URALKALI GROUP

INTERNATIONAL ACCOUNTING STANDARD No. 34

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND REVIEW REPORT

30 JUNE 2010

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PRICEWATERHOUSECOOPERS

ZAO PricewaterhouseCoopers Audit
White Square Office Center
10 Butyrsky Val
Moscow, Russia, 125047
Telephone +7 (495) 967 6000
Fax +7 (495) 967 6001
www.pwc.ru

Report on the Review of the Consolidated Condensed Interim Financial Information

To the Shareholders and Board of Directors of Open Joint Stock Company Uralkali:

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Open Joint Stock Company Uralkali and its subsidiaries (together, the “Group”) as of 30 June 2010 and the related consolidated condensed interim statements of income, comprehensive income, cash flows and changes in equity for the six-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.

Emphasis of Matter

Without qualifying our conclusion we draw attention to Note 4 to the consolidated condensed interim financial information outlining management estimates of the compensations resulting from the flooding of Mine 1 that occurred on 28 October 2006. The ultimate outcome of the matter cannot presently be determined and costs in excess of the amounts provided for could be significant for the Group in the future.

/s/ ZAO PricewaterhouseCoopers Audit

3 September 2010
Moscow, Russian Federation

	Note	30 June 2010	31 December 2009
ASSETS			
Non-current assets:			
Property, plant and equipment	7	47,348	42,208
Prepayments for acquisition of property, plant and equipment		1,879	1,653
Letters of credit for acquisition of property, plant and equipment		1,068	2,281
Goodwill		366	366
Intangible assets		145	138
Deferred income tax asset		176	247
Financial assets		192	230
VAT recoverable		225	225
Total non-current assets		**51,399**	**47,348**
Current assets:			
Inventories		2,372	3,481
Trade and other receivables		9,149	5,850
Current income tax prepayments		139	74
Loans issued to related parties	5	2,134	1,578
Irrevocable bank deposits		106	13
Cash and cash equivalents		4,987	4,284
Total current assets		**18,887**	**15,280**
TOTAL ASSETS		**70,286**	**62,628**
Equity:			
Share capital	10	648	648
Treasury shares	10	(12)	(12)
Share discount		(849)	(849)
Revaluation reserve		150	150
Retained earnings		48,602	43,751
Equity attributable to the company equity holders		**48,539**	**43,688**
Non-controlling interests		**20**	**27**
TOTAL EQUITY		**48,559**	**43,715**
LIABILITIES			
Non-current liabilities:			
Borrowings	12	2,886	8,361
Post employment benefits obligations		286	260
Deferred income tax liability		507	416
Total non-current liabilities		**3,679**	**9,037**
Current liabilities:			
Borrowings	12	12,266	5,654
Trade and other payables		4,317	2,745
Mine flooding provisions	4, 11	1,000	1,000
Current income tax payable		219	109
Other taxes payable		246	368
Total current liabilities		**18,048**	**9,876**
TOTAL LIABILITIES		**21,727**	**18,913**
TOTAL LIABILITIES AND EQUITY		**70,286**	**62,628**

Approved on behalf of the Board of Directors
3 September 2010

/s/ Chief Executive Officer

/s/ Chief Financial Officer

The accompanying notes on pages 6 to 19 are an integral part of this consolidated condensed interim financial information.

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Revenues	13	27,384	13,873
Cost of sales	14	(6,113)	(3,809)
Gross profit		**21,271**	**10,064**
Distribution costs	15	(7,204)	(2,138)
General and administrative expenses	16	(2,459)	(1,408)
Taxes other than income tax		(287)	(208)
Other operating income and expenses	18	(528)	(372)
Operating profit		**10,793**	**5,938**
Mine flooding costs	20	(11)	(32)
Finance income	19	112	239
Finance expenses	19	(1,027)	(873)
Profit before income tax		**9,867**	**5,272**
Income tax expense	21	(1,447)	(807)
Net profit for the period		**8,420**	**4,465**
Profit attributable to:			
Owners of the Company		8,419	4,462
Non-controlling interests		1	3
Net profit for the period		**8,420**	**4,465**
Earnings per share – basic and diluted (in Roubles)	22	**4.01**	**2.12**

The accompanying notes on pages 6 to 19 are an integral part of this consolidated condensed interim financial information.

