URALKALI GROUP

INTERNATIONAL ACCOUNTING STANDARD No. 34

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

30 June 2014

Contents

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 2014 and the related consolidated condensed interim statements of profit or loss and other 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.

ZAO PricewaterhouseCoopers Audit

28 August 2014
Moscow, Russian Federation

(in thousands of US dollars, unless otherwise stated)

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets:			
Property, plant and equipment	6	3,146,675	3,235,456
Prepayments for acquisition of property, plant and equipment and intangible assets		212,356	145,689
Goodwill		1,754,088	1,802,398
Intangible assets	7	5,316,261	5,457,299
Deferred income tax asset		32,888	21,635
Income tax prepayments recoverable after more than 12 months	8	244,805	259,455
Other non-current assets		37,395	21,986
Total non-current assets		**10,744,468**	**10,943,918**
Current assets:			
Inventories		225,750	250,495
Trade and other receivables		472,648	518,062
Current income tax prepayments		8,200	8,290
Restricted cash	9	-	3,055
Cash and cash equivalents	9	809,556	930,168
		1,516,154	**1,710,070**
Non-current assets held for sale		6,155	6,311
Total current assets		**1,522,309**	**1,716,381**
TOTAL ASSETS		**12,266,777**	**12,660,299**
EQUITY			
Share capital	11	35,762	35,762
Treasury shares	11	(5,722)	(5,722)
Share premium		4,371,815	4,371,815
Revaluation reserve		5,302	5,302
Currency translation reserve		(1,443,550)	(1,301,324)
Retained earnings		2,866,194	2,621,644
Equity attributable to the company's equity holders		**5,829,801**	**5,727,477**
Non-controlling interests		**15,520**	**14,133**
TOTAL EQUITY		**5,845,321**	**5,741,610**
LIABILITIES			
Non-current liabilities:			
Borrowings and bonds issued	13	3,776,958	3,582,862
Post-employment benefit obligations		43,955	43,394
Deferred income tax liability		966,834	975,531
Provisions	12	75,218	86,996
Derivative financial liabilities	14	77,063	62,043
Total non-current liabilities		**4,940,028**	**4,750,826**
Current liabilities:			
Borrowings and bonds issued	13	941,307	1,463,597
Trade and other payables		408,539	556,613
Provisions	12	54,965	40,118
Derivative financial liabilities	14	50,615	71,340
Current income tax payable		4,414	1,083
Other taxes payable		21,588	35,112
Total current liabilities		**1,481,428**	**2,167,863**
TOTAL LIABILITIES		**6,421,456**	**6,918,689**
TOTAL LIABILITIES AND EQUITY		**12,266,777**	**12,660,299**

Approved for issue and signed on behalf of the Board of Directors 28 August 2014.

Dmitry Osipov
Chief Executive Officer

Viktor Belyakov
Chief Financial Officer

The accompanying notes on pages 6 to 20 are an integral part of this consolidated condensed interim financial information.

(in thousands of US dollars, unless otherwise stated)

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013*
Revenues	15	1,725,919	1,614,251
Cost of sales	16	(495,010)	(439,953)
Gross profit		**1,230,909**	**1,174,298**
Distribution costs	17	(500,310)	(356,624)
General and administrative expenses	18	(110,652)	(110,792)
Taxes other than income tax		(24,082)	(19,113)
Other operating income and expenses, net	19	(29,489)	(30,693)
Operating profit		**566,376**	**657,076**
Mine flooding costs		(1,429)	(839)
Finance income	20	11,864	36,309
Finance expense	20	(131,246)	(218,746)
Profit before income tax		**445,565**	**473,800**
Income tax expense	21	(75,275)	(76,379)
Net profit for the year		**370,290**	**397,421**
Profit attributable to:			
Owners of the Company		366,896	397,937
Non-controlling interests		3,394	(516)
Net profit for the year		**370,290**	**397,421**
Earnings per share – basic and diluted (in US cents)		**14.28**	**13.70**

* These amounts reflect adjustments made in connection with the adoption of IAS 19 (R).

(in thousands of US dollars, unless otherwise stated)

	Six months ended 30 June 2014	Six months ended 30 June 2013*
Net profit for the period	**370,290**	**397,421**
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations	916	677
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	(142,226)	(609,812)
Total other comprehensive loss for the year	**(141,310)**	**(609,135)**
Total comprehensive income/(loss) for the year	**228,980**	**(211,714)**
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	225,586	(211,198)
Non-controlling interests	3,394	(516)

* These amounts reflect adjustments made in connection with the adoption of IAS 19 (R).

