

OPEN JOINT STOCK COMPANY URALCHEM

**CONDENSED PRO FORMA FINANCIAL INFORMATION
(UNAUDITED)**

31 DECEMBER 2007

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This condensed pro forma financial information of Open Joint Stock Company Uralchem (“the Company”) has been prepared to present financial results for the year ended 31 December 2007. Such information is presented to give effect to the following transactions:

- acquisition of Azot and its subsidiaries;
- the associated borrowings related to the acquisition of Azot; and
- the disposal of subsidiaries representing polymers and fluoroplastics business.

The unaudited condensed pro forma financial information for the year ended December 31, 2007 is prepared as if the above transactions had occurred on January 1, 2007. All of the pro forma adjustments in this unaudited condensed pro forma financial information relate to items that are expected to have a continuing impact on our operations.

The unaudited condensed pro forma financial information should be read in conjunction with consolidated financial statements of the Company for the year ended 31 December 2007 prepared in accordance with IFRS.

The unaudited condensed pro forma financial information is based on estimates and assumptions deemed appropriate by us. The unaudited condensed pro forma financial information, which is presented for illustrative purposes only, by its nature addresses a hypothetical situation and therefore does not represent the actual financial position or results of our operations. If the acquisition, borrowings and disposal had occurred on January 1, 2007, our operating results and financial position might have been different from those presented in the pro forma financial information. The unaudited condensed pro forma financial information should not be relied upon as an indication of the operating results and financial position that would have achieved if the acquisition, borrowings and disposal had occurred on January 1, 2007, nor should it be used as an indication of the results that will be achieved following the above transactions.

OPEN JOINT STOCK COMPANY URALCHEM**CONDENSED PRO FORMA INCOME AND EXPENSE INFORMATION (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

All amounts are in thousands of US Dollars unless otherwise stated

	Year ended 31 December 2007
Revenue	
Sales of goods	647,025
Other sales	52,993
Total revenue	700,018
Cost of sales	(396,524)
Gross profit	303,494
Selling and distribution expenses	(117,152)
General and administrative expenses	(45,605)
Other operating income	11,537
Other operating expenses	(8,513)
Operating profit	143,761
Interest income	3,345
Interest expense	(37,681)
Foreign exchange gain on financial items	5,516
Profit before tax	114,941
Income tax expense	(24,269)
Profit for the year	90,672
Attributable to:	
Shareholders of the parent	64,868
Minority interest	25,804
	90,672
Pro forma EBITDA reconciliation:	
Profit for the year	90,672
Add:	
Depreciation and amortisation	45,555
Interest expense	37,681
Income tax	24,269
Pro forma EBITDA	198,177
Amortisation of fair value adjustments on inventory arising from purchase price allocation*	8,735
Pro forma adjusted EBITDA	206,912

* according to IFRS 3 as of the date of acquisition finished goods and work in-process of subsidiaries were stated at fair values representing their net realisable values which were higher than cost. Therefore gross margin for the year ended 31 December 2007 was negatively affected with this accounting adjustment. To eliminate this effect on EBITDA we added this adjustment back.

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CONDENSED PRO FORMA BALANCE SHEET INFORMATION (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2007

All amounts are in thousands of US Dollars unless otherwise stated

	<u>31 December 2007</u>	<u>31 December 2006</u>
Assets		
<i>Non-current assets</i>		
Property, plant and equipment	458,414	422,884
Goodwill	157,963	146,849
Intangible assets	1,499	1,273
Inventories	27,888	28,473
Other financial assets	2,199	3,840
Investments in assets held for sale	-	45,867
Deferred tax assets	6,446	-
	<u>654,409</u>	<u>649,186</u>
<i>Current assets</i>		
Inventories	68,138	43,906
Trade and other receivables	20,025	54,417
Deferred sales proceeds on disposal of subsidiaries	56,533	-
Advances and prepaid expenses	55,206	13,268
Income tax receivable	255	338
Other taxes receivable	38,332	30,607
Other financial assets	27,326	3,254
Cash and cash equivalents	28,847	59,101
	<u>294,662</u>	<u>204,891</u>
Total assets	<u>949,071</u>	<u>854,077</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Share capital	80,485	80,485
Unpaid contribution of shareholders	-	(80,485)
Additional paid-in capital	33,407	-
Foreign currency translation reserve	8,487	-
Retained earnings	53,451	-
Equity attributable to the shareholders of the parent	<u>175,830</u>	<u>-</u>
Minority interest	106,580	118,189
Total equity	<u>282,410</u>	<u>118,189</u>
<i>Non-current liabilities</i>		
Loans and borrowings	324,035	15,492
Retirement benefit obligations	8,385	1,198
Deferred tax liabilities	63,486	61,757
	<u>395,906</u>	<u>78,447</u>
<i>Current liabilities</i>		
Loans and borrowings	149,531	120,876
Trade and other payables	37,053	124,567
Deferred consideration on acquisition of subsidiaries	-	387,844
Advances received	70,583	16,721
Income tax payable	7,531	2,845
Other taxes payable	6,057	4,588
	<u>270,755</u>	<u>657,441</u>
Total liabilities	<u>666,661</u>	<u>735,888</u>
Total equity and liabilities	<u>949,071</u>	<u>854,077</u>

OPEN JOINT STOCK COMPANY URALCHEM

**CONDENSED PRO FORMA CASH FLOW STATEMENT (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

All amounts are in thousands of US Dollars unless otherwise stated

	Year ended 31 December 2007
Operating activities	
Profit before tax	114,941
Adjustments for:	
Depreciation of property, plant and equipment	45,555
Amortisation of intangible assets	403
Gain on revaluation of forward exchange contracts	(1,936)
Gain from disposal of property, plant and equipment	(373)
Gain from disposal of securities	(4,970)
Foreign exchange gain, net	(461)
Interest income	(3,345)
Interest expense	37,681
Operating cash flows before working capital changes	187,495
Increase in inventories	(17,642)
Decrease in trade and other receivables	35,002
Increase in advances and prepaid expenses	(39,064)
Increase in other taxes receivable	(6,847)
Increase in retirement benefit obligations	6,814
Increase in trade and other payables	5,999
Increase in advances received	49,999
Increase in other taxes payable	11,539
Cash generated from operations	233,295
Interest paid	(22,759)
Income tax paid	(37,425)
Net cash generated from operating activities	173,111
Investing activities	
Acquisition of subsidiaries, net of cash acquired, and increase of ownership in subsidiaries	(343,556)
Purchase of property, plant and equipment	(53,814)
Proceeds from sale of property, plant and equipment	4,711
Proceeds from disposal of securities	1,787
Purchase of intangible assets	(696)
Loans issued	(29,815)
Proceeds from repayment of loans issued	7,401
Interest received	407
Net cash used in investing activities	(413,575)
Financing activities	
Proceeds from short-term loans and borrowings	291,695
Proceeds from long-term loans and borrowings	303,365
Repayment of short-term loans and borrowings	(286,862)
Dividends paid	(97,751)
Contribution from the shareholders	5,065
Repayments of principle amounts of finance leases	539
Net cash generated from financing activities	216,051
Net decrease in cash and cash equivalents	(24,413)
Cash and cash equivalents at the beginning of the year	59,101
Effect of translation to presentation currency and exchange rate changes on the balance of cash held in foreign currencies	(5,841)
Cash and cash equivalents at the end of the year	28,847