Chemical Information Resources for East Europe and CIS

CIREC MONTHLY NEWS

Chemical Industry News for Central Europe, South East Europe and Eurasia

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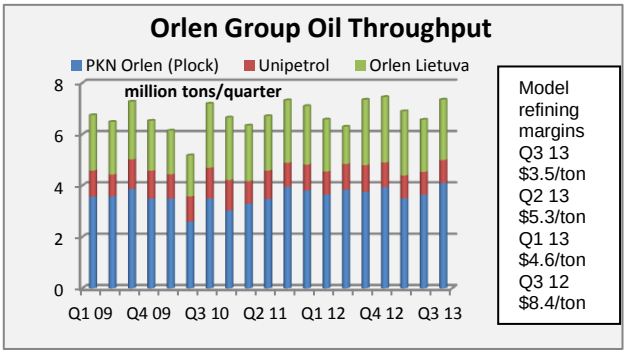
CENTRAL & SOUTH EAST EUROPE

Petrochemicals

PKN Orlen Q3 2013

PKN Orlen's overall operating profit in the third quarter was reduced significantly by the refining division where the EBIDTA achieved only zl 52 million against zl 966 million in the same period in 2012. The group net profit for the first three quarters amounted to zl 568 million and was about 78% down on last year. Total revenues for the group fell by 3% in the third quarter to zl 86.2 billion.



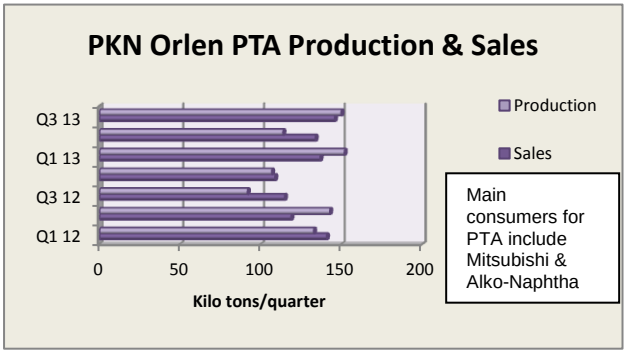
Oil prices have remained stable and also oil refining volumes have been relatively high, at least in Poland and Lithuania, but the refining margins are extremely low. Results for the whole group were also affected by planned maintenance shutdowns in Lithuania, in the Czech Republic (Kralupy) and Basell Orlen Polyolefins at Plock. The shutdown at the Kralupy refinery was a cyclical four year undertaking, and this was only partly offset by a significant improvement in volumes on the Polish market and the increased use of power and fuel yield in PKN Orlen. Despite the 2% decline in demand for fuel in Poland in the third quarter Orlen increased sales by 3%. The group also reported strong growth at stations in Germany, the Czech Republic and Lithuania.

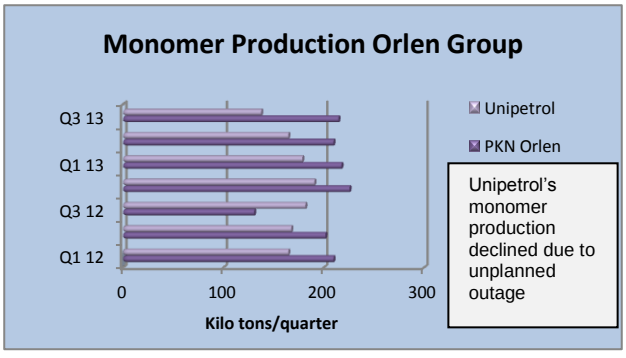
Orlen Group Petrochemical Margins (€/ton)

Product	Q1 13	Q2 13	Q3 13
Ethylene	643	594	577
Propylene	453	467	456
Toluene	320	292	195
Benzene	433	430	334
Butadiene	737	713	203
Paraxylene	602	527	473
Polyethylene	183	189	202
Polypropylene	307	297	297

The group has improved the liquidity situation by reducing debt by more than zl 1 billion in the previous year, and reducing the level of leverage by more than 7%. The level of debt at the end of the third quarter of 2013 amounted to zl 4.8 billion.

Despite the weakness of refining the petrochemical division for Orlen saw an increase in margins, additionally supported by the weakening of the zloty against the euro. Whilst slightly down on the first two quarters in 2013 the model petrochemical margin amounted to €719/ton against €625/ton in the same period in 2012. Examining the individual products, there is not much upward movement in margins particularly for butadiene and to lesser extent aromatics.





The petrochemical division recorded zl 399 million for its LIFO EBITDA against zl 339 million in the third quarter in 2012. As with margins these results were down against the first and second quarters this year. Overall sales were down in the third quarter by 6% due shutdowns in Anwil and Spolana. Notwithstanding, the group recorded an increase in production and sales of polymers, PVC and PTA. PTA production reached a record of 150,000 tons for the quarter, most of which was exported.

Lower sales volume of petrochemicals in the Unipetrol Group was the result of adverse market conditions associated with the expectation of lower prices and production shutdowns in Litvinov. Unipetrol announced

on 17 September that due to unexpected technical difficulties, it was necessary to shut down operation of its steam cracker unit at Chempark Záluží.

The third quarter for the Orlen Group in terms of capital expenditures was marked by projects in the energy sector. The work related to the construction of a steam-gas cogeneration power unit of 463 MW at Wloclawek. The final investment decision will be made on the basis of the positive results of the viability of the project.

Unipetrol's Petrochemical Sales (unit-kilo tons)

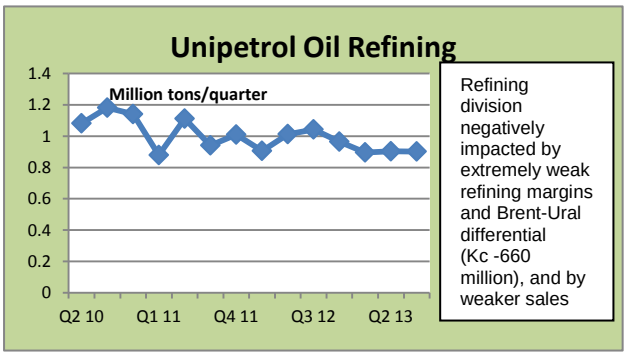
Product	*Jan-Sep 13*	*Jan-Sep 12*
Ethylene	98	118
Propylene	26	33
Benzene	134	150
Urea	5	127
Ammonia	133	99
Butadiene	42	49
HDPE	201	212
PP	173	174
C4	58	56

Unipetrol Q3 2013

Unipetrol recorded a drop in chemical sales to 366,000 tons in the third quarter this year, mainly due to June floods in the Czech Republic, negatively impacting supplies of ammonia to Lovochemie and ammonia and ethylene to Spolana. Two steam cracker shutdowns, first starting in the middle of July and second in the middle of September, also affected sales.

Aside C4s, all other products showed lower sales in the period January to September 2013. The urea plant has been closed permanently. Chemical sales were down in the first three quarters in 2013, not only due to factors mentioned above but also market conditions both domestically and abroad.

The Unipetrol Group posted an EBITDA LIFO of Kc 235 million in the third quarter, 80% down on the same period last year. Revenues amounted to Kc 24.859 billion in Q3, 12% down against Q3 2012. Similarly to the main Orlen results the Unipetrol Group was restricted by refining margins whilst also incurred problems in petrochemical production leading to lower sales in addition to higher renewable surcharges (POZE). At the same time stable petrochemical margins and better sales in the retail division mitigated these factors.



In the refinery division, the volume of crude processed in Q3 amounted to 902,000 tons which was 14% down on the same period last year. This was due mainly to a scheduled complete turnaround at the Kralupy refinery which started in September and two steam cracker shutdowns. Nominal refinery utilisation stayed flat at 80% in Q3.

The refinery division recorded an EBIDTA loss of Kc 256 million in July to September 2013, against an EBIDTA profit of Kc 718 million in the same period last year. Group sales of refinery products decreased by 6% to 836,000 tons due to big one-off sales in September 2012, and a dramatic increase of illegal fuel imports in the second half of September this year.

The EBITDA in the petrochemical division amounted to Kc 361 million in July to September, down against Kc 682 million in the second quarter but up against the third quarter in 2013 when Kc 222 million was recorded. The results of the petrochemical division were negatively affected in the third quarter by unplanned shutdowns of production, which resulted in lower sales.

On 14 August 2013, Česká rafinérská and the Slovak national pipeline operator Transpetrol signed a pipeline transportation contract that determines new tariffs for crude oil transportation to the Czech Republic through the Slovak branch of the Druzhba Pipeline for 2014. The positive impact on Unipetrol Group full-year 2014 EBITDA is estimated at around Kc 17 million compared to the year 2012.

Unipetrol-Ineos licence for Innovene HDPE plant

Unipetrol RPA signed a licence agreement in early October with Ineos, acquiring the right to use the production process and technology for a new polyethylene unit at Litvinov. The agreement covers the Innovene S Process. The Innovene S HDPE plant will produce a wide range of polyethylene grades to serve the growing demand for high performance products for the European and CIS markets. Buying a license is the first stage of the project which represents a key part of the group's medium-term strategy for petrochemicals. The next step of the project involves the compilation of a project schedule, initially involving

the selection of a general contractor. Construction could start in the first half of 2014. The new polyethylene unit will help increase the use of ethylene units and contribute to the petrochemical group of Unipetrol. Cutting-edge technology also increases security and reliability of production.

