32 Financial Instruments: Presentation (amendments)
IAS 34 Interim Financial Reporting (amendments)
IFRIC 13 Customer Loyalty Programmes (amendments)
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of other new and revised Standards and Interpretations effective on or after 1 January 2011 as listed above, had no material impact on these condensed consolidated interim financial statements:

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 7 Financial Instruments	1 July 2011
IFRS 9 Financial Instruments – Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 12 Income Taxes	1 January 2012
IAS 27 Consolidated and Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates	1 January 2013

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 within the scope of IAS 39 Financial Instruments: Recognition and Measurement, will be measured at either amortised cost or fair value.

4. 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 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 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.

All amounts are in thousands of US Dollars unless otherwise stated

Segment information provided to the chief operating decision maker for the reportable segments for the three months ended 31 March 2011 is as follows:

Three months ended 31 March 2011	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Revenue from external customers	419,364	125,390	**544,754**
Inter-segment revenue	7,785	586	**8,371**
Total segment revenue	**427,149**	**125,976**	**553,125**
OIBDA	172,184	19,411	**191,595**

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**

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

Three months ended 31 March 2011	**Nitrogen fertilisers**	**Phosphate fertilisers**	**Total**
Segment OIBDA	172,184	19,411	**191,595**
Unallocated operating activity			
Depreciation and amortisation			(25,601)
Corporate overheads			(16,159)
Other			(3,641)
Inter-segment operations			13,787
Group operating profit			**159,981**
Interest income			989
Interest expense			(33,263)
Share of loss of associates			(37)
Foreign exchange gain from financing activities			72,477
Group profit before tax			**200,147**

All amounts are in thousands of US Dollars unless otherwise stated

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)
Inter-segment 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**

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 2011	856,099	365,011	**1,221,110**
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

5. SALES OF GOODS

Three months ended 31 March 2011	Total	Export	Russia	CIS
Mineral fertilisers				
Nitrogen based fertilisers	**266,615**	139,334	82,649	44,632
Phosphate based fertilisers	**114,373**	80,898	8,012	25,463
Complex fertilisers	**76,011**	67,449	5,319	3,243
Ammonia	**51,119**	42,292	6,154	2,673
Explosive grade ammonium nitrate	**18,228**	1,928	14,742	1,558
Inorganic acids	**7,302**	-	7,297	5
Other chemical products	**11,106**	1,578	9,272	256
Total	**544,754**	**333,479**	**133,445**	**77,830**
Three months ended 31 March 2010				
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**

6. COST OF SALES

	Three months ended 31 March 2011	Three months ended 31 March 2010
Raw materials, including:		
Natural gas	75,701	65,022
Apatite	37,777	30,968
Sulphur	5,926	3,449
Potassium chloride	4,617	3,260
Other raw materials	10,737	10,409
Energy and utilities	38,066	26,351
Depreciation	19,852	21,462
Wages and salaries	18,853	16,654
Social taxes	6,130	4,111
Repairs and maintenance	1,050	481
Decrease/(increase) in inventory balance of work in-progress and finished goods	25,979	(11,897)
Other	5,157	3,704
Total	**249,845**	**173,974**

All amounts are in thousands of US Dollars unless otherwise stated

7. SELLING AND DISTRIBUTION EXPENSES

	Three months ended 31 March 2011	Three months ended 31 March 2010
Transportation, including:		
Railway tariff	60,101	37,646
Freight and transshipment	27,793	20,020
Rail cars rent expenses	10,156	4,996
Other transportation expenses	3,900	5,148
Wages and salaries	4,597	3,218
Depreciation	3,116	2,963
Advertising and marketing	1,853	2,271
Customs clearance charges	686	743
Social taxes	667	642
Commissions and agent fees	194	227
Other	5,836	4,200
Total	**118,899**	**82,074**