	Six months ended 30 June 2010	Six months ended 30 June 2009
Net profit for the period	**8,420**	**4,465**
Disposal of subsidiary to associate	1	-
Total comprehensive income for the period	**8,421**	**4,465**
Total comprehensive income for the period attributable to:		
Owners of the Company	8,420	4,462
Non-controlling interests	1	3

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Cash flows from operating activities			
Profit before income tax		9,867	5,272
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets		1,902	1,487
Net loss on disposals of property, plant and equipment	18	77	117
Reversal of provision for impairment of receivables	18	(12)	(7)
Net change in mine flooding provisions		-	(2,350)
Finance income and expenses, net		181	(16)
Foreign exchange losses, net	19	702	579
Operating cash flows before working capital changes		**12,717**	**5,082**
Changes in working capital		(2,289)	(2,746)
Cash generated from operations		**10,428**	**2,336**
Interest paid	12	(240)	(201)
Income taxes paid		(1,243)	(728)
Net cash generated from operating activities		**8,945**	**1,407**
Cash flows from investing activities			
Acquisition of intangible assets		(33)	(1)
Acquisition of property, plant and equipment		(6,040)	(5,945)
Proceeds from sales of property, plant and equipment		8	14
Purchase of investments		(1)	(46)
Disposal of subsidiary	9	7	-
Acquisition of subsidiary, net of cash acquired		-	(462)
Loans issued to related parties		(555)	-
Increase in irrevocable bank deposits		(93)	(105)
Dividends and interest received		109	514
Net cash used in investing activities		**(6,598)**	**(6,031)**
Cash flows from financing activities			
Repayments of borrowings	12	(3,934)	(2,613)
Proceeds from borrowings	12	4,670	474
Finance lease payments	19	(24)	(19)
Dividends paid to the Company's shareholders		(2,286)	(7)
Net cash used in financing activities		**(1,574)**	**(2,165)**
Effect of foreign exchange rate changes on cash and cash equivalents		(70)	422
Net increase/(decrease) in cash and cash equivalents		**703**	**(6,367)**
Cash and cash equivalents at the beginning of the period		**4,284**	**16,174**
Cash and cash equivalents at the end of the period		**4,987**	**9,807**

The accompanying notes on pages 6 to 19 are an integral part of this consolidated condensed interim financial information.

	Attributable to equity holders of the Company							
	Share capital	**Treasury shares**	**Share discount**	**Revaluation reserve**	**Retained earnings**	**Total attributable to owners of the Company**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2009	**648**	**(12)**	**(849)**	**150**	**34,662**	**34,599**	**21**	**34,620**
Total comprehensive income for the period	-	-	-	-	4,462	4,462	3	4,465
Balance at 30 June 2009	**648**	**(12)**	**(849)**	**150**	**39,124**	**39,061**	**24**	**39,085**
Balance at 1 January 2010	**648**	**(12)**	**(849)**	**150**	**43,751**	**43,688**	**27**	**43,715**
Total comprehensive income for the period	-	-	-	-	8,420	8,420	1	8,421
Dividends declared (Note 10)	-	-	-	-	(3,569)	(3,569)	-	(3,569)
Disposal of non-controlling interest	-	-	-	-	-	-	(8)	(8)
Balance at 30 June 2010	**648**	**(12)**	**(849)**	**150**	**48,602**	**48,539**	**20**	**48,559**

The accompanying notes on pages 6 to 19 are an integral part of this consolidated condensed interim financial information.

1 The Uralkali Group and its operations

Open Joint Stock Company Uralkali (the "Company") and its subsidiaries (together the "Group") produce mineral fertilizers, primarily potassium based, which are extracted and processed in the vicinity of the city of Berezniki, Russia, and which are distributed both on domestic and foreign markets. The Group manufactures approximately ten types of products, the most significant of which is a range of potassium salts. The Group is one of two major potash manufacturers in the Russian Federation. For the six months ended 30 June 2010 approximately 88% of potash fertilizers was exported (for the year ended 31 December 2009: 76%).

The Company holds operating licenses, issued by the Perm regional authorities for the extraction of potassium, magnesium and sodium salts from the Bereznikovskiy, Durimanskiy and Bigelsko-Troitsky plots of the Verkhnekamskoye field. These licenses expire in 2013; however based on the statutory licensing regulations and prior experience, the Company's management believes that the licenses will be renewed without incurring any significant cost. The Company also owns a license for the Ust'-Yaivinskiy plot of the Verkhnekamskoye field, which expires in 2024.

The Company was incorporated as an open joint stock company in the Russian Federation on 14 October 1992. The Company has its registered office at 63 Pyatiletki St., Berezniki, Perm region, Russian Federation. Almost all of the Group's productive capacities and all long-term assets are located in the Russian Federation.

As of 31 December 2009, Madura Holdings Limited, registered in Cyprus, was the parent company of OJSC Uralkali. The Group was ultimately controlled by Mr. Dmitry Rybolovlev. On 11 June 2010 Madura Holdings Limited disposed majority of its stake in the Company to three companies that are beneficially owned by a number of individuals. As of 30 June 2010 the Group had no ultimate controlling party.

As of 30 June 2010, the Group employed approximately 13.0 thousand employees (31 December 2009: 13.2 thousand).

2 Basis of preparation and significant accounting policies

This consolidated condensed interim financial information for the six months ended 30 June 2010 has been prepared in accordance with IAS 34, Interim Financial Reporting. This consolidated condensed interim financial information 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.

The accounting policies 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 standards and interpretations that became effective for the Group from 1 January 2010 (Note 3).