TVK's Butadiene Project-Main Features	
Capacity:	130,000 tpa
Location:	Tiszaujvaros
Contractor	Lurgi
Scheduled Completion:	Q2 2015

TVK-butadiene project construction

MOL and TVK expect to take the first steps in the near future towards construction of a new butadiene plant at Tiszaujvaros. The plant capacity is being designed to produce 130,000 tpa of butadiene, costing around Ft 30 billion, and Lurgi is the project contractor. When on stream and running at full capacity the plant could yield TVK additional revenues of Ft 8-15 billion per annum. TVK currently sells its C4s to rubber producers such as Synthos in Poland. In the first year or so of operation the intention is to sell butadiene on the merchant market, but at a later stage TVK may contemplate building its own synthetic rubber facilities.

The project will be implemented in two phases, the first of which will see the construction of a C4/C5 hydrocarbon compounds separator unit which will provide feedstock for butadiene recovery. These ethylene by-products were previously burned to generate energy in the olefin plant.

Dioki faces bankruptcy, but possible buyer interest

The intended restructuring of Dioki seems to have failed. After attempting to refloat the company the share price fell sharply resulting in the declared bankruptcy of the group. According to reports, 300 employees will be laid off in January 2014. The plants for ethylene, VCM polyethylene and polystyrene have been closed for a long time already and the prospects for re-commissioning seem extremely low. The loss for Dioki group in the first quarter this year amounted to 69.4 million Kuna, against 65.9 million Kuna last year. Total revenues in the first three months totalled 16.3 million Kuna which was 3.1 million Kuna lower than last year. At the same time, the total expenditure 85.7 million Kuna was reduced by 0.3 million Kuna.

An outside chance exists that a new buyer might be found. Accordingly a Russian- American Company is willing to buy the Dina petrochemical complex and Dioki for around a €100 million. Dina could attract a price of €75 million and the remainder on Dioki.

Oltchim update, slightly improved outlook

After recording a net loss of €33.6 million in H1 2013, down 22% over the same period in 2012, performance improved in the third quarter. Oltchim recorded a turnover of €11.4 million in September this year, double the €5.6 million registered in the same month in 2012.Oltchim's total revenues in the first half of 2013 amounted to around €54 million while its costs went down to €88 million. The chemical producer achieved sales of €48 million in the first six months of this year, of which 5 9% were exports.

Losses fell to €780,000 in July. The company is currently negotiating a loan of €15 million with Piraeus Bank, Banca Transylvania and CEC Bank. Romania recently offered SOCAR the chance to take over Oltchim which entered insolvency at the beginning of this year after a failed privatisation attempt in 2012.

Five financial Investment Companies (SIFs) plan to join into a consortium that should step into refloating Oltchim, envisaging investments that should integrate the Ramnicu Valcea-based complex and the Chimcomplex Borzesti facility. Other rumours include Gazprom, who might want to construct a petrochemical complex in Romania but these suggestions may stem from hope rather than reality. Potential investors may be encouraged by the latest results, although losses are still being incurred. The monthly EBITDA in September was a loss of €707,000, against a loss of €8.4 million in September 2012. Also, the utilisation rate for production capacity increased to 24% in September this year, from an average 22% registered in previous months.

Chemicals

Spolchemie-chlorine conversion

Spolchemie is investing Kc 1.3 billion in the construction of a new chlorine plant, based on membrane process. The plant will replace the mercury plant currently in operation. The chlorine plant at Usti nad Labem is used mainly in the manufacture of synthetic resins.

The modern method of membrane electrolysis produces more than half of total world production of chlorine. In order to build a new plant, Spolchemie had to invest Kc 130 million to the new electricity substation. Spolchemie recently started the production of the world's first and green resin from glycerine generated during processing of rapeseed oil.

Polish Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 13***	***Jan-Sep 12***
Caustic Soda Liquid	235.9	215.4
Caustic Soda Solid	59.5	46.2
Soda Ash	778.0	834.9
Ethylene	376.5	318.6
Propylene	267.3	232.3
Butadiene	41.8	40.1
Toluene	13.6	16.6
Phenol	25.2	27.7
Caprolactam	118.1	121.5
Acetic Acid	6.0	6.2
Polyethylene	265.6	230.8
Polystyrene	42.4	39.6
EPS	58.7	58.4
PVC	238.4	190.1
Polypropylene	201.6	174.8
Synthetic Rubber	146.6	143.3
Ammonia (Gaseous)	948.8	939.9
Ammonia (Liquid)	903.6	977.8
Pesticides	16.0	18.8
Nitric Acid	1683.0	1730.0
Nitrogen Fertilisers	1345.0	1360.3
Phosphate Fertilisers	278.4	339.9
Potassium Fertilisers	230.9	257.3

Grupa Azoty considering India for a caprolactam plant

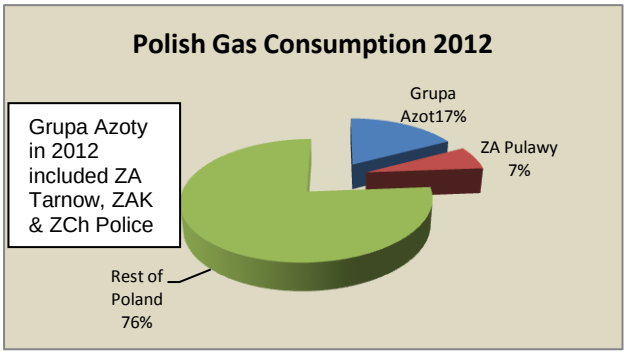
Grupa Azoty is considering changing the location of its proposed caprolactam project in China to India. Prior to amalgamation of the two producers under Grupa Azoty ZA Pulawy and ZA Tarnow examined the prospects of constructing a caprolactam plant in China in order to establish a base in Asia.

Despite a feasibility study being undertaken he project has not progressed, and the group has now redirected its interest towards India. Chinese domestic capacity for caprolactam has risen by more than 60% in recent years and Grupa Azoty has concluded that it should seek another location. Caprolactam at Tarnow and Pulawy totalled 117,200 tons in the first nine months in 2013,

Grupa Azoty Police-gas

Grupa Azoty is in talks to start buying natural gas in the US. The company could have gas transported through the LNG terminal in Świnoujście, now under construction. The possibility of the US supplying Poland is not without complications, but not out of the question. The development of shale gas and so-called fracking has promoted the US to become the world's largest producer of natural gas. A thousand cubic feet of natural gas costs $3-$4 in the US, while in Europe the same amount costs around $12.

However, US law allows for the export of gas only to countries with which it has a free-trade agreement. That excludes Poland. The US and EU are currently working on a comprehensive free-trade agreement, but that deal, which will be complicated and huge in scale, will likely take years to hammer out, and currently talks are on hold due to the US government shutdown.



Grupa Azoty consumed around 2.5 billion m3 of gas in 2012 from total gas consumption in Poland of 14.7 billion m3. ZA Pulawy is second place, buying about 950 million cubic metres of gas. Savings from the incorporation of ZA Pulawy into Grupa Azoty could result in savings for 2013 of around zl 38 million.

Grupa Azoty Police has signed an annex to the agreement with PGNiG on gas supplies, extending the existing agreement until October 2014. The previous contract was valid until 30 September this year. Grupa Azoty Police is the largest consumer of natural gas in the region and uses up to around 550 million m3 per annum. The main supplier is the PGNiG, although the company makes efforts to reduce this dependence including the delivery of gas through the interconnector Lasów. The alternative will be the opportunity to buy gas from the Świnoujście LNG terminal.

Energy projects for Grupa Azoty subsidiaries

By the end of this year Group Azoty ZAK wants to choose a contractor for a new coal power plant, which is to be constructed by mid-2016. The new power plant could satisfy around 25% of demand for electricity at ZAK's plants, and fully covers the demand for heat and process steam. Construction of the new plant is necessary as the current facility does not meet environmental requirements. Coal has been selected over gas due to cost.

ZA Pulawy is constructing gas and steam power plant with a capacity of 800 MW to 900 MW, together with installations and auxiliary facilities. Gas has been selected over coal in contrast to Kedzierzyn. In June 2013 ZCh Police started the construction of flue gas desulphurization plant. ZA Tarnow will carry out modernisation of EC-2 and flue gas cleaning in order to adapt the current system to the new emission standards.

RUSSIA

Russian Chemical Production (unit-kilo tons)		
Product	***Jan-Sep 13***	***Jan-Sep 12***
Caustic Soda	762	797
Soda Ash	1,857	2,134
Ethylene	1,947	1,695
Propylene	923	821
Benzene	878	797
Xylenes	374	364
Styrene	446	396
Phenol	207	207
Ammonia	10,554	11,304
Nitrogen Fertilisers	6,031	6,041
Phosphate Fertilisers	2,369	2,300
Potash Fertilisers	5,168	4,915
Plastics in Bulk	4,460	4,090
Polyethylene	1,360	1,164
Polystyrene	334	295
PVC	476	465
Polypropylene	610	539
Polyamide	101	87
Synthetic Rubber	1,112	1,051
Synthetic Fibres	105	102

Russian chemical industry projections 2013

Russian chemical production is expected by the Ministry of Economy to finish 2013 by 3.3% higher than in 2012, although some product areas such as ammonia, caustic soda and soda have recorded lower volumes this year. Of the polymer products, polyethylene production has risen the most in the first nine months of 2013. Polypropylene is growing at a faster rate month by month. Part of these increases can be attributed for plant restarts, increased utilisation, etc, and part can be attributed to new plant start-ups at Omsk and now Tobolsk. Production of fertilisers is forecast to rise by 3.2% in 2013.

