A word of salutation
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Main events of 2010 year
Operational activity
Development strategy
Personnel policy
Labor and environment protection and social responsibility
Procurement and the Kazakhstan’s share in it
Corporate governance
Risk factors
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Dear colleagues!

We are glad to meet you on the pages of the Annual Report of the “United Chemical Company” LTD for 2010 year.

In 2010 year there was taken a long-term Development Strategy of UCC, defining development aims and tendencies for the next decade. The UCC Strategy is aimed for maximization of profits in development of the chemical sector by means of increasing of volumes of production and promotion of competitive strength of the domestic chemical products, realization of innovational and export potential in the chemical industry. Thereby, the main task of the UCC is participation in modernization and creation of the modern chemical production by means of realization of investment projects. The UCC Strategy to the full extent corresponds to the Development Strategy of “Samruk-Kazyna” JSC and the Governmental Program of Forced Industrial-Innovational Development of the Republic of Kazakhstan embraced in the current year.

With the aim to execute strategic and program documents in the reporting period the UCC continued work on projects of reconstruction of the sulfate plant in Stepnogorsk city, reconstruction of the suspended-flotation plant in Zhambyl region and construction of the integrated gas-chemical complex in Atyrau region. Within the framework of realization of projects in 2010 year special consideration was given to the questions of financing. Additionally, a number of new projects on organization of production of such chemical products as butadiene and synthetic rubber, sodium cyanide, etc. are being at the stages of studying and preparation.

In 2010 year within the framework of measures on development of corporate governance aimed on provision and realization of interests of the Exclusive Member - “Samruk-Kazyna” JSC, the UCC has taken a number of basic documents, in particular, there were developed codes of corporate governance and corporate ethics.

Alongside with this systematically and with deliberation there were considered questions of personnel policy, social responsibility, personnel health protection which were among a number of priority questions of the Company.

The United Chemical Company, resting on the world support and understanding of the Exclusive shareholder, is eager to demonstrate active development on the all tendencies of its activity in future.

Thank you for attention!
LIMITED LIABILITY PARTNERSHIP “UNITED CHEMICAL COMPANY” (hereinafter – Company or UCC) was founded in accordance with the Decision of the Board of Directors of the Joint-Stock Company “National Welfare Fund “Samruk-Kazyna” (hereinafter – Fund or “Samruk-Kazyna” JSC) on November 28, 2008.

The exclusive member of the Company: “Samruk-Kazyna” JSC.

Mission of the Company lies in development of the chemical industry for turning it into one of the leading industries of the economy of Kazakhstan.

Main tasks of the Company:
Development and realization of investment projects in the chemical industry, efficiency upgrading and maximization of affiliates and paternalized institutions value.

The paid charter capital of the Company composes 3 561 millions tenge (as of December 31, 2010).

The Company is defined by the main operator of realization of the Governmental Program of Forced Industrial Innovative Development of the Republic of Kazakhstan for 2010-2014 years (GPFIID) in chemical industry.
The Company’s Authorities:
- The Supreme Authority – Sole Shareholder;
- The Supervisory Authority – Supervisory Board;
- The Executive Authority – Board of Directors;
- The Regulatory Authority – Inspector.

Management Authority Committees
The “United Chemical Company” (UCC) does not have any committees under the Supervisory Authority.

The following Committees have been established under the Board:

The Investment Committee:
The primary object of the Investment Committee is the recommendations’ issuance for the Board in order to provide the Company with the investment activities’ effectiveness. The staff is of the 8 employees.

The Budget Committee:
The primary object of the Budget Committee is the common strategy development of the Company’s representatives in the subsidiaries and affiliates’ authorities by the Development Plans or their Budget approval as well the timely and qualitative providing of the Draft Development Plan of the UCC with the following proposals for its adjustment and performance. The staff is of the 5 employees.

The Credit Committee:
The primary object of the Credit Committee is the timely and qualitative providing with the recommendations for the Board of Directors on the issues relating to the provisions of the credits (loans), financial assistance and guarantees’ issue by the Company. The staff is of the 4 employees.
Assignment of the Collegiate Authority members of the Company
The member assignment of the Supervisory Council is effected under the Sole Shareholder’s Resolution in accordance with his corporate documentation.

The Board members assignment is related to the Sole Shareholder’s competency and effected on the base of his corporate documentation procedures.

The assignment of the UCC Inspector is referred to the Sole Shareholder’s competency.

The Company Authorities’ functions
The Sole Shareholder takes the key decisions on the activities of the Company by the resolutions of the Sole Shareholder and his representative officials with the Supervisory Committee of the Company.

The Supervisory Committee of the UCC defines the Company’s long-term development strategy, approves the medium-term development plan and regulates the Board’s activity.

The Board of UCC implements the strategy of the Company and provides the Sole Shareholder with the regular reporting for the activities.