(in thousands of US dollars, unless otherwise stated)

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Cash flows from operating activities			
Profit before income tax		445,565	473,800
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets		205,565	209,957
Net loss on disposals of property, plant and equipment	19	13,779	5,642
Accrual of provision for impairment of receivables, net	19	429	967
Net change in provisions	12	(5,689)	2,514
Other finance income and expense, net	20	107,262	115,769
Foreign exchange loss, net	20	8,546	63,831
Operating cash flows before working capital changes		**775,457**	**872,480**
Working capital changes		(35,678)	154,142
Cash generated from operations		**739,779**	**1,026,622**
Interest paid	13	(127,731)	(96,915)
Income taxes paid net of refund received		(54,769)	(49,328)
Net cash generated from operating activities		**557,279**	**880,379**
Cash flows from investing activities			
Acquisition of intangible assets		(12,750)	(870)
Acquisition of property, plant and equipment		(188,453)	(182,384)
Proceeds from sales of property, plant and equipment and non-current assets held for sale		1,086	1,515
Purchase of other non-current assets		(15,009)	-
Purchase of bonds		(56,259)	-
Sales of bonds		54,985	29,307
Decrease/(increase) in restricted cash and deposits		2,859	(343,490)
Interest received		6,175	38,495
Net cash used in investing activities		**(207,366)**	**(457,427)**
Cash flows from financing activities			
Repayments of borrowings	13	(982,086)	(2,146,281)
Proceeds from borrowings	13	754,496	2,317,833
Syndication fees and other financial charges paid	13	(23,099)	(27,179)
Cash proceeds from derivatives	14	46,570	40,849
Cash paid for derivatives	14	(75,101)	(9,250)
Acquisition of non-controlling interest		(800)	-
Purchase of treasury shares		-	(984,270)
Finance lease payments		(715)	(774)
Dividends paid to the Company's shareholders		(178,819)	(276,494)
Net cash used in financing activities		**(459,554)**	**(1,085,566)**
Effect of foreign exchange rate changes on cash and cash equivalents		(10,971)	(18,062)
Net decrease in cash and cash equivalents		**(120,612)**	**(680,676)**
Cash and cash equivalents at the beginning of the period	9	**930,168**	**1,386,244**
Cash and cash equivalents at the end of the period	9	**809,556**	**705,568**

(in thousands of US dollars, unless otherwise stated)

	Attributable to equity holders of the Company								
	Share capital	Treasury Shares	Share premium/ (discount)	Revaluation reserve	Retained earnings	Currency translation reserve	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2013*	**35,762**	**(58)**	**6,884,228**	**5,302**	**2,505,035**	**(680,145)**	**8,750,124**	**8,265**	**8,758,389**
Profit/(loss) for the period*	-	-	-	-	397,937	-	397,937	(516)	**397,421**
Other comprehensive income/(loss)*	-	-	-	-	677	(609,812)	(609,135)	-	**(609,135)**
Total comprehensive income/(loss) for the period*	**-**	**-**	**-**	**-**	**398,614**	**(609,812)**	**(211,198)**	**(516)**	**(211,714)**
Transactions with owners									
Dividends declared (Note 11)	-	-	-	-	(353,488)	-	(353,488)	-	**(353,488)**
Purchase of treasury shares	-	(2,125)	(958,686)	-	-	-	(960,811)	-	**(960,811)**
Total transactions with owners	-	**(2,125)**	**(958,686)**	**-**	**(353,488)**	**-**	**(1,314,299)**	**-**	**(1,314,299)**
Balance at 30 June 2013*	**35,762**	**(2,183)**	**5,925,542**	**5,302**	**2,550,161**	**(1,289,957)**	**7,224,627**	**7,749**	**7,232,376**
Balance at 1 January 2014	**35,762**	**(5,722)**	**4,371,815**	**5,302**	**2,621,644**	**(1,301,324)**	**5,727,477**	**14,133**	**5,741,610**
Profit for the period	-	-	-	-	366,896	-	366,896	3,394	**370,290**
Other comprehensive income/(loss)	-	-	-	-	916	(142,226)	(141,310)	-	**(141,310)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**367,812**	**(142,226)**	**225,586**	**3,394**	**228,980**
Transactions with owners									
Dividends declared (Note 11)	-	-	-	-	(123,262)	-	(123,262)	-	**(123,262)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(123,262)**	**-**	**(123,262)**	**-**	**(123,262)**
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(2,007)	**(2,007)**
Balance at 30 June 2014	**35,762**	**(5,722)**	**4,371,815**	**5,302**	**2,866,194**	**(1,443,550)**	**5,829,801**	**15,520**	**5,845,321**

* These amounts reflect adjustments made in connection with the adoption of IAS 19 (R).

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 cities of Berezniki and Solikamsk, Russia. They are distributed both on domestic and foreign markets. The Group manufactures various types of products, the most significant being a wide range of potassium salts. The Group is a major Russia-based potash manufacturer. For the six months ended 30 June 2014 approximately 84% of potash fertilizers was exported (for the six months ended 30 June 2013: 77%).

The Company holds operating licences, issued by the Perm regional authorities for the extraction of potassium, magnesium and sodium salts from the Durimanskiy, Bigelsko-Troitsky, Solikamskiy (north and south parts) and Novo-Solikamskiy plots of the Verkhnekamskoye field. The licences were prolonged on 1 April 2013 till 2018-2021 at nominal cost. The Company also owns a licence for the Ust'-Yaivinskiy plot of the Verkhnekamskoye field, which expires in 2024, and for the Polovodovskiy plot of the Verkhnekamskoye field, which expires in 2028.

As of 30 June 2014 and 31 December 2013 the Group had no ultimate controlling party.

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 production capacities and all long-term assets are located in the Russian Federation.