In terms of trade the Ministry of Economy foresees chemical export revenues from Russia declining 5.1% from a total of $32 billion in 2012 to $30.4 billion. Around a quarter of Russian chemical exports are directed to other CIS countries. Chemical imports are set to rise by around 4.6% in 2013 from $50 billion in 2012 to $52.3 billion. The share of imports in the consumption of chemical products in the first half this year amounted to 16.8% against 16% in 2012.

Domestic demand is improving in some areas of the chemical industry. However, quite a few products have seen no change or lower consumption this year in line with the low rate of GDP growth. Russian GDP rose at 1.5% in the first nine months of 2013, and is expected to finish the year at that level.

Russin polymer duties for imports to come down in 2014

As part of Russia's entry to the WTO, many polymer products will see their import duties reduced from the start of 2014. Most polymer products are charged currently at 10%, and this will drop on average for most products to 6.5%. Some products will drop to 4%, but this is the exception rather than the rule. Several products which had been given zero status will be moved upwards to custom levels of 6.5%.

These changes may not appear significant, but they may help to stimulate more competition and place pressure on domestic prices, one of the principle objectives of the WTO. The Russian chemical unions and producers fear the effects of WTO accession and the removal of protective subsidies, but the government has been insistent on the implementation of WTO measures in recognition of the wider benefits to the Russian economy. The first phased year of WTO membership has not been particularly impressive for the Russian economy, but this more the result of weaknesses in the domestic economic system rather than a connection to the WTO. Given time there may be positive benefits for Russia for joining the WTO, probably not on the same scale as China after its 2001 entry.

Russian petrochemical projects

Gazprom-Belogorsk gas-chemical & helium project

Gazprom Processing, SIBUR and VNIPIgazdobycha have started preliminary work on the Belogorsk gas-chemical and helium complex in the Amur region of the Russian Far East. Initial tasks have been to confirm the site where construction will take place, in addition to setting up a residential camp for workers involved in the project.

Construction of the complex is scheduled to begin in the 3rd quarter of 2015 and includes a gas processing-petrochemical complex and helium plant. This will entail the production of flammable natural gas, liquefied petroleum gas and liquid helium, and in the gas and chemical complex polyethylene, polypropylene and ethylene glycol. The raw material base of the project will be developed oil and gas fields of the Irkutsk Region and Yakutia.

Belogorsk Gas Chemical Complex Capacities Eventual Project Targets	
Ethane	3.4 million tpa
LPGs	2.0 million tpa
Helium	60 million m^3
Polymers	2.5 million tpa

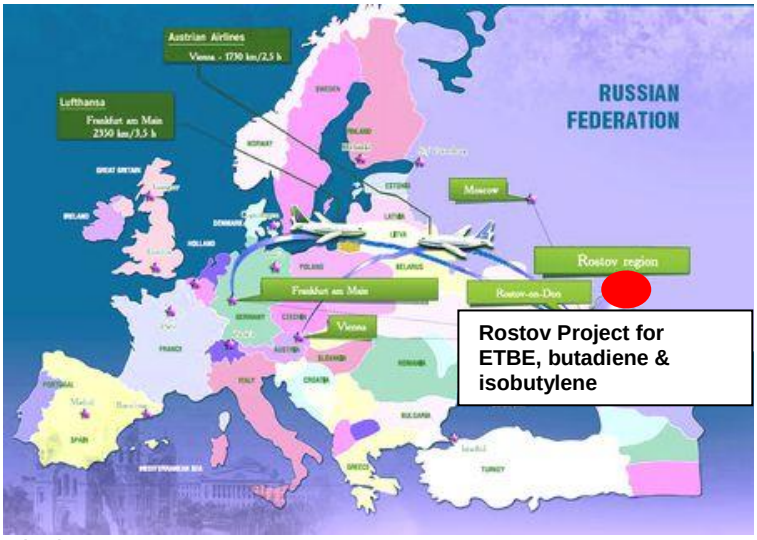
The launch of the Belogorsk plant is scheduled for 2018, to coincide with the start of supply of natural gas from the Chayanda field via the new transmission system Yakutia-Khabarovsk-Vladivostok. Ultimately the project is expected to produce up to 48 billion cubic metres of marketable gas, 3.4 million tpa of ethane, 2 million tpa of liquefied petroleum gas, 60 million cubic metres of helium and 2.5 million tpa of polymers. However, the prospect of polymer production capacity will not come under consideration for some time.

Cryogenmash-Chayanda & Belogorsk

Cryogenmash is developing technical and commercial proposals for the supply of installation separation of helium concentrate on the Chayanda field and a number of processing units for the Belogorsk gas processing plant. The roadmap set out by Gazprom for Cryogenmash provides for cooperation in the development of helium production in the eastern parts of Russia.

Rostov project for ETBE, butadiene & isobutylene

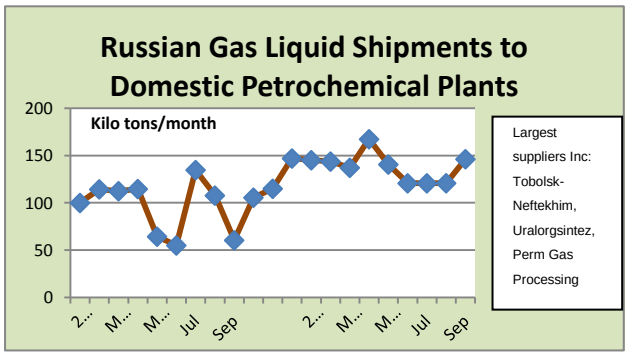
Project details have been outlined for the construction of a plant for the production of ETBE, butadiene and isobutylene, based on wheat processing. The aim of the local region and local business interests to invest around $900 million to construct a plant at Krasny Sulin in the Krasnosulinskaya district in the Rostov region, with launch scheduled provisionally for 2016.



This will be the first such plant in Russia where renewable resources are used for producing raw materials for the fuel sector and synthetic rubber industry. The prognosis is that the in the early years of the plant will be the leader in the production of oxygenates in Russia, and will also become one of the three largest producers of butadiene after Tobolsk-Neftekhim and Nizhnekamskneftekhim.

The choice of location for the project, which will start a new trend of domestic petrochemical industry, has a favourable location at the Krasnosulinskaya industrial park. This park offers prepared engineering and transport infrastructure, and proximity to sea ports at Taganrog for Black Sea access.

A large number of wheat producers exist in the Krasny Sulin area providing the raw materials for the investment. The new plant will utilise wheat grades 3-4, and based on preliminary calculations will use around 290,000 tpa. The product of grain processing will be gluten which is used in the food industry, pharmaceuticals, animal feed and has a high selling potential in Russia and abroad. From butadiene the new complex could produce synthetic rubber, although this is yet to be examined in detail.



Feedstocks & Petrochemical Producer News

Russian cracker feedstocks, Jan-Sep 2013

Consumption of gas liquids in the petrochemical sector increased from 864,000 tons in the period January to September 2012 to 1242,000 tons in the same period this year. Petrochemical producers received deliveries of 146,230 tons of LPG in September, 21% more than in August. The increase was due to an increase in the consumption by Nizhnekamskneftekhim and Gazprom Neftekhim Salavat. Supplies of natural gas liquids from TAIF to Nizhnekamskneftekhim amounted to 34,210 tons in

September, 1.6 times more than in August. In September Gazprom Neftekhim Salavat bought 15,000 tons of gas liquids (1,300 tons in August).

In the first nine months in 2013 Russian domestic shipments of naphtha to the merchant buyers in the petrochemical sector totalled 792,500 tons, 68% up on 2012. The large rise was due mainly to the restart of the Stavrolen cracker. Naphtha shipments to petrochemical plants, comprising Tomskneftekhim, Stavrolen and SIBUR-Kstovo, amounted to 106,100 tons vs. 99,000 tons in August.

After maintenance Tomskneftekhim increased purchases by 69% in September to 29,900 tons, whilst SIBUR-Kstovo increased shipments by 2.4 times to 18,200 tons. SIBUR-Kstovo mainly relies on the LUKoil-NNOS refinery for naphtha supplies, as part of an integrated system, but due to lower operating by LUKoil was forced to purchase on the open market.

Russian isobutane shipments to the domestic market totalled 293,940 tons in the period January-September 2013, 6% up on 2012. The major suppliers of isobutane include Tobolsk-Neftekhim and Novokuibyshevsk Petrochemical Company.

Russian C4 Sources (unit-kilo tons)

Supplier Source	*Q1 13*	*Q2 13*	*Q3 13*
Angarsk Polymer	19.1	16.5	6.9
Krasnoyarsk Synthetic Rubber	0.2	0.2	0.0
Kazanorgsintez	9.5	4.9	6.3
Stavrolen	17.7	17.0	17.3
SIBUR-Kstovo	12.9	9.0	17.5
Tomskneftekhim	11.4	11.9	12.9
Ufaorgsintez	5.3	5.4	6.9
Naftan (Belarus)	8.5	11.7	12.9
Azerkhimya	1.6	1.4	3.0
Efremov Synthetic Rubber	0.0	0.1	0.0
Iran	1.8	1.0	0.4
Total	88.0	79.1	84.0

Russian C4s, Jan-Sep 2013

Shipments of C4s in Russia from domestic sources totalled 236,111 tons in the period January to September 2013 against 177,960 tons in 2012. The main reason for the increase was the restart of the Stavrolen plant. Togliattikaucuk accounted for 48% of purchases and Nizhnekamskneftekhim 33%.