The Sole Shareholder’ Resolutions issued within his competency are regarded as compulsory for the Supervisory Authority and the Board of the UCC.
ASSET PROFILE

“Fund of National Welfare Samruk-Kazyna” JSC

100%

“United Chemical Company” LTD

51%

“Joint Venture Sulfate Plant Kazatomprom” LTD

30%

“Khimfos” LTD

51%

“Kazakhstan Petrochemical Industries” LTD

* - trust management
Activity of the SUPERVISORY BOARD in 2010 year

In 2010 year there were organized and held 5 meetings of the Supervisory Board, including 2 extra-mural and 3 intramural meetings. Totally on the meetings there were considered 23 issues within the framework of which there was approved a number of documents regulating foreign and internal activity of the Company, including:

2. About approval of the Plan of Actions on introduction of the system of management reporting of UCC;
3. Approval of the Code of corporate governance of UCC;
4. Approval of the Code of corporate ethics of UCC;
6. Approval of the Development Strategy of UCC for 2010-2019 years;
7. Preliminary approval of Consolidated Financial Reporting of UCC for 2009 year;
8. Approval of the List of Priority Investment Projects in new redaction;
10. Approval of the Corporate Accounting Policy of UCC;
11. Approval of the Plan of Development of UCC for 2011-2015 years;
12. Approval of Schedules of Activity Highlights of the Chairman of the Board, Members of Board and Managing Directors of UCC with target values for 2011 year.

The main principles of remuneration:
In 2010 year there was no payment of remuneration for the members of the Supervisory Board of the Partnership.
<table>
<thead>
<tr>
<th>Name</th>
<th>Years</th>
<th>Positions/Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KARIBZHANOV Aidan Tabonyazovich</strong></td>
<td>From 2008 year — “Samruk Invest” LTD, acting General Director. From 2005 year – “Visor Holding” LTD, President, Chairman of Board of Directors. From 2008 year - “Samruk-Kazyna” JSC, Managing Director. From 2009 year - “Samruk-Kazyna” JSC, Managing Director — Member of the Board of Directors. From February, 2009 to February 10, 2011 – Chairman of Supervisory Board of UCC *</td>
<td></td>
</tr>
<tr>
<td><strong>ABISHEV Zhandos Dzhantoreyevich</strong></td>
<td>From 2004 year – worked in “HiIttec Development’ Company, Hong-Kong From 2007 year – Director of “Ferrosilicoaluminum Kazakhstan” Company. From 2008 year – Director of the Department of Corporate Development and Assets Management of the National Scientific-Technical Holding “Parasat” From July 2009 - Director on management of mining-industrial assets of “Samruk-Kazyna” JSC. From October 1, 2009 — Member of the Supervisory Board of “United Chemical Company” LTD.</td>
<td></td>
</tr>
<tr>
<td><strong>AITEKENOV Kairat Medybayevich</strong></td>
<td>From 2004 year – member of the Board of Directors of “NC”KazMunaiGas” CJSC, “KECO” CJSC, “NC”Kazakhstan Temir zholy” CJSC, “International Airport Astana” CJSC. From 2006 year – Vice-Minister of Tourism and Sport of the Republic of Kazakhstan. From 2007 year- Deputy Chairman of the Board on work with state authorities and operational activity in “FUR “Kazyna” JSC. From November 2008 – Managing Director – Member of the Board of Directors of “Samruk-Kazyna” JSC. From February, 2009 to the present day — Member of the Supervisory Board of UCC.</td>
<td></td>
</tr>
<tr>
<td><strong>ISKANDIROV Abai Mukashevich</strong></td>
<td>From 2005 – worked in the Ministry of Economy of Budget Planning of RK, beginning to work as a leading specialist and then as the Deputy Director of the Department. From 2006 year – Director of the Department of System Projects, Director of the department of Corporate Development, Director of the Department on Investments of “FUR Kazyna” JSC. From 2007 year – Managing Director of “FUR Kazyna” JSC. From 2008 year – Deputy Head of Center of Strategic Developments and Analysis of the President of RK Administration. From October, 2008 –Managing Director of “Samruk-Kazyna” JSC. From February 23, 2009 — Member of the Supervisory Board of “United Chemical Company” LTD.</td>
<td></td>
</tr>
<tr>
<td><strong>KIM Vladislav Gennadiyevich</strong></td>
<td>From 2004 year – “VISOR Investment Solutions” JSC, Deputy Managing Director, Executive Director, Managing Director and Chairman of the Board. From December 2008 – General Director “Samruk Kazyna Invest” LTD. From February 23, 2009 — Member of the Supervisory Board of “United Chemical Company” LTD.</td>
<td></td>
</tr>
</tbody>
</table>

* By the Decision of the Board of Directors of “Samruk-Kazyna” JSC dated on February 10, 2011, Protocol No. 05/11, the powers of the Chairman of Supervisory Board **KARIBZHANOV A.T.** were terminated. **SAURANBAYEV N.E.** was appointed as the Chairman of Supervisory Board.
THE BOARD OF DIRECTORS consists of:

