EUROCHEM GROUP

INTERNATIONAL ACCOUNTING STANDARD No. 34

CONSOLIDATED CONDENSED INTERIM (THREE MONTHS) FINANCIAL INFORMATION AND REVIEW REPORT

31 MARCH 2010

Contents

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AUDITOR'S REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2010

To the Shareholders and Board of Directors of Open Joint Stock Company Mineral Chemical Company "EuroChem":

Introduction
We have reviewed the accompanying consolidated condensed statement of financial position of Open Joint Stock Company Mineral Chemical Company "EuroChem" and its subsidiaries (together, the "Group") as at 31 March 2010 and the related consolidated condensed statements of comprehensive income, cash flows and changes in equity for the three month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

28 May 2010
Moscow, Russian Federation

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

	Note	31 March 2010	31 December 2009
ASSETS			
Non-current assets:			
Property, plant and equipment	6	58,160,603	56,382,417
Exploration rights		7,271,496	7,271,496
Goodwill		204,866	204,866
Intangible assets		418,688	427,457
Restricted cash	10	158,998	179,115
Available-for-sale investments	7	34,207,621	33,619,657
Other non-current assets		216,904	247,893
Deferred tax assets		1,035,742	1,328,848
Total non-current assets		**101,674,918**	**99,661,749**
Current assets:			
Inventories	8	7,996,621	8,105,067
Trade receivables	9	3,070,326	2,151,240
Prepayments, other receivables and other current assets	9	6,811,951	7,630,102
Restricted cash	10	740,687	551,086
Cash and cash equivalents	10	7,405,421	10,676,772
Total current assets		**26,025,006**	**29,114,267**
TOTAL ASSETS		**127,699,924**	**128,776,016**
LIABILITIES AND EQUITY			
Equity:			
Capital and reserves attributable to owners of the parent:			
Share capital		6,800,000	6,800,000
Treasury shares		(7,760)	(7,760)
Retained earnings and other reserves		70,141,667	65,644,137
		76,933,907	**72,436,377**
Non-controlling interests		643,578	758,683
Total equity		**77,577,485**	**73,195,060**
Non-current liabilities:			
Bank borrowings	11	19,192,924	26,556,324
Bonds issued		8,474,599	8,724,895
Other non-trade payables		430,238	430,393
Deferred income tax liabilities		1,988,161	1,972,782
Total non-current liabilities		**30,085,922**	**37,684,394**
Current liabilities:			
Bank borrowings	11	13,885,027	12,491,434
Derivative financial liabilities	7	53,450	-
Trade payables		1,468,071	1,373,488
Other accounts payable and accrued expenses		3,884,580	3,574,522
Income tax payable		241,807	108,465
Other taxes payable		503,582	348,653
Total current liabilities		**20,036,517**	**17,896,562**
Total liabilities		**50,122,439**	**55,580,956**
TOTAL LIABILITIES AND EQUITY		**127,699,924**	**128,776,016**

Approved on behalf of the Board of Directors
28 May 2010

D.S. Strezhnev
Chief Executive Officer

A.A. Ilyin
Chief Financial Officer

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

		Three months ended	
	Note	31 March 2010	31 March 2009
Sales	12	21,609,443	19,252,019
Cost of sales	13	(12,060,014)	(10,630,473)
Gross profit		**9,549,429**	**8,621,546**
Distribution costs	14	(4,277,252)	(4,523,850)
General and administrative expenses	15	(931,565)	(931,725)
Other operating income/(expenses)	16	98,755	1,290,122
Operating profit		**4,439,367**	**4,456,093**
Fair value gain on trading investments		-	63,717
Gain on disposal of available-for-sale investments	7	71,271	-
Financial foreign exchange gain/(loss) – net		1,396,356	(5,629,140)
Interest income		51,887	134,706
Interest expense		(422,574)	(555,190)
Other financial income		53,300	-
Profit/(loss) before taxation		**5,589,607**	**(1,529,814)**
Income tax expense	17	(1,119,991)	(204,778)
Net profit/(loss) for the period		**4,469,616**	**(1,734,592)**
Other comprehensive income/(loss)			
Currency translation differences, net of tax		(879,649)	1,004,797
Revaluation of available-for-sale investments	7	953,810	(2,174,744)
Disposal of available-for-sale investments – reclassification of revaluation to profit and loss	7	(71,271)	-
Total other comprehensive income/(loss) for the period		**2,890**	**(1,169,947)**
Total comprehensive income/(loss) for the period		**4,472,506**	**(2,904,539)**
Net profit/(loss) for the period attributable to:			
Owners of the parent		4,446,814	(1,736,450)
Non-controlling interests		22,802	1,858
		4,469,616	**(1,734,592)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		4,479,470	(2,941,304)
Non-controlling interests		(6,964)	36,765
		4,472,506	**(2,904,539)**
Earnings per share – basic and diluted (in RR)	18	65.46	(25.56)