Imports of C4s rose 31% in September to 6,800 tons, of which 5,500 tons were sent to Nizhnekamskneftekhim. The other 1,300 tons were purchased by Omsk Kaucuk. From January to September 2013, Russian companies imported 46,700 tons of C4s against 91,647 tons in the same period 2012.

Russian propylene & PPF shipments, Jan-Sep 2013

Russian propylene shipments increased 22% in September over August to 29,600 tons. The increase was due to the completion of the maintenance at Angarsk Polymer Plant. SIBUR-Kstovo increased product shipments to domestic consumers by 21%, to 12,800 tons, of which 60% went to Tobolsk for the new polypropylene plant. Russia shipped 245,200 tons of propylene to domestic consumers in the period January to September, 6% lower than in 2012.

Russian Propylene Domestic Purchases (unit-kilo tons)

Company	*Q1 13*	*Q2 13*	*Q3 13*
Saratovorgsintez	44.0	40.6	32.0
Volzhskiy Orgsintez	2.9	1.3	3.5
Akrilat	5.3	4.5	5.5
SIBUR-Khimprom	17.4	12.1	9.2
Omsk Kaucuk	0.0	0.0	2.8
Tomskneftekhim	5.5	0.5	0.0
Tobolsk-Polymer	0.0	4.1	18.0
Nizhnekamskneftekhim	0.0	1.0	5.0
Ufaorgsintez	5.9	2.0	5.1
Gazprom Neftekhim Salavat	1.9	0.0	1.6
Kazanorgsintez	1.0	1.1	0.0
Samaraorgsintez	2.0	0.0	0.0
Khimprom Kemerovo	0.5	0.0	0.0
Plant of Synthetic Alcohol	0.0	0.0	0.0
Total	86.3	76.6	79.1

In the first nine months of 2013 Russian domestic shipments of propane-propylene fractions amounted to 145,900 tons, 4% more than in 2012.

Russian propylene production, Jan-Sep 2013

In the first nine months of 2013 Russian propylene production totalled 1.1 million tons, 21.5% up on 2012. Stavrolen produced 100,500 tons in the period January to September whilst being idle for most of the first nine months in 2012. Another factor this year has been the launch of the Polyom polypropylene plant at Omsk which incorporates a propylene plant. Finally Gazprom Salavat Neftekhim increased production by 34% in the first nine months this year to 80,900 tons. Sales of propane-propylene fractions amounted to 14,000 tons.

Russian ethylene production, Jan-Sep 2013

Ethylene production amounted to 166,700 tons in September, 16% less than in August. Lower production was

due to maintenance work at domestic plants. Nizhnekamskneftekhim reduced production 3.3 times to 16,700 tons and Kazanorgsintez twice to 25,300 tons.

Angarsk Polymer Plant produced 9,400 tons after being down for maintenance in August, whilst Gazprom Neftekhim Salavat increased production by 50% to 25,500 tons and Tomskneftekhim by 1.7 times to 23,800 tons. Russian ethylene production totalled 1.947 million tons for the period January to September 2013, 23% more than in 2012. Full plant data is shown on the Statistical Database at http://www.cirec.net/StatDb.aspx.

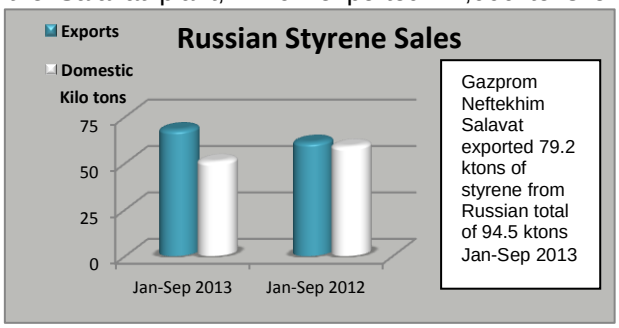
Russian Styrene Production (unit-kilo tons)

Producer	*Jan-Sep 13*	*Jan-Sep 12*
Nizhnekamskneftekhim	179.0	145.7
Angarsk Polymer Plant	23.1	23.7
SIBUR-Khimprom	71.8	78.2
Gazprom Neftekhim Salavat	129.0	86.6
Plastik, Uzlovaya	43.5	49.1
Total	446.4	383.2

Russian styrene, Jan-Sep 2013

Russian styrene sales on the domestic market amounted to 7,900 tons in September, 1.7 times up on August. Gazprom Neftekhim Salavat supplied 6,000 tons which was 6.4 times higher following maintenance. From the start of 2013 sales of styrene on the domestic market totalled 70,200 tons, 11% up on 2012. Maintenance work was undertaken by Angarsk Polymer Plant and SIBUR-Khimprom in August which prevented sales.

Exports of styrene rose in September after the restart of the Salavat plant, which exported 11,000 tons or 44% up on August. In the first nine months of 2013 Russian exports of styrene totalled 94,500 tons, 4% less than in the same period of 2012.

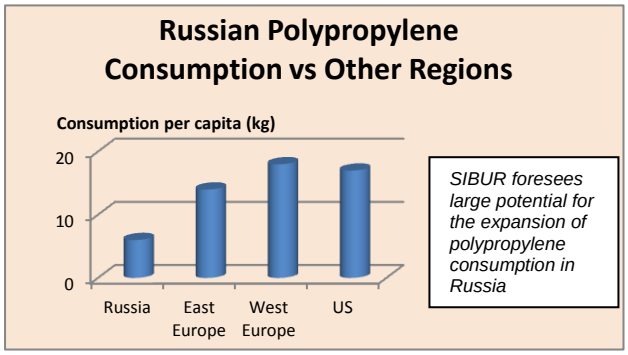


In total Russian produced 446,400 tons of styrene in the period January to September, 19% up on 2012. Styrene production in Russia dropped 6% in September to 39,200 tons. Nizhnekamskneftekhim undertook maintenance in September reducing production by 40% to 14,300 tons, whilst Angarsk Polymer Plant produced 1,400 tons after being idle in August. Gazprom Neftekhim Salavat increased production by 2.1 times against August to 16,100 tons.

Bulk Polymers

Tobolsk-Polymer, polypropylene plant officially opened

SIBUR opened the new complex for the production of polypropylene at Tobolsk in mid-October. The complex consists of two units, including 510,000 tpa of propylene produced by propane dehydrogenation and polypropylene with a production capacity of 500,000 tpa. The complex is located in close proximity to Tobolsk- Neftekhim which will supply the raw materials and more than 600,000 tpa of propane.



Investments in the complex Tobolsk- Polymer have amounted to around 60 billion roubles. Construction was carried out both through the company's own funds and with project financing, in which the Russian bank VEB participated. In 2010, the credit lines to the amount of 1.441 billion roubles were established including 1.2 billion roubles under the coverage of export credit agencies in Germany (Hermes) and Italy (SACE).

For the dehydrogenation of propane technology was supplied by UOP, whilst Tecnimont was responsible for the EPC for the processing of propane to propylene. The polypropylene technology was supplied by Ineos with the EPC undertaken by Linde.

The launch of the Tobolsk-Polymer facility will contribute to the important challenge of import substitution in Russia, where currently local polypropylene production is not sufficient to meet domestic demand. In 2012, polypropylene production in Russia amounted to 660,000 tons against estimated consumption of 880,000

tons. According to SIBUR, average polypropylene per capita consumption in Russia stands at 6 kg, whereas in East Europe the figure has been estimated at 14 kg, West Europe at 18 kg, and the US at 17 kg.

South Korean Polymer Exports to Russia (unit-kilo tons)

Product	*Jan-Sep 13*	*Jan-Sep 12*
PET	37.4	51.1
PVC	11.5	10.4
Exp PS	16.6	18.7
Polystyrene	10.7	17.6
HDPE	53.7	67.1
LDPE	30.1	27.0
Ethylene-Vinyl Acetate	2.6	1.1
PP	7.6	13.8
Polycarbonate	2.7	5.2
ABS	21.3	19.6

SIBUR's involvement in Polyom subject to FAS monitoring

The Federal Antimonopoly Service (FAS) approved the petition of Sibgazpolimer to acquire a 50% stake in the share capital of Polyom at Omsk. Sibgazpolimer is owned on a parity basis SIBUR and Gazprom Neft. By selling half of Polyom to Sibgazpolimer Titan hopes to stabilise the feedstock position for Polyom, particularly if it is decided to construct a second phase at the plant, which will increase its total capacity to 265,000 tpa.

However according to FAS, the takeover could restrict competition in homo-polymers in view of the start-up of capacity at Tobolsk-Polymer which belongs to the SIBUR group. Thus the FAS has ordered SIBUR to inform the competition authority over changes in capacity utilisation for Polyom or Tobolsk-Polymer, which might affect the domestic market for polypropylene. Another requirement is that SIBUR provisionally should inform FAS of any proposed transactions, joint actions with their competitors in the polypropylene market, as well as any emerging findings, changes, cancellation of the contract of sale or manufacture of polypropylene.

