JOINT STOCK COMPANY
"ACRON"

Consolidated Condensed Interim Financial Information For the nine months ended 30 September 2012

Contents

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Independent Auditors' Report on Review of Interim Financial Information

Board of Directors

JSC Acron

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of JSC "Acron" and its subsidiaries (the "Group") as at 30 September 2012, and the related consolidated condensed interim statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes to the interim financial information (the "consolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standard IAS 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 the 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 condensed interim financial information as at 30 September 2012 and for the nine-month period then ended is not prepared, in all material aspects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Matters

The consolidated condensed interim statement of comprehensive income for the three-month period ended 30 September 2012 and the related notes, and the corresponding figures for the three- and nine-month periods ended 30 September 2011 are not reviewed.

The consolidated financial statements as at and for the year ended 31 December 2011 of the Group were audited by other auditors whose report dated 17 April 2012 was unmodified.

ZAO KPMG

ZAO KPMG
25 December 2012

Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Financial Position
as at 30 September 2012 and 31 December 2011
(in millions of Russian Roubles)

	Note	30 September 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	10	45,304	33,472
Exploration and evaluation licences and expenditure	11	25,425	24,345
Leasehold land		488	515
Goodwill		1,267	1,267
Other non-current assets		984	1,742
Available-for-sale investments	12	25,681	19,950
Long-term loans receivable		78	68
Deferred tax assets		444	562
Total non-current assets		**99,671**	**81,921**
Current assets			
Inventories	9	11,665	9,179
Short-term loans receivable		65	920
Accounts receivable	8	10,697	10,695
Trading Investments		835	345
Cash and cash equivalents	7	17,610	13,509
Other current assets		1,541	741
Total current assets		**42,413**	**35,389**
TOTAL ASSETS		**142,084**	**117,310**
EQUITY			
Share capital	15	3,046	3,125
Treasury shares	15	(4)	(79)
Retained earnings		42,561	36,726
Revaluation reserve		17,309	15,392
Other reserves		(171)	(5,588)
Cumulative currency translation difference		589	691
Share capital and reserves attributable to the Company's owners		**63,330**	**50,267**
Non-controlling interest		3,045	2,781
TOTAL EQUITY		**66,375**	**53,048**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	34,273	32,391
Finance lease liability		14	24
Other long-term liabilities		498	498
Derivative financial liability		379	220
Deferred tax liability		4,930	4,659
Total non-current liabilities		**40,094**	**37,792**
Current liabilities			
Accounts payable	13	5,307	4,123
Notes payable		953	315
Current income tax payable		49	1,495
Other taxes payable		562	258
Short-term borrowings	14	26,142	16,052
Advances received		1,432	3,524
Finance lease liability		17	18
Derivative financial liability		763	396
Other current liabilities		390	289
Total current liabilities		**35,615**	**26,470**
TOTAL LIABILITIES		**75,709**	**64,262**
TOTAL LIABILITIES AND EQUITY		**142,084**	**117,310**

Approved for issue and signed on behalf of the Board of Directors on 25 December 2012.

V.Y. Kunitskiy
President

A.V. Milenkov
Finance Director

The accompanying notes on pages 5 to 14 are an integral part of this consolidated condensed interim financial information.

(in millions of Russian Roubles, except for per share amounts)

