



**OJSC “PhosAgro”**

**Consolidated Interim Condensed  
Financial Statements  
for the three months ended  
31 March 2015 (unaudited)**

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## Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors

OJSC "PhosAgro"

### Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OJSC "PhosAgro" (the "Company") and its subsidiaries (the "Group") as at 31 March 2015, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed 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 consolidated interim condensed 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 consolidated interim condensed financial information as at 31 March 2015, and for the three-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

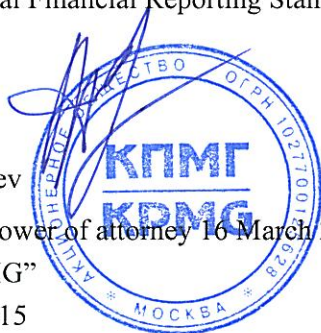
I.V. Tokarev

Director, power of attorney 16 March 2015 No. 25/15

JSC "KPMG"

28 May 2015

Moscow, Russian Federation



Audited entity: OJSC "PhosAgro"

Registered by the State Registration Chamber with the Russian Ministry of Justice on 10 October 2001. Registration No. P-18009.16.

Entered in the Unified State Register of Legal Entities on 5 September 2002 by the Moscow Inter-Regional Tax Inspectorate No. 39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700190572, Certificate series 77 No. 005082819.

55/1 building 1, Leninsky prospekt, Moscow, Russian Federation, 119333

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

**OJSC "PhosAgro"**  
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the three months ended 31 March 2015 (unaudited)*

		Three months ended 31 March	
		2015	2014*
		RUB Million	RUB Million
	Note		
Revenues	5	50,224	29,416
Cost of sales	6	(19,744)	(17,108)
<b>Gross profit</b>		<b>30,480</b>	<b>12,308</b>
Administrative expenses	7	(2,403)	(2,024)
Selling expenses	8	(4,920)	(3,054)
Taxes, other than income tax		(566)	(485)
Other expenses, net	9	(121)	(141)
<b>Operating profit</b>		<b>22,470</b>	<b>6,604</b>
Finance income	10	376	161
Finance costs	10	(1,743)	(720)
Foreign exchange loss		(3,777)	(3,772)
Share of profit of associates	13	60	4
<b>Profit before tax</b>		<b>17,386</b>	<b>2,277</b>
Income tax expense	11	(3,222)	(368)
<b>Profit for the period</b>		<b>14,164</b>	<b>1,909</b>
Attributable to:			
		3	52
Non-controlling interests ^			
Shareholders of the Parent		14,161	1,857
<b>Other comprehensive income</b>			
Actuarial gains and losses, net of tax		(135)	(65)
Foreign currency translation difference		388	640
<b>Other comprehensive income for the period</b>		<b>253</b>	<b>575</b>
<b>Total comprehensive income for the period</b>		<b>14,417</b>	<b>2,484</b>
Attributable to:			
		3	50
Non-controlling interests ^			
Shareholders of the Parent		14,414	2,434
Basic and diluted earnings per share (in RUB)	19	109	14

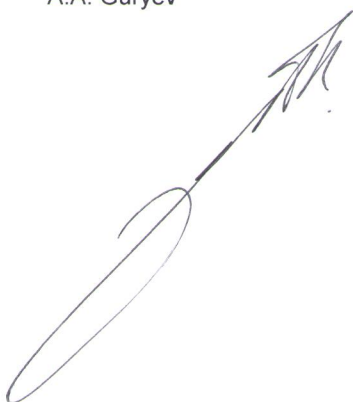
^ non-controlling interests are the minority shareholders of the subsidiaries of OJSC "PhosAgro"

\* comparative information has been re-presented, see note 3

The consolidated interim condensed financial statements were approved on 28 May 2015:

Chief executive officer  
A.A. Guryev

Chief financial officer  
A.F. Sharabaiko




**OJSC "PhosAgro"**  
*Consolidated Interim Condensed Statement of Financial Position*  
*as at 31 March 2015 (unaudited)*