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2011	Three months ended 31 March 2010
Wages and salaries	15,707	12,649
Social taxes	3,196	2,474
Depreciation	1,802	2,725
Audit, legal and consulting services	1,215	2,976
Fines and penalties	992	193
Rent	827	893
Security	758	887
Bank charges	290	326
Other	5,020	4,473
Total	**29,807**	**27,596**

All amounts are in thousands of US Dollars unless otherwise stated

9. 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	1,799	2,818	258	4,535	**9,410**
Transfers	(23)	501	248	(726)	**-**
Disposals	(533)	(1,565)	(3,185)	220	**(5,063)**
Effect of translation to presentation currency	20,289	37,669	3,947	5,882	**67,787**
Balance at 31 March 2011	**324,054**	**562,938**	**32,490**	**91,630**	**1,011,112**
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 2011	**(78,971)**	**(213,720)**	**(8,214)**	**-**	**(300,905)**
Charge for the year	(6,955)	(16,866)	(949)	-	**(24,770)**
Disposals	77	1,424	557	-	**2,058**
Effect of translation to presentation currency	(5,899)	(15,996)	(904)	-	**(22,799)**
Balance at 31 March 2011	**(91,748)**	**(245,158)**	**(9,510)**	**-**	**(346,416)**
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 2011	**223,551**	**309,795**	**23,008**	**81,719**	**638,073**
At 31 March 2011	**232,306**	**317,780**	**22,980**	**91,630**	**664,696**

As at 31 March 2011, property, plant and equipment included advances paid for acquisition of the property, plant and equipment in the amount of USD 56,589 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 31 March 2011, the net book value of leased machinery, equipment and transport was USD 46,763 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 13):

	31 March 2011	31 December 2010
Machinery, equipment and transport	88,607	136,300
Buildings and structures	16,876	21,433
Other	358	1,276
Total	**105,841**	**159,009**

10. INVESTMENTS IN ASSOCIATES

Details of the Group's associates are as follows:

		Effective ownership, %	
Name of associate	**Principal activity**	**31 March 2011**	**31 December 2010**
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 2011	31 March 2010
Investments in associates – equity method		
Balance at the beginning of the period	**10,174**	**10,726**
Share of loss of associates	(37)	(794)
Effect of translation to presentation currency	732	97
Balance at the end of the period	**10,869**	**10,029**
Investments in associates – at cost		
Balance at the beginning of the period	**24,541**	**24,578**
Effect of translation to presentation currency	346	354
Balance at the end of the period	**24,887**	**24,932**
Total at the beginning of the period	**34,715**	**35,304**
Total at the end of the period	**35,756**	**34,961**

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 2011	31 December 2010
Total assets	27,787	25,834
Total liabilities	(5,972)	(5,415)
Net assets	**21,815**	**20,419**
Group's share of net assets of associates	**10,869**	**10,174**

	Three months ended 31 March 2011	Three months ended 31 March 2010
Revenue	1,359	850
Loss for the period	(73)	(1,596)
Share of loss of associates	(37)	(794)

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 2011 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.

11. INVENTORIES

	31 March 2011	31 December 2010
Inventories expected to be recovered after twelve months		
Catalytic agents	34,288	29,983
Other inventories	2,958	2,721
	37,246	**32,704**
Inventories expected to be recovered in the next twelve months		
Raw materials, net of allowance for obsolescence	57,920	51,556
Finished goods	29,929	54,287
Goods for resale	8,687	6,785
Work in-progress	436	310
	96,972	**112,938**
Total	**134,218**	**145,642**

During the three months ended 31 March 2011, the Group recognised a write down of USD 1,595 thousand to reduce the carrying amount of inventories to net realisable value (three months ended 31 March 2010: USD 720 thousand). At 31 March 2011, inventories in the amount of USD 2,661 thousand were stated at net realisable value (31 December 2010: USD 5,526 thousand).