		Nine months ended		Three months ended	
	Note	**30 September 2012**	**30 September 2011**	**30 September 2012**	**30 September 2011**
Revenue		53,469	46,220	18,197	16,342
Cost of sales		(30,322)	(25,235)	(10,329)	(8,836)
Gross profit		**23,147**	**20,985**	**7,868**	**7,506**
Transportation expenses		(4,156)	(4,115)	(1,373)	(1,428)
Selling, general and administrative expenses		(4,447)	(3,337)	(1,398)	(991)
Loss on disposal of property, plant and equipment, net		(21)	(39)	(7)	(7)
Gain on sales of exploration permits		-	2,644	-	2,644
Gain on disposal of investment		260	483	18	272
Other operating (expenses) / profit, net	17	173	11	(421)	524
Operating profit		**14,956**	**16,632**	**4,687**	**8,520**
Finance income / (costs), net	16	1,167	(586)	2,116	(2,637)
Interest expense		(1,152)	(1,833)	(304)	(820)
(Loss) / gain on derivatives, net		(348)	(16)	202	(12)
Profit before taxation		**14,623**	**14,197**	**6,701**	**5,051**
Income tax expense	19	(2,906)	(3,784)	(1,569)	(1,404)
Profit for the period		**11,717**	**10,413**	**5,132**	**3,647**
Other comprehensive income					
Available-for-sale investments:					
- Gains / (losses) arising during the year		2,644	(998)	1,314	(4,722)
- Reclassification of revaluation gain on disposal to profit or loss		(248)	-	(52)	-
- Income tax on other comprehensive income		(479)	199	(252)	943
Currency translation differences		(127)	460	(197)	594
Other comprehensive income for the period		**1,790**	**(339)**	**813**	**(3,185)**
Total comprehensive income for the period		**13,507**	**10,074**	**5,945**	**462**
Profit is attributable to:					
Owners of the Company		11,204	8,656	5,019	3,318
Non-controlling interest		513	1,757	113	329
Profit for the period		**11,717**	**10,413**	**5,132**	**3,647**
Total comprehensive income is attributable to:					
Owners of the Company		13,019	9,047	5,880	839
Non-controlling interest		488	1,027	65	(377)
Total comprehensive income for the period		**13,507**	**10,074**	**5,945**	**462**
Earnings per share, basic and diluted (expressed in RUB per share)	18	**276.62**	**201.59**	**123.99**	**77.24**

(in millions of Russian Roubles)

		Nine months ended	
	Note	30 September 2012	30 September 2011
Cash flows from operating activities			
Profit before taxation		**14,623**	**14,197**
Adjustments for:			
Depreciation and amortization	10	1,226	1,126
Provision/(reversal of provision) for impairment of accounts receivable	8	(22)	9
Reversal of provision for impairment of inventory		(2)	-
Loss on disposal of property, plant and equipment		21	39
Gain on disposal of permits for exploration		-	(2,644)
Interest expense		1,152	1,833
Interest income	16	(341)	(362)
Loss on derivatives		348	-
Dividend income	16	(319)	(370)
Gain on disposal of investments		(260)	(483)
Foreign exchange effect on non-operating balances		(254)	(3,802)
Operating cash flows before working capital changes		**16,172**	**9,543**
Increase in gross trade receivables		(19)	(1,694)
Decrease / (increase) in advances to suppliers		119	(861)
Increase in other receivables		(331)	(920)
Increase in inventories		(2,484)	(3,252)
Increase in trade payables		971	2,560
Increase in other payables		528	404
(Decrease) / increase in advances from customers		(2,092)	958
Increase in other current assets		(800)	(19)
Increase in other current liabilities		101	16
Cash generated from operations		**12,165**	**6,735**
Income taxes paid		(3,511)	(3,137)
Interest paid		(2,462)	(1,851)
Net cash generated from operating activities		**6,192**	**1,747**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(12,747)	(6,547)
Proceeds from sale of property, plant and equipment		8	41
Loans provided		(496)	(352)
Proceeds from loans repaid		1,324	427
Interest received		69	74
Dividend received		309	360
Purchase of available-for-sale investments		(3,320)	(24)
Proceeds from sale of available-for-sale investments		248	-
Increase in trading investments		(613)	(76)
Proceeds from sale of trading investments		135	-
Net change in other non-current assets and liabilities		747	(24)
Net cash used in investing activities		**(14,336)**	**(6,121)**
Cash flows from financing activities			
Acquisition of non-controlling interest		(115)	(508)
Dividend paid to shareholders		(3)	(1,617)
Dividend paid to non-controlling shareholders		-	(102)
Acquisition of treasury shares		(65)	(616)
Income from derivatives received		178	-
Restricted deposits made		-	(1,118)
Proceeds from borrowings	14	36,587	32,401
Repayment of borrowings	14	(23,957)	(22,514)
Net cash provided from financing activities		**12,625**	**5,926**
Effect of exchange rate changes on cash and cash equivalents		(380)	281
Net increase in cash and cash equivalents		**4,101**	**1,833**
Cash and cash equivalents at the beginning of the period	7	**13,509**	**7,597**
Cash and cash equivalents at the end of the period	7	**17,610**	**9,430**

