URALKALI GROUP

Interim Condensed Consolidated
Financial Statements
for the first half of 2016
(unaudited)

Contents

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INDEPENDENT REVIEW REPORT TO URALKALI GROUP

To the Shareholders and Board of Directors of Public Joint Stock Company Uralkali

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company Uralkali and its subsidiaries (collectively – the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the first half of 2016 and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements 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 condensed consolidated financial statements 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 interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Deloitte & Touche

Moscow, Russian Federation
29 August 2016

(in thousands of US dollars, unless otherwise stated)

	Note	30 June 2016 (unaudited)	31 December 2015
ASSETS			
Non-current assets:			
Property, plant and equipment	6	2,068,460	1,682,974
Prepayments for acquisition of property, plant and equipment and intangible assets		178,488	134,408
Goodwill		918,041	809,397
Intangible assets	7	2,729,585	2,424,983
Deferred income tax asset		34,071	56,721
Income tax prepayments	8	11,847	82,218
Loan issued	4	365,815	-
Other financial assets		38,094	2,810
Investment in associate		22,937	20,110
Total non-current assets		**6,367,338**	**5,213,621**
Current assets:			
Inventories		202,085	130,231
Trade and other receivables		349,037	407,576
Advances to suppliers		21,959	21,091
Prepaid transaction costs on credit facilities		67,245	-
Income tax prepayments	8	112,388	87,671
Other financial assets		33,966	67,599
Restricted cash	9	1,106	200,000
Cash and cash equivalents	9	1,523,985	1,111,878
Total current assets		**2,311,771**	**2,026,046**
TOTAL ASSETS		**8,679,109**	**7,239,667**
EQUITY			
Share capital	10	35,762	35,762
Treasury shares	10	(25,680)	(23,953)
Share premium		734,535	1,012,662
Currency translation reserve		(3,723,760)	(3,706,496)
Retained earnings		2,992,083	2,057,321
Equity attributable to the company's equity holders		**12,940**	**(624,704)**
Non-controlling interests		**11,614**	**11,670**
TOTAL EQUITY		**24,554**	**(613,034)**
LIABILITIES			
Non-current liabilities:			
Borrowings	11	5,581,970	3,579,194
Bonds	12	581,487	580,883
Post-employment and other long-term benefit obligations		33,986	28,343
Deferred income tax liability		478,223	377,132
Provisions	13	140,954	109,882
Derivative financial liabilities	14	225,706	358,123
Total non-current liabilities		**7,042,326**	**5,033,557**
Current liabilities:			
Borrowings	11	1,189,223	2,325,470
Bonds	12	3,115	3,785
Trade and other payables		179,707	204,148
Advances received		19,249	23,166
Provisions	13	29,642	11,176
Derivative financial liabilities	14	173,892	227,480
Current income tax payable		1,767	1,758
Other taxes payable		15,634	22,161
Total current liabilities		**1,612,229**	**2,819,144**
TOTAL LIABILITIES		**8,654,555**	**7,852,701**
TOTAL LIABILITIES AND EQUITY		**8,679,109**	**7,239,667**

Approved for issue and signed on behalf of the Board of Directors on 29 August 2016.

Dmitry Osipov
Chief Executive Officer

Anton Vishanenko
Chief Financial Officer

(in thousands of US dollars, unless otherwise stated)

	Note	1st half 2016	1st half 2015
Revenues	15	1,074,720	1,562,254
Cost of sales	16	(237,500)	(292,976)
Gross profit		**837,220**	**1,269,278**
Distribution costs	17	(238,004)	(316,076)
General and administrative expenses	18	(76,275)	(78,448)
Taxes other than income tax		(9,252)	(12,223)
Other operating income/(expenses), net	19	4,575	(48,304)
Operating profit		**518,264**	**814,227**
Finance income/(expenses), net	20	586,989	(151,175)
Profit before income tax		**1,105,253**	**663,052**
Income tax expense		(170,261)	(106,884)
Net profit for the period		**934,992**	**556,168**
Profit attributable to:			
Owners of the Company		935,048	554,087
Non-controlling interests		(56)	2,081
Net profit for the period		**934,992**	**556,168**
Weighted average number of ordinary shares in issue (million)		1,470	2,502
Earnings per share – basic and diluted (in US cents)		**63.62**	**22.15**

(in thousands of US dollars, unless otherwise stated)

	1st half	
	2016	**2015**
Net profit for the period	**934,992**	**556,168**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations	(286)	(2,887)
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	(17,264)	166,118
Total other comprehensive (loss)/income for the period	**(17,550)**	**163,231**
Total comprehensive income for the period	**917,442**	**719,399**
Total comprehensive income for the period attributable to:		
Owners of the Company	917,498	717,318
Non-controlling interests	(56)	2,081

(in thousands of US dollars, unless otherwise stated)