In accordance with the Articles of Association of UCC the Board of Directors formed of 5 people with the term of powers of 5 (five) years;

1) Chairman of the Board of Directors – YERDEBAI Dauren Imanzhanuly;
2) Deputy Chairman of the Board of Directors – BERLIBAYEV Madiyar Amirbayevich;
3) Deputy Chairman of the Board of Directors – KRYLOVA Tatyana Nikolayevna;
4) Managing Director - Member of the Board of Directors - ANOSHENKO Yuri Stanislavovich;
5) Managing Director –Member of the Board of Directors - ALDABERGENOVA Bayan Tynyshtykbayevna.

<table>
<thead>
<tr>
<th>NAME</th>
<th>Number of intramural meetings in 2010 year</th>
<th>Number of intramural meetings in 2010 year participated in</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>YERDEBAI Dauren Imanzhanuly</td>
<td>28</td>
<td>25</td>
<td>From September 14-15, 2010 and October 22, 2010 was in a business-trip</td>
</tr>
<tr>
<td>KRYLOVA Tatyana Nikolayevna</td>
<td>28</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>ALDABERGENOVA Bayan Tynyshtykbayevna</td>
<td>28</td>
<td>25</td>
<td>On March 12, 2010 she was in a business trip, on April 28, 2010 she was on a labor-leave, on July 30, 2010 of a meeting</td>
</tr>
<tr>
<td>ANOSHENKO Yuri Stanislavovich</td>
<td>28</td>
<td>27</td>
<td>On July 23, 2010 he was in a labor leave.</td>
</tr>
</tbody>
</table>

Activity of the BOARD OF DIRECTORS for 2010 year:

In 2010 year there were organized and held 28 meetings of the Board of Directors of the Company (preparation and signing of Protocols of the meetings of the Board of Directors) where 169 issues were considered, including:

1. Approval of Tax Accounting Policy of UCC;
2. Preliminary consideration of issues falling under competence of the general meeting of members of affiliates and paternalized institutions;
3. Issues on preliminary approval of the consolidated financial reporting of UCC for 2009 year and submission for preliminary approval by the Supervisory Board;
4. Issues on approval of a project of a Plan of Development of UCC for 2011-2015 years;
5. Issues on approval of Rules of competitive selection for vacant positions of UCC;
6. Issues on approval of the Program of development of the Kazakhstan’s share of goods, works and services in UCC and affiliates for 2010-2015 years;
7. Issues on approval of a project of Temporary Investment Policy of UCC and submitting for consideration with the Exclusive Member of the Company;
8. Issues on approval of Policy of Information security on assurance of information security in the information systems of UCC;
10. Issues on approval of the Program development of the Kazakhstan’s share of goods, works and services in “United Chemical Company” LTD and affiliates for 2010-2015 years.

Main principles of remuneration:

The rate of post salaries and terms of labor payment, and remuneration of the Chairman and the Members of Board of Directors are established by the Supervisory Board.
MEMBERS OF THE BOARD OF DIRECTORS

ANOSHENKO
Yuri Stanislavovich
Managing Director - Member of the Board of Directors

From 2003 year - Vice-President off “Center of Engineering and Transport of Technologies” JSC;
From 2007 year - Adviser to the President of “NC Kazakhstan Garysh Sapary” JSC;
From 2008 year - Managing Director of “NSTH “Parasat” JSC;
From 2009 year to the present day - Managing Director – Member of the Board of Directors of UCC.

BERLIBAYEV
Madiyar Amirbayevich
Deputy Chairman of the Board of Directors

From 2004 year – Deputy Director of the Department of Budgeting and Economic Analysis of “Kazakhstan-China Pipeline” LTD;
From 2007 year – Deputy General Director on Economics of “Kazakhstan-China Pipeline” LTD;
From 2009 year to the present day – Deputy Chairman of the Board of Directors of UCC.

YERDEBAY
Dauren Imanzhanuly
Chairman of the Board of Directors

From 2004 year – First Deputy General Director of “SAT&Company” LTD;
From 2007 year - President of “Kazakhstan Petrochemical Industries Inc”, JSC, General Director of “Kazakhstan Petrochemical Industries Inc” JSC;
From 2009 year to the present day – Chairman of the Board of Directors of UCC.

KRYLOVA
Tatyana Nikolayevna
Deputy Chairman of the Board of Directors

From 2003 year – Director of Department on budgeting, indicative planning and summary economic analysis of “NC KazMuniaGas” JSC;
From 2006 year – Director of Department of economy and finances of “Samruk” JSC;
From 2008 year - Director of Department on budget planning and economic analysis of “Samruk-Kazyna” NWF” JSC;
From 2009 year to the present day - Deputy Chairman of the Board of Directors of UCC.