Main Products Imported by China from Russia (unit-kilo tons)

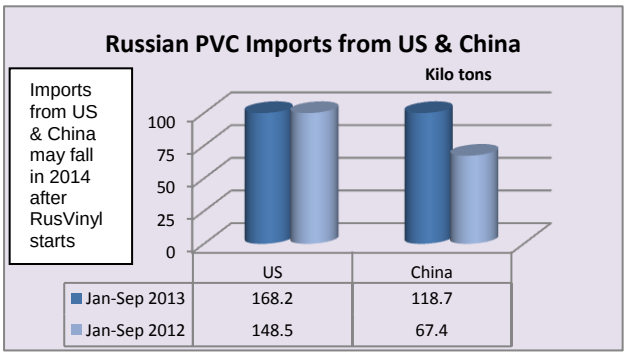
Product	*Jan-Sep 13*	*Jan-Sep 12*
HDPE	28.9	0.2
LDPE	30.5	53.2
PVC	1.9	0.2
Phthalic Anhydride	16.3	11.3
2-EH	1.1	8.4
PP	28.1	6.3
Acrylonitrile	0.0	14.6
Caprolactam	87.9	138.6
Polycarbonate	13.6	15.8
Styrene	7.1	6.8
Orthoxylene	1.0	2.9
Paraxylene	7.2	5.2
Acetone	15.7	9.6
Bisphenol A	23.5	28.0
Polyamide	30.9	31.2

Russian polyethylene market, Sep 2013

Ufaorgsintez (United Petrochemical Company) resumed production of LDPE on 21 September after a stop at a scheduled preventive maintenance. Routine work began on September 16 and lasted about 5 days. The capacity of the plant for the production of polyethylene in the Ufaorgsintez is about 88.400 tpa. In the first eight months of this year the total production of LDPE at the Ufa plant was about 63,300 tons.

Stavrolen stopped production on 26 September of HDPE and polypropylene. Production was halted for several days due to ethylene problems. Kazanorgsintez resumed the production of HDPE on 7 October after stopping for maintenance on 10 September. The production capacity of the HDPE facilities owned by Kazanorgsintez is 450,000 tpa. Production totalled 328,500 tons in the first eight months in 2013.

Shareholders of Neftekhimsevilen at Kazan have decided on the voluntary liquidation of the company. Production of sevilen will now be incorporated into Kazanorgsintez. Neftekhimsevilen was founded after the break-up of the USSR. Nizhnekamskneftekhim owned 50.99% of shares of NeftekhimSevilen, whilst the Ministry of Land and Property Relations of the Republic of Tatarstan 49%.

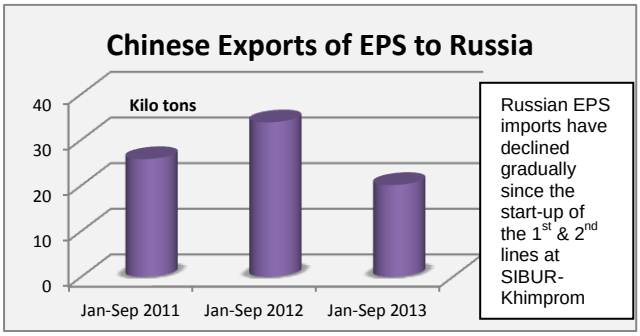


Russian PVC market, Jan-Sep 2013

Imports of PVC suspension January-September amounted to 317,800 tons, 6% more than in 2012. August imports amounted to 20,200 tons, of which 9,800 tons came from the US. The high level of export prices from the US and the devaluation of the rouble have led many Russian companies to significantly reduce purchases. In September, Russia was imported 16,400 tons, which is the smallest volume of imports since March 2010. In the first nine months of 2013, imports from Europe fell to 23,200 tons against 30,200 tons in 2012.

US suppliers of PVC reduced prices in October to CIS countries due to a seasonal decline in demand. Prices were reduced by $20-30/ton below September. Transactions of US shipments of PVC in October were being sold at $1-1.02/ton, CFR St. Petersburg and CIF Odessa. In addition to high prices from the US seasonal factors are also contributing to the decline in imports at present. Some companies are concerned about currency risks and prefer not to purchase US product. Domestic prices, however, often do not compete well against imported PVC which maintains the appeal of foreign shipments. The Russian FAS has decided to impose total fines of 560.3 million roubles on the major PVC producers due to evidence of a price cartel, although the producers are disputing this charge.

Kaustik at Volgograd (managed by Nikokhim) stopped production on 27 September for maintenance. The stop will last about three weeks and the restart is scheduled for 16 October. The capacity of the Kaustik plant, previously Plastkard, is 90,000 tpa which has been running at 100% in the first nine months in 2013.



Russian polystyrene, Jan-Sep 2013

Imports of polystyrene into the Russian market declined in 7.7% in the period January-September 2013, and amounted to 160,000 tons.

Imports of EPS dropped by 17%, mainly due to the start-up of capacity at SIBUR-Khimprom. Russia imported 54,000 tons of EPS in the first nine months in 2013, of which China and South Korea were the main suppliers. GPPS imports dropped 23% to 36,300 tons, affected by higher Russian production by Nizhnekamskneftekhim. Increases in imports took place for ABS and HIPS, by 9.5% and 162 % respectively. This translated into 31,800 tons of ABS and 22,200 tons of HIPS.

Russian PET Production (unit-kilo tons)

Producer	*Jan-Sep 13*	*Jan-Sep 12*
Evroplast (Senezh)	55.0	69.5
SIBUR-PETF	74.9	62.2
Alko-Naphtha	102.9	109.3
Polief	99.0	97.4
Total	331.8	338.4

Russian PET market, Jan-Sep 2013

Production of PET totalled 331,800 tons in the period January to September 2013, 3% down on 2012. The decline in production occurred in the third quarter, involving the Senezh plant which was forced to stop for unscheduled repairs. Senezh stopped production in August and only restarted on 4 October. The repairs will take more than three weeks, and the restart may be delayed until November. The company shutdown for 20 days in August due to the same technical problems. The capacity of the plant is 100,000 tpa.

PET market developments

SIBUR, Retal, Evroplast and Alko-Naphtha have created a non-profit partnership to develop the PET industry. The goal of the partnership comprises the development of the PET industry and its products. The organisation is entitled ARPET which is planning to undertake a safety study of PET and its products. The aim is to examine possibilities for extending applications in PET packaging, in which the market for PET bottles is valued at around $2 billion.

The Union of Russian Brewers has taken the voluntary decision to stop providing beer in plastic containers holding more than 2.5 litres from 1 January 2014. The brewers are taking this step to show their willingness to take part in addressing alcohol abuse in Russia.

United Petrochemical Company-Alpek jv for PTA and PET

United Petrochemical Company has signed a jv agreement with Alpek, a subsidiary of Mexican company Grupo Petrotemex, for the construction of an integrated PTA and PET plant at Ufa. Under the agreement, Alpek and United Petrochemical Company will elaborate a detailed business plan to determine project feasibility. Alpek and United Petrochemical Company have agreed to each invest $10 million in the completion of the plant's evaluation stage.

Construction is subject to both companies approving the business plan. Plant capacities under review include 600,000 tpa of PTA and 600,000 tpa of PET. The parties are reported to be negotiating the supply of paraxylene with Bashneft, the key to the project.

The main question depends on whether Bashneft can expand its capacity of paraxylene at Ufaneftekhim, and the project remains in the concept stage until the feedstock position is being clarified. Increasing capacity from 160,000 tpa to 260,000 tpa could require time to implement, assuming the expansion goes ahead, and this could mean that it could be some time before PTA and PET projects are possible. The Mexican side is enthusiastic about the project as it represents the first outside of South America, whilst allowing Alpek to enter the Russian PET market. IntegRex technology requires relatively smaller capital investments and offers low costs per ton of product.

Aromatics & derivatives

Benzene Shipments by Russian Producers (unit-kilo tons)

Company	*Q1 13*	*Q2 13*	*Q3 13*
Altay-Koks	8.3	6.2	8.3
Angarsk Polymer Plant	16.1	14.4	5.6
Gazprom Neft	25.9	24.5	23.5
Zapsib	14.4	15.6	14.0
Kinef, Kirishi	16.9	12.8	13.1
Moskoks	2.3	1.9	2.0
Stavrolen	0.0	10.9	19.5
Koks	8.8	8.6	10.6
Magnitogorsk MK	12.4	13.0	12.0
Nizhniy Tagil MK	3.3	3.0	2.3
Novokuznetsk MK	1.5	1.6	1.0
Novolipetsk MK	6.1	6.3	4.3
Ryazan NPZ	7.6	3.8	7.2
Severstal	9.9	8.9	7.1
SIBUR-Neftekhim	22.5	15.8	16.1
Uralorgsintez	17.8	16.2	13.2
Ural Steel	0.8	0.6	1.8
Chelyabinsk MK	3.3	4.1	3.3
Slavneft-Yaroslavlorgsintez	16.7	9.3	18.4
Gazprom Neftekhim Salavat	1.3	2.1	3.8
Others	1.1	1.6	1.0
Total	197.0	181.4	187.8

Russian benzene, Jan-Sep 2013

Russian benzene producers sold 571,300 tons on the merchant domestic market in the period January to September 2013 For the period January to September Russia sold 571,300 tons of benzene on the domestic market, 6% more than in 2012. Benzene sales on the domestic market dropped 3% in September against August to 62,500 tons.