	Note	1st half 2016	1st half 2015
Cash flows from operating activities			
Profit before income tax		1,105,253	663,052
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	6,7	93,063	119,204
Fair value gain on derivative financial liabilities, net	14,20	(132,632)	(64,976)
Loss on disposals of property, plant and equipment and write-off of prepayments for acquisition of property, plant and equipment and intangible assets, net	19	1,805	13,953
Reversal of impairment of Solikamsk-2 property, plant and equipment	19	(557)	(2,945)
(Reversal)/Accrual of provision for impairment of receivables	19	(3,349)	5,197
Expenses related to mine flooding provision	13,19	445	23,698
Change in provisions, net		344	(18,350)
Other finance expenses, net	20	142,227	90,718
Foreign exchange (gain)/loss, net	20	(596,584)	125,429
Operating cash flows before working capital changes		**610,015**	**954,980**
Increase in inventories		(48,393)	(6,758)
Decrease in trade and other receivables		51,894	12,116
(Decrease)/Increase in trade and other payables		(55,653)	51,315
(Decrease)/Increase in other taxes payable		(5,551)	197
Cash generated from operations		**552,312**	**1,011,850**
Interest paid	11,12	(151,077)	(143,687)
Income tax paid		(24,671)	(18,254)
Net cash generated from operating activities		**376,564**	**849,909**
Cash flows from investing activities			
Acquisition of intangible assets		(1,978)	(3,051)
Acquisition of property, plant and equipment		(203,890)	(110,560)
Loan issued		(365,500)	-
Decrease in deposits		-	230,000
Interest received		5,679	19,894
Net cash (used in)/generated from investing activities		**(565,689)**	**136,283**
Cash flows from financing activities			
Repayments of borrowings	11	(362,883)	(513,868)
Proceeds from borrowings	11	1,133,665	862,696
Syndication fees and other financial charges paid		(85,143)	(16,259)
Cash proceeds from derivatives	14	8,010	32,481
Cash paid for derivatives	14	(117,388)	(22,509)
Purchase of treasury shares	10	(279,854)	(1,087,933)
Decrease in restricted cash		198,894	-
Finance lease payments		(342)	(432)
Dividends paid to the Company's shareholders		(71)	(100)
Net cash generated from/(used in) financing activities		**494,888**	**(745,924)**
Effect of foreign currency translation on cash and cash equivalents		106,344	39,125
Net increase in cash and cash equivalents		**412,107**	**279,393**
Cash and cash equivalents at the beginning of the period	9	**1,111,878**	**2,155,247**
Cash and cash equivalents at the end of the period	9	**1,523,985**	**2,434,640**

(in thousands of US dollars, unless otherwise stated)

	Share capital	Treasury Shares	Share premium	Retained earnings	Currency translation reserve	Total attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2015	**35,762**	**(5,759)**	**4,361,346**	**1,879,243**	**(3,609,136)**	**2,661,456**	**9,383**	**2,670,839**
Profit for the period	-	-	-	554,087	-	554,087	2,081	**556,168**
Other comprehensive (loss)/income	-	-	-	(2,887)	166,118	163,231	-	**163,231**
Total comprehensive income for the period	-	-	-	**551,200**	**166,118**	**717,318**	**2,081**	**719,399**
Transactions with owners								
Purchase of treasury shares (Note 10)	-	(5,851)	(1,082,082)	-	-	(1,087,933)	-	**(1,087,933)**
Total transactions with owners	**-**	**(5,851)**	**(1,082,082)**	**-**	**-**	**(1,087,933)**	**-**	**(1,087,933)**
Balance at 30 June 2015 (unaudited)	**35,762**	**(11,610)**	**3,279,264**	**2,430,443**	**(3,443,018)**	**2,290,841**	**11,464**	**2,302,305**
Balance at 1 January 2016	**35,762**	**(23,953)**	**1,012,662**	**2,057,321**	**(3,706,496)**	**(624,704)**	**11,670**	**(613,034)**
Profit for the period	-	-	-	935,048	-	935,048	(56)	**934,992**
Other comprehensive loss	-	-	-	(286)	(17,264)	(17,550)	-	**(17,550)**
Total comprehensive income for the period	-	-	-	**934,762**	**(17,264)**	**917,498**	**(56)**	**917,442**
Transactions with owners								
Purchase of treasury shares (Note 10)	-	(1,727)	(278,127)	-	-	(279,854)	-	**(279,854)**
Total transactions with owners	**-**	**(1,727)**	**(278,127)**	**-**	**-**	**(279,854)**	**-**	**(279,854)**
Balance at 30 June 2016 (unaudited)	**35,762**	**(25,680)**	**734,535**	**2,992,083**	**(3,723,760)**	**12,940**	**11,614**	**24,554**

1 The Uralkali Group and its operations

Public Joint Stock Company Uralkali (the "Company") and its subsidiaries (together the "Group") produce mineral fertilizers, 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.

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), Novo-Solikamskiy and Romanovskoye 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 2016 and 31 December 2015 the Group had no ultimate controlling party.

The Company was incorporated in the Russian Federation on 14 October 1992 and has its registered office at 63 Pyatiletki St., Berezniki, Perm region, Russian Federation. Almost all of the Group's production facilities and all non-current assets are located in the Russian Federation.

2 Basis of preparation, significant accounting policies and critical accounting judgements and estimates

Statement of Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements for the first half (hereinafter – "1st") of 2016 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies and critical accounting judgements and estimates applied in these interim condensed consolidated financial statements are consistent with those of the consolidated financial statements for the year ended 31 December 2015, except for the impact of the adoption of the amended standards described in Note 3, as well as for changes in accounting policy related to other financial assets described below.

Certain prior year balances have been reclassified to conform to the current period presentation (Note 13).

Changes in accounting policies

Other financial assets represented by highly liquid corporate bonds were accounted at fair value through profit or loss in consolidated financial statements for the year ended 31 December 2015. During the 1st half of 2016 Directors decided to hold these corporate bonds to maturity.

As a result of these changes Group reclassified other financial assets at fair value through profit or loss to other financial assets at amortised costs which are disclosed within line "Other financial assets" in statement of financial position as of 30 June 2016. The change in accounting policy is applied prospectively since 1 January 2016.

(in thousands of US dollars, unless otherwise stated)

2 Basis of preparation, significant accounting policies and critical accounting judgements and estimates (continued)

Going concern

These interim condensed consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

In making this assessment Directors considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Group.

Global potash prices fell under pressure during the 1st half of 2016 as buyers were unwilling to build up inventory levels due to ongoing contract negotiations in China and India during the period. However, recent contract settlements of potash producers in China and India and reduced global potash inventory levels are expected to increase global demand for Group's product. Directors have considered the impact of these and other uncertainties and factored them into their assessment of going concern. Directors' forecasts and projections as of 30 June 2016 show that the Group will meet its liquidity needs and comply with its banking covenants for at least twelve months from the end of the reporting period and therefore it is appropriate to prepare these interim condensed consolidated financial statements on a going concern basis.