ALDABERGENOVA
Bayan Tynyshtykbayevna
Managing Director – Member of the Board of Directors

From 2002 year - Deputy Chairman of Committee on Court Administration under the Supreme Court of the Republic of Kazakhstan;
From 2006 year – Chief legal adviser, head of a group of project activity of “Lukoil Overseas Service” LTD;
From 2009 year to the present day - Managing Director, Member of the Board of Directors of UCC.
In 2010 year for control of financial-economical activity of the Board of Directors of UCC there was appointed an auditor – Baimurzin Ryskan Kalimovich, Chief Manager of the Department of Audit and Control of “Samruk-Kazyna” JSC with term of office for 5 (five) years (Protocol of extra-mural meeting of the Board of Directors of “Samruk-Kazyna” JSC No.27 dated on 23.04.2010).

In accordance with the Paragraph 66 of the Section 13 of the Articles of Association of UCC, the Auditor has rights to check financial-economical activity of the Board of Directors of the Company. At request of the Auditor the members of the Board of Directors and employees of UCC are obliged to make necessary explanations in oral or written form.

The Auditor must check annual financial reporting of the Company before its approval by the Exclusive Member. The Exclusive Member has no right to approve annual financial reporting without conclusion of the Auditor or auditory reporting (external audit).
On March 19, 2010 by the Decree of the President of the Republic of Kazakhstan there was approved the Governmental Program of Forced Industrial Innovative Development of the Republic of Kazakhstan for 2010-2014 years (GPFIID), according to which UCC is defined as the main operator of realization of the given program in chemical industry which will provide the interests of the state in part of acquiring of alienable rights for subsurface usage, take part in absorption in development of mineral deposits, attract necessary borrowed capital on international financial market and search for strategic partners.

On March 19, 2010 there was signed a contract for building of “ready-to-operate” on the project of Building of Integrated Gas-Chemical Complex in Atyrau region (1 phase).

On June 14, 2010 there was signed a contract for ready production distribution on the project of Building of Integrated Gas-Chemical Complex in Atyrau region (1 phase).

On June 29, 2010 there was approved the Development Strategy of UCC for 2010-2019 years.

By the Decision of the Board of Directors of the Company dated on October 19, 2010, Protocol No. 24/10 there was approved a Regulation on Scientific-Technical Board of UCC. Composition of the Scientific-Technical Board was approved on January 19, 2011.

On December 20, 2010 between UCC and Kazakhstan-Britain Technical University there was concluded a memorandum on scientific-technical cooperation.
In 2010 year the Company exercised administration by means of the following projects:

1) Building of the First Integrated Gas-Chemical Complex in Atyrau region.1 phase. (“KPI Inc” LTD).
   - With the aim of the project realization there were signed documents:
     - Contract for propane delivery
     - Contract for building “ready-to-operate”
     - License agreements
     - Contract for administration of contract works
     - Contract for ready production distribution
     - Agreements on preparation of local staff with CB&I Lummus, Currenta (Germany), SK Energy (Korea), Sinopec Engineering (China)
   - Debt financing of the project
     - Expertise of the Project was completed and notification of approval of the Project was received.
   - The Board of Directors of the Fund approved a scheme of application of borrowed funds of Export-Import Bank of China by means of issue of bonds of the Fund, a package of contracts and agreements on financing was prepared.
   - Objects of the project infrastructure:
     - Projecting and building of infrastructure objects was started.
     - Orders on materials and long-lead items such as railway, railroad yard, gas-turbine station, electric power line were placed.
     - Construction works on road bed were completed.
2) “Reconstruction of sulfate plant with production capacity of 180 thousand tons per year” (Stepnogorsk city, “Sulfate Plant – Kazatomprom JV” LTD):
   - 51% equity share in the Charter Capital of “Sulfate Plant – Kazatomprom JV” LTD is paid.
   - Conclusion of state expertise of a Project from “Gosexpertiza” RSE was received.
   - Preliminary decision of project financing by the Eurasian Bank of Development was made, indicative terms of financing were received.
   - Contract for implementation of investments in the form of relief of customs duties on imported equipment was concluded with the Ministry of Industry and new technologies.
   - Equipment from “Belkim” and “Desmet Ballestra” companies was supplied partially.
   - Tender documentation for building and assembly works was developed.

3) “Reconstruction of suspended-flotation plant for production of phosphate concentrate” (Zhambyl region, “HimFos” LTD).
   - Application for the project financing was provided in the “Development Bank of Kazakhstan”, the stage of primary selection was passed, preliminary approval of the scheme of the project financing was received.
   - Estimation of cost and preparation of technical passports of assets, transferred to “Kazphosphate” LTD in capacity of contribution in the Charter Capital of “HimFos” LTD were made.
   - Disassembling works and preparation of project sites have begun.
Among priority projects there are considered projects for production of butadiene and synthetic rubber and production of sodium cyanide. With the aim of preparation of such projects there were considered issues of raw material sources and consumers of ready products defining. In 2010 year there were begun works on development of technical and economic assessment of the projects on conclusion of which there will be made corresponding investment decisions on them.