All amounts are in thousands of US Dollars unless otherwise stated

At 31 March 2011, raw materials were presented net of allowance for obsolescence of USD 5,174 thousand (31 December 2010: USD 4,902 thousand). During the three months ended 31 March 2011, the Group recognised USD 706 thousand (three months ended 31 March 2010: USD 230 thousand) and released USD 434 thousand (three months ended 31 March 2010: USD 561 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 2011	31 December 2010
Carrying value of pledged inventories (refer to note 13)	36,528	38,981

12. 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 2011	**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 2011.

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 2011, share capital was fully paid.

Earnings per share

Earnings per share was calculated by dividing net profit attributable to shareholders of the Company for the three months ended 31 March 2011 and 2010 by the weighted average number of ordinary shares in issue during respective period.

13. LOANS AND BORROWINGS

	31 March 2011	31 December 2010
Loans denominated in USD	1,063,177	1,163,365
Loans denominated in RUR	204,792	190,941
Total	**1,267,969**	**1,354,306**
Less: current portion repayable within twelve months and shown under current liabilities	(372,484)	(473,263)
Long-term portion of loans and borrowings	**895,485**	**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 required early repayment of the amount extended in the event of an IPO or bond offering by a Group company. 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 and in the amount of USD 10,000 thousand – from February 2011 to June 2011. The annual interest rate under these facilities decreased from Libor 1m + 5.9% - 6.15% to Libor 1m + 5.8%.

The loans denominated in USD had a weighted average annual interest rate of 7.4% during the three months ended 31 March 2011 (during the year ended 31 December 2010: 8.1%) and included the following borrowings:

- USD 84,464 thousand (31 December 2010: USD 84,797 thousand) at fixed rates varying from 6.2% to 7.5% (31 December 2010: from 7.0% to 9.0%) per annum;
- USD 902,462thousand (31 December 2010: USD 1,002,118 thousand) at floating rates linked to Libor varying from 6.1% to 7.7% (31 December 2010: linked to Libor 1m and Libor 3m, varying from 6.2% to 7.7%) per annum;
- USD 76,251 thousand (31 December 2010: USD 76,450 thousand) at a fixed REPO rate of 8.0% (31 December 2010: fixed REPO rate of 8.0%) per annum.

The loans denominated in USD are due in the years 2011 to 2013. As at 31 March 2011, USD-denominated loans in the amount of USD 1,044,662 thousand (2010: USD 1,144,504 thousand) are secured by 100.0% of OJSC Uralchem's shares, 74.8% of VMF's shares (2010: 74.8%), 87.4 % of KCCW MFP's shares (2010: 87.4 %) and 44.3% of PMF's shares (2010: 44.3%) held by the Group and certain fixed assets and inventories (refer to notes 9 and 11).

Loans denominated in RUR

In January 2011, the Group reached an agreement with Sberbank to decrease the interest rate on a loan denominated in RUR in the amount of USD 32,812 thousand from 14.0% to 10.0% per annum. The new interest rate is effective retrospectively from December 2010.

Loans denominated in RUR consist of a loan of USD 169,528 thousand (31 December 2010: USD 158,080 thousand) that bears interest at a fixed rate of 13.0% (31 December 2010:13.0%) per annum and is repayable in quarterly instalments starting from 20 June 2012 with the final instalment due on 24 June 2013 and other loans of USD 35,264 thousand (31 December 2010: USD 32,861 thousand) that bear interest at fixed rate of 10.0% (31 December 2010: 10.0%) per annum and are due in June 2011.

The majority of loans are secured by 100.0% of OJSC Uralchem's shares, 74.8% of VMF's shares (2010: 100.0%), 87.4% of KCCW MFP's shares (2010: 87.4%) and 44.3% of PMF's shares (2010: 44.3%) held by the Group and certain fixed assets and inventories(refer to notes 9 and 11).