Accordingly, these interim condensed consolidated financial statements do not include any adjustments related to the sale of assets and early settlement of liabilities, which would have been necessary in case the Group will not continue in operation within twelve months after the date of approval of these interim condensed consolidated financial statements.

Functional and presentation currency. Functional currency of each company of the Group is the national currency of the Russian Federation, Russian Rouble ("RR"). The presentation currency of these interim condensed consolidated financial statements is US dollar ("US$").

Foreign currency exchange rates

The following exchange rates were used in the interim condensed consolidated financial statements:

	30 June 2016		**31 December 2015**		**30 June 2015**	
	US$	Euro	US$	Euro	US$	Euro
closing rate	64.26	71.21	72.88	79.70	55.52	61.52
average rate	70.26	78.37	60.96	67.78	57.40	64.31

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

3 Adoption of new or revised standards and interpretations

The Group has adopted those new and amended Standards that are mandatory from 1 January 2016:

New or amended standard or interpretation	**Effective date - for annual periods beginning on or after**
IAS 1 (Amended) *"Presentation of Financial Statements"*	1 January 2016
IAS 16 (Amended) *"Property, Plant and Equipment"*	1 January 2016
IAS 27 (Amended) *"Separate Financial Statements"*	1 January 2016
IAS 28 (Amended) *"Investments in Associates and Joint Ventures"*	1 January 2016
IAS 38 (Amended) *"Intangible Assets"*	1 January 2016
IFRS 10 (Amended) *"Consolidated Financial Statements"*	1 January 2016
IFRS 11 (Amended) *"Joint Arrangements"*	1 January 2016
IFRS 12 (Amended) *"Disclosure of Interests in Other Entities"*	1 January 2016
IFRS 14 *"Regulatory Deferral Accounts"*	1 January 2016
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016

(in thousands of US dollars, unless otherwise stated)

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

These new and amended standards did not have a significant effect on the Group's interim condensed consolidated financial statements.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New or amended standards or interpretations	Effective date[1] - for annual periods beginning on or after
IAS 7 *"Statement of Cash Flows"*	1 January 2017
IFRS 2 *"Share-based Payments"*	1 January 2018
IFRS 9 "*Financial Instruments"*	1 January 2018
IFRS 15 "*Revenue from Contracts with Customers"*	1 January 2018
IFRS 16 "*Leases"*	1 January 2019
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined by the IASB[2]
Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

Management is currently considering the potential impact of the adoption of these standards and amendments.

4 Related parties

Related parties include shareholders, associates and entities under common ownership and control of the Group's major shareholders and key management personnel. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Details of significant transactions between the Group and other related parties are disclosed below.

Outstanding balances with related parties under common control of significant shareholders	30 June 2016	31 December 2015
Cash and cash equivalents	400,223	400,423
Loan issued, including interest receivable	365,815	-
Trade and other payables	1,533	896
Restricted cash	1,106	200,000
Advances received	943	158
Prepayments for acquisition of property, plant and equipment and intangible assets	686	605
Trade and other receivables	12	26

Cash and cash equivalents as of 30 June 2016 and 31 December 2015 comprise cash on a brokerage account.

The loan to a related party is a revolving loan facility granted for a period of 2 years under market conditions. In July 2016 part of the loan was repaid (Note 24).

Outstanding balances with associate	30 June 2016	31 December 2015
Trade and other payables	6,500	12,760

[1] Early adoption is permitted for all new or amended standards and interpretations. IFRS 16 can be early adopted if IFRS 15 Revenue from Contracts with Customers has also been adopted.

[2] The amendment was initially issued in September 2014 with the effective date on 1 January 2016. In December 2015 the IASB deferred the effective date of the amendments indefinitely until the research project on the equity method has been concluded.

4 Related parties (continued)

Transactions with related parties under common control of significant shareholders	1st half of 2016	2015
Domestic revenue	14,502	15,387
Acquisition of inventories	3,534	768
Transportation expenses	1,563	1,056
General and administrative expenses	469	1,056
Other expenses	199	-

Transactions with associate	1st half of 2016	2015
Other income	6,195	-
Other distribution costs	3,922	484
Transshipment	1,381	1,594

Cross shareholding

As of 30 June 2016 and 31 December 2015 cross shareholding is presented as follows:

	30 June 2016		31 December 2015	
	Number of treasury shares (in millions)	% of ordinary shares	Number of treasury shares (in millions)	% of ordinary shares
JSC Uralkali-Technologia (UK-Technologia)	1,498	51.0%	1,397	47.6%
Enterpro Services Ltd. (Enterpro)	27	0.9%	28	1.0%
Total	**1,525**	**51.9%**	**1,425**	**48.6%**

As of 30 June 2016 and 31 December 2015 370,123,777 ordinary shares of UK-Technologia (which comprises 12.6% of the Company's ordinary shares) were transferred under the REPO agreement (Note 11).

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:

	1st half of 2016		2015	
	Expense	Accrued liability	Expense	Accrued liability
Short-term employee benefits	3,565	2,414	5,967	2,006
Total	**3,565**	**2,414**	**5,967**	**2,006**

5 Segment reporting

Reports used for making strategic decisions are provided to Chief Executive Officer (hereinafter – "CEO") who is considered to be the Company's chief operating decision maker. As CEO evaluates performance of the Group and makes strategic decisions based on review of the profitability of the Group as a whole, it was determined that the Group has one operating segment - the extraction, production and sales of potash fertilizers. The financial information reported to the CEO is based on the management accounts which are prepared in accordance with IFRS.