In addition, there is being made an analysis of special kinds of chemical production for estimation of opportunities and perspective of organization of special manufactures in Kazakhstan with binding to the existing manufactures and realized projects.

At the given moment there are 9 investment projects of the Company at the stage of consideration.

Among priority projects there are considered projects for production of butadiene and synthetic rubber and production of sodium cyanide.

With the aim of preparation of such projects there were considered issues of raw material sources and consumers of ready products defining.

In 2010 year there were begun works on development of technical and economic assessment of the projects on conclusion of which there will be made corresponding investment decisions on them.
Development strategy of the Company for 2010-2019 years (hereinafter - Development strategy) was approved by the Decision of the Supervisory Board of the Company on June 29, 2010 year.

The Company Strategy, developed by the Working Group of the Company was coordinated in the structure divisions of the Fund and corresponds to the Development Strategy of the Fund and GPFIID.

MISSION of the Company lies in development of the chemical industry for turning it into one of the leading industries of the Kazakhstan’s economy.

STRATEGIC GOAL – is a long-term cost increase by means of effective management of the investment portfolio on the chemical market of Kazakhstan.

STRATEGIC DIRECTIONS OF DEVELOPMENT:
› Stable growth of the assets economic cost.
› Service maintenance of activity.
› Composition of effective system of corporate management.

TARGET SEGMENTS OF CHEMICAL INDUSTRY
› Basic products on inorganic chemistry, including mineral fertilizers (basic inorganic);
› Basic products of organic chemistry and polymers (basic organic);
› Several types of special chemicals.
STRATEGIC PRIORITIES:

- growth and innovation development of chemical production;
- complacency with domestic and foreign consumers of chemical products;
- industrial safety and environment protection;
- effective business management;
- development of human capital assets;

Strategy provides modernization of existing and creation of new chemical productions, organization of service maintenance of activity, including distribution of products of production engineering.

Development and realization of investment projects in chemical industry is the main task of the Company.

Within the framework of the Strategy performance, the Company realizes the following projects:

*Basic organic projects:*

*Basic inorganic projects:*
- “Reconstruction of sulfate plant with production capacity of 180 thousand tons per year in Stepnogorsk city” (“SKZ-K” LTD);
- “Reconstruction of suspended-flotation plant for production of phosphate concentrate” (“HimFos” LTD).

The final target of the Company is creation of a chemical holding integrating production and service companies with a full production cycle and distribution of chemical products.
Realization of personnel policy of UCC was carried out in accordance with the Personnel Strategy of the Fund. For previous and reporting periods there were taken the following actions:

Qualification requirements for positions are defined in the job descriptions of employees, approved by the Orders of the Chairman of the Board of Directors of UCC.

Rules of competitive selection for vacant positions of UCC are approved by the Decision of the Board of Directors date on October 21, 2009, Protocol No.9. For the reporting period there was held competitive selection of candidates for taking of 7 vacant positions of UCC.

There were held calibration sessions among the head of structural subdivisions, the results of which were sent to the Committee on Personnel Policy of the Fund for formation of the Single Personnel Reserve.

Schedules of efficiency coefficients of the leading and managerial employees for 2011 year are approved by the Decision of the Supervisory Board on December 24, 2010. Efficiency coefficients are developed in accordance with the Development Strategy of UCC and with regard to efficiency coefficients of the management directors of the Fund.

The Rules of estimation of activity of UCC employees, approved by the Decision of the board of Directors on September 15, 2010, Protocol No.20/10, are introduced from 2011 year.

In 2011 year is planned to develop Personnel Policy of UCC in accordance with the Personnel Strategy of “Samruk-Kazyna” JSC, to decrease the level of fluctuation movement of personnel to 11,2%, to increase the costs for training to 11,7 millions tenge (1,85% from FOT).
With the aim of observance of corporate social responsibility UCC strive to ensure the company employees labor protection and protection of the employees health with the help of medical insurance, through training programs and retraining there is carried out development of human resources and sustaining of esprit de corps.

With regard to the employees labor payment the UCC policy is based on acknowledgment of professional qualities and skills, results of their labor and achievement of activity highlights in accordance with the Strategy and the Development Plan of the Company.

UCC places important emphasis to actions for reduction of pollutant emissions endangering environment. UCC is eager to carry out its activity with observance of the legal system of the Republic of Kazakhstan in the field of environment protection and to contribute to introduction of international standards of management of environment protection in the affiliates and paternalized institutions of UCC.