(in millions of Russian Roubles)

	Capital and reserves attributable to the Company's owners							
	Share capital	**Treasury shares**	**Retained earnings**	**Revaluation reserve**	**Other reserves**	**Cumulative currency translation difference**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2011	**3,125**	**(52)**	**26,200**	**16,365**	**(741)**	**338**	**4,887**	**50,122**
Comprehensive income								
Profit for the period	-	-	8,656	-	-	-	1,757	10,413
Other comprehensive income								
Fair value gains on available-for-sale investments	-	-	-	18	-	-	(1,016)	(998)
Currency translation differences	-	-	-	-	-	377	83	460
Income tax recorded in other comprehensive income	-	-	-	(4)	-	-	203	199
Total other comprehensive income	-	-	-	14	-	377	(730)	(339)
Total comprehensive income	-	-	8,656	14	-	377	1,027	10,074
Dividend declared	-	-	(1,818)	-	-	-	(32)	(1,850)
Acquisition of treasury shares	-	(181)	-	-	(435)	-	(699)	(1,315)
Acquisition of non-controlling interest	-	-	8	-	-	-	-	8
Balance at 30 September 2011	**3,125**	**(233)**	**33,046**	**16,379**	**(1,176)**	**715**	**5,183**	**57,039**
Balance at 1 January 2012	**3,125**	**(79)**	**36,726**	**15,392**	**(5,588)**	**691**	**2,781**	**53,048**
Comprehensive income								
Profit for the period	-	-	11,204	-	-	-	513	11,717
Other comprehensive income								
Fair value gains on investments in JSC Sberbank	-	-	-	45	-	-	7	52
Disposal of investments in JSC Sberbank	-	-	-	(241)	-	-	(7)	(248)
Fair value gains on available-for-sale investments	-	-	-	2,592	-	-	-	2,592
Currency translation differences	-	-	-	-	-	(102)	(25)	(127)
Income tax recorded on other comprehensive income	-	-	-	(479)	-	-	-	(479)
Total other comprehensive income	-	-	-	1,917	-	(102)	(25)	1,790
Total comprehensive income	-	-	11,204	1,917	-	(102)	488	13,507
Redemption of treasury shares	(79)	79	(5,478)	-	5,478	-	-	-
Acquisition of treasury shares	-	(4)	-	-	(61)	-	-	(65)
Acquisition of non-controlling interest	-	-	109	-	-	-	(224)	(115)
Balance at 30 September 2012	**3,046**	**(4)**	**42,561**	**17,309**	**(171)**	**589**	**3,045**	**66,375**

The accompanying notes on pages 5 to 14 are an integral part of this consolidated condensed interim financial information.

1 Acron Group and its Operations

The consolidated condensed interim financial information for the nine months ended 30 September 2012 comprises Joint Stock Company "Acron" (the "Company" or "Acron") and its subsidiaries (together referred to as the "Group" or "Acron Group").

The Group's principal activities include the manufacture, distribution and sales of chemical fertilizers and related by-products. The Group's manufacturing facilities are primarily based in the Novgorodskaya and Smolenskaya regions of Russia and also in China.

The Company's registered office is at Veliky Novgorod, 173012, Russian Federation.

The Group's ultimate parent is Subero Associates Inc (British Virgin Islands). As at 30 September 2012 and 31 December 2011 the Group was ultimately controlled by Mr. Viatcheslav Kantor.

2 Basis of Preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

2.2 Judgements and estimates

Preparing the consolidated condensed interim financial information requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated condensed interim financial information, significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

2.3 Reclassification and change in presentation

Certain bank deposits in the amount of RUB 1,121, restricted as guarantees to the banks, in the Group's previously issued consolidated financial statements have been reclassified from cash and cash equivalents to the other current and non-current assets (refer note 7) to conform with the current year's presentation; this reclassification had no effect on the profit for the year or shareholder equity. In accordance with this change the Group re-presented the statement of cash flows for the nine months ended 30 September 2011 in its previously published consolidated condensed interim financial statements. Thus, the cash outflows from financing activities were increased by RUB 1,118.