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

	Note	Three months ended 31 March 2010	31 March 2009
Operating profit		**4,439,367**	**4,456,093**
Income tax paid		(615,358)	(460,503)
Operating profit less income tax paid		**3,824,009**	**3,995,590**
Depreciation and amortisation	15	781,525	751,011
Net loss on disposals and write-off of property, plant and equipment		39,188	79,947
Impairment of receivables and provision for obsolete and damaged inventories		47,277	178,793
Other non-cash (income)/expenses		(393,369)	45,501
Gross cash flow		**4,298,630**	**5,050,842**
Changes in operating assets and liabilities:			
Trade receivables		(898,510)	(330,761)
Advances to suppliers		712,614	834,473
Other receivables		(282)	(715,242)
Inventories		123,489	1,180,828
Trade payables		166,732	(82,729)
Advances from customers		(299,250)	(221,832)
Other payables		959,091	(982,073)
Other assets and liabilities		(172,184)	440,299
Net cash – operating activities		**4,890,330**	**5,173,805**
Cash flows from investing activities			
Capital expenditure on property, plant and equipment and other intangible assets		(2,994,420)	(5,019,570)
Purchase of exploration rights		-	(90,220)
Acquisition of interest in subsidiaries		(90,081)	(3,690)
Acquisition of available-for-sale investments		-	(16,831,586)
Prepayment for acquisition of subsidiary		-	(50,000)
Proceeds from sale of property, plant and equipment		6,302	5,718
Prepayment for non-current assets held for sale		-	6,096
Proceeds from disposal of available-for-sale investments	7	365,846	-
Proceeds from sale of derivatives	7	106,750	-
Repayment of originated loans		-	1,506,006
Interest received		42,346	296,136
Net cash – investing activities		**(2,563,257)**	**(20,181,110)**
Free cash inflow/(outflow)		**2,327,073**	**(15,007,305)**
Cash flows from financing activities			
Proceeds from bank borrowings	11	-	2,469,426
Repayment of bank borrowings	11	(4,695,321)	(2,461,765)
Syndication fees paid		(755)	-
Interest paid		(530,980)	(697,590)
Net cash – financing activities		**(5,227,056)**	**(689,929)**
Effect of exchange rate changes on cash and cash equivalents		(371,368)	2,457,592
Net decrease in cash and cash equivalents		**(3,271,351)**	**(13,239,642)**
Cash and cash equivalents at the beginning of the period	10	**10,676,772**	**26,225,350**
Cash and cash equivalents at the end of the period	10	**7,405,421**	**12,985,708**

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

	Attributable to owners of the parent							
	Share capital	Treasury shares	Cumulative currency translation differences	Revaluation of investments available-for-sale	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2009	**6,800,000**	**(7,760)**	**1,529,180**	**4,371,990**	**47,533,368**	**60,226,778**	**809,874**	**61,036,652**
Comprehensive income								
Profit/(loss) for the period	-	-	-	-	(1,736,450)	(1,736,450)	1,858	(1,734,592)
Other comprehensive income/(loss)								
Currency translation differences	-	-	969,890	-	-	969,890	34,907	1,004,797
Revaluation of available-for-sale investments	-	-	-	(2,174,744)	-	(2,174,744)	-	(2,174,744)
Total other comprehensive income/(loss)	-	-	969,890	(2,174,744)	-	(1,204,854)	34,907	(1,169,947)
Total comprehensive income/(loss)	**-**	**-**	**969,890**	**(2,174,744)**	**(1,736,450)**	**(2,941,304)**	**36,765**	**(2,904,539)**
Transactions with owners								
Acquisitions of additional interest in subsidiaries	-	-	-	-	17,321	17,321	(21,011)	(3,690)
Total transactions with owners	**-**	**-**	**-**	**-**	**17,321**	**17,321**	**(21,011)**	**(3,690)**
Balance at 31 March 2009	**6,800,000**	**(7,760)**	**2,499,070**	**2,197,246**	**45,814,239**	**57,302,795**	**825,628**	**58,128,423**
Balance at 1 January 2010	**6,800,000**	**(7,760)**	**1,884,761**	**5,095,017**	**58,664,359**	**72,436,377**	**758,683**	**73,195,060**
Comprehensive income								
Profit for the period	-	-	-	-	4,446,814	4,446,814	22,802	4,469,616
Other comprehensive income/(loss)								
Currency translation differences	-	-	(849,883)	-	-	(849,883)	(29,766)	(879,649)
Revaluation of available-for-sale investments	-	-	-	953,810	-	953,810	-	953,810
Disposal of available-for-sale investments	-	-	-	(71,271)	-	(71,271)	-	(71,271)
Total other comprehensive income/(loss)	-	-	(849,883)	882,539	-	32,656	(29,766)	2,890
Total comprehensive income/(loss)	**-**	**-**	**(849,883)**	**882,539**	**4,446,814**	**4,479,470**	**(6,964)**	**4,472,506**
Transactions with owners								
Acquisitions of additional interest in subsidiaries	-	-	-	-	18,060	18,060	(108,141)	(90,081)
Total transactions with owners	**-**	**-**	**-**	**-**	**18,060**	**18,060**	**(108,141)**	**(90,081)**
Balance at 31 March 2010	**6,800,000**	**(7,760)**	**1,034,878**	**5,977,556**	**63,129,233**	**76,933,907**	**643,578**	**77,577,485**

1 The EuroChem Group and its operations

EuroChem Group comprises the parent entity, Open Joint Stock Company Mineral Chemical Company "EuroChem" (the "Company"), and its subsidiaries (collectively the "Group" or "EuroChem Group").