The effective investment projects of UCC are subject of ecologic estimation with the aim of elaboration of a decision about the project realization. At realization of investment projects UCC intends to use modern technologies and equipment oriented on maximal reduction of risks of negative influence on environment.
In 2010 year the Company performed procurement of goods, works and services for the amount of 267 millions tenge, where the Kazakhstan’s share in them constituted 46,6% instead of 44,6% in accordance with the plan.

With the aims of increasing of the Kazakhstan’s share in the general volume of procurement of goods, works and services on April 28, 2010 by the Board of Directors of UCC there was adopted a Program of Development of the Kazakhstan’s share of goods, works and services in “United Chemical Company” LTD and its affiliated for the period of 2010-2015 years (Protocol 11/10).

It is expected that at realization of the Program the procurement volume of UCC and affiliates from domestic suppliers will reach 75 percents from the volume of procured goods, works and services.
Corporate governance regulations
Up to the present time in the framework of forming and improvement of corporate governance of UCC there were accepted the following foundational documents:

- The Articles of Association of the Company in new redaction;
- Development Strategy for 2010-2019 years;
- Corporate Governance Code;
- Corporate Ethics Code;
- Regulation on Supervisory Board;
- Regulation on the Board of Directors;
- Regulation on Secretariat of the Supervisory Board;
- Action plant on introduction of a system of managerial reporting;
- Instruction on protection of official and commercial secret;
- Plan on introduction of the Corporate Governance Code.

Principles of Corporate Governance
- Principle of protection of rights and interests of the Exclusive Member;
- Principle of effective management of the Company, Supervisory Board and the Board of Directors;
- Principle of independent activity of the Company;
- Principles of transparency and objectivity of the Company’s activity information disclosure;
- Principles of legality and ethics;
- Principles of effective dividend policy;
- Principles of effective personnel policy;
- Principle of environment protection;
- Policy of regulation of corporate conflicts and conflicts of interests;
- Principle of responsibility.

Accessibility and information disclosure
Structure of corporate governance of UCC to the full extent ensures well-timed and exact provision of information on the all substantive issues referring to the activity of UCC, including financial state, the results of activity, investment portfolio and the system of governance to the Exclusive Member and the Supervisory Board.
From the fourth quarter of 2010 year in UCC there is conducted policy of risk management for their identification, estimation, forecasting and management.

The policy on risk management of UCC will be aimed on reduction of potential deprivations and losses, raising of manageability and formation of information environment for making of adequate managerial decisions and including measures directed on reduction and control of risks:

- prevention of losses – reduction of probability of a defined risk (loss);
- control of losses – reduction of loss rate in case of attachment of risk;
- diversification – risk distribution with the aim of reduction of its potential influence.

In connection of continuation of works on development and introduction of the system of risk management, the information of risk factors and measures on reacting on them will be provided from 2012 year. By this time there is expected introduction of policies on risk management in UCC and its companies.
For the member of “United Chemical Company” LTD:

We have made audit of enclosed consolidated financial records of “United Chemical Company” LTD (hereinafter referred as “Company”) and its affiliate (hereinafter referred as “Group”), which includes consolidated records about financial status as of December 31, 2010 and consolidated records about gross revenues and losses, consolidated records about flow of funds for the year and consolidated records about changes in capital ended on the mentioned date and also information about essential aspects of accounting policy and other explanatory information.

Responsibility of Administrative Authority for consolidated financial records

The administrative authority of the Group bears responsibility for preparation and faithful representation of the given consolidated financial records in accordance with the International Standards of financial records and also for the procedures of internal control, which are necessary for provision of preparation of consolidated financial records not containing essential distortions due to swindle or mistake.

Responsibility of Auditors

Our responsibility lies in expression of opinion about given consolidated financial records on a basis of the conducted audit. We have conducted audit in accordance with the International Standards of audit. These standards demand that we should observe ethic norms and planned and conducted audit in order to achieve enough confidence in absence of essential distortion in the enclosed consolidated financial records.

Audit includes execution of procedures directed on achievement of audit evidence in respect of amounts and information, provided in the consolidated financial records. Selection of procedures is based on judgment of the auditor, including estimation of risk of essential distortion of consolidated financial records due to swindle or mistake. At estimation of such a risk the auditor considers aspects of internal control with regard to preparation an faithful representation of consolidated financial records in order to define audit procedures necessary in concrete circumstances, but not to express opinion about efficiency of the system of internal control of the company. Audit also includes estimation of propriety of the chosen accounting policy and foundation of accounting valuations made by the administrative authority and estimation of presentation of consolidated financial records on the whole.

We believe, that the received by us audit evidence is sufficient and appropriate for expression of our opinion.

Conclusion

In our opinion, consolidated financial records in the all essential aspects adequately reflects financial status of “United Chemical Company” LTD and its affiliate for December 31, 2010 and also its financial results and flow of monetary assets for the year, ended on the mentioned date, in accordance with the International Standards of Financial Records.