5 Segment reporting (continued)

The CEO performs an analysis of the operating results based on the measurements of:

- revenues;
- revenues net of freight, railway tariff and transhipment costs;
- tonnes of potash sold, in thousands;
- cash cost ("CC") per unit sold (cost of sales adjusted for depreciation and amortisation); and
- cash capital expenditures net of value added tax ("Cash CAPEX").

Business segment assets and liabilities are not reviewed by the CEO for evaluation of the operating results and therefore are not disclosed in this Note.

a) The following is an analysis of the Group's revenue and results for reportable segment:

		1st half of	
	Note	**2016**	**2015**
Revenues	15	1,074,720	1,562,254
Revenues net of freight, railway tariff and transhipment costs	15, 17	892,191	1,309,243
Tonnes of potash sold, in thousands		4,868	5,601
CC per unit sold (US$ per tonne)		32	33
Cash CAPEX		205,868	113,650

The measurement of Cash Cost per tonne of potash sold reconciles to the IFRS reported figures on a consolidated basis as follows:

		1st half of	
	Note	**2016**	**2015**
Cost of sales	16	237,500	292,976
Adjusted for:			
Depreciation and amortization	16	(81,791)	(107,193)
CC		155,709	185,783
Tonnes of potash sold, in thousands		4,868	5,601
CC per tonne of potash sold (US$ per tonne)		32	33

b) Geographical information

	1st half of	
	2016	**2015**
Russia	180,562	204,157
Latin America, China, India, South East Asia	640,258	997,433
USA, Europe	234,210	308,740
Other countries	19,690	51,924
Total revenue	**1,074,720**	**1,562,254**

The sales are allocated by regions based on the destination country.

c) Major customers

The Group had no external customers which represented more than 10% of the Group's revenues during the 1st half of 2016 and 2015.

(in thousands of US dollars, unless otherwise stated)

6 Property, plant and equipment

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

		1st half of	
	Note	**2016**	**2015**
Cost			
as of 1 January		**2,599,090**	**2,935,683**
Additions		192,305	78,738
Disposals		(10,789)	(20,568)
Changes in estimates of provisions	13	29,877	20,239
Effect of translation to presentation currency		368,618	40,764
as of 30 June		**3,179,101**	**3,054,856**
Accumulated depreciation			
as of 1 January		**916,116**	**1,036,575**
Depreciation charge		74,938	91,625
Disposals and write-offs		(6,563)	(8,970)
Reversal of impairment		(2,937)	(2,945)
Effect of translation to presentation currency		129,087	15,689
as of 30 June		**1,110,641**	**1,131,974**
Net Book Value			
as of 1 January		**1,682,974**	**1,899,108**
as of 30 June		**2,068,460**	**1,922,882**

In current reporting period the impairment of assets under construction and fixed assets are presented as part of Accumulated depreciation, whereas during the 1st half of 2015 they were presented as write-offs in Cost and Accumulated depreciation. Prior year balances have been reclassified accordingly to conform to the current period presentation.

Allocation of depreciation charge for the period is presented below:

	1st half of	
	2016	**2015**
Cost of sales (Note 16)	63,151	80,034
Distribution costs (Note 17)	5,018	6,681
General and administrative expenses (Note 18)	3,804	3,987
Capitalised within assets under construction	2,965	923
Total	**74,938**	**91,625**

Fully depreciated assets still in use

As of 30 June 2016 and 31 December 2015 the gross carrying value of fully depreciated property, plant and equipment still in use was US$ 352,472 and US$ 301,321, respectively.

(in thousands of US dollars, unless otherwise stated)

7 Intangible assets

	Note	1st half of 2016	2015
Cost			
as of 1 January		**2,694,277**	**3,482,332**
Additions		2,570	3,183
Disposals		(1,959)	(671)
Effect of translation to presentation currency		361,610	46,227
as of 30 June		**3,056,498**	**3,531,071**
Accumulated amortisation			
as of 1 January		**269,294**	**290,267**
Amortisation charge	16, 18	21,090	28,502
Disposals		(1,364)	(582)
Effect of translation to presentation currency		37,893	4,868
as of 30 June		**326,913**	**323,055**
Net book value			
as of 1 January		**2,424,983**	**3,192,065**
as of 30 June		**2,729,585**	**3,208,016**

The table below summarises descriptions and carrying amounts of individually material mining licences, as well as software and other intangible assets:

Licence plot	Mining complex	30 June 2016	31 December 2015
Solikamskiy plot (south part)	SKRU-2	972,843	865,333
Novo-Solikamskiy plot	SKRU-3	905,765	805,646
Solikamskiy plot (north part)	SKRU-1	66,528	61,849
Polovodovskiy plot (south part)		193,598	170,769
Polovodovskiy plot (north part)		570,909	503,345
Romanovskoye plot		5,072	4,473
Total mining licenses		**2,714,715**	**2,411,415**
Software		7,790	6,000
Other intangible assets		7,080	7,568
Total intangible assets		**2,729,585**	**2,424,983**

At the end of the reporting period the management carried out an assessment whether there are any indicators of impairment. Given the fact that potash prices were falling during the reporting period which has affected both production and sales volumes, the management tested the carrying value of Group's assets for impairment. The recoverable amount was assessed with reference to value-in-use models. The key assumptions used to determine value-in-use, to which the calculation is most sensitive, include future potash prices, US$ exchange rates, the discount rate and the expected start date of production for greenfield projects. Assumptions are provided in nominal terms below.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive are presented below:

	1st half of 2016
RR/US$ exchange rate (till 2040)	From 67 to 128
Price growth rate beyond one year	4.0% p.a.
US$ weighted average cost of capital	9.7% p.a.
Long-term inflation rate	From 3.0% to 7.5% p.a.

Based on the assessment performed, the Group did not recognise any impairment of assets in the interim condensed consolidated financial statements for the 1st half of 2016.