The Group's principal activities include extracting minerals (iron-ore, apatite and baddeleyite), producing fertilizers and their distribution in domestic and foreign markets. The Group manufactures a large number of products, the most significant of which is a wide range of mineral fertilizers (nitrogen and phosphate group).

A company that holds the business interests of Mr. Andrey Melnichenko owns 100% of Linea Limited registered in Bermuda, which in turn owns 95% of MCC Holding Public Company Limited (Cyprus). The remaining 5% is held by Mr. Dmitry Strezhnev, CEO of the Group. MCC Holding Public Company Limited (Cyprus) owns 99.9% of EuroChem.

The Group's manufacturing facilities are based in the Russian Federation with the exception of one entity, Lifosa AB, located in Lithuania.

The Company was incorporated and domiciled in the Russian Federation on 27 August 2001 as a closed joint stock company. On 3 April 2006 the Company changed its legal form to an open joint stock company. The Company has its registered office at:

Dubininskaya St. 53, bld. 6
Moscow, Russian Federation.

2 Basis of presentation

This consolidated condensed interim financial information for the three months ended 31 March 2010 has been prepared in accordance with IAS 34, "Interim Financial Reporting". It should be read in conjunction with the consolidated financial statements for the year ended 31 December 2009 which have been prepared in accordance with International Financial Reporting Standards.

3 Accounting policies and critical accounting judgements and estimates

The accounting policies and significant judgements and estimates applied are consistent with those of the consolidated financial statements for the year ended 31 December 2009, except for the policies which were changed to comply with the new or amended standards and interpretations that are in force for the year beginning on 1 January 2010 (Note 4).

Income taxes. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Export duties. Effective from 1 February 2009, the Government of the Russian Federation cancelled the duties on exports of nitrogen and complex fertilizers to countries outside the CIS Customs Union. Effective from 1 May 2009, the Government of the Russian Federation also cancelled the duties on exports of apatite to countries outside the CIS Customs Union. The duties, introduced in April 2008, were equal to 8.5% and 6.5% of the declared customs value of nitrogen and complex fertilizers and apatite, respectively. For the three months ended 31 March 2009, when the duties were applied, export sales were shown gross of the duties described above, which amounted to RR 196,463 thousand. In making this judgment the Group considered that these export duties in substance represented a cost for the Group, rather than a sales tax collected on behalf of government authorities.

4 Adoption of new or revised standards and interpretations

The following new standards, amendments to standards and interpretations became effective for the Group from 1 January 2010:

- IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for periods beginning on or after 1 July 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The Group concluded that the revised standard does not have any effect on its financial information;

4 Adoption of new or revised standards and interpretations (continued)

- IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary has to be measured at its fair value. The effect on the financial information as at 31 March 2010 was not material;

- IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 allows entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer has to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer has to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date are recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The effect on the financial information as at 31 March 2010 was not material;

- IFRIC 17, Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets is recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 is currently not relevant to the Group's operations because it does not distribute non-cash assets to owners;

- Embedded Derivatives – Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. These amendments are not currently applicable to the Group as it has no embedded derivatives;

- Eligible Hedged Items – Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment currently does not have any impact on the Group's financial information as the Group does not apply hedge accounting;

- IFRIC 18, Transfers of Assets from Customers (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 does not impact the Group's consolidated financial information;

4 Adoption of new or revised standards and interpretations (continued)

- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The improvements do not have a material effect on the Group's consolidated financial information;

- Group Cash-settled Share-based payment Transactions – Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. These amendments are not relevant to the Group;

- Additional Exemptions for First-time Adopters – Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments do not have any impact on the Group's consolidated financial information;

- Classification of Rights Issues – Amendment to IAS 32, Financial Instruments: Presentation (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The amendment is not currently applicable to the Group;

- The International Financial Reporting Standard for Small and Medium-sized Entities (issued in July 2009). The Group does not intend to adopt the IFRS for SMEs.

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 March 2010, and have not been early adopted:

- IAS 24, Related Party Disclosures (amended November 2009, effective for annual periods beginning on or after 1 January 2011);

- IFRS 9, Financial Instruments (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted). The Group is currently assessing the impact of the amended standard on its consolidated financial information;

- Improvements to International Financial Reporting Standards (issued in May 2010 and effective for the Group from 1 January 2011). The Group is currently assessing the impact of the amended standard on its consolidated financial information;

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010);

- Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011);

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

4 Adoption of new or revised standards and interpretations (continued)

- Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010).

Unless otherwise described above, the new standards, amendments to standards and interpretations are not expected to significantly affect the Group's financial information.