	Note	31 March 2015 RUB million	31 December 2014 RUB million
<b>Assets</b>			
Property, plant and equipment	12	88,990	86,086
Intangible assets		544	572
Investments in associates	13	13,353	12,975
Deferred tax assets		4,702	4,249
Other non-current assets	14	10,075	8,935
<b>Non-current assets</b>		<b>117,664</b>	<b>112,817</b>
Other current investments	15	1,833	1,656
Inventories	16	13,230	12,527
Current income tax receivable		1,694	2,975
Trade and other receivables	17	22,386	18,993
Cash and cash equivalents		38,750	30,687
<b>Current assets</b>		<b>77,893</b>	<b>66,838</b>
<b>Total assets</b>		<b>195,557</b>	<b>179,655</b>
<b>Equity</b>			
	18		
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		36,869	22,708
Other reserves		5,511	5,258
Equity attributable to shareholders of the Parent		50,246	35,832
Equity attributable to non-controlling interests		152	149
<b>Total equity</b>		<b>50,398</b>	<b>35,981</b>
<b>Liabilities</b>			
Loans and borrowings	20	97,199	93,002
Defined benefit obligations		468	453
Deferred tax liabilities		3,371	2,118
<b>Non-current liabilities</b>		<b>101,038</b>	<b>95,573</b>
Trade and other payables	21	11,262	15,321
Current income tax payable		884	620
Loans and borrowings	20	30,775	30,822
Derivative financial liabilities		1,200	1,338
<b>Current liabilities</b>		<b>44,121</b>	<b>48,101</b>
<b>Total equity and liabilities</b>		<b>195,557</b>	<b>179,655</b>

**OJSC "PhosAgro"**  
*Consolidated Interim Condensed Statement of Cash Flows*  
*for the three months ended 31 March 2015 (unaudited)*

	Note	Three months ended 31 March	
		2015	2014
		RUB million	RUB million
<b>Cash flows from operating activities</b>			
Profit before tax		17,386	2,277
<i>Adjustments for:</i>			
Depreciation and amortisation	6, 7, 8	2,120	1,983
Loss/(gain) on disposal of fixed assets	9	1	(24)
Finance income	10	(376)	(161)
Finance costs	10	1,743	720
Share of profit of associates	13	(60)	(4)
Foreign exchange loss		3,080	4,013
Operating profit before changes in working capital and provisions		23,894	8,804
(Increase)/decrease in inventories		(702)	1,365
Increase in trade and other receivables		(3,363)	(1,271)
Decrease in trade and other payables		(699)	(902)
Cash flows from operations before income taxes and interest paid		19,130	7,996
Income tax paid		(843)	(850)
Finance costs paid		(2,017)	(703)
<b>Cash flows from operating activities</b>		<b>16,270</b>	<b>6,443</b>
<b>Cash flows from investing activities</b>			
Loans repaid/(issued), net		131	(29)
Acquisition of intangible assets		(23)	(48)
Acquisition of property, plant and equipment		(6,477)	(3,810)
Proceeds from disposal of property, plant and equipment		81	144
Disposal of investments, net		-	234
Finance income received		242	105
<b>Cash flows used in investing activities</b>		<b>(6,046)</b>	<b>(3,404)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		19,638	14,456
Repayment of borrowings		(19,326)	(9,431)
Acquisition of non-controlling interests		-	(86)
Tax on intra-group dividends		-	(247)
Dividends paid to non-controlling interests		-	(1)
Dividends paid to shareholders of the Parent	18	(2,590)	-
Finance leases paid		(483)	(190)
(Loss)/income from settlement of derivatives		(285)	76
<b>Cash flows (used in)/from financing activities</b>		<b>(3,046)</b>	<b>4,577</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,178</b>	<b>7,616</b>
Cash and cash equivalents at 1 January		30,687	8,938
Effect of exchange rates fluctuations		885	222
<b>Cash and cash equivalents at 31 March</b>		<b>38,750</b>	<b>16,776</b>