3 Significant Accounting Policies

The accounting policies and judgments applied by the Group in this consolidated condensed interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

4 Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertilizer application and, as a result, fertilizer purchases by farmers. However, the effect of seasonality on the Group's revenue is partially offset by the facts that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. The seasonality does not significantly influence production, and inventory levels are adjusted for movements in demand. Seasonality does not impact the revenue or cost recognition policies of the Group.

(in millions of Russian Roubles, except for per share amounts)

5 Segment Information

The Group prepares its segment analysis in accordance with IFRS 8, Operating Segments. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker(s) ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Management Board of the Group.

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

- Acron – representing manufacturing and distribution of chemical fertilisers by JSC Acron;
- Dorogobuzh – representing manufacturing and distribution of chemical fertilisers by JSC Dorogobuzh;
- Hongri Acron – representing manufacturing and distribution of chemical fertilisers by Shandong Hongri Acron Chemical Joint Stock Company Ltd.;
- Logistics – representing transportation an logistic services rendered by Estonian ports of the Group and some minor transportation companies in Russia. Constitutes an aggregation of a number of operating segments;
- Trading – representing overseas & domestic distribution companies of the Group;
- Other – representing certain logistic (other than included in logistic segment), service, agriculture and management operations.

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit has distinctive business and risk profile.

Segment financial information is presented and reviewed by the CODM based on the IFRS and includes revenues from sales and EBITDA.

The CODM evaluates performance of each segment based on measure of operating profit adjusted by depreciation and amortisation, foreign exchange gain or loss, other non-cash and extraordinary items (EBITDA). Since this term is not a standard IFRS measure Acron Group's definition of EBITDA may differ from that of other companies.

Information for the reportable segments for the nine months ended 30 September 2012 is set out below.

	Acron	**Dorogobuzh**	**Hongri Acron**	**Logistics**	**Trading**	**Eliminations**	**Other**	**Total**
Revenue	27,606	10,654	8,552	2,320	37,459	(35,100)	1,978	**53,469**
EBITDA	10,287	3,303	438	592	562	-	42	**15,224**

Information for the reportable segments for the nine months ended 30 September 2011 is set out below.

	Acron	**Dorogobuzh**	**Hongri Acron**	**Logistics**	**Trading**	**Eliminations**	**Other**	**Total**
Revenue	22,921	12,533	6,584	1,936	30,334	(29,531)	1,443	**46,220**
EBITDA	8,555	4,507	512	484	264	-	(89)	**14,233**

Reconciliation of EBITDA to Profit Before Tax:

	Nine months ended 30 September 2012	**30 September 2011**
Profit before tax	14,623	14,197
Changes in fair value of derivatives; net	348	16
Interest expense	1,152	1,833
Finance (income) / costs	(1,167)	586
Operating Profit	**14,956**	**16,632**
Depreciation and amortisation	1,226	1,126
Foreign currency gains on operating activities	(719)	(437)
Gains on sale of investments	(260)	(483)
Gain on disposal of licenses, land and leasehold	-	(2,644)
Loss on disposal of property, plant and equipment	21	39
Total consolidated EBITDA	**15,224**	**14,233**

(in millions of Russian Roubles, except for per share amounts)

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Revenue		
Russia	9,234	8,016
European Union	5,779	6,376
Commonwealth of Independent States	3,178	4,097
USA and Canada	4,013	4,270
Latin America	8,197	7,331
China	14,390	10,439
Asia (excluding China)	7,463	4,641
Other regions	1,215	1,050
Total	**53,469**	**46,220**

	30 September 2012	31 December 2011
Non-current assets		
Russia	66,234	53,569
China	2,707	2,900
Canada	1,176	885
Estonia	3,341	3,940
Europe	-	37
USA	10	10
Total	**73,468**	**61,341**

The analysis of revenue is based on domicile of the customer. The analysis of assets is based on location of the assets.