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

3 Adoption of new or revised standards and interpretations

Certain new standards and interpretations became effective for the Group from 1 January 2010:

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, IFRS 8, 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 did not have a material effect on the Group's consolidated condensed interim financial information;

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

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;

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 will require 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 will have to be measured at its fair value. The amendment did not have a material effect on the Group's consolidated condensed interim financial information.

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 will allow 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 will have 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 will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be 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 amendment did not have a material effect on the Group's consolidated condensed interim financial information.

Other new standards and interpretations. The Group has not early adopted the following other new standards and interpretations:

- ***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);
- ***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 and interpretations are not expected to significantly affect the Group's consolidated condensed interim financial information.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated condensed interim financial information and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Provisions for mine flooding. On 28 October 2006, the Group ceased production operations in Mine 1 due to natural groundwater inflow that reached a level which could not be properly controlled.

On 1 November 2006, the commission of Rostekhnadzor issued an act on its technical investigation of the causes of flooding in Mine 1. According to the act, the cause of flooding was a "new kind of previously unknown anomaly of geological structure" and "the development of two sylvinite layers AB (1964-1965) and Kr II (1976-1977)". The combination of circumstances in the run up to the accident, in terms of the source, scope and strength was classified as "being extraordinary and unavoidable events under prevailing conditions not dependent on the will of the parties involved".

In November 2008, at the request of the Russian Deputy Prime Minister, Igor Sechin, a new commission was established by Rostekhnadzor for a second investigation into the cause of flooding in Mine 1. According to the report of the second commission, issued on 29 January 2009, the flooding was caused by a "combination of geological and technological factors".

Provision for compensations

In February 2009, the Company decided voluntarily, as a part of its social responsibility, to compensate expenses incurred by different levels of the government for liquidation of flooding consequences including expenses for resettlement of citizens, construction of a 6-kilometer railway bypass incurred prior to 31 December 2008, and also partially compensate for the deficit of financing related to the construction of a 53-kilometer railway bypass.

Compensations amounted to RR 7,804 and included the following expenses:

- Compensation of expenses related to liquidation of flooding consequences incurred by federal and regional budgets. The compensation amounted to RR 2,314;
- Compensation for the deficit of financing related to the construction of a 53-kilometer railway bypass in the amount of RR 5,000;
- Other compensations in the amount of RR 490, including expenses related to construction of a 6-kilometer railway bypass of RR 454, and expenses incurred by the budget of Berezniki in relation to resettling citizens of RR 36.

At the end of 2009 the Company was in negotiations with OJSC "Russian railways" regarding voluntarily compensation of additional actual expenditures related to the construction of a 53-kilometer railway bypass in the amount of RR 1,000. In March 2010 the Board of Directors of the Company approved this compensation, as a part of its social responsibility. Since as of 31 December 2009 the determination that this compensation would crystallise was assessed as "probable" the Company accrued a provision in this amount. To date this provision has not been utilized as the process for making payment has not been finalised.

Other possible risks not included in provision for compensations

In July 2009, the Company received a request from OJSC TGK-9 to compensate expenses in the amount of RR 3,160. According to the request, this amount corresponds to the development of a reserve energy supply source in Berezniki. The parties established a technical commission in order to determine whether these expenses are in fact directly connected to the consequences of the mine flood. In July 2010 the Company received an amended request from TGK-9 to compensate expenses in the amount of RR 995, however, the work of the technical commission is still in process. The Company believes that only the expenses that are directly caused by the flooding of the mine could be considered for compensation. Therefore the Company estimates the probability of having to pay this compensation to be from "remote" to "possible" and no accrual have been made in respect of this amount.

The procedure for calculating and compensating for mineral deposits lost as a result of mine flooding is not established by Russian law. However, the Company evaluates the risk that such claims could arise as "possible". In the appendices to the report of the second commission, there is a calculation of the value of lost mineral resources (from RR 25,380 to RR 84,602) and a calculation of losses resulting from mineral extraction tax not received by the government due to flooding (from RR 964 to RR 3,215). The Company analysed the calculations provided in the appendices and evaluated the risk of compensation in the stated amount as "remote".

4 Critical accounting estimates and judgements in applying accounting policies (continued)

In October 2009, the Company has received the decision of tax authorities based on the tax audit for 2005-2006. Tax authorities have stated that in October 2006 the Company should have charged mineral extraction tax for mineral deposits written off in the state records due to flooding. The sum of unpaid mineral extraction tax including fines and penalties amounted to RR 782. The Company has filed its appeal to the decision, however in December 2009 that appeal was declined by Federal Tax Service of the Russian Federation. In January 2010 the Company received the claim of tax authorities to pay tax, fines and penalties. The Company believes that the conclusion in the decision is not valid, and challenged the decision and the claim in the court. In January 2010 the Company filled a petition that the decision and the claim are not valid, and the court has suspended the execution of tax authorities' claim as an interlocutory injunction. On 16 April 2010 Moscow arbitration court declined the Company's petition. However the Company challenged this decision and on 19 August 2010 the arbitration court of appeal sustained the Company's appeal. This decision comes into force from the date of the ruling and can be challenged in the arbitration court during subsequent two months. The Company estimates the probability of this liability crystallising as "possible" and accordingly has not made an accrual for this amount.