Of the producers Kirishinefteorgsintez reduced sales by 34% to 3,400 tons, and Stavrolen reduced by 22% to 5,800 tons. Sales volumes by Severstal on the domestic market totalled 3,100 tons, 20% less than in August. Despite the overall decrease in supplies of benzene, SIBUR increased shipments from Kstovo by 45% to 6,700 tons and from Uralorgsintez by 31% to 4,900 tons. In addition to the SIBUR plants, the shipment of benzene from the Ryazan refinery increased by 40% to 4,700 tons.

Russian benzene imports totalled 1,100 tons of benzene in September, 2.2 times less than in August. Kuibyshevazot purchased 867 tons of benzene, 2.8 times less than in August, whilst Kazanorgsintez purchased 232 tons from ArselorMittalTemirtau.

Russia imported 29,300 tons of benzene in the first nine months of 2013, 2% less than in the same period of 2012. Imports from Kazakhstan amounted to 2,700 tons in the period January to September, 1.6 times higher.

Regarding production, volumes increased 15% in the first nine months to 878,000 tons. Full plant data is shown on the Statistical Database at http://www.cirec.net/StatDb.aspx. Despite the lack of surplus availability, the market is essentially balanced taking into account the contribution of the coke based benzene producers.

Russian Petrochemical Exports (unit-kilo tons)

Product	*Q1 13*	*Q2 13*	*Q3 13*
Propylene	8.4	5.5	2.2
Orthoxylene	12.4	8.0	15.2
Paraxylene	19.8	36.7	29.4
Methanol	357.1	454.8	303.3
Styrene	25.8	42.1	26.6
Phthalic Anhydride	19.6	35.9	23.7
Phenol	6.1	3.8	4.7
Caprolactam	20.1	18.9	14.7
Vinyl Acetate	3.1	5.9	8.4

Russian benzene production amounted to 87,100 tons in September, 6% less than in August. Nizhnekamskneftekhim reduced production 4.6 times to 3,800 tons whilst Ufaneftekhim reduced by 42% to 4,300 tons. Other plants which recorded reductions included the Ryazan refinery, dropping 17% to 3,200 tons and Zapsib (West Siberian Metallurgical Combine) by 16% to 4,000 tons.

LUKoil-PNOS increased production by 1.8 times to 1,200 tons whilst Gazprom Neftekhim Salavat increased output by 1.7 times to 14,700 tons. Angarsk Polymer Plant produced 4,000 tons in September after being idle in August.

Russian Xylene Production (unit-kilo tons)			
Producer	*Q1 13*	*Q2 13*	*Q3 13*
Gazprom Neft	55.5	59.0	46.7
Kirishinefteorgsintez	25.2	32.9	33.0
Ufaneftekhim	43.7	46.0	25.8
Total	124.5	137.8	105.5

Russian orthoxylene, Jan-Sep 2013

Russian orthoxylene sales on the domestic market amounted to 4,740 tons in September, 63% less than in August and 68% lower than September 2012. Lower demand for phthalic anhydride was the main cause of the drop in orthoxylene sales. Shipments of orthoxylene on the Russian domestic market totalled 97,100 tons, 6% lower than in 2012. Exports of orthoxylene amounted to 4,060 tons in ***September, 12% less than in August. In the first nine*** months of 2013, exports of orthoxylene from Russia amounted to 33,300 tons, 8% less than in 2012.

Russian toluene, Jan-Sep 2013

Russian rail deliveries of toluene to domestic customers amounted to 10,900 tons in September, 27% less than in August but 2% higher than in September 2012. From January to September 2013 the supply of Russian toluene by rail to domestic customers totalled 102,400 tons, 16% more than in the same period in 2012. The main buyer in September was Obninsk Oil & Gas, which bought 2,760 tons comprising 25% of total shipments. Applications mainly include oil additives, industrial explosives, and as a solvent for rubber production.

Russian Toluene Production (unit-kilo tons)		
Producer	*Jan-Sep 13*	*Jan-Sep 12*
Kinef	27.5	5.7
Gazprom N Salavat	6.5	13.7
Slavneft-Yanos	36.4	45.7
LUKoil-Perm	32.4	26.3
Gazprom Neft	66.7	57.2
RN Holding (ex-TNK-BP)	33.3	30.3
Others	16.0	32.7
Ufaneftekhim	24.3	20.3
Total	243.1	231.9

From January to September 2013 production volumes of toluene in Russia as a whole amounted to 243,100 tons against 231,900 tons in the same period last year. Most of the production comes from refineries, but some of the coke producers also produce small volumes.

Russian phenol, Jan-Sep 2013

Phenol production dropped in August by 4% to 22,400 tons. Samaraorgsintez accounted for 36% of output or 8,000 tons. Ufaorgsintez produced 6,500 tons of phenol or 29% of production. Kazanorgsintez produced 3,500 tons, most of which was used in the production of bisphenol A.

Shchekinoazot-completion of caprolactam modernisation

Shchekinoazot has undertaken a modernisation and expansion of its caprolactam plant after stopping for the planned maintenance. The repairs and the subsequent successful launch allow the company to produce 168 tons per day at full capacity, whilst possessing the lowest benzene to caprolactam consumption in Russia of 0.941 tons.

Russian Caprolactam Production (unit-kilo tons)			
Producer	**Q1 13**	**Q2 13**	**Q3 13**
Kuibyshevazot	47.3	44.6	47.1
Shchekinoazot	18.8	27.0	11.1
SDS Azot	16.4	10.7	26.6
Total	16.4	10.7	26.6

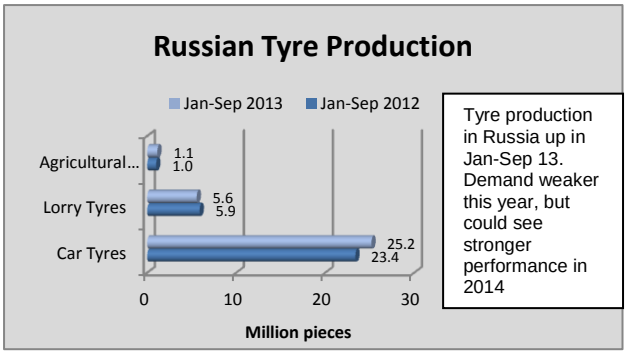
The modernisation project has involved work on the unit for hydroxylamine where new equipment has been installed and the cyclohexanone unit. The modernisation of the plant was managed by the company's own technical department and the modifications are expected to be patented under the Shchekinoazot name. Two patents have been put forward, firstly for a method of cyclohexanone and cyclohexanol installation and secondly for the hydrolysis of esters in the production of caprolactam. Other aspects of the modernisation include new centrifuges in the shop for ammonium sulphate. The company hopes to market its technology. In order to support the expanded production of caprolactam Shchekinoazot has also completed its new hydrogen plant, with the technology provided by Haldor Topsoe.

Synthetic Rubber

Russian tyre market 2013

After three years of continuous growth the Russian tyre market has slowed down this year, affecting demand for synthetic rubber. In the first half of 2013 consumption in the Russian tyre market was estimated at 31.4 million units, 2% down on the same period last year.

Imports of tyres in the first half of 2013 dropped by 11% against 2012, partly due to weaker markets and partly due to increases in capacity at Russian plants by Nokian and Yokohama. The production of tyres in



the first half of the year showed an increase of 3% compared to 2012, mostly due to the growth of production of foreign manufacturers. Pirelli increased tyre output increased by 9%, Nokian by 8%, and Michelin by 4%. Russian tyre manufacturers Altai Tyre Plant Tatneft increased production by 4% and 1%, respectively.

Imports from China increased 37% in the first half of 2013, followed by South Korea with an 18% increase. The share of China and South Korea in the composition of imports amounted to 33% in the first half of this year compared to 25% in 2012. The share of imported tyres accounted for 45% in the first six months. Nizhnekamskshina accounted for 18% of the market in the first half of 2013, followed by Nokian with 12% and Kordiant 11%. Pirelli took 10% of the Russian market. Although the Russian market remains sluggish at the moment the longer term outlook remains positive with projected growth rates of 2% up to 2020.

In the first half of the year Kordiant reduced the production of tyres by 12% due to the strategy of holding on the development of branded products and the withdrawal of the product portfolio of obsolete low-end products. In the future, Kordiant intends to strengthen its position in the middle price division, increasing the volume of production and developing product lines and brands Kordiant Tyrex. IN particular, Kordiant plans to invest about $550 million to expand capacity for passenger and truck tyres up to 2018. The deal to sell a controlling stake Voltyre-Prom to US group Titan is part of the process.

Yaroslavl Tyre Plant, included in Kordiant, has started a project to create a unit to produce 650,000 units of truck tyres. The equipment will not only ensure the production capacity of the new SSC tyres, but also to master innovative technologies and raw materials. A new type of green compounding rubber blends will be used instead of conventional carbon black. Accordingly, the use of silica can improve the properties of rubber compounds and raise the performance of tyres.