RUB Million	Attributable to shareholders of the Parent							
	Share capital	Share premium	Retained earnings	Available-for-sale investments revaluation reserve	Actuarial gains and losses recognised in equity	Foreign currency translation reserve	Attributable to non-controlling interests	Total
<b>Balance at 1 January 2014</b>	<b>372</b>	<b>7,494</b>	<b>48,556</b>	<b>(23)</b>	<b>(443)</b>	<b>350</b>	<b>3,020</b>	<b>59,326</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	1,857	-	-	-	52	1,909
Reclassification of non-controlling interests reflected as a liability	-	-	-	-	-	-	(55)	(55)
Actuarial gains and losses, net of tax	-	-	-	-	(63)	-	(2)	(65)
Foreign currency translation difference	-	-	-	-	-	640	-	640
	-	-	1,857	-	(63)	640	(5)	2,429
<b>Transactions with owners recognised directly in equity</b>								
Acquisition of non-controlling interest in subsidiaries	-	-	(45)	-	-	-	(41)	(86)
Tax on intra-group dividends	-	-	(247)	-	-	-	-	(247)
	-	-	(292)	-	-	-	(41)	(333)
<b>Balance at 31 March 2014</b>	<b>372</b>	<b>7,494</b>	<b>50,121</b>	<b>(23)</b>	<b>(506)</b>	<b>990</b>	<b>2,974</b>	<b>61,422</b>
<b>Balance at 1 January 2015</b>	<b>372</b>	<b>7,494</b>	<b>22,708</b>	<b>-</b>	<b>(312)</b>	<b>5,570</b>	<b>149</b>	<b>35,981</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	14,161	-	-	-	3	14,164
Actuarial gains and losses, net of tax	-	-	-	-	(135)	-	-	(135)
Foreign currency translation difference	-	-	-	-	-	388	-	388
	-	-	14,161	-	(135)	388	3	14,417
<b>Balance at 31 March 2015</b>	<b>372</b>	<b>7,494</b>	<b>36,869</b>	<b>-</b>	<b>(447)</b>	<b>5,958</b>	<b>152</b>	<b>50,398</b>

## **1 BACKGROUND**

### **(a) Organisation and operations**

OJSC “PhosAgro” (the “Company” or the “Parent”) and its subsidiaries (together referred to as the “Group”) comprise Russian legal entities and foreign trading subsidiaries. The Company was registered in October 2001. The Company’s location is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation.

The Group’s principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

### **(b) Russian business environment**

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

## **2 BASIS OF PREPARATION**

### **(a) Statement of compliance**

The International Financial Reporting Standards (“IFRS”) consolidated interim condensed financial statements (“consolidated interim condensed financial statements”) of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

These consolidated interim condensed financial statements do not contain all the information required for presentation in a complete set of IFRS financial statements and therefore should be read in conjunction with PhosAgro’s consolidated annual financial statements for the year ended 31 December 2014.

Except as disclosed in note 2(c), the accounting policies and judgements applied by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2014.

### **(b) Functional and presentation currencies**

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the functional currency of the Parent and its subsidiaries, except for foreign trading subsidiaries, where the functional currency is USD and EUR. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

These consolidated interim condensed financial statements are presented in RUB.

The translation from USD into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 March 2015 were translated at the closing exchange rate of RUB 58.4643 for USD 1 (31 December 2014: RUB 56.2584 for USD 1);
- Profit and loss items were translated at the average exchange rate for the three months ended 31 March 2015 of RUB 62.1919 for USD 1 (three months ended 31 March 2014: RUB 34.9591 for USD 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction.
- The resulting foreign exchange difference is recognised in other comprehensive income.



The translation from EUR into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 March 2015 were translated at the closing exchange rate of RUB 63.3695 for EUR 1 (31 December 2014: RUB 68.3427 for EUR 1);
- Profit and loss items were translated at the average exchange rate for the three months ended 31 March 2015 of RUB 70.4340 for EUR 1 (three months ended 31 March 2014: RUB 47.9460 for EUR 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction;
- The resulting foreign exchange difference is recognised in other comprehensive income.

**(c) Adoption of new and revised standards and interpretations**

A number of amendments to standards became effective for the Group from 1 January 2015. The adoption of the amendments did not have significant impact on these consolidated interim condensed financial statements.

A number of new standards, amendments to standards and interpretations are not yet effective at 31 March 2015, and have not been early adopted. The Group does not expect the amendments to have significant impact on the consolidated financial statements in future periods.