8 Income tax prepayments

On 16 April 2013 the Company concluded an agreement with the government of Perm Region to maintain minimum income tax payments at a certain minimum amount during the 2013 - 2015. During the subsequent periods several addendums were signed. In particular, on 27 August 2015 the Company signed an Addendum to the agreement which determined minimum income tax payments for 2015 of 2,750 RR mln (US$ 42,795 at the exchange rate on 30 June 2016). On 25 May 2016 a new Addendum was signed which determined payments for 2016 at the amount of 1,500 RR mln per year (US$ 23,344 at the exchange rate on 30 June 2016). Payments for 2017 will be agreed subsequent to the year-end in a new addendum. As a result the Company will utilise its existing income tax prepayments during several years.

As of 30 June 2016 income tax prepayment recoverable in more than 12 months was recorded at amortised cost using the discount rate of 9.5%. As of 30 June 2016 the carrying value of income tax prepayments recoverable in more than 12 months was US$ 11,847 (31 December 2015: US$ 82,218 at discount rate of 10.1%).

9 Cash and cash equivalents and restricted cash

	30 June 2016	31 December 2015
Cash on hand and bank balances		
RR denominated cash on hand and bank balances	39,467	12,876
US$ denominated bank balances	1,390,269	551,739
EUR denominated bank balances	67,865	97,308
Other currencies denominated balances	11,102	11,509
Term deposits		
US$ term deposits	-	387,700
RR term deposits	15,282	50,746
Total cash and cash equivalents	**1,523,985**	**1,111,878**
Current restricted cash	1,106	200,000
Total cash and cash equivalents and restricted cash	**1,525,091**	**1,311,878**

As of 30 June 2016 and 31 December 2015, term deposits have various original maturities but may upon request be withdrawn without any restrictions.

Restricted cash is cash reserved on the accounts of a related party as of 30 June 2016 and 31 December 2015 for the purchase of shares and GDRs under Company's open market buyback programme (Note 4, 10).

10 Equity

	Number of ordinary shares (in millions)	Number of treasury shares (in millions)	Ordinary shares	Treasury shares	Total
At 1 January 2015	**2,936**	**(370)**	**35,762**	**(5,759)**	**30,003**
Treasury shares purchased	**-**	**(339)**	**-**	**(5,851)**	**(5,851)**
At 30 June 2015	**2,936**	**(709)**	**35,762**	**(11,610)**	**24,152**
At 1 January 2016	**2,936**	**(1,425)**	**35,762**	**(23,953)**	**11,809**
Treasury shares purchased	-	(100)	-	(1,727)	**(1,727)**
At 30 June 2016	**2,936**	**(1,525)**	**35,762**	**(25,680)**	**10,082**

Treasury shares. On 23 November 2015, the Company's Board of Directors approved an open market buyback programme in respect of shares and GDRs. The programme commenced on 24 November 2015 and expired on 31 March 2016. Since the launch of the Company's open market buyback programme, an aggregate of 101,117,702 shares and 8,506,136 GDRs representing 4.9% of the Company's share capital have been purchased (including 28,428,735 shares and 8,430,936 GDRs that were purchased during November-December 2015).

(in thousands of US dollars, unless otherwise stated)

10 Equity (continued)

On 18 May 2016 the Company's Board of Directors approved another open market buyback programme in respect of Company's ordinary shares. This programme included the purchase of GDRs in privately negotiated transactions. Shares and GDRs to be acquired under the programme will not exceed in aggregate 4.0% of the Company's share capital. The Programme will last from 19 May until 19 September 2016, unless extended or terminated by the Company earlier. As of 30 June 2016 the Group purchased 27,108,190 shares under this programme.

During the 1st half of 2016 Company additionally purchased 7,251 shares as a result of redemption right exercise pursuant to Joint Stock Company Law.

Total amount spent on purchase of ordinary shares and GDRs of the Company during the 1st half of 2016 was US$ 279,854. All transaction costs were included into the purchase price of shares and GDRs.

The difference between the purchase price of US$ 279,854 and the nominal value of the shares of US$ 1,727 was accounted for as a decrease in Share premium.

Treasury shares as of 30 June 2016 comprise 1,525,537,441 ordinary shares (31 December 2015: 1,425,357,033) represented by shares and GDRs of the Company owned by UK-Technologia and Enterpro (Note 4), wholly owned subsidiaries of the Group.

The listing and admission to trading of the Company's Rule 144A and Regulation S GDRs on the London Stock Exchange have been cancelled with effect from start of trading on 22 December 2015. The Company's Rule 144A GDR programme has been terminated with effect from 12 January 2016.

Given that as of 30 June 2016 the free float of the shares has declined to 8.04% of the issued shares as result of previously completed buyback and open-market programmes in respect of the Company's securities, the Moscow Stock Exchange may downgrade the listing of the Shares from Level 1 to Level 3. Under the current Listing Rules of the Moscow Stock Exchange a decrease of the free float of the shares to 7.5% of the issued Shares or lower which lasts for 6 consecutive months constitutes a ground for exclusion of the Shares from the Level 1 listing. The Moscow Exchange in this case may change the listing level of the Shares to the Level 3.

Dividends. All dividends are declared and paid in RR. In April 2015 the Company adopted a new dividend policy providing flexibility to the Board of Directors in determining the amount of dividend payments.

In June 2016 and December 2015, at the General Meeting of Shareholders of the Company Shareholders did not approve any dividends for distribution based on the results of 2015 year.