Continental-Kaluga

At the end of October Continental announced the official start of the serial production at the new tyre plant at Kaluga. The construction of the plant started in November 2011 and was successfully completed according to the schedule. The capacity of the plant in the first phase has been designed to produce 4 million pieces per annum, involving investments of €240 million,

Methanol & related chemicals

Russian Methanol Production (unit-kilo tons)

Producer	*Jan-Sep 13*	*Jan-Sep 12*
Shchekinoazot	306.0	319.7
Sibmetakhim	608.9	554.5
Metafrax	756.0	757.0
Akron	62.3	59.7
Azot, Novomoskovsk	216.9	227.7
Angarsk Petrochemical	1.8	17.5
Azot, Nevinomyssk	91.1	81.2
Tomet	551.6	447.4
Totals	2,594.5	2,464.8

Russian methanol production, Jan-Sep 2013

Russian methanol production increased slightly in the first nine months in 2013 to 2.595 million tons. Tomet at Togliatti reported a significant increase, after technical problems were incurred in 2012 whilst Sibmetakhim also reported an increase of just under 10%. Mostly production volumes at the other producers were unchanged. The Angarsk Petrochemical Company continues to implement an investment programme for the gasoline sector, also including the modernisation of the methanol plant. As a result production has been idle for several months. M

Maintenance has been a prominent feature of the Russian methanol market since the summer. Metafrax undertook maintenance in August and produced only 44,500

tons during the month, 48% down on July. Tomet compensated for the downtime at Metafrax, increasing production by 30% over July to 61,600 tons. Sibmetakhim completed scheduled maintenance and upgrading of equipment in October. During the repairs it replaced carbon steel in the gas pipeline to stainless steel, and the catalyst in methanol synthesis. The total cost for the overhaul of the methanol plant and repairs, including modernisation, amounted to around 200 million roubles. In addition, the costs of purchase and restart the catalyst was about 195 million roubles. The repair and replacement process will allow the plant to operate continuously for a year.

Russian Domestic Methanol Purchases (unit-kilo tons)

Company	*Q1 13*	*Q2 13*	*Q3 13*
Nizhnekamskneftekhim	65.4	57.8	66.2
Togliattikaucuk	29.5	22.4	35.1
Uralorgsintez	19.6	15.7	20.5
SIBUR-Khimprom	3.5	3.3	2.4
Tobolsk-Neftekhim	10.3	10.5	12.5
Ektos-Volga	12.5	12.8	11.6
Omsk Kaucuk	26.2	22.0	16.4
Novokuibyshevsk NPZ	17.8	17.4	14.5
Uralkhimplast	5.6	10.1	6.4
Others	181.2	157.8	142.8
Total	371.6	329.9	328.4

Russian methanol sales, Jan-Sep 2013

Exports fell in September following scheduled maintenance by Sibmetakhim and unscheduled maintenance by Shchekinoazot. Exports amounted to 92,000 tons, 25% less than in August. Metafrax exported 26,300 tons in September, 75% up on August, following a scheduled turnaround. Sibmetakhim and Shchekinoazot reduced exports by 40% and 45% respectively, to 14,300 tons and 14,900 tons. Tomet reduced exports by 15% against August to 20,000 tons and this was due to a build-up of inventory prior to the two month outage. From October to December Tomet, which accounts for an average of about 15% of exports from Russia, stopped for scheduled maintenance.

Methanol export sales through the Odessa terminal dropped 35% in October against September to 8,200 tons. Lower exports through Odessa are expected to continue for the next month or two due to the maintenance shutdown at Tomet.

The average cost of methanol in the Russian domestic market in the second half of September increased slightly relative to the beginning of the month. This once again was due to the Tomet stoppage. Currently the selling price in the Volga Federal District, varies in the range of 15,000-17,700 roubles per ton including VAT.

Domestic sales amounted to 116,000 tons in September, 10% more than in August. Metafrax sold 40,000 tons in September, Tomet 27,300 tons and Sibmetakhim 31,600 tons. Shchekinoazot shipped only 2,000 tons in September, 55% less than in August due to an emergency stop production at the plant in September.

Metafrax Production(unit-kilo tons)

Product	*Jan-Sep 13*	*Jan-Sep 12*
Methanol	756.0	756.0
Formaldehyde 55%	232.2	232.4
UFC	138.0	141.0
Pentaerthyitol	16.0	17.7

Metafrax increases profits in Jan-Sep 2013

Metafrax achieved a net profit of 2.486 billion roubles in the first nine months in 2013, 49% higher than in 2012. Revenue rose 21% to 9.873 billion roubles. The share of exports in total sales was 41.2% versus 39.2% a year earlier. The growth in revenues and profits is mostly due to the rise in methanol prices and derivatives.

Methanol output for Metafrax in January-September this year amounted to 756,000 tons, unchanged from last year Formaldehyde production totalled 232,200 tons (down 0.1%), urea-formaldehyde concentrate 138,000 tons down 2.2%), and pentaerythritol16,600 tons (down 6.7%).

Shchekinoazot DME projec t

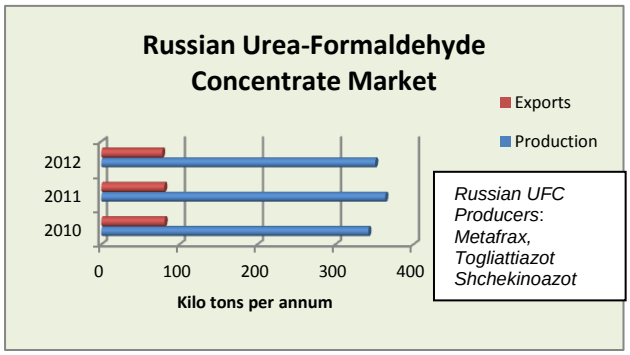
Shchekinoazot is progressing with plans to construct a dimethyl ether (DME) plant in the Tula region after a number of public hearings were held over the project. The project is being conducted on a jv basis with the German company PCC and was first announced in mid-2012. DME is used as an aerosol propellant with a special solvent power, making it a very valuable component in the formulation of aerosols. Methanol provides the starting raw material for DME. Shchekinoazot will be the first producer of high purity DME in Russia, with a capacity of 20,000 tpa. The aim is to complete the project by the end of 2015. Pre-design of the project was undertaken by the Novomoskovsk Institute of the Nitrogen Industry, whilst ThyssenKrupp Uhde is expected to provide the basic engineering.

Shchekinoazot completed several key projects in 2012, including the plants for the production of hydrogen (C-26), urea-formaldehyde concentrated (KMMF-60) and partial modernisation of the existing unit for caprolactam. Haldor Topsoe installed the hydrogen plant which is currently in start-up mode. The new plant

will reduce the cost of hydrogen to produce caprolactam and ammonia, with energy consumption cut by 68%, natural gas consumption by more than 12% and oxygen 100%.

Gazprom-Vladivostok methanol plant

Gazprom has taken the first practical steps for undertaking a methanol project at Vladivostok, which was first announced back in 2008. The methanol plant is intended to be constructed near the LNG plant. In July this year Sibmetakhim signed a contract with NIIgazekonomika for the preparation of research on the project. NIIgazekonomika is responsible for selecting a technology for methanol production based on three possible options. A similar project is being considered in the Russian Far East for 1 million tpa of methanol at Nakhodka by the National Chemical Group.



Tekhnogaz-GIAP has won the tender for examining capital investment and the value of the operating costs in the production of methanol by Gazprom at Vladivostok. The Consultant shall select a specific technology of methanol based on a comparison of three possible options of technological processes, to evaluate investments. It will also examine operating costs and the duration of the project from pre-investment studies to commissioning.

YM Sverdlov-urea formaldehyde plant

The YM Sverdlova chemical company at Dzerzhinsk launched the production of formaldehyde and urea-formaldehyde concentrate on 23 October. The start of production of formaldehyde will provide raw materials for the production of phenol-formaldehyde resins, as well as providing urea-formaldehyde concentrate for sale on the merchant market. Capacities include 10,000 tpa of formaldehyde and 5,000 tpa of urea-formaldehyde concentrate. YM Sverdlova is mainly a defence enterprise, specialising in the manufacture of munitions.

Fosagro Production (unit-kilo tons)

Product	*Jan-Sep 13*	*Jan-Sep 12*
Ammonia	733.2	823.6
Urea	630	480.6
Phosphate fertilisers	2305.6	2170.6
Nitrogen fertilisers	675.2	468.7
Ammonium nitrate	182.3	241.2
Aluminium fluoride	19.8	19.5
Phosphoric acid	1322.2	1209.3
Sulphuric acid	3237.7	3295.3
Sodium Tripolyphospahe	89.7	0

Fosagro-Jan-Sep 2013

Total fertiliser production and sales for Fosagro in the period January to September 2013 grew 8.6% and 9.8% against 2012 respectively. Phosphate-based fertilizer production and sales for 2013 increased by 6.5% and 7.7%. In the first nine months of 2013 the group increased combined sales of phosphate and nitrogen-based fertilisers by almost 10% compared to 2012, and kept the production facilities operating at near 100% capacity.

Fosagro-Cherepovets, ammonia project

NIIK has started to design large complex for the production of ammonia with a capacity of 2,200 tons per day at Fosagro-Cherepovets. In September the Institute has concluded corresponding agreements with the company Mitsubishi Heavy Industries (MHI), which is the general designer of the object. MHI continues cooperation with NIIK, initiated in the framework of the project at Mendeleevsk. The scope of activities of NIIK will adapt to Russian rules and regulations of the base project MHI.

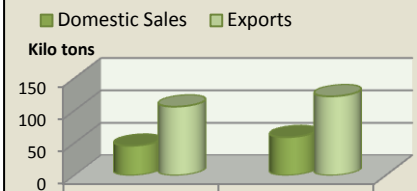
The new plant is scheduled for completion in the first half of 2017. Total investment in the construction of the ammonia plant, including infrastructure, is estimated at $785 million and is being financed both by its own resources and borrowed funds. With the launch of a new installation of the total capacity of ammonia group belonging to Fosagro will increase by almost 70% to 1.9 million tons.