Revenue from sales of chemical fertilizers for nine months ended 30 September 2012 accounts for 90% of total revenues (nine months ended 30 September 2011: 90%).

Non-current assets represent non-current assets other than financial instruments and deferred tax assets.

There are no revenues from customers which represent 10% of more of the total revenues.

6 Balances and Transactions with Related Parties

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 September 2012 and 31 December 2011 are detailed below.

The following turnovers and balances arise from transactions with related parties:

i Balances with related parties

Statement of financial position caption	Note	Relationship	30 September 2012	31 December 2011
Trade receivables, gross	8	Companies under common control	16	22
Prepayments	8	Companies under common control	97	-
Loans issued		Companies under common control	-	874
Trade payables	13	Companies under common control	(17)	(15)

(in millions of Russian Roubles, except for per share amounts)

ii Transactions with related parties

Statement of comprehensive income caption	Relationship	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Sales of chemical fertilisers	Companies under common control	285	226
Purchases of raw materials	Companies under common control	(177)	(109)
Acquisition of land	Companies under common control	(1,383)	-

iii Loans issued

At 30 September 2012 short-term loans to parties under common control totalled RUB nil (31 December 2011: RUB 874) at interest rates in the range of 8.25% to 8.8%. The loans were unsecured.

For the nine months ended 30 September 2012 the Group accrued interest income of RUB 51 (for nine months ended 30 September 2011: RUB 52).

7 Cash and Cash Equivalents

	30 September 2012	31 December 2011
Cash on hand and bank balances denominated in RUB	1,543	1,904
Bank balances denominated in USD	13,738	9,333
Bank balances denominated in EUR	1,113	733
Bank balances denominated in CAD	12	8
Bank balances denominated in CHF	4	8
Bank balances denominated in CNY	1,200	1,523
Total cash and cash equivalents	**17,610**	**13,509**

At 30 September 2012 and 31 December 2011 included in other assets certain bank deposits of the Group which are restricted as guarantees to the banks related to credit agreement between HSBC Bank (China), Raiffeisen Bank International AG and one of the subsidiaries of JSC Acron in China in the amount of RUB 1,107 (31 December 2011: RUB 1,121).

These deposits are classified as other current and non-current assets in the consolidated Group financial statements based on their respective maturities. As at 30 September 2012 such bank deposits in the amount of RUB 1,107 were classified as short-term (31 December 2011: short-term of RUB 354 and long-term of RUB 767).

8 Accounts Receivable

	30 September 2012	31 December 2011
Trade accounts receivable	2,607	2,485
Notes receivable	75	212
Other accounts receivable	569	731
Less: impairment provision	(86)	(101)
Total financial assets	**3,165**	**3,327**
Advances to suppliers	2,740	2,859
Value-added tax recoverable	4,179	3,825
Income tax prepayments	599	680
Other taxes receivable	120	117
Less: impairment provision	(106)	(113)
Total accounts receivable	**10,697**	**10,695**

The fair value of accounts receivable does not differ significantly from their carrying amount.

(in millions of Russian Roubles, except for per share amounts)

9 Inventories

	30 September 2012	31 December 2011
Raw materials and spare parts	5,193	4,861
Work in progress	1,112	389
Finished products	5,360	3,929
	11,665	**9,179**

Raw materials are shown net of obsolescence provision of RUB 305 (31 December 2011: RUB 307).

10 Property, Plant and Equipment

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

	2012	2011
Carrying amount at 1 January	**33,472**	**24,091**
Additions	13,305	6,547
Disposals	(21)	(39)
Depreciation charge for the period	(1,226)	(1,121)
Currency translation difference	(226)	400
Carrying amount at 30 September	**45,304**	**29,878**

For the nine months ended 30 September 2012 included in the additions to assets under constructions is approximately RUB 845 of capitalized borrowing costs in accordance with IAS 23, Borrowing costs (nine months ended 30 September 2011: RUB 435) at the average borrowing rate of 6.21% (Nine months ended 30 September 2011: 6.87%).