11 Borrowings

	30 June 2016	31 December 2015
Bank loans	**6,762,992**	**5,897,427**
Long-term bank loans	5,573,864	3,572,040
Short-term bank loans	1,189,128	2,325,387
Finance lease liabilities	**8,201**	**7,237**
Long-term finance lease liabilities	8,106	7,154
Short-term finance lease liabilities	95	83
Total borrowings	**6,771,193**	**5,904,664**

(in thousands of US dollars, unless otherwise stated)

11 Borrowings (continued)

Bank loans

	1st half of	
	2016	**2015**
Balance at 1 January	**5,897,427**	**5,037,694**
Bank loans received, denominated in US$	1,133,665	689,167
Bank loans received, denominated in RR	-	173,529
Bank loans repaid, denominated in US$	(263,606)	(314,205)
Bank loans repaid, denominated in RR	(99,277)	(199,663)
Interest accrued	140,513	133,402
Interest paid	(140,648)	(131,770)
Recognition of syndication fees and other financial charges	(18,920)	(9,141)
Amortisation of syndication fees and other financial charges	4,788	3,685
Foreign exchange gain, net	(688,797)	(20,423)
Effect of translation to presentation currency	797,847	77,580
Balance at 30 June	**6,762,992**	**5,439,855**

The table below shows the split of the bank loans into short-term and long-term as of 30 June 2016 and 31 December 2015:

Short-term bank loans	**30 June 2016**	**31 December 2015**
Bank loans in US$: floating interest	1,000,010	2,108,341
Bank loans in US$: fixed interest	-	28,495
Bank loans in RR: floating interest	189,118	188,551
Total short-term bank loans	**1,189,128**	**2,325,387**

Long-term bank loans	**30 June 2016**	**31 December 2015**
Bank loans in US$: floating interest	5,362,374	3,310,399
Bank loans in RR: floating interest	211,490	261,641
Total long-term bank loans	**5,573,864**	**3,572,040**

As of 30 June 2016 and 31 December 2015 no equipment or inventories were pledged as security for bank loans.

As of 30 June 2016, bank loans amounting US$ 2,317,607 (31 December 2015: US$ 1,268,998) were collateralised by future sales proceeds of the Group under export contracts with certain customers.

On 23 September 2015 the Group signed a master agreement and confirmation with respect to a REPO transaction regarding ordinary shares of the Company. As a result of the entry into the REPO transaction the Group obtained financing for a total amount of US$ 800,000, after transferring 370,123,777 ordinary shares of the Company under the REPO agreement, which constitutes 12.6% of the Company's share capital. The Group also signed a pledge agreement for 43,335,594 GDRs representing 216,677,970 ordinary shares of the Company, which constitutes 7.4% of the Company's share capital.

On 9 September 2015, the Company signed an agreement to open a non-revolving US$ 1.5-billion credit line with maturity of 5 years. Funds under the committed credit line are available for utilisation from 9 September 2015 till 3 March 2017. The availability period of the loan assumes proportional increase of the limit in accordance with the Company's cash flows projections and the need in credit resources during 2016-2017. The final maturity date of the facility is 7 September 2020. As of 30 June 2016, the Company has not yet utilised the facility.

In March 2016 a credit line agreement with PJSC Sberbank was signed in the amount of up to US$ 3.9 billion for the purpose of refinancing of other loans received from the bank as well as for other general corporate purposes, which, together with related agreements, were secured by way of pledge to PJSC Sberbank of Company shares and GDRs constituting of 20.0% of the Company's issued ordinary shares (equivalent of 587,281,546 ordinary shares). Funds under the committed credit line in the amount of US$ 2.0 billion are available to be drawn down from 1 January 2018 till 31 December 2019; funds in the amount of US$ 1.9 billion are available to be drawn down from 24 December 2017 till 23 February 2020. As of 30 June 2016, the Company has not yet used the facility. In addition, 8.6% of Company's ordinary shares were pledged subsequent to reporting date (Note 24).

(in thousands of US dollars, unless otherwise stated)

11 Borrowings (continued)

In April 2016 the Company signed a Pre-Export Facility in the amount of US$1.2 billion with 16 international banks. The interest rate is Libor +3.25% with a loan maturity of 5 years. The loan will be used for general corporate purposes including refinancing of Company's existing loans.

The Group's bank borrowings mature as follows (not including future interest):

	30 June 2016	31 December 2015
During 1 year	1,189,128	2,325,387
Later than 1 year and not later than 5 years	5,323,864	3,322,040
Later than 5 years	250,000	250,000
Total bank loans	**6,762,992**	**5,897,427**

Due to the Russian Rouble devaluation as at 31 December 2015, financial covenants that require the Group to maintain a certain Net Debt/Net Worth ratio were breached, consequently loans which were subject to this restrictive covenant, in the amount of US$ 1,528,579 were reclassified from non-current liabilities to current liabilities in the consolidated statement of financial position. The lenders did not request accelerated repayment of the loans.

During 2016 the Group signed amendments to change the definition of Net Debt/Net Worth in facilities where the covenants were breached as at 31 December 2015. The amendments changed the calculation of Net Worth by excluding from the calculation foreign exchange losses/gains and fair value loss/gain on derivatives from 1 January 2013. Under several other amendments Net Worth was adjusted to exclude treasury shares and share premium.

The Group was in compliance with both financial and non-financial covenants as of 30 June 2016.