Ernst & Young LLP

Николас Рытель
Партнер по аудиту

Евгений Жемаєтдинов
Аудитор / Генеральный директор
ТОО «Эрнст энд Янг»
### CONSOLIDATED RECORDS ABOUT GROSS REVENUES AND LOSSES

For a year, ended on December 31, 2010

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In thousands tenge</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>16,511</td>
<td>32,679</td>
</tr>
<tr>
<td>Operating expense</td>
<td>(1,006,667)</td>
<td>(575,433)</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(990,156)</td>
<td>(542,754)</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>60,237</td>
<td>13,635</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>–</td>
<td>(1,600)</td>
</tr>
<tr>
<td>(Foreign exchange loss) / Foreign exchange gain, net</td>
<td>(2,002)</td>
<td>42</td>
</tr>
<tr>
<td><strong>Loss before account of income tax</strong></td>
<td>(931,921)</td>
<td>(530,677)</td>
</tr>
<tr>
<td>Current income tax</td>
<td>(25,719)</td>
<td>1,021</td>
</tr>
<tr>
<td><strong>Loss after deductions for income tax</strong></td>
<td>(957,640)</td>
<td>(529,656)</td>
</tr>
<tr>
<td>Other gross revenue for report year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Gross loss for year, after deductions for taxes</strong></td>
<td>(957,640)</td>
<td>(529,656)</td>
</tr>
<tr>
<td>Loss specific to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholder of associated company</td>
<td>(887,771)</td>
<td>(523,654)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(69,869)</td>
<td>(6,002)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(957,640)</td>
<td>(529,656)</td>
</tr>
</tbody>
</table>
CONSOLIDATED RECORDS ABOUT FINANCIAL STATUS
For December 31, 2010

<table>
<thead>
<tr>
<th>In thousands tenge</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent assets</td>
<td>1,397,601</td>
<td>996,677</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11,138</td>
<td>12,576</td>
</tr>
<tr>
<td>Prepayments given for permanent assets</td>
<td>1,163,878</td>
<td>972,855</td>
</tr>
<tr>
<td>Assets on deferred tax</td>
<td></td>
<td>15,947</td>
</tr>
<tr>
<td>VAT recoverable</td>
<td>81,249</td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory holdings</td>
<td>10,598</td>
<td>16,231</td>
</tr>
<tr>
<td>Trade and other debit indebtedness</td>
<td>259,355</td>
<td>38,610</td>
</tr>
<tr>
<td>VAT recoverable</td>
<td></td>
<td>80,818</td>
</tr>
<tr>
<td>Taxes recoverable</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Advance payment on corporate income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash assets and their equivalents</td>
<td>865,587</td>
<td>954,805</td>
</tr>
<tr>
<td><strong>Assets, classified as intended for sale</strong></td>
<td>323,822</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>3,790,022</td>
<td>3,413,049</td>
</tr>
<tr>
<td><strong>CAPITAL AND OBLIGATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charter capital</td>
<td>3,561,230</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Fiduciary loss</td>
<td>(1,411,425)</td>
<td>(523,654)</td>
</tr>
<tr>
<td><strong>Capital due to shareholder of associated company</strong></td>
<td>2,149,805</td>
<td>1,476,346</td>
</tr>
<tr>
<td>Minority interest</td>
<td>1,424,129</td>
<td>1,493,998</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td>3,573,934</td>
<td>2,970,344</td>
</tr>
<tr>
<td><strong>Current obligations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade credit indebtedness</td>
<td>157,176</td>
<td>387,996</td>
</tr>
<tr>
<td>Taxes for payment</td>
<td>7,954</td>
<td>5,966</td>
</tr>
<tr>
<td>Other current obligations</td>
<td>50,958</td>
<td>48,743</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL AND OBLIGATIONS</strong></td>
<td>3,790,022</td>
<td>3,413,049</td>
</tr>
<tr>
<td>Description</td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>In thousands tenge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Убыток до учета подоходного налога</td>
<td>(931.921)</td>
<td>(530.677)</td>
</tr>
<tr>
<td>Correcting for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest revenues, net</td>
<td>24.394</td>
<td>2.833</td>
</tr>
<tr>
<td>Loss from asset retirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in inventory holdings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in trade and other debit indebtedness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in taxes recoverable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in VAT recoverable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in trade credit indebtedness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in taxes for payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in other current obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net usage of monetary assets in operating activity</td>
<td>(1.117.955)</td>
<td>(435.605)</td>
</tr>
<tr>
<td>Money flows from Investment activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of permanent assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of an affiliate after deduction of received monetary funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net usage of monetary assets in Investment activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money flows from financial activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution into Charter Capital</td>
<td>1.561.230</td>
<td>2.000.000</td>
</tr>
<tr>
<td>Redemption of interest-free loans received from minority member</td>
<td></td>
<td>(30.000)</td>
</tr>
<tr>
<td>Net inflow of monetary assets from financial activity</td>
<td>1.561.230</td>
<td>1.970.000</td>
</tr>
<tr>
<td>Net (reduction) / accession of monetary assets and their equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monetary assets and their equivalents in the beginning of the year</td>
<td>954.805</td>
<td></td>
</tr>
<tr>
<td>Monetary assets and their equivalents in the end of the year</td>
<td>865.587</td>
<td>954.805</td>
</tr>
</tbody>
</table>
CONSOLIDATED RECORDS ABOUT CHANGES IN CAPITAL
For a year, ended on December 31, 2010