At 30 September 2012, buildings, machinery and equipment and construction in progress with a net book value of RUB 1,651 (31 December 2011: RUB 1,868) had been pledged as security for long-term loans.

11 Exploration and Evaluation Licences and Expenditure

Exploration and evaluation expenditure comprise of:

	30 September 2012	31 December 2011
Apatite-nepheline deposits (development stage)	681	681
Potash deposits (exploration and evaluation stage)	23,572	22,779
Permits for exploration (exploration and evaluation stage)	1,172	885
	25,425	**24,345**

The Group capitalised borrowing costs of RUB 793 (nine months ended 30 September 2011: RUB 879) and exploration and evaluation expenses including costs related to compliance with mining terms in the amount of RUB 287 (nine months ended 30 September 2011: RUB 134).

12 Available-for-Sale Investments

	2012	2011
Carrying amount at 1 January	**19,950**	**24,398**
Additions	3,320	24
Fair value gain recognised in other comprehensive income	2,644	(998)
Disposals of investment in JSC Sberbank	(248)	-
Currency translation difference	15	-
Carrying amount at 30 September	**25,681**	**23,424**

The Group has investments in the following companies:

Name	Activity	Country of registration	30 September 2012	31 December 2011
JSC Uralkaliy	Potash mining	Russia	21,783	19,616
Sberbank	Banking	Russia	-	196
Azoty Tarnów	Fertilizers manufacture	Poland	3,760	-
Other			138	138
			25,681	**19,950**

(in millions of Russian Roubles, except for per share amounts)

Fair value of the investments was determined by reference to the current market value at the close of business on 30 September 2012. At 30 September 2012 the share price quoted by MICEX for JSC Uralkaliy amounted to RUB 257.51 for 1 share (31 December 2011: RUB 231.9 for 1 share).

In the third quarter of 2012 Group acquired 7,715,131 shares of Poland company Azoty Tarnów (12.03% of share capital) for RUB 3,320. As at 30 September 2012 the share price quoted at Warsaw Stock Exchange for Azoty Tarnów amounted to RUB 487.33 for 1 share.

13 Accounts Payable

	30 September 2012	31 December 2011
Trade accounts payable	3,936	2,965
Dividends payable	9	14
Total financial payables	**3,945**	**2,979**
Payables to employees	564	537
Accrued liabilities and other creditors	798	607
Total accounts payable and accrued expenses	**5,307**	**4,123**

14 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	30 September 2012	31 December 2011
Bonds issued	6,150	10,935
Credit lines	14,285	6,573
Term loans	39,980	30,935
	60,415	**48,443**

The Group's borrowings mature as follows:

	30 September 2012	31 December 2011
Borrowings due:		
- within 1 year	26,142	16,052
- between 1 and 5 years	34,257	32,363
- after 5 years	16	28
	60,415	**48,443**

The Group's borrowings are denominated in currencies as follows:

	30 September 2012	31 December 2011
Borrowings denominated in:		
- RUB	9,216	12,079
- EUR	1,647	1,629
- USD	45,949	31,633
- CNY	3,603	3,102
	60,415	**48,443**

Bank loans denominated in CNY were collateralised by buildings, machinery and equipment with a net book value of RUB 1,546 (31 December 2011: RUB 1,868) and land use right with a net book value of RUB 271 (31 December 2011: RUB 461). The loans obtained from banks in China are secured by guarantees issued by third parties totalled RUB 1,892 (31 December 2011: RUB 1,886).

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures with the exception of interest rate and cross currency swap agreements.

At 30 September 2012 unused credit lines available under the long-term loan facilities were RUB 6,651 (31 December 2011: RUB 10,501). The terms and conditions of unused credit lines are consistent with other borrowings disclosed in Note 14.