Due to a lack of information at the date of authorising these consolidated condensed interim financial information the Company's management could not reliably estimate the total amount of future cash outflows related to the mine flooding and corresponding claims of third parties; however, the amount could be significant and substantially exceeded the provision accrued as of 30 June 2010.

Remaining useful life of property, plant and equipment. Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and estimated period during which these assets will bring economic benefit to the Group. The estimated remaining useful life of some property, plant and equipment is beyond the expiry date of the relevant operating licenses. The management believes that the licenses will be renewed in due order. However if the licenses are not renewed, property, plant and equipment with net book value of RR 1,379 (31 December 2009: RR 1,084) should be assessed for impairment in 2013.

Land. All facilities of OJSC Baltic Bulker Terminal are situated on land occupied on an annual lease basis, but the management plans to purchase the land under the right provided by statutory legislation or to secure the assets by a long-term rent agreement with the municipal authorities. If the Group cannot secure long-term use of this land, non-current assets of RR 2,367 (31 December 2009: RR 2,417) should be assessed for impairment.

Trade and other receivables. The Company's management analyses overdue trade and other accounts receivable at each reporting date. Overdue accounts receivable are not provided if management has certain evidence of their recoverability. If management has no reliable information about the recoverability of overdue receivables, a 100% impairment provision is accrued for trade and other receivables overdue by more than 90 days; receivables overdue by more than 45 (but less than 90) days are provided for at 50% of their carrying amount.

Inventory. The Group engages an independent surveyor to verify the physical quantity of finished products at the reporting dates. In accordance with the surveyor's guidance and technical characteristics of the devices used, the possible valuation error is +/-4-6%. At the reporting date the carrying amount of finished products may vary within this range.

Tax legislation. Russian tax, currency and customs legislation is subject to varying interpretations.

5 Related parties

Related parties are defined by IAS 24, Related Party Disclosures. Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Key management and close family members are also considered related parties.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding are detailed below.

Statement of financial position caption	Nature of relationship	30 June 2010	31 December 2009
Loans issued to related parties	Key management personnel (2009: Ultimate controlling party)	2,124	1,578
Loans issued to related parties	Associate	10	-

Statement of income caption	Nature of relationship	Six months ended 30 June 2010	Six months ended 30 June 2009
Interest income	Key management personnel	39	-

5 Related parties (continued)

Shareholder's equity caption	Nature of relationship	Six months ended 30 June 2010	Six months ended 30 June 2009
Dividends declared	Former parent company (Note 1)	2,283	-

Loan issued to related party

In September 2009, the Group entered into a loan agreement for a total amount of EUR 50 million with Mr Dmitry Rybolovlev, the Chairman of the Board of Directors. The loan was provided at an interest rate of Euro Libor + 4% for 1 year. The loan was fully repaid on 2 July 2010.

Management's compensation

Compensation of key management personnel consists of remuneration paid to executive directors and vice-presidents for their services in full- or part-time positions. Compensation is made up of annual remuneration and a performance bonus depending on operating results.

Total key management compensation represented by short-term employee benefits and included in general and administrative and distribution expenses in the consolidated condensed interim statement of income was RR 482 and RR 126 for the six months ended 30 June 2010 and 30 June 2009, respectively.

6 Segment reporting

The Group identifies the segment in accordance with the criteria set forth in IFRS 8, and based on the way the operations of the Company are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources. The chief operating decision-maker has been determined as the Board of Directors. It was determined, that the Group has one operating segment – the extraction, production and sales of potash fertilizers.

The financial information reported on operating segments is based on management accounts which are based on IFRS.

a) Segment information for the reportable segment is set out below:

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Revenues	13	27,384	13,873
Segment result (Net profit)		**8,420**	**4,465**
Depreciation and amortization		(1,902)	(1,487)
Finance income	19	112	239
Finance expense	19	(1,027)	(873)
Income tax	21	(1,447)	(807)

b) Major customers

The Group had no external customers which represented more than 10% of the Group's revenues in six months ended 30 June 2010 and in six months ended 30 June 2009.

c) In addition to above segment disclosure management is reviewing additional information that splits the result of Potash segment activity between export potash sales, domestic potash sales and other sales. Direct Cost of sales and Distribution expenses are allocated proportionally based on revenues. Indirect expenses, such as General and administrative expenses, Other operating income and expenses and Taxes other than income tax are allocated between categories proportionally based on Cost of sales. Some costs are considered as unallocated (Loss on disposal of fixed assets, Net results on sale of Belaruskali goods, Mine flooding costs, Finance income and expense, Income tax expense).