12 Bonds

In April 2013 the Group issued US$ denominated bonds at nominal value of US$ 650 million bearing a coupon of 3.723% p.a. maturing in 2018:

	1st half of 2016	1st half of 2015
Balance at 1 January	**584,668**	**583,972**
Interest accrued	10,594	10,886
Interest paid	(10,429)	(11,917)
Amortisation of syndication fees	226	261
Foreign exchange gain, net	(72,230)	(6,953)
Effect of translation to presentation currency	71,773	7,466
Balance at 30 June	**584,602**	**583,715**

13 Provisions

	Note	Provision for filling cavities	Restructuring provision	Resettlement provision	Mine flooding provision	Total
Balance at 1 January 2015		**44,966**	**4,822**	**22,930**	**20,852**	**93,570**
Changes in estimate of provision added to property, plant and equipment	6	20,239	-	-	-	**20,239**
Changes in estimates of provision		-	2,434	-	-	**2,434**
Accrual of provision		-	-	-	23,698	**23,698**
Utilisation of provision		(4,990)	(501)	-	(12,840)	**(18,331)**
Unwinding of the present value discount		3,223	325	-	-	**3,548**
Effect of translation to presentation currency		1,223	135	298	641	**2,297**
Current liabilities		**9,837**	**1,946**	**23,228**	**32,351**	**67,362**
Non-current liabilities		**54,824**	**5,269**	**-**	**-**	**60,093**
Balance at 30 June 2015		**64,661**	**7,215**	**23,228**	**32,351**	**127,455**

(in thousands of US dollars, unless otherwise stated)

13 Provisions (continued)

	Note	Provision for filling cavities	Restruc-turing provision	Mine flooding provision	Legal provision	Provision for asset retirement obligations	Total
Balance at 1 January 2016		**58,296**	**5,611**	**7,823**	**14,244**	**35,084**	**121,058**
Changes in estimate of provision added to property, plant and equipment	6	4,419	-	-	-	25,458	**29,877**
Changes in estimates of provision		-	344	445	-	-	**789**
Utilisation of provision		(5,825)	(193)	(254)	-	-	**(6,272)**
Unwinding of the present value discount		3,027	80	396	792	1,778	**6,073**
Effect of translation to presentation currency		7,966	774	1,099	1,986	7,246	**19,071**
Current liabilities		**10,016**	**892**	**1,712**	**17,022**	**-**	**29,642**
Non-current liabilities		**57,867**	**5,724**	**7,797**	**-**	**69,566**	**140,954**
Balance at 30 June 2016		**67,883**	**6,616**	**9,509**	**17,022**	**69,566**	**170,596**

Key assumptions used in estimation of provisions were as follows:

	30 June 2016	31 December 2015
Risk-free rates	8.2% - 9.8%	9.3% - 10.1%
Expected date of settlement	2016 – 2069	2016 – 2069
Expected inflation in Russia from 2016 to 2019	4.5% - 7.8%	5.0% - 7.3%
Expected inflation in Russia from 2020 onwards	4.5%	5.0%

Starting from 1 January 2016 information about provision for asset retirement obligation is presented within "Provisions". Reclassification was performed to present all of the provisions in a single disclosure. Comparative information in interim condensed consolidated statement of financial position has been reclassified accordingly.

14 Derivative financial liabilities

At 30 June 2016, 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$ 395,090 (31 December 2015: US$ 444,052).

Discounted cash flows from cross-currency interest rate swaps at the reporting date generated during next twelve months are represented as current liability. Cross-currency interest rate swaps redeemed after twelve months are classified as a non-current liability.

The Group pays US$ at fixed rate 3.23% and floating rate USD-ISDA+4.2% (31 December 2015: fixed rate 3.23% and floating rate USD-ISDA+4.2%) and receives RR at floating rate MosPrime-NFEA 3m+1.5% and MosPrime 3m+2.59% (31 December 2015: floating rates MosPrime-NFEA+1.5% and MosPrime 3m+2.59%). Maturity of the swaps is linked to loans redemption (2016 and 2018).

	30 June 2016	31 December 2015
Liabilities		
Current	(173,892)	(227,480)
Non-current	(225,706)	(358,123)
Total derivative financial liabilities	**(399,598)**	**(585,603)**

(in thousands of US dollars, unless otherwise stated)

14 Derivative financial liabilities (continued)

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

	Note	1st half of 2016	2015
Balance as of 1 January		**585,603**	**554,897**
Cash proceeds from derivatives		8,010	32,481
Cash paid for derivatives		(117,388)	(22,509)
Changes in the fair value	20	(132,632)	(64,976)
Effect of translation to presentation currency		56,005	5,484
Balance as of 30 June		**399,598**	**505,377**

15 Revenues

	1st half of 2016	2015
Export revenues		
Potassium chloride	527,877	900,320
Potassium chloride (granular)	366,281	457,777
Domestic revenues		
Potassium chloride	153,330	171,363
Other revenues	27,232	32,794
Total revenues	**1,074,720**	**1,562,254**

16 Cost of sales

	Note	1st half of 2016	2015
Depreciation	6	63,151	80,034
Employee benefits		60,047	64,309
Materials and components		40,722	37,398
Fuel and energy		36,329	50,532
Repairs and maintenance		20,741	29,936
Amortisation of licences	7	18,640	27,159
Transportation between mines by railway		3,477	4,303
Change in work in progress, finished goods and goods in transit		(13,449)	(1,612)
Other costs		7,842	917
Total cost of sales		**237,500**	**292,976**

17 Distribution costs

	Note	1st half of 2016	2015
Railway tariff and rent of wagons		93,774	129,896
Freight		78,387	109,648
Transport repairs and maintenance		12,949	15,197
Transhipment		10,368	12,983
Employee benefits		7,870	11,206
Depreciation	6	3,438	4,922
Commissions and marketing expenses		3,412	8,495
Other costs		27,806	23,729
Total distribution costs		**238,004**	**316,076**

Depreciation in the amount of US$ 1,580 and amortisation of intangible assets in the amount of US$ 26 is included into Transport repairs and maintenance and Transhipment costs (Note 6) (1st half of 2015: US$ 1,759).