### 3 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

During the current period the Group made a decision to make certain reclassifications of expenses for the three months ended 31 March 2014 on materials and services between cost of sales, administrative expenses and selling expenses in order to align them with the current period’s presentation:

	Three months ended 31 March 2014		
	As previously presented	Reclassifications	As adjusted
	<u>RUB Million</u>	<u>RUB Million</u>	<u>RUB Million</u>
Cost of sales	(17,443)	335	(17,108)
Administrative expenses	(1,973)	(51)	(2,024)
Selling expenses	(2,730)	(324)	(3,054)
Other expenses, net	(181)	40	(141)

#### 4 SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- *Phosphate-based products segment* includes mainly production and distribution of ammophos, diammoniumphosphate, sodium tripoly phosphate and other phosphate based and complex (NPK) fertilisers on the factories located in Cherepovets, Balakovo and Volkhov, and production and distribution of apatite concentrate extracted from the apatite-nepheline ore, which is mined and processed in Kirovsk;
- *Nitrogen-based products segment* includes mainly production and distribution of ammonia, ammonium nitrate and urea on the factory located in Cherepovets.

Certain assets, revenue and expenses are not allocated to any particular segment and are, therefore, included in the "other operations" column. None of these operations meet any of the quantitative thresholds for determining reportable segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on gross profit, as included in internal management reports that are reviewed by the Group's CEO.

Management is currently in the process of reviewing and adjusting its internal reporting system based on merger of management accounting and IFRS. As a result, presentation of the segment information has been amended from 1 January 2015. Comparative information has been adjusted to conform with the current year's presentation.

Business segment information as at 31 March 2015 and for the three months then ended is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Inter-segment elimination	Total
<i>Segment revenue and profitability</i>					
Segment external revenues, thereof:	42,860	7,028	336	-	50,224
Export	35,117	5,156	-	-	40,273
Domestic	7,743	1,872	336	-	9,951
Cost of goods sold	(16,712)	(2,730)	(302)	-	(19,744)
Gross segment profit	<u>26,148</u>	<u>4,298</u>	<u>34</u>	-	<u>30,480</u>
<i>Certain items of profit and loss</i>					
Amortisation and depreciation	(1,593)	(480)	(47)	-	(2,120)
Total non-current segment assets	<u>67,707</u>	<u>20,113</u>	<u>1,714</u>	-	<u>89,534</u>
Additions to non-current assets	<u>3,040</u>	<u>1,908</u>	<u>106</u>	-	<u>5,054</u>

Business segment information of the Group as at 31 December 2014 and for the three months ended 31 March 2014 is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Inter-segment elimination	Total
<i>Segment revenue and profitability</i>					
Segment external revenues, thereof:	24,687	4,570	159	-	29,416
Export	16,985	3,168	-	-	20,153
Domestic	7,702	1,402	159	-	9,263
Inter-segment transfers	-	8	-	(8)	-
Cost of goods sold	(14,579)	(2,394)	(143)	8	(17,108)
Gross segment profit	<u>10,108</u>	<u>2,184</u>	<u>16</u>	<u>-</u>	<u>12,308</u>
<i>Certain items of profit and loss</i>					
Amortisation and depreciation	<u>(1,490)</u>	<u>(454)</u>	<u>(39)</u>	<u>-</u>	<u>(1,983)</u>
Total non-current segment assets	<u>66,498</u>	<u>18,214</u>	<u>1,946</u>	<u>-</u>	<u>86,658</u>
Additions to non-current assets	<u>2,657</u>	<u>353</u>	<u>235</u>	<u>-</u>	<u>3,245</u>

The analysis of export revenue by regions is as follows:

	Three months ended 31 March	
	2015 RUB million	2014 RUB million
Europe	16,029	6,436
North and South America	13,517	9,977
India	3,832	91
Asia	1,993	1,379
CIS	1,979	1,610
Africa	1,593	555
Australia	1,330	105
	<u>40,273</u>	<u>20,153</u>

**5 REVENUES**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Sales of chemical fertilisers	42,472	22,964
Sales of apatite concentrate	5,071	4,162
Sales of sodium tripolyphosphate	1,088	960
Sales of nepheline concentrate	188	108
Sales of ammonium	38	14
Other sales	1,367	1,208
	<b>50,224</b>	<b>29,416</b>

**6 COST OF SALES**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Materials and services	(5,061)	(4,685)
Salaries and social contributions	(2,303)	(2,634)
Sulphur and sulphuric acid	(2,231)	(736)
Ammonia	(2,136)	(823)
Natural gas	(1,977)	(1,963)
Depreciation	(1,884)	(1,779)
Potash	(1,519)	(979)
Electricity	(977)	(895)
Ammonium sulphate	(821)	(237)
Fuel	(641)	(818)
Heating energy	(241)	(507)
Other items	(3)	(10)
Change in stock of WIP and finished goods	50	(1,042)
	<b>(19,744)</b>	<b>(17,108)</b>