5 Segment information

The Group is a vertically integrated company with operations spanning mining, fertilizer manufacturing, organic synthesis products, sales and distribution. The Group's core business is fertilizers, with a wide product range including nitrogen and phosphate. On a monthly basis the Management Board reviews the financial reports of the Group, evaluates the operating results and allocates resources between the operating segments. Budgets and financial reports are prepared in a standard format according to the IFRS accounting policy adopted by the Group. Sales between segments are carried out on an arm's length basis. The Management Board assesses the performance of the operating segments based on, among others, a measure of profit before taxation adjusted by interest expense, depreciation and amortization, financial foreign exchange gain or loss, other non-cash and extraordinary items, excluding net profit for the period attributed to non-controlling interests (EBITDA). Since this term is not a standard IFRS measure EuroChem Group's definition of EBITDA may differ from that of other companies.

The development and approval of strategies, market situation analysis, the risk assessment, investment focus, technological process changes, goals and priorities are set and assessed in line with the segment structure of the Group:

- Nitrogen – the production and sale of nitrogen mineral fertilizers and organic synthesis products;

- Phosphates – the production and sale of phosphate mineral fertilizers and the extraction of ores to produce and subsequently sell baddeleyite and iron-ore concentrates;

- Potash – the development of several deposits of potassium salts ("potash") under the licenses acquired by the Group with a view to start production and marketing of potassium fertilizers. No sales have been recorded to date in this segment;

- Distribution – retail sales of mineral fertilizers (including those not produced by the Group), seeds, crop protection items etc via a number of retailers located within Russia and the CIS;

- All other – certain logistics and service activities, central management, investment income and other items.

The segmental results for the three months ended 31 March 2010 were as follows:

	External sales	Internal sales	Total sales	EBITDA
Nitrogen	10,000,350	2,055,247	12,055,597	3,705,905
Phosphates	8,840,656	384,959	9,225,615	1,723,128
Potash	-	-	-	(61,320)
Distribution	2,472,966	48	2,473,014	167,610
Other	295,471	3,155,416	3,450,887	(174,993)
Elimination	-	(5,595,670)	(5,595,670)	(68,198)
Total	**21,609,443**	**-**	**21,609,443**	**5,292,132**

The segmental results for the three months ended 31 March 2009 were as follows:

	External sales	Internal sales	Total sales	EBITDA
Nitrogen	9,113,797	1,136,007	10,249,804	3,180,218
Phosphates	7,946,023	138,738	8,084,761	2,404,899
Potash	-	-	-	(138,859)
Distribution	1,075,547	1,403	1,076,950	(91,017)
Other	1,116,652	3,550,876	4,667,528	35,057
Elimination	-	(4,827,024)	(4,827,024)	9,880
Total	**19,252,019**	**-**	**19,252,019**	**5,400,178**

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

5 Segment information (continued)

A reconciliation of total profit before tax is provided as follows:

	Note	Three months ended 31 March 2010	Three months ended 31 March 2009
EBITDA		**5,292,132**	**5,400,178**
Depreciation and amortisation	15	(781,525)	(751,011)
Idle property, plant and equipment write-off	6	(42,155)	(60,226)
Fair value gain on trading investments		-	63,717
Gain on disposal of available-for-sale investments	7	71,271	-
Financial foreign exchange gain/(loss) – net		1,396,356	(5,629,140)
Interest expense		(422,574)	(555,190)
Other financial income		53,300	-
Non-controlling interest		22,802	1,858
Profit/(loss) before taxation		**5,589,607**	**(1,529,814)**

The analysis of Group sales by geographical area was:

	Three months ended 31 March 2010	Three months ended 31 March 2009
Export	15,643,599	15,097,046
Domestic	5,965,844	4,154,973
Total sales	**21,609,443**	**19,252,019**

The analysis of Group sales by geographical area was:

	Three months ended 31 March 2010	Three months ended 31 March 2009
Russia	5,965,844	4,154,973
CIS	3,207,421	1,578,292
Asia	3,100,325	4,930,723
Europe	4,199,505	5,971,959
Latin America	3,089,793	607,185
North America	1,373,650	1,380,324
Africa	575,828	451,461
Australasia	97,077	177,102
Total sales	**21,609,443**	**19,252,019**

The sales are allocated by regions based on the destination country. There were no individually material sales to countries, except for Russia, during the three months ended 31 March 2010 and 31 March 2009.

6 Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were as follows:

	Note	2010	2009
Carrying amount at 1 January		**56,382,417**	**41,197,799**
Including advances given to construction companies and suppliers of property, plant and equipment		5,443,305	4,323,234
Additions		2,901,764	4,558,399
Including change in advances given		(547,581)	1,366,320
Disposals		(3,333)	(13,835)
Reclassification to non-current assets held for sale		-	(32,885)
Depreciation charge for the period		(775,171)	(729,093)
Idle property, plant and equipment write-off	13	(42,155)	(60,226)
Currency translation differences		(302,919)	285,961
Carrying amount at 31 March		**58,160,603**	**45,206,120**
Including advances given to construction companies and suppliers of property, plant and equipment		4,895,724	5,689,554

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

6 Property, plant and equipment (continued)

The analysis of the Group's assets under construction, which are included in the property, plant and equipment balance, is as follows:

	31 March 2010	31 December 2009
Construction in progress	28,418,994	26,335,154
Advances given to construction companies and suppliers of property, plant and equipment	4,895,724	5,443,305
Total assets under construction	**33,314,718**	**31,778,459**

Trade payables to suppliers of property, plant and equipment amount to RR 241,416 thousand at 31 March 2010 (31 December 2009: RR 324,073 thousand).