All amounts are in thousands of US Dollars unless otherwise stated

Total loans and borrowings were repayable as follows:

	31 March 2011	31 December 2010
Due within three months	89,224	268,756
Due from three to six months	70,831	37,399
Due from six to twelve months	212,430	167,108
	372,485	**473,263**
Due in the second year	547,015	414,988
Due in the third year	348,470	466,055
	895,485	**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 "net debt/EBITDA" ratio not exceeding 4,9; and
- set-up limits for disposal of assets with a carrying value of more than USD 3,518 thousand for UralChem OJSC.

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

14. 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 2011	31 December 2010
Parent company of the Group		
Loans and borrowings	(18,410)	(18,754)
Other payables	(31,795)	(51,323)
Entities under common ownership and control with the Group		
Long-term trade and other receivable	3,062	2,931
Trade and other receivables	6,130	2,139
Advances paid and prepaid expenses	26	-
Promissory notes of related parties, at amortised cost	374	349
Trade and other payables	(1,705)	(1,621)
Advances received	(90)	-

All amounts are in thousands of US Dollars unless otherwise stated

The Group entered into the following transactions with related parties:

	Three months ended 31 March 2011	Three months ended 31 March 2010
Parent company of the Group		
Proceeds from repayment of loans issued	-	18,847
Interest income	904	75
Interest expense	(752)	(38)
Entities under common ownership and control with the Group		
Sales of goods and services	14,474	9,855
Purchases of goods and services	(2,693)	(2,277)
Interest income	40	39
Other income	67	201

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 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 received from related parties

As at 31 March 2011, the USD-denominated loan received from related parties in the amount of USD 18,410 bears interest at a fixed rate of 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 with its parent company. 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 three months ended 31 March 2011, the Group paid dividends to its parent company in the amount of USD 15,778 thousand.

Compensation of key management personnel

The compensation of key management personnel of the Group for the three months ended 31 March 2011 comprised salaries and cash bonuses in the amount of USD 6,428 thousand (three months ended 31 March 2010: USD 1,469 thousand), including social taxes in the amount of USD 280 thousand (three months ended 31 March 2010: USD 311 thousand).

All amounts are in thousands of US Dollars unless otherwise stated

15. 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 2011	31 December 2010
Due in one year	212,500	271,899
Due from two to five years	199,777	248,471
Total	**412,277**	**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:

	31 March 2011	31 December 2010
Due in one year	109,036	103,577
Due from two to five years	83,279	103,577
Total	**192,315**	**207,154**

Purchase of potassium chloride

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

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

	31 March 2011	31 December 2010
Due in one year	21,564	17,585
Due from two to five years	43,914	46,550
Total	**65,478**	**64,135**

Capital commitments

As at 31 March 2011 the Group's contractual capital commitments for acquisition of property, plant and equipment amounted to USD 7,184 thousand (31 December 2010: USD 4,684 thousand).

All amounts are in thousands of US Dollars unless otherwise stated

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 2011	31 December 2010
Due in one year	28,138	29,280
Due from two to five years	26,173	46,082
Total	**54,311**	**75,362**

Guarantees issued

As at 31 March 2011 and 31 December 2010, 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 to a third parties as at 31 March 2011 is USD 3 thousand (31 December 2010: USD 3 thousand).
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 2011 and 31 December 2010 management assessed the risk of non-performance by parties to these financial guarantees as remote.

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 faces several unresolved claims in the amount of USD 10,578 thousand, for which 100% provision had been made as at 31 March 2011 (31 December 2010: USD 7,780 thousand).

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.

16. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Up to the date of approval of these condensed consolidated interim financial statements the Group received net amount of USD 89,000 thousand within the credit limit approved under the debt restructuring arrangement with UniCredit Bank (see note 13).

In April 2011, the Group repaid its liability under the REPO agreement with Sberbank ahead of schedule in the amount of USD 75,750 thousand and received back 9.7% interest in Togliattiazot, which was pledged in accordance with the REPO deal terms.