6 Segment reporting (continued)

This split for the six months ended 30 June 2010 was as follows:

	Potash			All others	Reconciliation	Total
	Export	Domestic	Total potash			
Tonnes (thousands)	**2,388**	**315**	**2,703**	**-**	**-**	**2,703**
Revenues	**25,347**	**1,392**	**26,739**	**645**	**-**	**27,384**
Cost of sales	(5,054)	(667)	**(5,721)**	(392)	-	**(6,113)**
Distribution, general and administrative expenses, other operating income and expenses and taxes other than income tax	(9,891)	(356)	**(10,247)**	(165)	(66)	**(10,478)**
Operating profit/ (loss)	**10,402**	**369**	**10,771**	**88**	**(66)**	**10,793**
Mine flooding costs					(11)	(11)
Finance income and expenses, net					(915)	(915)
Profit before income tax						**9,867**
Income tax expense					(1,447)	(1,447)
Segment result/Net profit for the period						**8,420**

This split for the six months ended 30 June 2009 was as follows:

	Potash			All others	Reconciliation	Total
	Export	Domestic	Total potash			
Tonnes (thousands)	**629**	**271**	**900**	**-**	**-**	**900**
Revenues	**11,590**	**1,457**	**13,047**	**826**	**-**	**13,873**
Cost of sales	(2,403)	(1,035)	**(3,438)**	(371)	-	**(3,809)**
Distribution, general and administrative expenses, other operating income and expenses and taxes other than income tax	(3,277)	(494)	**(3,771)**	(240)	(115)	**(4,126)**
Operating profit/ (loss)	**5,910**	**(72)**	**5,838**	**215**	**(115)**	**5,938**
Mine flooding costs					(32)	(32)
Finance income and expenses, net					(634)	(634)
Profit before income tax						**5,272**
Income tax expense					(807)	(807)
Segment result/Net profit for the period						**4,465**

7 Property, plant and equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2010	2009
Cost		
Balance as of 1 January	63,701	49,447
Additions	7,131	6,882
Disposals	(333)	(365)
Balance as of 30 June	**70,499**	**55,964**
Accumulated Depreciation		
Balance as of 1 January	21,493	18,805
Depreciation charge	1,960	1,514
Disposals	(302)	(281)
Balance as of 30 June	**23,151**	**20,038**
Net Book Value		
Balance as of 1 January	**42,208**	**30,642**
Balance as of 30 June	**47,348**	**35,926**

7 Property, plant and equipment (continued)

Depreciation

For the six months ended 30 June 2010 and 2009 respectively, the depreciation was allocated to statement of income as follows:

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Cost of sales	14	1,525	1,190
Distribution costs (including transshipment activities)		211	154
General and administrative expenses	16	122	113
Other operating expenses		18	18
Total depreciation expense		**1,876**	**1,475**

During the six months ended 30 June 2010, the Group incurred depreciation amounting to RR 84 (for the six months ended 30 June 2009: RR 39) directly related to the construction of new fixed assets. These expenses were capitalised on the consolidated statement of financial position in accordance with the Group's accounting policy and included in assets under construction.

Fully depreciated assets still in use

As of 30 June 2010 and 31 December 2009, the gross carrying value of fully depreciated property, plant and equipment still in use was RR 7,172 and RR 7,072 respectively.

Assets pledged under loan agreements

As of 30 June 2010 and 31 December 2009, the carrying value of property, plant and equipment pledged under bank loans was RR 6,050 and RR 6,729 (Note 12) respectively.

8 Investment in jointly controlled entity

The Company has a 50% interest in JSC Belorussian Potash Company ("BPC") – the remaining 50% is divided between Belaruskali (which owns 45%) and Belorussian Railways (which owns 5%). According to BPC's charter, all decisions on shareholders meeting could be taken only with a majority of 75%. Therefore, BPC operations are under the joint control of Belaruskali and the Company (the "Participants"). BPC's principal activity is marketing and exporting as an agent potash fertilisers produced by the participants.

BPC's charter provides for separate accounting of the operations of each participant, including separate accounting for the sales of the participants' goods and related cost of sale and distribution costs. Administrative expenses incurred by BPC are currently shared as follows: not more than 69% on Belaruskali operations, and not less than 31% on Group operations. The actual proportion depends on the volume of goods sold by each participant through BPC.

The distribution of net income to each participant is made on the basis of their relevant results after administrative costs deduction, unless both participants decide not to distribute. Group operations through BPC, assets and the Group's liabilities located in BPC in which the Group has a direct interest are included in this consolidated condensed interim financial information. The statement of income reflects the revenue from sales by BPC of Uralkali's products, together with the related costs of sales, distribution and administrative costs.

9 Investments in subsidiaries

In May 2010 the Group sold a 51% share in LLC Poliklinika Uralkali-Med that provided healthcare services to the Group, for a consideration of RR 8 with RR 6 gain on disposal, recognised in statement of income. The Group retained the control over a 49% share in LLC Poliklinika Uralkali-Med and as of 30 June 2010 classified this investment as associate.