(in thousands of US dollars, unless otherwise stated)

18 General and administrative expenses

	Note	1st half of 2016	2015
Employee benefits		44,842	45,776
Depreciation	6	3,804	3,987
Consulting, audit and legal services		3,212	3,519
Security		2,723	3,485
Amortisation of intangible assets	7	2,424	1,343
Mine rescue crew		2,403	2,501
Materials and fuel		2,275	2,594
Repairs and maintenance		1,627	1,672
Other costs		12,965	13,571
Total general and administrative expenses		**76,275**	**78,448**

19 Other operating income and expenses, net

	Note	1st half of 2016	2015
Loss on disposals of property, plant and equipment and write-off of prepayments for acquisition of property, plant and equipment and intangible assets		4,185	13,953
Social costs and charity		3,251	2,525
Expenses related to mine flooding	13	445	23,698
(Reversal)/Accrual of provision for impairment of receivables		(3,349)	5,197
Reversal of impairment of property, plant and equipment and assets under construction	6	(2,380)	-
Reversal of impairment of property, plant and equipment related to Solikamsk-2	6	(557)	(2,945)
Other (income)/expenses, net		(6,170)	5,876
Total other operating (income)/expenses, net		**(4,575)**	**48,304**

20 Finance income and expenses

	Note	1st half of 2016	2015
Foreign exchange gain, net		596,584	-
Fair value gain on derivative financial liabilities	14	132,632	64,976
Interest income		5,686	25,321
Unwinding of the present value discount and effect of changes in discount rates, net		4,667	26,481
Income from associate		295	283
Fair value gain on investments		-	5,540
Total finance income		**739,864**	**122,601**
Interest expense		(138,592)	(134,813)
Syndication fee and other financial charges		(12,466)	(11,063)
Letters of credit fees		(1,457)	(2,038)
Finance lease expense		(360)	(433)
Foreign exchange loss, net		-	(125,429)
Total finance expenses		**(152,875)**	**(273,776)**
Finance income/(expenses), net		**586,989**	**(151,175)**

(in thousands of US dollars, unless otherwise stated)

20 Finance income and expenses (continued)

Capitalised interest expense in the cost of property, plant and equipment was as follows:

	1st half of 2016	1st half of 2015
Interest expense	12,515	9,475
Total capitalised borrowing costs	**12,515**	**9,475**

21 Contingencies, commitments and operating risks

21.1 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 interim condensed consolidated financial statements.

21.2 Tax legislation

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the interim condensed consolidated financial statements could be significant.

According to the amendments introduced into the Russian tax legislation, the 2015 undistributed profits of the Group foreign subsidiaries, recognized as controlled foreign companies, may result in an increase of the tax base of the controlling entities in 2016. Despite the fact that the Group has developed a tax planning strategy with regard to the legislation on controlled foreign companies applicable to the Group foreign subsidiaries, the management of the Group does not exclude the fiscal approach of regulating authorities to the order of determination of taxable profits in controlling entities of the Group in Russia.

In June 2016 Russian tax authorities completed its review of taxes accrual and payments. As a result of review the Group is exposed to additional income tax liabilities related to the 2012 tax year in amount of US$ 15,251. The Company is going to dispute the claim in court in case the tax authorities take such decision. The amount and timing of any outflow related to risk exposure for the subsequent periods cannot be estimated reliably.

21.3 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.

21.4 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 Group's mining activities and the mine flooding may cause subsidence that may affect the Group's facilities, and those of the cities of Berezniki and Solikamsk, State organisations and others.

(in thousands of US dollars, unless otherwise stated)

21 Contingencies, commitments and operating risks (continued)

21.5 Operating environment of the Group

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which decreased significantly during 2014.

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies.

In December 2014, the Central Bank of the Russian Federation significantly increased its key interest rate, which resulted in growth of interest rates on domestic borrowings. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook.

In 2015 and during the 1st half of 2016 the economic situation was more stable, although the above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, slackening of the economic growth rates and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

21.6 Capital expenditure commitments

As of 30 June 2016 the Group had contractual commitments for the purchase of property, plant and equipment from third parties for US$ 529,067 (31 December 2015: US$ 480,484).

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.

21.7 Operating lease commitments

As of 30 June 2016 and 31 December 2015, 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 2016	**31 December 2015**
Not later than 1 year	1,902	1,677
Later than 1 year and not later than 5 years	7,362	6,960
Later than 5 years	32,687	29,188
Total operating lease commitments	**41,951**	**37,825**

22 Seasonality

Demand for potassium fertilizers is not subject to significant seasonal influence. Seasonality does not impact the Group's revenue or cost recognition policies.

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 continue to limit the volume of activity in the financial markets. Management has used all available market information in estimating the fair value of financial instruments.

(in thousands of US dollars, unless otherwise stated)

23 Fair value of financial instruments (continued)

			30 June 2016		31 December 2015	
	Stated at	**Level**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets						
Trade and other receivables	Amortised cost	3	308,452	308,452	347,099	347,099
Other financial assets	30 June 2016: Amortised cost 31 December 2015: Fair value	1	72,060	69,867	70,409	70,409
			380,512	**378,319**	**417,508**	**417,508**
Financial liabilites						
Borrowings	Amortised cost	3	6,771,193	6,771,193	5,904,664	5,904,664
Bonds	Amortised cost	1	584,602	573,608	584,668	545,531
Derivative financial liabilities	Fair value	2	399,598	399,598	585,603	585,603
			7,755,393	**7,744,399**	**7,074,935**	**7,035,798**

24 Events after reporting date

On 7 July 2016 a loan issued to a related party was partially repaid in the amount of US$ 264,536.

On 12 July 2016 Company received a notice from ONEXIM GROUP LIMITED informing that on 8 July 2016 indirect ownership right of ONEXIM GROUP LIMITED over 547,981,304 votes attached to voting shares in Company (constituting 18.66% of Company's share capital) has been terminated.

On 29 July 2016 in accordance with provisions of the credit line agreement with PJSC Sberbank, which was signed in March 2016 in the amount of up to US$ 3.9 billion, GDRs constituting up to 8.6% of the Company's issued ordinary shares were pledged in addition to the already pledged shares and GDRs constituting up to 20.0% of the Company's issued ordinary shares.