2 Basis of Preparation, Significant Accounting Policies and Critical Accounting Judgements and Estimates

This consolidated condensed interim financial information for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies and critical accounting judgements and estimates applied are consistent with those of the consolidated financial statements for the year ended 31 December 2013, 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 2014 (Note 3).

Functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is the national currency of the Russian Federation, Russian Rouble ("RR"). The presentation currency of this consolidated condensed interim financial information is US dollars ("US$").

Foreign currency exchange rates. At 30 June 2014, the official rate of exchange, as determined by the Central Bank of the Russian Federation (CBRF), was US$ 1 = RR 33.63 (31 December 2013: US$ 1 = RR 32.73). The official Euro to RR exchange rate at 30 June 2014, as determined by the CBRF, was Euro 1 = RR 45.83 (31 December 2013: Euro 1 = RR 44.97). The average official rate of exchange for the six months ended 30 June 2014 was US$ 1 = RR 34.98, Euro 1 = RR 47.99 (six months ended 30 June 2013: US$ 1 = RR 31.02, Euro 1 = RR 40.74).

Change in accounting policy – translation to presentation currency. In this consolidated condensed interim financial information the Group has changed accounting policy for translation of cash flows to presentation currency: the cash flows are translated at average exchange rates for each line item of the statement of cash flows instead of translation at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the dates of the transactions). In order to conform with accounting policy the Group adjusted the following line items of the consolidated condensed interim statement of cash flows for the six months ended 30 June 2013:

- net cash used in financing activities from US$1,066,649 to US$ 1,085,566;
- net cash used in investing activities from US$ 419,491 to US$ 457,427;
- effect of foreign exchange rate changes on cash and cash equivalents (loss) from US$ 75,367 to US$ 18,062.

Income tax. 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

The following new standards, amendments to standards and interpretations became effective for the Group from 1 January 2014; the amendments did not have a material impact on this consolidated condensed interim financial information:

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014);

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning on or after 1 January 2014);

IFRIC 21 – "Levies" (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014);

Amendments to IAS 36 – "Recoverable amount disclosures for non-financial assets" (issued in May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period);

Amendments to IAS 39 – "Novation of Derivatives and Continuation of Hedge Accounting" (issued in June 2013 and effective for annual periods beginning 1 January 2014);

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 June 2014, and have not been early adopted:

IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning 1 January 2018)***.*** The amendments made to IFRS 9 in November 2013 removed its mandatory effective date, thus making application of the standard voluntary. The Group does not intend to adopt the existing version of IFRS 9.

Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014). The Group is considering the implications of the standard and its impact on the Group.

IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). The Group is considering the implications of the standard and its impact on the Group.

Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24. The Group is considering the implications of the standard and its impact on the Group.

Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40. The Group is considering the implications of the standard and its impact on the Group.

Amendments to IFRS 11 – Accounting for Acquisitions of interests in Joint Operations (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). The Group is considering the implications of the standard and its impact on the Group.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). The Group is considering the implications of the standard and its impact on the Group.

IFRS 15, Revenue from contracts with customers (issued in May 2014 and effective for annual periods beginning on or after 1 January 2017). The Group is considering the implications of the standard and its impact on the Group.

(in thousands of US dollars, unless otherwise stated)

4 Related Parties

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

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.

In 2013 JSC United Chemical Company Uralchem and ONEXIM Group became significant shareholders of the Company.

Statement of financial position caption	Nature of relationship	30 June 2014	31 December 2013
Balances			
Trade and other payables	Related party through significant shareholder	1,679	4,889
Trade and other receivables	Related party through significant shareholder	123	-

		Six months ended 30 June 2014	Six months ended 30 June 2013
Transactions			
Acquisition of property, plant and equipment	Associate	-	3,454
Acquisition of property, plant and equipment	Other related parties	-	2,528

Statement of income caption	Nature of relationship	Six months ended 30 June 2014	Six months ended 30 June 2013
Revenues	Related party through significant shareholder	13,720	-
Repairs and maintenance	Associate	-	1,468
Repairs and maintenance	Other related parties	-	123
General and administrative expenses	Associate	220	-
General and administrative expenses	Related party through significant shareholder	1,554	-
Mine flooding costs	Associate	-	1,128

Cross shareholding

As of 30 June 2014 CJSC Uralkali-Technologia, a wholly owned subsidiary of the Group, owned 12.5% of the ordinary shares of the Company (31 December 2013: 12.5%).

Management's compensation

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

Key management compensation is presented below:

	Six months ended 30 June 2014		Six months ended 30 June 2013	
	Expense	**Accrued liability**	**Expense**	**Accrued liability**
Short-term employee benefits	3,923	5,406	4,042	-
One-time premium payment	510	3,107	-	3,410
Total	**4,433**	**8,513**	**4,042**	**3,410**

(in thousands of US dollars, unless otherwise stated)

5 Segment Reporting

The Group identifies segments in accordance with the criteria set forth in IFRS 8 "Operating segments", 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 the management accounts which are based on IFRS.

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

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Revenues	15	1,725,919	1,614,251
Segment result/Net profit		**370,290**	**397,421**
Depreciation and amortization		(205,565)	(209,957)
Mine flooding costs		(1,429)	(839)
Finance income	20	11,864	36,309
Finance expense	20	(131,246)	(218,746)
Income tax expense	21	(75,275)	(76,379)

b) Major customers

The Group had no external customers which represented more than 10% of the Group's revenues in the six months ended 30 June 2014 and 30 June 2013, respectively.

c) In addition to the above segment disclosures management is preparing additional information that splits the result of the 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, reversal and additions of provisions, mine flooding costs, finance income and expense, income tax expense).