<table>
<thead>
<tr>
<th>In thousands tenge</th>
<th>Charter Capital</th>
<th>Fiduciary loss</th>
<th>Total</th>
<th>Minority Interest</th>
<th>Total capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For January 1, 2009</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Year loss</td>
<td>-</td>
<td>(523.654)</td>
<td>(523.654)</td>
<td>(6.002)</td>
<td>(529.656)</td>
</tr>
<tr>
<td>Total gross year loss</td>
<td>-</td>
<td>(523.654)</td>
<td>(523.654)</td>
<td>(6.002)</td>
<td>(529.656)</td>
</tr>
<tr>
<td>Contributions into Charter Capital</td>
<td>2.000.000</td>
<td>-</td>
<td>2.000.000</td>
<td>-</td>
<td>2.000.000</td>
</tr>
<tr>
<td>Minority interest, appearing with acquisition of an affiliate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.500.000</td>
<td>1.500.000</td>
</tr>
<tr>
<td><strong>For December 31, 2009</strong></td>
<td>2.000.000</td>
<td>(523.654)</td>
<td>1.476.346</td>
<td>1.493.998</td>
<td>2.970.344</td>
</tr>
<tr>
<td>Year loss</td>
<td>-</td>
<td>(887.771)</td>
<td>(887.771)</td>
<td>(69.869)</td>
<td>(957.640)</td>
</tr>
<tr>
<td>Total gross year loss</td>
<td>-</td>
<td>(887.771)</td>
<td>(887.771)</td>
<td>(69.869)</td>
<td>(957.640)</td>
</tr>
<tr>
<td>Contributions into Charter Capital</td>
<td>1.561.230</td>
<td>-</td>
<td>1.561.230</td>
<td>-</td>
<td>1.561.230</td>
</tr>
<tr>
<td><strong>For December 31, 2009</strong></td>
<td>3.561.230</td>
<td>(1411.425)</td>
<td>2.149.805</td>
<td>1.424.129</td>
<td>3.573.934</td>
</tr>
</tbody>
</table>

Consolidated financial records includes financial records of UCC and its affiliate (together referred as “Group”). The given consolidated financial records of the Group prepared in accordance with the International Standards of Financial Records (ISFR) in reduction published by the Council on ISFR.

Consolidated financial records provided in tenge, which is the functional currency of the Group. Operations in foreign currencies primary accounted in functional currency in accordance with the exchange rate active on the date of operation. Monetary assets and obligations expressed in foreign currency are converted into the functional currency in accordance with the exchange rate active on the reporting date. All the differences are reflected in the consolidated records of gross revenues and losses. Non-monetary assets and obligations accounted in the items, estimated on historical cost, are converted in accordance with the exchange rate active on the date of initial operation.

Consolidated financial records includes financial records of the Company and of its affiliate as of December 31, 2010. The affiliate is included into consolidation from the date, when control passes to the Group and is terminated on the date, when the Group stops to control the affiliate. Financial records of the affiliate is prepared for the same accounting period as the records of the associated company on a basis of unified accounting policy. All the estimations, arrangements, expenses, revenues and losses arising among the organizations of the Group as the result of arrangements among the organizations of the Group which are recognized in assets are fully excluded.

As of December 31, 2010 and 2009 year the Company had 51% participation interest in “Joint-Venture Kazatomprom Sulfate Plant”, included into consolidated financial records.
The following main actions are supposed to be realized in 2011 year:

- Continuation of realization of the started projects:
  - Building of the first integrated gas-chemical complex in Atyrau region (1 phase and 2 phase);
  - Reconstruction of sulfur plant with production capacity of 180 thousand tons per year in Stepnogorsk city;
  - Reconstruction of suspended-flotation plant for production of phosphate concentrate in Zhambyl region.

- Preparation of new projects (development of technical-and-economic assessment):
  - Production of butadiene and synthetic rubbers;
  - Production of hydrocyanic acid and sodium cyanide.

- Development and introduction of risk management policy.

- Development of information policy.

- Development of Innovational-Technological Strategy.

- Development of Personnel Policy of the Company in accordance with the Personnel Strategy of “Samruk-Kazyna” JSC.
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Telephone/Fax:  +7 (7172) 689-666
Web-site:  www.ucc.com.kz
E-mail:  info@ucc.com.kz