10 Shareholders' equity

	Number of ordinary shares (in millions)	Ordinary shares	Treasury shares	Total
At 1 January 2009	2,124	648	(12)	636
At 30 June 2009	2,124	648	(12)	636
At 1 January 2010	2,124	648	(12)	636
At 30 June 2010	2,124	648	(12)	636

The number of unissued authorised ordinary shares is 1,500 million (31 December 2009: 1,500 million), with a nominal value per share of 0.5 Russian roubles. All shares stated in the table above have been issued and fully paid.

10 Shareholders' equity (continued)

Profit distribution. In accordance with Russian law, the Company distributes profits as dividends or transfers them to reserves (fund accounts) on the basis of financial statements prepared in accordance with Russian Accounting Rules. The Company's statutory accounting reports are the basis for profit distribution and other appropriations. Russian law identifies net profit as the basis of distribution. For the six months ended 30 June 2010, the current period net statutory profit for the Company as reported in the published semi-annual statutory reporting forms was RR 6,367 (for the six months ended 30 June 2009: RR 1,230) and the closing balance of the accumulated profit, including the current period net statutory profit, totalled RR 36,394 (31 December 2009: RR 33,643). However, this legislation and other statutory laws and regulations are open to legal interpretation and accordingly management believes at present it would not be appropriate to disclose an amount of the distributable reserves in this consolidated condensed interim financial information.

Dividends. In June 2010 the General Meeting of Shareholders of the Company approved dividends (based on the financial results for the year ended 31 December 2009) amounting to RR 3,611 (1.70 Roubles per share).

The total amount of dividends attributable to treasury shares has been eliminated. All dividends are declared and paid in Russian Roubles.

11 Mine flooding provisions

	2010	2009
Balance as of 1 January	**1,000**	**7,804**
Utilisation of provision for compensations	-	(2,350)
Balance as of 30 June	**1,000**	**5,454**

As of 31 December 2009, the Group had accrued a provision for compensations related to the consequences of the flooding of the mine (Note 4).

12 Borrowings

	30 June 2010	31 December 2009
Bank loans	14,600	13,463
Long-term company loans	45	45
Finance lease payable	507	507
Total borrowings	**15,152**	**14,015**

As of 30 June 2010 and 31 December 2009, the fair value of the current and non-current borrowings is not materially different from their carrying amounts.

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its interest rate exposures.

	2010	2009
Balance at 1 January	**13,463**	**13,987**
Bank loans received, denominated in US$	4,684	-
Bank loans received, denominated in RR	-	500
Bank loans repaid, denominated in US$	(3,484)	(2,613)
Bank loans repaid, denominated in RR	(450)	-
Interest accrued	235	194
Interest paid	(240)	(201)
Recognition of syndication fees	(14)	(26)
Amortisation of syndication fees	43	10
Foreign exchange losses	363	1,129
Balance at 30 June	**14,600**	**12,980**

The table below shows interest rates as of 30 June 2010 and 31 December 2009 and the split of the bank loans, between short-term and long-term.

Short-term borrowings

	Interest rates	30 June 2010	31 December 2009
Bank loans in US$: floating interest	From 1 month Libor +1.6% to 1 month Libor +4.7% (2009: from 1 month Libor +1.6% to 1 month Libor +3.4%)	12,266	5,199
Bank loans in RR: fixed interest	2009:14%	-	455
Total short-term bank loans		**12,266**	**5,654**

12 Borrowings (continued)

Long-term borrowings

	Interest rates	30 June 2010	31 December 2009
Bank loans in US$: floating interest	From 1 month Libor +3.25% to 1 month Libor +4.7% (2009: from 1 month Libor +1.6% to 1 month Libor +3.4%)	2,334	7,809
Total long-term bank loans		**2,334**	**7,809**

US$ denominated bank loans bear a weighted average interest of 3.31% (31 December 2009: 2.49%).

As of 30 June 2010 and 31 December 2009, loans (including short-term borrowings) were guaranteed by collateral of property, plant and equipment (Note 7). As of 30 June 2010 no bank loans were collateralised by finished goods (31 December 2009: 455).

Bank loans of RR 6,993 (31 December 2009: RR 5,673) were collateralised by future export proceeds of the Group under sales contracts with certain customers acceptable to the banks.

The Group's bank borrowings mature as follows:

	30 June 2010	31 December 2009
- within 1 year	12,266	5,654
- between 2 and 3 years	2,334	7,809
Total bank loans	**14,600**	**13,463**

In December 2009 OJSC BBT entered into the new financial lease agreement with Federal State Unitary Enterprise Rosmorport ("FSUE Rosmorport") for 49 years. Under this agreement, BBT has leased berth No. 106 and renegotiated the lease terms for berth No. 107. As of 30 June 2010, the leased berths were included in property, plant and equipment with a net book value of RR 471 (31 December 2009: RR 476).