(in millions of Russian Roubles, except for per share amounts)

The details of the significant short-term loan balances are summarised below:

	30 September 2012	31 December 2011
Short-term borrowings		
RUB		
Loans with fixed interest rates of 8.75% to 11.67% per annum	3,036	6
Bonds with coupon payments of 13.85% to 14.05% per annum	919	3,037
EUR		
Loans with floating interest rates of 3M EURIBOR+1.35% per annum	18	14
USD		
Loans with fixed interest rate of 3.25% to 6.75% per annum	9,042	4,025
Loans with floating interest rates of 1M LIBOR+3.75% to 3M LIBOR + 4.25% per annum	9,660	5,945
CNY		
Loans with fixed interest rates of 4.62% to 9.8% per annum	3,443	3,024
Add: current portion of long-term debt	24	1
Total short-term borrowings	**26,142**	**16,052**

The details of the significant long-term loan balances are summarised below:

	30 September 2012	31 December 2011
Long-term borrowings		
RUB		
Loans with fixed interest rates of 6.316% to 10% per annum	30	1,138
Bonds with coupon payments of 7.95% to 14.05% per annum	5,231	7,898
EUR		
Loans with fixed interest rates of 4.9%	79	-
Loans with floating interest rates of 3M EURIBOR+1.35% to +1.75%	1,550	1,615
USD		
Loans with fixed interest rates of 6.2% to 6.75% per annum	5,874	4,508
Loans with floating interest rates of 1M LIBOR+3.75% to +4.15%, 12M LIBOR+5.6%, 3M LIBOR+4.25% per annum	21,373	17,155
CNY		
Loans with fixed interest rates of 6.2% to 7.76% per annum	160	78
Less: current portion of long-term debt	(24)	(1)
Total long-term borrowings	**34,273**	**32,391**

The loan agreements for a total of RUB 43,115 (31 December 2011: RUB 31,687) contain certain covenants including those which require the Group to maintain certain net debt/EBITDA ratio, EBITDA/interest expense ratio. The loan agreements provide for the borrower's obligation to maintain the required level of foreign currency inflows through the accounts opened with the lending banks and stipulate acceleration clauses in case of the borrower's failure to fulfil or appropriately fulfil its obligations to the bank.

The loan agreements for a total of around RUB 34,982 (31 December 2011: RUB 25,614) contain a covenant, that requires the borrower to maintain a required level of cash flows through the accounts opened with the lending bank. The loan agreement also contains a number of covenants and acceleration clause in case of the borrower's failure to fulfil its obligations under the loan agreements which include restrictions on material transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the borrowings.

15 Share Capital

The total authorised number of ordinary shares is 40,534,000 shares (31 December 2011: 47,687,600) with a par value of RUB 5 per share. All authorised shares have been issued and fully paid.

Total number of outstanding shares comprises:

	No. of outstanding ordinary shares	No. of treasury shares	Total share capital	Treasury share capital	Outstanding share capital
At 31 December 2011	**47,687,600**	**(7,153,600)**	**3,125**	**(79)**	**3,046**
Redemption of treasury shares	(7,153,600)	7,153,600	(79)	79	-
Acquisition of treasury shares	-	(56,263)	-	(4)	(4)
Net shares acquired	(7,153,600)	7,097,337	(79)	75	(4)
At 30 September 2012	**40,534,000**	**(56,263)**	**3,046**	**(4)**	**3,042**

(in millions of Russian Roubles, except for per share amounts)

In May 2012 JSC Acron finished the reorganisation through merger of JSC Granit (a fully owned subsidiary of the JSC Acron) and reducing share capital through redemption of ordinary shares of JSC Acron owned by JSC Granit.

As the result of the reorganisation the number of voting shares of JSC Acron reduced by 15% and totalled 40,534,000 shares.

For the nine months 2012 the Group had several transactions whereby it acquired own shares on the open market. As the result of such transactions the Group acquired 56,263 shares for RUB 65 paid in cash. These transactions were recorded in other reserves in the statement of changes of equity.