**7 ADMINISTRATIVE EXPENSES**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Salaries and social contributions	(1,318)	(1,222)
Professional services	(344)	(156)
Depreciation and amortisation	(157)	(180)
Other	(584)	(466)
	<b>(2,403)</b>	<b>(2,024)</b>

**8 SELLING EXPENSES**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Freight, port and stevedoring expenses	(2,364)	(1,019)
Russian Railways infrastructure tariff and operators' fees	(1,530)	(1,318)
Materials and services	(866)	(605)
Salaries and social contributions	(81)	(88)
Depreciation	(79)	(24)
	<b>(4,920)</b>	<b>(3,054)</b>

**9 OTHER EXPENSES, NET**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Social expenditures	(218)	(200)
Decrease/(increase) in provision for bad debt	10	(44)
Decrease in provision for inventory obsolescence	3	14
(Gain)/loss on disposal of fixed assets	(1)	24
Other income, net	85	65
	<b>(121)</b>	<b>(141)</b>

**10 FINANCE INCOME AND FINANCE COSTS**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Interest income	342	158
Other finance income	34	3
Finance income	<b>376</b>	<b>161</b>
Interest expense	(1,403)	(511)
Loss from operations with derivative financial instruments	(147)	(169)
Other finance costs	(193)	(40)
Finance costs	<b>(1,743)</b>	<b>(720)</b>
Net finance costs	<b>(1,367)</b>	<b>(559)</b>

**11 INCOME TAX EXPENSE**

The Company's applicable corporate income tax rate is 20% (three months ended 31 March 2014: 20%).

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Current tax expense	(2,389)	(1,289)
Origination and reversal of temporary differences, including change in unrecognised assets	(833)	921
	<b>(3,222)</b>	<b>(368)</b>

**Reconciliation of effective tax rate:**

	Three months ended 31 March			
	2015		2014	
	RUB million	%	RUB million	%
Profit before tax	17,386	100	2,277	100
Income tax at applicable tax rate	(3,477)	(20)	(455)	(20)
Effect of tax rates in foreign jurisdictions	9	-	15	-
Over/(under) provided in respect of prior years	7	-	(1)	-
Unrecognised tax liability on profit from associates	12	-	1	-
Reversal of income tax on intra-group dividends	399	2	-	-
Non-deductible items	(169)	(1)	(55)	(2)
Change in unrecognised deferred tax assets	(3)	-	127	6
	<b>(3,222)</b>	<b>(19)</b>	<b>(368)</b>	<b>(16)</b>

**12 PROPERTY, PLANT AND EQUIPMENT**

<i>RUB million</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Net book value at 1 January 2014	18,017	31,488	1,584	24,839	<b>75,928</b>
Additions	17	305	251	2,672	<b>3,245</b>
Transfers	929	3,199	-	(4,128)	-
Disposals	(44)	(42)	(2)	(32)	<b>(120)</b>
Depreciation	(276)	(1,461)	(177)	-	<b>(1,914)</b>
Net book value at 31 March 2014	<u>18,643</u>	<u>33,489</u>	<u>1,656</u>	<u>23,351</u>	<u><b>77,139</b></u>
Net book value at 1 January 2015	19,099	34,017	1,758	31,212	<b>86,086</b>
Additions	-	613	210	4,231	<b>5,054</b>
Transfers	769	2,192	-	(2,961)	-
Disposals	(40)	(30)	(7)	(4)	<b>(81)</b>
Depreciation	(314)	(1,568)	(187)	-	<b>(2,069)</b>
Net book value at 31 March 2015	<u>19,514</u>	<u>35,224</u>	<u>1,774</u>	<u>32,478</u>	<u><b>88,990</b></u>

**Security**

Properties with a carrying amount of RUB 300 million (31 December 2014: RUB 315 million) are pledged to secure loans and borrowings, see note 20.