Minimum lease payments under finance leases and their present values were as follows:

	30 June 2010	31 December 2009
- within 1 year	49	49
- between 2 and 5 years	196	196
- after 5 years	2,132	2,157
Minimum lease payments at the end of the period	**2,377**	**2,402**
Less future finance charges	(1,870)	(1,895)
Present value of minimum lease payments	**507**	**507**

13 Revenues

	Six months ended 30 June 2010	Six months ended 30 June 2009
Export		
Potassium chloride	18,143	5,455
Potassium chloride (granular)	7,204	6,135
Domestic		
Potassium chloride	1,392	1,457
Other	130	116
Transportation and other revenues	515	710
Total revenues	**27,384**	**13,873**

In March 2008, the Government of the Russian Federation introduced duties, effective from April 2008 until April 2009, on the export of potassium chloride outside the CIS Customs Union. The duty applicable to Uralkali's potassium chloride was 5% of the declared customs value, which the Group charged on almost all of the Group's potassium chloride exports. Export revenues were shown net of the abovementioned duties. During the six months ended 30 June 2010 export duties were not applied (six months ended 30 June 2009: RR 267).

14 Cost of sales

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Depreciation	7	1,525	1,190
Labour costs	17	1,431	1,028
Fuel and energy		1,080	742
Materials and components used		872	697
Repairs and maintenance		493	442
Transportation between mines by railway		163	82
Change in work in progress, finished goods and goods in transit		535	(405)
Other costs		14	33
Total cost of sales		**6,113**	**3,809**

Expenses related to transportation of ore between mines by automotive transport in the amount of RR 56 (six months ended 30 June 2009: RR 41) were incurred by CJSC Autotranskali, a 100% subsidiary of the Group, and were mainly included in labour costs, materials and components used and fuel and energy costs.

15 Distribution costs

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Freight		3,715	759
Railway tariff		2,419	511
Transport repairs and maintenance		265	161
Transshipment		215	82
Depreciation		165	122
Labour costs	17	151	115
Travel expenses		96	69
Commissions		5	38
Other costs		173	281
Total distribution costs		**7,204**	**2,138**

16 General and administrative expenses

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Labour costs	17	1,540	697
Consulting, audit and legal services		137	131
Depreciation	7	122	113
Security		78	60
Repairs and maintenance		73	54
Mine-rescue crew		60	55
Insurance		52	37
Travel expenses		36	16
Amortisation of intangible assets		26	30
Communication and information system services		18	20
Bank charges		14	8
Other expenses		303	187
Total general and administrative expenses		**2,459**	**1,408**

17 Labour costs

	Note	Six months ended 30 June 2010	Six months ended 30 June 2009
Labour costs: Cost of sales	14	**1,431**	**1,028**
Wages, salaries, bonuses and other compensations		1,135	809
Contribution to social funds		269	210
Post-employment benefits		27	9
Labour costs: Distribution costs	15	**151**	**115**
Wages, salaries, bonuses, other compensations and contribution to social funds		151	115
Labour costs: General and administrative expenses	16	**1,540**	**697**
Wages, salaries, bonuses and other compensations		1,393	592
Contribution to social funds		138	84
Post-employment benefits		9	21
Total labour costs		**3,122**	**1,840**

18 Other operating income and expenses

	Six months ended 30 June 2010	Six months ended 30 June 2009
Social cost and charity	291	302
Net loss on disposals of property, plant and equipment	77	117
Reversal of provision for impairment of receivables	(12)	(7)
Net result on sale of Belaruskali goods	(11)	(2)
Other expenses/(income), net	183	(38)
Total other operating income and expenses	**528**	**372**

The Group entered in sales agreement with BPC for processing of sales of Belaruskali goods through Uralkali Trading SA in 2010 and 2009 respectively, to overcome certain drawbacks of Belorussian export legislation.

19 Finance income and expenses

The components of finance income and expense were as follows:

	Six months ended 30 June 2010	Six months ended 30 June 2009
Interest income	100	196
Fair value gains on investments	-	43
Gain on disposal of available for sale investments	9	-
Dividend income	3	-
Finance income	**112**	**239**

	Six months ended 30 June 2010	Six months ended 30 June 2009
Foreign exchange losses, net	702	579
Interest expense	257	204
Finance lease expense	24	19
Fair value losses on investments	12	-
Letters of credit fees	32	71
Finance expenses	**1,027**	**873**

Interest expense in total amount of RR 22 was capitalised for the six months ended 30 June 2010 (six months ended 30 June 2009: nill). The capitalisation rate was 3.48%.

20 Mine flooding costs

Mine flooding costs include costs associated with flooding at Mine 1 (Note 4):

	Six months ended 30 June 2010	Six months ended 30 June 2009
Dismantling costs	-	4
Monitoring costs	11	28
Total mine flooding costs	**11**	**32**

21 Income tax expense

	Six months ended 30 June 2010	Six months ended 30 June 2009
Current income tax expense	1,292	747
Deferred income tax	155	60
Income tax expense	**1,447**	**807**

In 2010 and 2009 most companies of the Group were registered in the Russian Federation, Perm region and were taxed at the rate of 15.5% on taxable profits. In 2010 and 2009, foreign operations were taxed applying respective national income tax rates.

22 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to owners 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; therefore, diluted earnings per share equal basic earnings per share.