This split for the six months ended 30 June 2014 was as follows:

	Export potash sales	Domestic potash sales	Total potash sales	Other sales	Unallo-cated	Total
Tonnes (thousands)	**5,075**	**978**	**6,053**	**-**	**-**	**6,053**
Revenues	**1,526,326**	**152,104**	**1,678,430**	**47,489**	**-**	**1,725,919**
Cost of sales	(396,301)	(76,378)	(472,679)	(22,331)	-	**(495,010)**
Distribution, general and administrative expenses, other operating income and expenses and taxes other than income tax	(628,017)	(25,386)	(653,403)	(11,130)	-	**(664,533)**
Operating profit	**502,008**	**50,340**	**552,348**	**14,028**	**-**	**566,376**
Mine flooding costs	-	-	-	-	(1,429)	**(1,429)**
Finance income and expense, net	-	-	-	-	(119,382)	**(119,382)**
Profit before income tax	-	-	-	-	-	**445,565**
Income tax expense	-	-	-	-	(75,275)	**(75,275)**
Segment result/Net profit	**-**	**-**	**-**	**-**	**-**	**370,290**

(in thousands of US dollars, unless otherwise stated)

5 Segment Reporting (continued)

This split for the six months ended 30 June 2013 was as follows:

	Export potash sales	Domestic potash sales	Total potash sales	Other sales	Unallo-cated	Total
Tonnes (thousands)	**3,291**	**971**	**4,262**	**-**	**-**	**4,262**
Revenues	**1,305,437**	**249,921**	**1,555,358**	**58,893**	**-**	**1,614,251**
Cost of sales	(318,961)	(94,128)	(413,089)	(26,864)	-	**(439,953)**
Distribution, general and administrative expenses, other operating income and expenses and taxes other than income tax	(463,872)	(34,023)	(497,895)	(19,327)	-	**(517,222)**
Operating profit	**522,604**	**121,770**	**644,374**	**12,702**	**-**	**657,076**
Mine flooding costs	-	-	-	-	(839)	**(839)**
Finance income and expense, net	-	-	-	-	(182,437)	**(182,437)**
Profit before income tax	-	-	-	-	-	**473,800**
Income tax expense	-	-	-	-	(76,379)	**(76,379)**
Segment result/Net profit	**-**	**-**	**-**	**-**	**-**	**397,421**

6 Property, Plant and Equipment

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

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Cost			
Balance as of 1 January		4,677,110	4,668,172
Additions		153,003	146,469
Disposals and write-off of fixed assets		(32,533)	(31,983)
Changes in estimates of provision for filling cavities	12	11,921	(10,220)
Effect of translation to presentation currency		(120,078)	(338,809)
Balance as of 30 June		**4,689,423**	**4,433,629**
Accumulated Depreciation			
Balance as of 1 January		1,441,654	1,283,044
Depreciation charge		152,060	153,271
Disposals and write-off of fixed assets		(17,696)	(23,697)
Effect of translation to presentation currency		(33,270)	(98,310)
Balance as of 30 June		**1,542,748**	**1,314,308**
Net Book Value			
Balance as of 1 January		**3,235,456**	**3,385,128**
Balance as of 30 June		**3,146,675**	**3,119,321**

Fully depreciated assets still in use

As of 30 June 2014 and 31 December 2013 the gross carrying value of fully depreciated property, plant and equipment still in use was US$ 470,864 and US$ 456,043, respectively.

(in thousands of US dollars, unless otherwise stated)

7 Intangible Assets

	Six months ended 30 June 2014	Six months ended 30 June 2013
Cost		
Balance as of 1 January	5,849,582	6,153,184
Additions	1,429	935
Capitalised borrowing costs	63,894	38,592
Disposals	(143)	(1,322)
Effect of translation to presentation currency	(154,197)	(441,518)
Balance as of 30 June	**5,760,565**	**5,749,871**
Accumulated Amortisation		
Balance as of 1 January	392,283	298,268
Amortisation charge	60,207	61,096
Disposals	(57)	(1,290)
Effect of translation to presentation currency	(8,129)	(24,445)
Balance as of 30 June	**444,304**	**333,629**
Net Book Value		
Balance as of 1 January	**5,457,299**	**5,854,916**
Balance as of 30 June	**5,316,261**	**5,416,242**

The table below summarises descriptions and carrying amounts of individually material mining licences:

Licenced plot		**30 June 2014**	**31 December 2013**
Solikamskiy plot (south part)	SKRU-2	1,917,985	1,996,792
Novo-Solikamskiy plot	SKRU-3	1,819,890	1,898,447
Solikamskiy plot (north part)	SKRU-1	164,017	177,359
Polovodovskiy plot (south part)		305,615	300,611
Polovodovskiy plot (north part)		1,086,749	1,061,497
Total		**5,294,256**	**5,434,706**

8 Income Tax Prepayments Recoverable after More than 12 Months

On 16 April 2013 the Company concluded an agreement with the government of Perm Region to maintain minimum income tax payments of at least RR 6 billion (US$ 178,409) per year in 2013-2015. As a result it will utilize its existing income tax prepayments over several years. Although the minimum payment was agreed to be RR 6 billion per year, in 2014 the Company actually makes smaller payments to reduce the income tax prepayment more rapidly.