**13 INVESTMENTS IN ASSOCIATES**

The movement in the balance of investments in associates is as follows:

	2015 RUB million	2014 RUB million
Balance at 1 January	12,975	8,485
Share in profit for the period	60	4
Foreign currency translation difference	318	551
Balance at 31 March	<u><b>13,353</b></u>	<u><b>9,040</b></u>

**14 OTHER NON-CURRENT ASSETS**

	31 March 2015 RUB million	31 December 2014 RUB million
Advances issued for property, plant and equipment, at cost	8,191	6,927
Financial assets available-for-sale, at cost	611	610
Loans issued to related parties, at amortised cost	477	466
Loans issued to employees, at amortised cost	236	260
Loans issued to third parties, at amortised cost	197	287
Financial assets available-for-sale, at fair value	51	44
Finance lease receivable	16	21
Other long-term receivables	296	320
	<u><b>10,075</b></u>	<u><b>8,935</b></u>

**15 OTHER CURRENT INVESTMENTS**

	31 March 2015 RUB million	31 December 2014 RUB million
Investments in debt securities, at amortised cost	2,630	2,531
Interest receivable	538	383
Loans issued to third parties, at amortised cost	99	96
Loans issued to employees, at amortised cost	65	63
Loans issued to related parties, at amortised cost	2	7
Provision for doubtful accounts	(1,501)	(1,424)
	<b>1,833</b>	<b>1,656</b>

**16 INVENTORIES**

	31 March 2015 RUB million	31 December 2014 RUB million
Raw materials and spare parts	5,790	5,137
<i>Finished goods:</i>		
Chemical fertilisers	5,930	5,543
Apatite concentrate	133	76
<i>Work-in-progress</i>		
Apatite concentrate	622	562
Chemical fertilisers and other products	474	379
Apatite-nepheline ore	452	991
Other goods for resale	17	30
Provision for obsolescence	(188)	(191)
	<b>13,230</b>	<b>12,527</b>

**17 TRADE AND OTHER RECEIVABLES**

	31 March 2015 RUB million	31 December 2014 RUB million
Trade accounts receivable	9,992	6,867
Taxes receivable	8,657	7,514
Advances issued	3,881	4,721
Other receivables	210	318
Deferred expenses	123	54
Receivables from employees	36	42
Finance lease receivable	11	11
Provision for doubtful accounts	(524)	(534)
	<b>22,386</b>	<b>18,993</b>

**18 EQUITY****Dividends**

In April 2015, the Board of Directors proposed paying a dividend of RUB 15 per ordinary share. The total amount of proposed dividends was RUB 1,943 million.

In May 2015, the Board of Directors proposed paying a dividend of RUB 48 per ordinary share. The total amount of proposed dividends was RUB 6,216 million.

**19 EARNINGS PER SHARE**

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the period after adjustment for the share split and issuance of new shares. Basic and diluted earnings per share are the same, as there is no effect of dilution.

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Parent, RUB million	14,161	1,857
Basic and diluted earnings per share, RUB	109	14



**20 LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's loans and borrowings. See note 12 on the assets pledged as a security for bank loans.

<i>RUB Million</i>	<u>Contractual interest rate</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
<b>Current loans and borrowings</b>			
<i>Unsecured bank loans:</i>			
RUB-denominated	9.15%-19.00%	7,551	9,011
USD-denominated	LIBOR(1M)+1.4%-2.9%	14,526	13,627
USD-denominated	LIBOR(3M)+2.9%-3.0%	5,846	4,220
USD-denominated	1.35%-2.20%	-	928
<i>Secured letters of credit:</i>			
USD-denominated	EURIBOR(6M)+2.30%	129	124
<i>Unsecured letters of credit:</i>			
EUR-denominated	EURIBOR(12M)+1.15%-1.83%	862	775
<i>Unsecured loans from related parties:</i>			
RUB-denominated	9.00%	48	46
<i>Unsecured loans from associates:</i>			
USD-denominated	2.25%	-	242
<i>Finance lease liabilities:</i>			
USD-denominated	3.8%-13.9% <sup>1</sup>	1,482	1,294
<i>Interest payable:</i>			
RUB-denominated		3	8
USD-denominated		328	547
		<b>30,775</b>	<b>30,822</b>
<b>Non-current loans and borrowings</b>			
<i>Unsecured bank loans:</i>			
RUB-denominated	8.25%-16.30%	6,500	3,000
USD-denominated	LIBOR(1M)+2.0%-3.00%	45,757	48,217
USD-denominated	LIBOR(6M)+1.05%	2,932	2,612
USD-denominated	4.17%	4,399	3,919
<i>Secured letters of credit:</i>			
EUR-denominated	EURIBOR(6M)+3.25%	193	208
<i>Unsecured letters of credit:</i>			
EUR-denominated	EURIBOR(12M)+1.10%-1.15%	3,427	2,441
<i>Unsecured loans from other companies</i>			
USD-denominated	LIBOR(12M)+1.25%	597	571
<i>Loan participation notes:</i>			
USD-denominated	4.204% <sup>2</sup>	29,175	28,066
<i>Finance lease liabilities:</i>			
USD-denominated	3.8%-13.9% <sup>1</sup>	4,219	3,968
		<b>97,199</b>	<b>93,002</b>
		<b>127,974</b>	<b>123,824</b>