The Group decided to mothball certain production equipment with a net book value of RR 42,155 thousand at 31 March 2010 (31 March 2009: net book value of RR 60,226 thousand) and recognised a loss of RR 42,155 thousand in this consolidated condensed interim financial information (three months ended 31 March 2009: RR 60,226 thousand) (Note 13).

7 Available-for-sale investments

At 31 March 2010 available-for-sale investments comprised the shares of K+S Group, a German manufacturer of potassium-based fertilizers, and OJSC Sberbank.

K+S Group shares

In January 2010 the Group sold 200,000 ordinary shares of K+S Group on the open market for RR 365,846 thousand and recognised a gain of RR 71,271 thousand in the profit and loss.

At 31 March 2010 the Group owned 19,166,595 shares, or 10.01% of the issued share capital (31 December 2009: 19,366,595 shares, or 10.12% of the issued share capital) of K+S Group with a fair value of RR 34,190,269 thousand (31 December 2009: RR 33,602,943 thousand) with reference to the share price quoted on the Xetra trading system. The accumulated increase in the fair value of the investment of RR 5,960,289 thousand was recognised in equity at 31 March 2010 (31 December 2009: RR 5,078,388 thousand).

At 31 March 2010 the Group had 2,505,180 shares of K+S Group pledged as collateral for a bank loan (Note 11) and 1,200,000 shares were provided as a security for call options into which the Group entered in January and February 2010. These options were sold by the Group for a total premium of RR 106,750 thousand. The strike price is Euro 50.0 per share and the expiry dates are 18 June 2010 and 17 September 2010. At 31 March 2010 the liability arising on these options was accounted for at a fair value of RR 53,450 thousand.

Sberbank shares

At 31 March 2010 the shares of OJSC Sberbank were accounted for at a fair value of RR 17,352 thousand (31 December 2009: RR 16,714 thousand) with reference to the share price quoted on the Russian Trade System ("RTS"). The accumulated increase in the fair value of the investment of RR 17,267 thousand was recognised in equity at 31 March 2010 (31 December 2009: RR 16,629 thousand).

Movements in the carrying amount of available-for-sale investments were:

	2010	2009
At 1 January	**33,619,657**	**13,899,438**
Acquisition of available-for-sale investments	-	16,831,586
Revaluation of available-for-sale investments	953,810	(2,174,744)
Disposal of available-for-sale investments, including:		
- available-for-sale investments at cost	(294,575)	-
- reclassification of revaluation to profit and loss	(71,271)	-
At 31 March	**34,207,621**	**28,556,280**

Available-for-sale investments:

	31 March 2010	31 December 2009
K+S Group ordinary shares	34,190,269	33,602,943
Sberbank ordinary shares	17,352	16,714
Total available-for-sale investments	**34,207,621**	**33,619,657**

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

8 Inventories

	31 March 2010	31 December 2009
Materials	3,179,827	3,050,401
Work in progress	780,728	813,971
Finished goods	3,090,111	3,207,001
Catalysts	1,362,870	1,413,464
Less: provision for obsolete and damaged inventories	(416,915)	(379,770)
Total inventories	**7,996,621**	**8,105,067**

The Group wrote-off materials to their net realisable value and recognised a loss of RR 52,188 thousand (year ended 31 December 2009: RR 54,616 thousand) in the profit and loss.

9 Trade receivables, prepayments, other receivables and other current assets

	31 March 2010	31 December 2009
Trade receivables		
Trade receivables denominated in RR	1,377,075	1,009,891
Trade receivables denominated in US$	1,477,226	941,536
Trade receivables denominated in Euro	105,275	199,432
Trade receivables denominated in other currencies	314,958	225,165
Less: impairment provision	(204,208)	(224,784)
Total trade receivables – financial assets	**3,070,326**	**2,151,240**
Prepayments, other receivables and other current assets		
Advances to suppliers	2,202,151	2,914,765
VAT recoverable and receivable	3,916,814	3,894,625
Income tax receivable	131,501	212,608
Other taxes receivable	27,518	25,847
Other receivables	474,494	541,407
Less: impairment provision	(148,884)	(124,615)
Subtotal non-financial assets	**6,603,594**	**7,464,637**
Interest receivable	19,734	10,531
Other receivables	188,623	154,934
Subtotal financial assets	**208,357**	**165,465**
Total prepayments, other receivables and other current assets	**6,811,951**	**7,630,102**
Total trade receivables, prepayments, other receivables and other current assets	**9,882,277**	**9,781,342**
Including:		
Financial assets	3,278,683	2,316,705
Non-financial assets	6,603,594	7,464,637

10 Cash and cash equivalents

	31 March 2010	31 December 2009
Cash on hand and bank balances denominated in RR	1,853,467	1,072,146
Bank balances denominated in US$	2,701,404	1,993,965
Bank balances denominated in Euro	1,292,904	880,578
Balances denominated in other currencies	168,132	18,486
Term deposits denominated in RR	319,175	1,727,614
Term deposits denominated in US$	730,110	2,594,479
Term deposits denominated in Euro	121,679	2,088,686
Term deposits denominated in other currencies	218,550	300,818
Total cash and cash equivalents	**7,405,421**	**10,676,772**
Current restricted cash	740,687	551,086
Non-current restricted cash	158,998	179,115
Total restricted cash	**899,685**	**730,201**

Term deposits at 31 March 2010 and 31 December 2009 have various original maturities but could be withdrawn on request without any restrictions.