	Six months ended 30 June 2010	Six months ended 30 June 2009
Net profit attributable to owners of the Company	8,419	4,462
Weighted average number of ordinary shares in issue (expressed in millions)	2,100	2,100
Earnings per share (expressed in RR per share)	**4.01**	**2.12**

23 Contingencies, commitments and operating risks

i Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, the management is of the opinion that there are no current legal proceedings or other claims outstanding that could have a material effect on the result of operations or financial position of the Group which have not been accrued or disclosed in these consolidated condensed interim financial information.

Between September and November 2008, a number of purported class action lawsuits were filed in US federal district courts in Minnesota and Illinois. Class actions are civil lawsuits typically filed by a plaintiff seeking money damages on behalf of the named plaintiff and all others who are similarly situated. The plaintiffs in the suits filed in Minnesota and Illinois are various corporations and individuals who have filed the suits purportedly on behalf of all direct and indirect purchasers of potash from one of the defendants in the United States. The complaint alleges price fixing violations of the US Sherman Act since 1 July 2003. The Company and BPC (Note 8) were listed among the defendants, as well as certain other potash producers. The plaintiffs in the suits have not claimed any specific amount in damages, and it is premature at this time to assess the Group's potential exposure to the plaintiffs' claims. The management of the Group believes that these suits have no merit and the Group intends to defend its position vigorously.

At the end of 2009 the Federal Antimonopoly Service (FAS) concluded that the Company violated Clause 1 Part 1 Article 11 of the Federal Law On Protection of Competition (coordinated actions restricting competition). FAS adopted a respective resolution and prescription and initiated administrative proceedings against the Company. In June 2010 FAS issued a decision to impose a fine on the Company in the amount of RR 104. The Company challenged the resolution and the prescription in the court of Moscow. The arbitration court of the first instance has dismissed the Company's petition. The Company intends to challenge the decision of the court before it comes into force. Also the Company has challenged the decision of FAS to impose a fine in the court of Perm region. The fine is not payable until the court decision comes into force. The next hearing is scheduled for 15 September 2010. The Company's management estimates the possibility of this liability to crystallise as "possible" and accordingly has not recognised any provisions in respect of this risk.

On the basis of its own estimates, as well as both internal and external professional advice, the management is of the opinion that no material losses will be incurred in respect of these claims.

ii Tax legislation

Russian tax, currency and customs law are subject to varying interpretations and changes, which can occur frequently. The management's interpretation of such laws as applied to the Group's transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

The Russian tax authorities may be taking a more aggressive position in their interpretation of the law and assessments, and it is possible that transactions and activities that have not been challenged in the past may now or in the future be challenged. This includes the following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purposes of the transactions, and it is possible that this will significantly increase the level and frequency of scrutiny from the tax authorities. 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.

23 Contingencies, commitments and operating risks (continued)

ii Tax legislation (continued)

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

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of 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.

The Group's management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency legislation and customs positions will be sustained. Accordingly, as of 30 June 2010 and 31 December 2009, no provision for potential tax liabilities had been recorded. Management will continue to monitor the situation as legislation and practice evolve in the jurisdictions in which the Group operates.

iii Insurance policies

The Company generally enters into insurance agreements when it is required by statutory legislation. The insurance agreements do not cover the risks of damage to third parties' property resulting from the Group's underground activities and the risks reflected in Note 4; therefore, no losses from the flooding of the Mine 1 are expected to be compensated.

iv Environmental matters

The enforcement of 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. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage due to legal requirements, except for those mentioned in Note 4. The Company's mining activities and the recent flooding of the mine may cause subsidence that may affect the Company's facilities, and those of the city of Berezniki, state organisations and others.

v Operating environment of the Group

Whilst there have been improvements in economic trends in the Russian Federation, the country continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is in practice not convertible in most countries outside of the Russian Federation and relatively high inflation. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently.

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

Management is unable to reliably determine the effects on the Group's future financial position of any further deterioration in the Group's operating environment. It believes it is taking all necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

vi Capital expenditure commitments

As of 30 June 2010, the Group had contractual commitments for the purchase of property, plant and equipment from third parties for RR 5,750 (31 December 2009: RR 5,012).

24 Seasonality

Demand for potassium fertilisers is not subject to significant seasonal influence. However, there is a slight decrease in sales during the first months of the calendar year due to weather conditions which cause difficulty in shipping through ports. Seasonality does not significantly influence production, and inventory levels are adjusted for these movements in demand. Seasonality does not impact the Group's revenue or cost recognition policies.

25 Events after balance sheet date

Loan issued to related party

On 2 July 2010 the loan issued to Mr. Dmitry Rybolovlev, the Chairman of the Board of Directors, together with the accrued interest, was fully repaid.

Sale of subsidiary

On 19 July 2010 the Group sold the entire share capital of Sophar Property Holding Inc. for net proceeds of RR 3,948 (US$ 129,600,000). The main identifiable assets of this subsidiary consisted of two corporate business jets. The profit on disposal reported on the sale was RR 14 (US$ 469,823).