On 30 June 2014 the amount of income tax prepayments recoverable after more than 12 months in the amount of US$ 284,180 was discounted at discount rate of 8.13% to US$ 244,805. On 31 December 2013 the amount of income tax prepayments recoverable after more than 12 months in the amount of US$ 307,035 was discounted at discount rate of 6.97% to US$ 259,455.

9 Cash and Cash Equivalents, Deposits and Restricted Cash

	30 June 2014	31 December 2013
Cash on hand and bank balances		
RR denominated cash on hand and bank balances	169,458	71,624
US$ denominated bank balances	580,155	757,956
EUR denominated bank balances	37,960	26,486
Other currencies denominated balances	19,151	18,694
Term deposits		
US$ term deposits	2,000	2,312
EUR term deposits	-	17,832
RR term deposits	832	35,264
Total cash and cash equivalents	**809,556**	**930,168**
Restricted cash		
Current restricted cash	-	3,055
Total cash and cash equivalents, deposits and restricted cash	**809,556**	**933,223**

As of 30 June 2014 and 31 December 2013, term deposits, except those included in restricted cash, have various original maturities but may upon request be withdrawn without any restrictions.

10 Joint Arrangements

In December 2013 Uralkali Trading SA concluded an agreement with the Federal Land Development Authority of Malaysia (FELDA) to create a joint venture for potash distribution. The joint venture will start operating from the second half of 2014 and will focus on securing potash deliveries to the plantations of FELDA and other government plantations in Malaysia and other neighbouring countries.

11 Shareholders' Equity

	Number of ordinary shares (in millions)	Ordinary shares	Treasury shares	Total
At 1 January 2013	**2,936**	**35,762**	**(58)**	**35,704**
Treasury shares purchased	-	-	(2,125)	(2,125)
At 30 June 2013	**2,936**	**35,762**	**(2,183)**	**33,579**
At 1 January 2014	**2,936**	**35,762**	**(5,722)**	**30,040**
At 30 June 2014	**2,936**	**35,762**	**(5,722)**	**30,040**

Treasury shares. Treasury shares as of 30 June 2014 and as of 31 December 2013 comprise 367,165,972 ordinary shares of the Company owned by CJSC Uralkali-Technologia, a wholly owned subsidiary of the Group.

Profit distribution. The Company's dividend policy allows to distribute, as dividends, not less than 50% of net profit, as determined in the IFRS consolidated financial statements, at least twice a year.

Dividends. In June 2014 the General Meeting of Shareholders of the Company approved interim dividends amounting to US$ 142,302 (5 US cents per share).

In December 2013 the General Meeting of Shareholders of the Company approved interim dividends amounting to US$ 197,433 (7 US cents per share).

In June 2013 the General Meeting of Shareholders of the Company approved dividends (based on the financial results for the year ended 31 December 2012) amounting to US$ 357,283 (12 US cents per share).

The total amount of dividends attributable to treasury shares has been eliminated in the consolidated condensed interim statement of changes in equity. All dividends are declared and paid in RR.

(in thousands of US dollars, unless otherwise stated)

12 Provisions

	Note	Provision for filling cavities	Restruc-turing provision	Resettle-ment provision	Total
Carrying amount at 1 January 2013		**82,410**	**16,944**	**-**	**99,354**
Changes in estimates adjusted against property plant and equipment	6	(10,220)	-	-	**(10,220)**
Reversal of provision		-	-	9,446	**9,446**
Utilisation of provision		(5,094)	(1,838)	-	**(6,932)**
Unwinding of the present value discount and effect of changes in discount rates		2,676	387	-	**3,063**
Effect of translation to presentation currency		(5,223)	(1,176)	(459)	**(6,858)**
Current liabilities		**7,423**	**3,875**	**8,987**	**20,285**
Non-current liabilities		**57,126**	**10,442**	**-**	**67,568**
Carrying amount at 30 June 2013		**64,549**	**14,317**	**8,987**	**87,853**
Carrying amount at 1 January 2014		**56,659**	**12,168**	**58,287**	**127,114**
Changes in estimates adjusted against property plant and equipment	6	11,921	-	-	**11,921**
Changes in estimate due to changes timing of payment		-	-	(2,573)	**(2,573)**
Utilisation of provision		(6,575)	(86)	-	**(6,661)**
Unwinding of the present value discount and effect of changes in discount rates		1,915	(1,544)	3,174	**3,545**
Effect of translation to presentation currency		(1,205)	(428)	(1,530)	**(3,163)**
Current liabilities		**9,679**	**1,665**	**43,621**	**54,965**
Non-current liabilities		**53,036**	**8,445**	**13,737**	**75,218**
Carrying amount at 30 June 2014		**62,715**	**10,110**	**57,358**	**130,183**

Provision for filling cavities. A provision for filling cavities is recorded in respect of the Group's obligation to replace the earth extracted from its mines. A technical program for mining operations was agreed with the local State mine supervisory body in 1997-1998. Based on this framework program, the Group prepares annual mining plans and agrees them with the local State mine supervisory body.