<sup>1</sup> Contractual interest rate on financial lease agreements consists of:

- interest rate and fees to a lessor
- insurance of property
- property tax (for lease agreements concluded since 2013 property tax is excluded from the interest rate)

<sup>2</sup> In February 2013, the Company's SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 4.204%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 27,451 million (31 December 2014: RUB 23,800 million).

**21 TRADE AND OTHER PAYABLES**

	31 March 2015	31 December 2014
	RUB million	RUB million
Trade accounts payable	3,025	3,902
Advances received	2,595	2,599
Taxes payable	2,132	2,362
Accruals	1,403	1,178
Payable for property, plant and equipment	1,120	1,891
Payables to employees	872	735
Dividends payable	-	2,590
Other payables	115	64
	<b>11,262</b>	<b>15,321</b>

**22 COMMITMENTS**

The Group has entered into contracts to purchase plant and equipment for RUB 33,864 million (31 December 2014: RUB 28,766 million).

**23 CONTINGENCIES**

In August 2014, the Federal Supervisory Natural Resources Management Service (Rosprirodnadzor) in Murmansk region filed a court claim against a Group subsidiary for additional RUB 741 million of payments for the storage of the production waste in 2013.

As at the reporting date, the Group won the hearings in the courts of three instances except for a part of a claim of RUB 63 million, which was returned to the court of the first instance. Parties may file a claim against the decision of the arbitration court to the Supreme Court of the Russian Federation.

**24 RELATED PARTY TRANSACTIONS****(a) Transactions and balances with associates****(i) Transactions with associates**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Sales of goods and services	684	337
Interest income	3	5
Purchases of goods and services	(105)	(19)

**(ii) Balances with associates**

	31 March 2015	31 December 2014
	RUB million	RUB million
Trade and other receivables	331	156
Trade and other payables	(17)	(19)
Short-term loans received	-	(242)

**(iii) Financial guarantees**

The Group issued financial guarantees to banks on behalf of associates amounting to RUB 1,678 million (31 December 2014: RUB 1,880 million).

**(b) Transactions and balances with other related parties****(i) Transactions with other related parties**

	Three months ended 31 March	
	2015	2014
	RUB million	RUB million
Sales of goods and services	375	134
Interest income	7	1
Purchases of goods and services	(70)	(52)

**(ii) Balances with other related parties**

	31 March 2015	31 December 2014
	RUB million	RUB million
Long-term loans issued, at amortised cost	477	466
Short-term loans issued, at amortised cost	2	7
Trade and other receivables	211	81
Trade and other payables	(64)	(21)
Short-term loans received	(48)	(46)
Dividends payable to shareholders of the Parent	-	(2,590)
Interest receivable from related parties	10	-

**(iii) Financial guarantees**

The Group issued financial guarantees to banks on behalf of related parties amounting to RUB 169 million (31 December 2014: RUB 178 million).

**25 SEASONALITY**

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. However, the effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. In particular, purchases of fertilisers by farmers in Russia generally peak in the third quarter. This normally results in the Group having somewhat higher revenue in the third quarter as compared to the other quarters. However, fertiliser demand from other regions tends to peak in other periods of the year (for example, fertiliser demand from Europe and North America generally peaks in the first and third quarters, demand in South America generally peaks in the second and third quarters).

The Group's costs are generally stable throughout the year with the exception of a slight increase during May-June as a result of maintenance activities undertaken at the Group's production facilities.