16 Finance Income / (Costs), net

	Nine months ended		Three months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Interest income from loans provided and term deposits	341	362	113	110
Commission expense	(152)	(423)	(51)	(63)
Dividend income	319	370	9	-
Foreign exchange gain on financial transactions	6,553	2,987	2,756	1,194
Foreign exchange loss on financial transactions	(5,894)	(3,882)	(711)	(3,878)
	1,167	**(586)**	**2,116**	**(2,637)**

17 Other Operating (Expenses) / Income, net

	Nine months ended		Three months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Charity expenses	(278)	(309)	(55)	(132)
Other income / (expenses)	(268)	(117)	(221)	(61)
Foreign exchange gain on operating activities	6,257	1,989	2,440	1,603
Foreign exchange loss on operating activities	(5,538)	(1,552)	(2,585)	(886)
	173	**11**	**(421)**	**524**

18 Earnings per Share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares. The Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share equal the basic earnings per share.

	Nine months ended		Three months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Weighted average number of shares outstanding	40,534,000	47,687,600	40,534,000	47,687,600
Adjusted for weighted average number of treasury shares	(31,257)	(4,748,452)	(56,263)	(4,729,851)
Weighted average number of shares outstanding	40,502,743	42,939,148	40,477,737	42,957,749
Profit attributable to the equity holders of the Company	**11,204**	**8,656**	**5,019**	**3,318**
Basic and diluted earnings per share (in Russian roubles) attributable to the equity holders of the Company	**276.62**	**201.59**	**123.99**	**77.24**

(in millions of Russian Roubles, except for per share amounts)

19 Income Taxes

	Nine months ended		Three months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Income tax expense – current	2,997	2,880	1,132	482
Deferred tax (credit) /charge – origination and reversal of temporary differences	(91)	904	437	922
Income tax expense	**2,906**	**3,784**	**1,569**	**1,404**

20 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 30 September 2012 the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 1,129 (31 December 2011: RUB 2,583).

In accordance with the conditions of the exploration licenses the Group has to commence the extraction and processing of certain mineral resources by certain dates as stipulated by license agreements.

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 this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 30 September 2012 and 31 December 2011 , the Group has issued financial guarantees to third parties in respect of borrowings by the Group’s counterparties in the amount of RUB 2,846 and RUB 2,563, respectively. No amount has been accrued in the consolidated financial statements for the Group’s obligation under these guarantees as no outflows are expected from such guarantees.

ii Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice the Management is of the opinion that no material losses will be incurred in respect of claims.

iii Taxation

Russian Federation

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

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

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

Russian transfer pricing legislation enacted during the current period is effective for new transactions from 1 January 2012. It introduces significant reporting and documentation requirements. The transfer pricing legislation that is applicable to transactions on or prior to 31 December 2011 also allows the tax authorities to make transfer pricing adjustments and to impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%. Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective of whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. Significant difficulties exist in interpreting and applying transfer pricing legislation in practice.

Any prior existing court decisions may provide guidance, but are not legally binding for decisions by other, or higher level, courts in the future.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the entity.

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

As at 30 September 2012 management believes that its interpretation of the relevant legislation is generally appropriate and the Group's tax, currency and customs positions will be sustained. Accordingly, at 30 September 2012 no provision for potential tax liabilities had been recorded (31 December 2011: no provision).

Management estimates that the Group has no possible obligations from exposure to other than remote tax risks.

Environmental matters

The environmental regulation in the Russian Federation is at evolving stage. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

21 Subsequent Events

Subsequent to 30 September 2012 the Group received new bank loans in the amount of RUB 4,717 as well as paid off loans in amount of RUB 6,647.

In October 2012 the Group issued the exchange-traded non-convertible 3 year bonds with the face value of RUB 5,000 bearing an interest of 9.75% per annum.

In October 2012 Verkhnekamsk Potash Company issued ordinary shares in the amount of RUB 12,800 as the result the Group stake in the company’s authorised capital decreased from 100% to 61.95%. Moreover, the Group entered into the agreements holding the Group liable to re-acquire these shares in 2019-2024. The Group plans to use attracted investments in financing of development of the Talitsky area of the Verkhnekamsk potassium-magnesium salts deposit in Perm region.

In December 2012 the shareholders approved the dividends for nine months ended 30 September 2012 in the total amount of RUB 1,864 (RUB 46.00 per ordinary share).