The balance of the provision at the reporting date equals the total of expected future discounted cash outflows associated with replacing the earth extracted from the mine in accordance with the plan of filling cavities work agreed with the State mine supervisory body. The relevant cash flows are discounted at a rate reflecting the time value of money.

Restructuring provision. In 2011 the Board of Directors decided to abandon the ore-treatment plant and carnallite plant at Berezniki 1. The decision to abandon the plants was driven by the lack of the raw materials base due to the flooding of Mine 1. This allowed the Company to reduce operational costs. The Company ceased production at the plants at the end of 2011 and commenced dismantling them. The dismantling is expected to be completed in 2018.

Resettlement provision. The Government of the Perm Region and the Administration of the town of Berezniki signed an agreement outlining the financing plan for the period between 2013-2015 for the relocation of people living in inadequate housing facilities in Berezniki, including the construction of new infrastructure facilities and demolition of the vacated buildings. The agreement will be effected pursuant to the State programme on "Securing quality housing and facilities for the citizens of the Perm Region" and is in line with the decisions adopted by the Governmental Commission on 24 May 2013. As part of its commitment to corporate social responsibility, the Company has undertaken to provide to the Perm Region and the town of Berezniki a total of US$ 75,526 (including US$ 17,068 already disbursed in 2013). The balance is payable in instalments by 1 August 2015. The amount of provision was discounted using a discount rate 8.04% from US$ 59,470 to US$ 57,358. No payments were made by the Group in 2014 due to delay in the allocation of state budget funds to the project.

(in thousands of US dollars, unless otherwise stated)

13 Borrowings and Bonds Issued

	30 June 2014	31 December 2013
Bank loans and bonds issued	4,703,252	5,031,021
Finance lease payable	15,013	15,438
Total borrowings and bond issued	**4,718,265**	**5,046,459**

Bank loans and bonds issued

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Balance at 1 January		**5,031,021**	**3,925,691**
Bank loans received and bonds issued, denominated in US$		652,437	2,317,833
Bank loans received, denominated in RR		102,059	-
Bank loans and bonds repaid, denominated in US$		(386,825)	(1,758,106)
Bank loans repaid, denominated in RR		(595,261)	(388,175)
Interest accrued		134,908	95,464
Interest paid		(127,731)	(96,915)
Recognition of syndication fees and other financial charges		(23,099)	(27,179)
Amortisation of syndication fees and other financial charges	20	11,349	19,634
Foreign exchange loss/(gain), net		47,485	198,086
Effect of translation to presentation currency		(143,091)	(299,073)
Balance at 30 June		**4,703,252**	**3,987,260**

The table below the split of the bank loans and bonds issued into short-term and long-term as of 30 June 2014 and 31 December 2013:

Short-term borrowings and bonds issued	**30 June 2014**	**31 December 2013**
Bank loans in US$: floating interest	358,821	394,006
Bonds issued in US$: fixed interest	4,033	4,033
Bank loans in RR: floating interest	108,159	106,668
Bank loans in RR: fixed interest	470,272	958,890
Total short-term bank loans and bonds issued	**941,285**	**1,463,597**

Long-term borrowings and bond issued	**30 June 2014**	**31 December 2013**
Bank loans in US$: floating interest	2,042,943	1,770,061
Bank loans in RR: floating interest	1,077,300	1,151,329
Bonds issued in US$: fixed interest	641,724	646,034
Total long-term bank loans and bonds issued	**3,761,967**	**3,567,424**

As of 30 June 2014 and 31 December 2013 no equipment or inventories were pledged as security for bank loans.

Bank loans of US$ 1,028,568 (31 December 2013: US$ 1,293,432) were collateralised by future sales proceeds of the Group under export contracts with certain customers acceptable to the banks.

The Group's bank borrowings mature as follows:

	30 June 2014	31 December 2013
- within 1 year	941,285	1,463,597
- between 2 and 5 years	3,508,331	3,434,092
- after 5 years	253,636	133,332
Total bank loans and bonds issued	**4,703,252**	**5,031,021**

(in thousands of US dollars, unless otherwise stated)

14 Derivative Financial Liabilities

At 30 June 2014, the derivative financial liabilities were represented by the cross-currency interest rate swaps, entered in conjunction with RR-denominated loans in the notional amount of US$ 2,179,652 (31 December 2013: US$ 2,239,682):

	30 June 2014	31 December 2013
Current	50,615	71,340
Non-current	77,063	62,043
Total derivative financial liabilities	**127,678**	**133,383**

The Group pays US$ at fixed rates varying from 2.77% to 4.91% (for the year ended 31 December 2013: 2.77% to 3.80%) and recieves RR at fixed rate 9.05% (for the year ended 31 December 2013: 9.05%) and and floating rates Mosprime 3M + 1.5% – 2.59% (31 December 2013: Mosprime 3M + 1.5% – 2.59%). Maturity of the swaps is linked to loans redemption.