At 31 March 2010 the RR 740,687 thousand (31 December 2009: RR 551,086 thousand) of current restricted cash consists of cash held at banks to meet the next principal and interest payments.

At 31 March 2010 and 31 December 2009 non-current restricted cash of RR 158,998 thousand and RR 179,115 thousand, respectively, primarily consists of letters of credit for equipment procurement and a deposit against possible environmental obligations as required under statutory Lithuanian rules.

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

11 Bank borrowings

	2010	2009
Balance as at 1 January	**39,047,758**	**43,511,956**
Bank loans received, denominated in Euro	-	2,448,349
Bank loans received, denominated in RR	-	21,077
Bank loans repaid, denominated in US$	(3,109,965)	-
Bank loans repaid, denominated in Euro	(1,585,356)	(2,444,440)
Bank loans repaid, denominated in RR	-	(17,325)
Capitalisation and amortisation of bank borrowings syndication fees	48,725	37,550
Foreign exchange (gain)/loss	(1,323,211)	6,945,590
Balance as at 31 March	**33,077,951**	**50,502,757**

	31 March 2010	31 December 2009
Current bank borrowings		
Current portion of long-term bank loans in US$	12,122,893	12,491,434
Current portion of long-term bank loans in Euro	1,762,134	-
Total current bank borrowings	**13,885,027**	**12,491,434**
Non-current bank borrowings		
Long-term bank loans, denominated in US$	31,315,817	35,390,620
Long-term bank loans, denominated in Euro	1,762,134	3,657,138
Less: current portion of long-term bank loans in US$	(12,122,893)	(12,491,434)
Less: current portion of long-term bank loans in Euro	(1,762,134)	-
Total non-current bank borrowings	**19,192,924**	**26,556,324**
Total bank borrowings	**33,077,951**	**39,047,758**

At 31 March 2010 and 31 December 2009 the fair value of borrowings was not materially different from their carrying amounts.

The Group has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

Under the terms of loan agreements, the Group is required to comply with a number of covenants and restrictions, including the maintenance of certain financial ratios, financial indebtedness and cross-default provisions.

Interest rates and outstanding amounts

A syndicated loan facility, which was obtained in October 2008 for the amount of US$ 1.5 billion, bears a floating interest rate of 1 month Libor +1.8%. The outstanding amount at 31 March 2010 totalled US$ 1,081,395 thousand (31 December 2009: US$ 1,186,047 thousand).

A loan obtained in September 2009 for the amount of Euro 85 million, bearing a floating interest rate of 3 month Euribor +2.0%, has been partly repaid. The outstanding amount at 31 March 2010 totalled Euro 45 million, which was fully repaid in April 2010 (Note 21).

Collaterals and pledges

At 31 March 2010 collaterals comprised cash balances of RR 740,687 thousand (31 December 2009: RR 551,086 thousand) restricted by banks to secure the next principal and interest payments (Note 10).

A bank loan of RR 31,315,817 thousand and RR 35,390,620 thousand at 31 March 2010 and 31 December 2009, respectively, was collateralized by future export proceeds of the Group under sales contracts with certain customers.

A bank loan of RR 1,762,134 thousand at 31 March 2010 (31 December 2009: RR 3,657,138 thousand) was secured with K+S Group shares as collateral represented by 2,505,180 shares with a fair value of RR 4,468,857 thousand (31 December 2009: 5,316,627 shares with a fair value of RR 9,224,869 thousand) with reference to the share price quoted on the Xetra trading system.

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

11 Bank borrowings (continued)

Collaterals and pledges (continued)

The Group's bank borrowings mature as follows:

	31 March 2010	31 December 2009
- within 1 year	13,885,027	12,491,434
- between 1 and 2 years	12,122,894	16,148,572
- between 2 and 5 years	7,070,030	10,407,752
Total bank borrowings	**33,077,951**	**39,047,758**

New undrawn loan facilities

In March 2010 the Group signed a US$ 261 million, 10-year export credit agency-backed loan facility for financing the ongoing construction of the cage shaft at Gremyachinskoe potash deposit by a South Africa-based company.

12 Sales

The components of sales were as follows:

		Three months ended	
		31 March 2010	31 March 2009
Nitrogen			
	Nitrogen fertilizers	7,361,690	7,105,454
	Organic synthesis products	1,586,539	860,713
	Complex fertilizers group	800,123	968,017
	Other goods	100,791	154,544
	Other services	151,207	25,069
		10,000,350	**9,113,797**
Phosphates			
	Phosphates	5,307,224	4,978,438
	Iron ore concentrate	2,394,476	1,566,712
	Feed phosphates group	563,762	684,218
	Apatite concentrate	182,526	371,194
	Baddeleyite concentrate	122,717	94,292
	Complex fertilizers group	16,719	35,038
	Other goods	77,244	54,656
	Other services	175,988	161,475
		8,840,656	**7,946,023**
Distribution			
	Nitrogen fertilizers	1,517,526	669,960
	Phosphates	189,919	140,714
	Complex fertilizers group	481,352	82,254
	Other goods	283,195	181,072
	Other services	974	1,547
		2,472,966	**1,075,547**
Others			
	Nitrogen fertilizers	46,916	669,589
	Organic synthesis products	-	35,395
	Logistic services	76,323	106,119
	Other goods	-	197,518
	Other services	172,232	108,031
		295,471	**1,116,652**
Total sales		**21,609,443**	**19,252,019**

(all amounts are presented in thousands of Russian Roubles, unless otherwise stated)

13 Cost of sales

The components of cost of sales were as follows:

	Note	Three months ended 31 March 2010	31 March 2009
Materials and components used or resold		5,947,876	4,660,570
Energy		1,448,178	1,121,021
Utilities and fuel		887,039	500,161
Labour, including contributions to social funds		2,229,027	1,825,039
Depreciation		638,276	586,025
Repairs and maintenance		68,292	121,764
Production overheads		286,591	287,911
Property tax, rent payments for land and related taxes		236,162	121,698
Transportation expenses for logistics services		68,433	419,170
Idle property, plant and equipment written-off	6	42,155	60,226
Provision for obsolete and damaged inventory and finished goods		37,145	44,113
Changes in work in progress and finished goods		137,322	815,046
Other costs		33,518	67,729
Total cost of sales		**12,060,014**	**10,630,473**

14 Distribution costs

Distribution costs comprised:

	Three months ended 31 March 2010	31 March 2009
Transportation	3,749,798	3,566,961
Export duties, other fees and commissions	20,794	275,285
Labour, including contributions to social funds	251,604	184,636
Depreciation	73,726	102,934
Repairs and maintenance	92,740	164,168
Provision/(reversal of provision) for impairment of receivables	(8,355)	115,576
Other	96,945	114,290
Total distribution costs	**4,277,252**	**4,523,850**

15 General and administrative expenses

General and administrative expenses comprised:

	Three months ended 31 March 2010	31 March 2009
Labour, including contributions to social funds	558,463	486,132
Depreciation and amortisation	69,523	62,052
Audit, consulting and legal services	56,320	41,195
Rent	28,757	32,491
Bank charges	26,825	67,408
Social expenditure	10,876	13,723
Repairs and maintenance	7,164	9,515
Provision for impairment of receivables	18,487	19,104
Other expenses	155,150	200,105
Total general and administrative expenses	**931,565**	**931,725**

The total depreciation and amortisation expenses included in all captions of the statement of comprehensive income amounted to RR 781,525 thousand (three months ended 31 March 2009: RR 751,011 thousand). The total staff costs (including social expenses) included in all captions of the statement of comprehensive income amounted to RR 3,039,094 thousand (three months ended 31 March 2009: RR 2,495,807 thousand). In March 2010 the Group paid a one-time inflation adjustment to salaries of RR 413,935 thousand, including contributions to social funds.

16 Other operating income and expenses

The components of other operating (income) and expenses were as follows:

	Three months ended 31 March 2010	31 March 2009
(Gain)/loss on disposal of property, plant and equipment	(7,538)	6,442
Sponsorship	69,964	49,737
Foreign exchange gain	(131,350)	(1,472,388)
Other operating (income)/expenses	(29,831)	126,087
Total other operating (income)/expenses	**(98,755)**	**(1,290,122)**

17 Income tax

	Three months ended 31 March 2010	Three months ended 31 March 2009
Income tax expense – current	854,793	1,012,074
Deferred income tax – (origination)/reversal of temporary differences	265,198	(807,296)
Income tax expense	**1,119,991**	**204,778**

The majority of the Group companies were subject to a tax rate of 20% on taxable profits in the Russian Federation during the three months ended 31 March 2010 (three months ended 31 March 2009: 20%).

18 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. The Company has no dilutive potential ordinary shares and, therefore, the diluted earnings per share equals the basic earnings per share.