Movements of the carrying amounts of derivative financial assets and liabilities were as follows:

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Opening balance as of 1 January		**133,383**	**2,695**
Cash proceeds from derivatives	21	46,570	40,849
Cash paid for derivatives		(75,101)	(9,250)
Changes in the fair value		26,473	75,071
Effect of translation to presentation currency		(3,647)	(5,710)
Closing balance as of 30 June		**127,678**	**103,655**

15 Revenues

	Six months ended 30 June 2014	Six months ended 30 June 2013
Export		
Potassium chloride	1,011,447	846,442
Potassium chloride (granular)	514,872	459,008
Domestic		
Potassium chloride	152,117	249,928
Other	28,417	32,337
Transportation and other revenues	19,066	26,536
Total revenues	**1,725,919**	**1,614,251**

16 Cost of Sales

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Depreciation		128,075	132,541
Labour costs		106,491	109,166
Fuel and energy		79,875	68,253
Materials and components		60,750	47,684
Amortisation of licences	7	58,835	58,581
Repairs and maintenance		36,793	23,632
Change in work in progress, finished goods and goods in transit		13,608	(8,286)
Transportation between mines by railway		5,861	5,674
Other costs		4,722	2,708
Total cost of sales		**495,010**	**439,953**

(in thousands of US dollars, unless otherwise stated)

17 Distribution Costs

	Six months ended 30 June 2014	Six months ended 30 June 2013
Railway tariff	199,831	174,743
Freight	174,902	82,310
Transhipment	24,929	16,217
Transport repairs and maintenance	21,212	24,890
Commissions and marketing expenses	20,040	14,218
Labour costs	10,978	8,415
Freight and transhipment of river vessels	9,891	2,321
Depreciation	8,605	7,673
Insurance	2,830	2,160
Travel expenses	2,744	1,096
Rent	1,772	967
Customs fees	1,144	829
Consulting, audit and legal services	915	2,258
Other costs	20,517	18,527
Total distribution costs	**500,310**	**356,624**

18 General and Administrative Expenses

		Six months ended 30 June 2014	Six months ended 30 June 2013
Labour cost		60,407	57,904
Depreciation		6,089	6,255
Security		6,061	5,384
Consulting, audit and legal services		4,060	6,996
Rent		4,002	3,837
Mine rescue crew		3,859	4,062
Communication and IS services		3,745	1,999
Materials and fuel		3,631	4,256
Insurance		2,459	2,515
Repairs and maintenance		2,373	1,612
Labour protection		1,973	2,515
Travel expenses		1,630	1,709
Amortisation of licences	7	1,372	2,515
Bank charges		515	1,677
Other costs		8,476	7,556
Total general and administrative costs		**110,652**	**110,792**

19 Other Operating Income and Expenses, net

	Six months ended 30 June 2014	Six months ended 30 June 2013
Net loss on disposals of property, plant and equipment	13,779	5,642
Social cost and charity	4,946	7,480
Accrual of provision for impairment of receivables	429	967
Accrual of provision for resettelment	-	9,446
Loss on sale of other goods and services	-	355
Other income and expenses, net	10,335	6,803
Total other operating income and expenses, net	**29,489**	**30,693**

(in thousands of US dollars, unless otherwise stated)

20 Finance Income and Expenses

	Six months ended 30 June 2014	Six months ended 30 June 2013
Unwinding of the present value discount	5,832	-
Interest income	5,775	29,403
Fair value gain on investments	257	-
Income from associate	-	6,906
Finance income	**11,864**	**36,309**

	Six months ended 30 June 2014	Six months ended 30 June 2013
Fair value loss on derivative financial liabilities	73,043	124,158
Interest expense	34,477	5,223
Syndication fee and other financial charges	11,349	19,634
Foreign exchange loss	8,546	63,831
Letters of credit fees	2,859	2,063
Finance lease expense	715	774
Fair value losses on investments	257	-
Unwinding of the present value discount	-	3,063
Finance expenses	**131,246**	**218,746**

Interest expense in the total amount of US$ 54,958 was capitalised in the cost of property, plant and equipment and intangible assets for the six months ended 30 June 2014 (for the six months ended 30 June 2013: US$ 49,386).

Foreign exchange loss in the total amount of US$ 33,076 was capitalised in the cost of property, plant and equipment and intangible assets for the six months ended 30 June 2014 (for the six months ended 30 June 2013: nill).

The interest expense was reduced by the income received from currency-interest rate swap transactions in the total amount of US$ 46,570 (for the six months ended 30 June 2013: US$ 40,849) (Note 14).

Coupon income from corporate bonds, classified as other financial assets at fair value through profit or loss, in the amount of US$ 536 is included in interest income (six months ended 30 June 2013: US$ 4,027).

21 Income Tax Expense

	Six months ended 30 June 2014	Six months ended 30 June 2013
Current income tax expense	69,810	98,106
Deferred income tax	5,465	(21,727)
Income tax expense	**75,275**	**76,379**

During six months ended 30 June 2014 and 30 June 2013, respectively, 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. During six months ended 30 June 2014 and 30 June 2013, foreign operations were taxed applying respective national income tax rates.

22 Contingencies, Commitments and Operating Risks

22.1 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, 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 results of operations or financial position of the Group which have not been accrued or disclosed in these consolidated condensed financial information.

22 Contingencies, Commitments and Operating Risks (continued)

22.2 Tax legislation

Russian tax, currency and customs law are subject to varying interpretations and changes, which can occur frequently. 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.

Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by the relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. 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.

Amended Russian transfer pricing legislation took effect from 1 January 2012. These transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The legislation provides the possibility for the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Management believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with this transfer pricing legislation.

Given that the practice of implementation of these Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated. However, if challenged, it may be significant to the financial position and/or the overall operations of the Group.

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 2014 and 31 December 2013, 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.

The Russian Ministry of Finance has recently issued draft legislation on controllable foreign companies and is also developing tax residency and beneficial ownership legislation. The Russian Government is committed to introduce the new legislation shortly (potentially starting from 2015). The new rules may have a significant impact on taxation of the Group's foreign trading structure in Russia.

In addition to the above matters, management estimates that the Group has other possible obligations from exposure to other than remote tax risks in amount of US$ 4,193 as of 30 June 2014 (31 December 2013: US$ 4,538). These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Management will vigorously defend the entity's positions and interpretations that were applied in determining taxes recognised in these consolidated condensed financial information if these are challenged by the authorities.

22.3 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 mine flooding occurred in 2006.

22.4 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. The Company's mining activities and the mine flooding occurred in 2006 may cause subsidence that may affect the Company's facilities, and those of the cities of Berezniki and Solikamsk, State organisations and others.

(in thousands of US dollars, unless otherwise stated)

22 Contingencies, Commitments and Operating Risks (continued)

22.5 Operating environment of the Group

The Russian Federation displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations.

Since March 2014, sanctions have been imposed by the U.S., the E.U. and other countries against several Russian companies and individuals. These actions may result in reduced access to international capital and export markets, weakening of the Russian Rouble and the increase of interest rates. The political and economic turmoil witnessed in the region, including the developments in Ukraine, have had, and may continue to have, a negative impact on the Russian economy, including weakening of the Russian Rouble and making it harder to raise international finance.

Current economic instability, ongoing threat of further sanctions and uncertainty and volatility of the financial markets may also affect suppliers and customers of the Group. It is difficult to determine the potential impact of these developments on the future operations and financial position of the Group.

Currently the Group does not experience any significant difficulties because of the imposed sanctions. The management of the Group is taking all necessary actions to maintain sustainable development of the business in the current economic and regulatory environment.

22.6 Capital expenditure commitments

As of 30 June 2014 the Group had contractual commitments for the purchase of property, plant and equipment from third parties for US$ 366,036 (31 December 2013: US$ 358,141).

As of 30 June 2014 the Group had contractual commitments for the purchase of intangible assets from third parties for US$ 10,019 (31 December 2013: US$ 12,594).

The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

22.7 Operating lease commitments

As of 30 June 2014 and 31 December 2013, respectively, the Group leased property, plant and equipment, mainly land plots. The future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2014	**31 December 2013**
Not later than 1 year	3,955	4,052
Later than 1 year and not later than 5 years	18,049	18,552
Later than 5 years	65,922	69,429
Total operating lease commitments	**87,926**	**92,033**

23 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions and international sanctions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions, and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets and liabilities carried at fair value. Derivatives (Level 2) and other financial assets at fair value through profit or loss (Level 1) are carried in the consolidated condensed interim statement of financial position at their fair value. Fair values of corporate bonds and shares were determined based on prices quoted in an active market. Fair values of derivative financial assets and liabilities were determined using discounting cash flows valuation technique with inputs (discount rates for RR and US$) observable in markets.

23 Fair Value of Financial Instruments (continued)

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty. Carrying amounts of trade and other financial receivables approximate fair values. Cash and cash equivalents are carried at amortised cost which approximates current fair value.

Investments carried at cost. Investments carried at cost accounted in the other non-current assets line item of the consolidated condensed interim statement of financial position are mainly represented by the 25% interest in Equiplan Participacoes S.A. acquired in February 2014. Equiplan Participacoes S.A. is the main shareholder, owning 59.15%, in Terminais Portuários da Ponta do Felix S.A. a port terminal in the city of Antonina, Brazil. The Group has no significant influence over port terminal operations. Management is unable to measure the fair value of the Group's investments in Equiplan Participacoes S.A. reliably, as this entity has not published its most recent financial information, its shares are not quoted and recent trade prices are not publicly accessible. The investments are recognised in the consolidated interim condensed statement of financial position at their cost of US$ 30,000 (31 December 2013: nill).

Liabilities carried at amortised cost. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid.

24 Seasonality

Demand for potassium fertilizers 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 Reporting Date

On 25 July 2014 OJSC Uralkali has obtained a licence to develop the Romanovsky block of the Verkhnekamskoye deposit of potassium and magnesium salts. The terms of the licence allow the Company to conduct geological exploration of subsurface resources, as well as the exploration and extraction of potash, magnesium and mixed chloride salts. The total value of the licence acquired through a public auction was US$ 9,694. The new block has estimated commercial reserves of 385 million tons of sylvinite ore. The expiration date of the licence is 25 July 2039.

On 31 July 2014 the General Meeting of Shareholders approved the reorganization of OJSC Uralkali in the form of a merger with CJSC Uralkali-Technologia, which will lead to cancelation of the treasury shares.