	Three months ended 31 March 2010	Three months ended 31 March 2009
Net profit/(loss)	4,446,814	(1,736,450)
Weighted average number of ordinary shares in issue (expressed in thousands)	67,932	67,932
Basic and diluted earnings per share (expressed in RR per share)	**65.46**	**(25.56)**

19 Balances and transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties are represented by entities controlled by the common ultimate shareholders of the Group. The relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding are detailed below:

Financial statements caption	Nature of relationship	31 March 2010	31 December 2009
Statement of financial position caption			
Trade receivables	Other related parties	17,841	16,104
less: impairment provision on trade receivables	Other related parties	(17,841)	(16,104)
Prepayments, other receivables and other current assets	Other related parties	48,779	50,241
less: impairment provision on prepayments, other receivables and other current assets	Other related parties	(48,779)	(50,241)
Trade payables	Other related parties	-	13,517
Other accounts payable and accrued expenses	Other related parties	1,101	-

Financial statements caption	Nature of relationship	Three months ended 31 March 2010	Three months ended 31 March 2009
Statement of comprehensive income caption			
Sales	Other related parties	28,042	43,956
Purchases of materials and components	Other related parties	(1,106)	(19)
General and administrative expenses	Other related parties	-	(27,565)
Interest income	Parent company	-	48,764

Financial statements caption	Nature of relationship	Three months ended 31 March 2010	Three months ended 31 March 2009
Statement of cash flows caption			
(Increase)/decrease in trade receivables	Other related parties	(1,737)	33,415
(Increase)/decrease in other receivables	Other related parties	1,462	(28,261)
Increase /(decrease) in trade payables	Other related parties	(13,517)	32,550
Increase/(decrease) in advances from customers	Other related parties	1,101	(698)
Acquisition of available-for-sale investment	Parent company	-	(14,541,542)
Repayment of originated loan	Parent company	-	1,506,006
Interest received	Parent company	-	51,468

19 Balances and transactions with related parties (continued)

The total key management personnel compensation included in the profit and loss was RR 59,912 thousand and RR 48,745 thousand for the three months ended 31 March 2010 and 31 March 2009, respectively. This compensation is paid to six individuals who are members of the Management Board, for their services in full time positions. Compensation is made up of an annual fixed remuneration plus a performance bonus accrual.

20 Contingencies, commitments and operating risks

i Capital expenditure commitments

As at 31 March 2010 the Group had contractual commitments for capital expenditures of RR 13,922,469 thousand (31 December 2009: RR 9,388,416 thousand), mostly denominated in US$ and Euro (RR 8,096,179 thousand and RR 3,199,812 thousand, respectively). The management estimates that, out of these, approximately RR 13,215,173 thousand will represent cash outflows in 2010.

RR 10,696,218 thousand out of the total amount relates to the development of the Gremyachinskoe deposit and the construction of a potassium salt mining facility (31 December 2009: RR 5,700,730 thousand).

ii Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged in the future by the relevant regional and federal authorities.

The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged.

As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation provides the possibility for the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions if the transaction price differs from the market price by more than 20%. Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. The arbitration court practice in this respect is contradictory.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged in the future. Given the nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant.

Russian tax legislation does not provide definitive guidance in certain areas, specifically in extraction tax. From time to time, the Group adopts interpretations of such uncertain areas that may be challenged by the tax authorities, the impact of which cannot be reliably estimated; however, it may be significant to the financial condition or the overall operations of the Group.

As at 31 March 2010 management believes that its interpretation of the relevant legislation is generally appropriate and the Group's tax, currency and customs positions will be sustained. Where management believes that it is probable that certain tax positions taken by the Group may not be sustained if challenged by the tax authorities, the Group has recorded provisions for related taxes, interest and penalties. There were no such provisions recorded by the Group at 31 March 2010 and 31 December 2009.

In addition to the above matters, management estimates that the Group has other possible obligations from exposure to other than remote tax risks of RR 1,281,799 thousand (31 December 2009: RR 1,433,262 thousand). These exposures primarily relate to management services and other fees charged by the holding company to the Group subsidiaries.

20 Contingencies, commitments and operating risks (continued)

iii Insurance policies

The Group generally carries insurance as mandated by statutory requirements. The Group holds insurance policies covering directors' and officers' liabilities and trade operations, including export shipments. Insurance strategies covering the Group's assets are under review.

iv Environmental matters

The environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations and an immediate response is formulated as required. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

v Legal proceedings

During the reporting period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or the financial position of the Group.

vi Operating environment of the Group

The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and interest rates, as well as periodic volatility in the RR exchange rate.

Management is unable to predict all developments in the economic environment which could have an impact on the Group's operations and consequently what effect, if any, they could have on the future financial position of the Group.

The Group holds, among other licenses, valid licenses for the exploration and development of potash and apatite deposits issued by the relevant government authorities of the Russian Federation. Under the terms of these licenses, the Group is required to comply with a number of conditions, including preparation of design documentation, commencement of construction of mining facilities and commencement of extraction of mineral resources by certain dates. If the Company fails to materially comply with the terms of the license agreements there are circumstances whereby the licences can be revoked. The management of the Group believes that the Group faces no material regulatory risks in relation to the validity and operation of any of its licenses.

21 Subsequent events

In April 2010 the Group signed an agreement with Raiffeisenbank for a 6 month unsecured loan facility, amounting to US$ 100 million, which is available in US$ and Euro with interest rates of 1 month Libor +3.25% and in RR with interest rate of 1 month Mosprime +3.25%.

In April 2010 the Group fully repaid to Merrill Lynch the outstanding balance of a euro-denominated loan totalling Euro 45 million. This credit line was converted into a revolving committed facility with credit limit up to Euro 130 million.

In May 2010 the Group received dividend income from K+S Group of RR 147,946 thousand before withholding tax of RR 7,397 thousand.