Organic Products

Russian butanol sales, Jan-Sep 2013

From January to September 2013 domestic sales of butanols totalled 45,700 tons, 23% less than in 2012. The proportion of n-butanol in the total volume of sales in the first nine months of the 2013 comprised 88%, and isobutanol 12%.

Accident at Salavat in May one of the main causes of lower butanol domestic sales & exports in 2013.



	Jan-Sep 2013	Jan-Sep 2012
Domestic Sales	45.65	58.98
Exports	106.1	122.0

Russian domestic sales of butanols totalled 4,870 tons in September, 3% more than in August but 22% lower than in September 2012. The ratio of n-butanol amounted to 86% and isobutanol 14%. Gazprom Neftekhim Salavat sold 2,260 tons in September (46% of total supply), SIBUR-Khimprom 1,980 tons (41%), Angarsk Petrochemical Company 330 tons (7%), and Azot Nevinomyssk 300 tons (6%). SIBUR-Khimprom resumed production in early September after stopping production for scheduled maintenance whilst Angarsk Petrochemical Company resumed one line that had been idle since July.

In the first nine months of 2013, exports of butanols amounted to 106,100 tons, 15% down on 2012. Exports of butanols amounted to 2,500 tons in September, 75% less than in August and 79% lower than September 2012. Isobutanols comprised 82% of the total, whilst normal butanols had been reduced due to a maintenance stoppage at Angarsk.

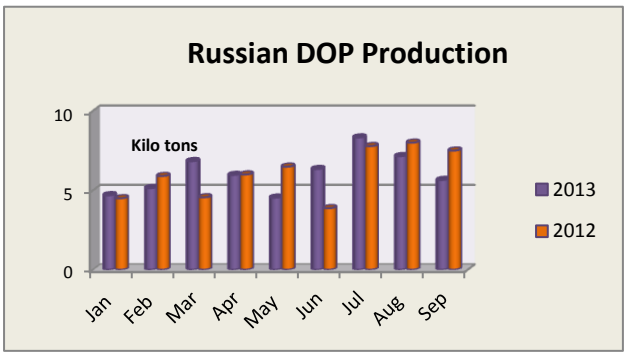
Russian Butanol Production (unit-kilo tons)		
N-Butanol		
Producer	***Jan-Sep 13***	***Jan-Sep 12***
Angarsk Petrochemical Company	18.1	16.9
Evrokhim	9.9	12.4
Gazprom Neftekhim Salavat	46.1	58.2
SIBUR-Holding	18.3	18.4
Total	92.4	96.6
Isobutanol		
Producer	***Jan-Sep 13***	***Jan-Sep 12***
Angarsk Petrochemical Company	9.9	8.9
Gazprom Neftekhim Salavat	19.6	24.3
SIBUR-Holding	27.6	30.5
Total	57.0	57.1

Russian butanol production, Jan-Sep 2013

Production o butanols totalled 156,700 tons in the period January to September 2013, 16% less than in 2012. Normal butanols comprised 61% of production.

Russian production of butanols has been restricted this year by the repairs needed on one production line at Salavat following the accident at the end of May. As a result the production of both normal butanols and isobutanols have declined for Gazprom Neftekhim Salavat, whilst the other producers have performed similarly to last year.

Production of butanols in Russia rose 41% in September to 12,030 tons, following the restart of SIBUR-Khimprom at Perm where output rose 35% to 4,200 tons. Gazprom Neftekhim Salavat produced 6,000 tons in September and Azot at Nevinnomyssk 1,800 tons.



Russian DOP market, Jan-Sep 2013

In the first nine months of 2013, Russia imported 1,940 tons of DOP, 2% less than in the same period of 2012. Of this amount, about 1,000 tons was purchased by Roshalsky plant plasticizers.

DOP production in Russia totalled 54,570 tons in January to September, 2% less than the same period last year. However, if the production of DOTF is included in the total, the total volume of plasticizers is comparable with 2012.

Russian DOP production amounted to 5,650 tons in September, 21% less than in August. The main reason for the fall was the stoppage by Roshalsky Plant of Plasticizers. Due to the disruption in the supply of 2-ethylhexanol from Neftekhimprom it was decided to carry out repairs. At the end of September Roshalsky Plant of Plasticizers had produced only 530 tons of DOP which is 72% lower than in August. Gazprom Neftekhim Salavat and Kamteks-Khimprom reduced production by 5% and 4%, respectively. With the reduction in the production of DOP DOTF volumes continue to increase. In September, the Ural Plant of Plasticizers increased production by 40% to 570 tons.

In terms of pricing the cost of DOP from producers located in the Volga Federal District, declined to 69 000-71 000 roubles per ton in September including VAT. The Roshalsky Plant of Plasticizers is buying some

material from South Korea as forced measure. 2-EH supply was difficult in the past month or so due to scheduled maintenance at SIBUR-Khimprom.

Russian Phthalic Anhydride Production (unit-kilo tons)

Producer	*Jan-Sep 13*	*Jan-Sep 12*
Gazprom Neftekhim Salavat	6.4	7.1
Kamteks-Khimprom,	74.8	67.9
Total	81.2	75.0

Russian phthalic anhydride, Jan-Sep 2013

Production of phthalic anhydride in Russia amounted to 9,300 tons in September, 10% less than in August 2012. Kamteks-Khimprom produced 8,200 tons, amounting to 88% of total production. In the first nine months of 2013 the overall volume of production of phthalic anhydride in Russia amounted to 71,570 tons, 10% up on 2012.

In terms of trade Russian exports of phthalic anhydride Kamteks-Khimprom exported 53,775 tons in the period January to September this year, 32% up on 2012. In September 2013, exports of phthalic anhydride from Russia amounted to 4,500 tons, 14% less than in August. India accounted for 39% of Russian exports in September, followed by Poland (12%), China (11%), and Finland (8%). The Belarussian producer Lakokraska sold 3,590 tons of phthalic anhydride on the Russian market in the period January to September, 27% less than in the same period in 2012. The reduction was due to mainly to higher production at Kamteks-Khimprom coupled with a stop for unscheduled repairs in July at Lida.

PPG-Lipetsk

PPG Industries is to invest 1.95 billion roubles in the construction of a plant for the production of a wide range of industrial coatings at Lipetsk. The project completion is scheduled for the second half of 2015. The capacity of the plant is being designed to produce 25,000 tpa, based on a land area of 12 hectares connected to the necessary infrastructure. The plant will produce paints based on organic solvents and aqueous dispersions.

The new plant contributes to further growth of PPG in the Russian market and will allow it to directly meet the demand for its products.

Polyacrylamide-Saratovorgsintez

SNF Baltreagent has confirmed its investment plans to construct a polyacrylamide plant at Saratovorgsintez. It is planned that the new plant will produce up to 40,000 tpa and 6,000 tpa of ammonium sulphate as a by-product. The plant is scheduled for start-up in 2016, although full capacity will not be reached until 2017.

Construction is expected to start in 2014. Saratovorgsintez will provide the acrylonitrile required for the project, possibly around 20,000 tpa in the first phase. LUKoil is exploring the use of polyacrylamide and how it may add value.

Other products

Russian Imports of Inorganic Chemicals from China (unit-kilo tons)

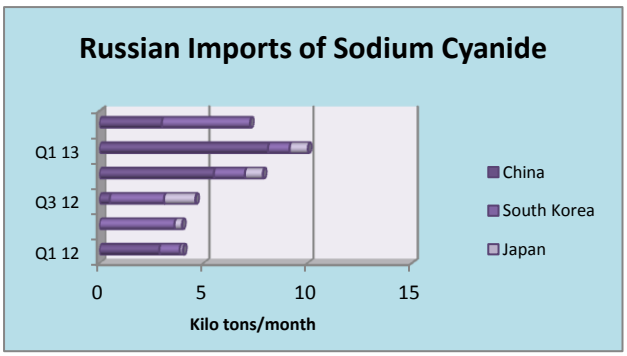
Product	*Jan-Sep 13*	*Jan-Sep 12*
Hypochlorites	16.7	21.0
Iron Oxides	14.6	13.0
Sodium Sulphide	9.9	14.0
Caustic Soda Solid	24.4	15.3
Magnesium Chloride	3.8	7.4
Ammonium Chloride	1.8	2.2
Calcium Chloride	4.0	1.3
Aluminium Hydroxide	4.9	0.8
Artificial Corundum	8.6	11.4
Aluminium Fluoride	23.9	2.0

Khimprom-hydrogen peroxide project

Khimprom at Cheboksary and the Swedish company Chematur Engineering AB have signed an agreement to build a hydrogen peroxide plant with capacity of 50,000 tpa. Investment in the project is estimated at $87 million. Khimprom has signed a contract with Chuvash State Institute of geotechnical investigations (ChuvashGIIZ) to conduct geotechnical, topographical and environmental surveys of plant construction. In addition the main shareholder in Khimprom, which is Group Orgsintez, has signed an agreement for Giprobum-Poyry to develop the project documentation.

Commissioning of the new plant for hydrogen peroxide, based on anthraquinone technology, is planned for 2015. Under the agreement, Chematur Engineering will provide basic and detailed design for construction. Khimprom not only wants to increase production of hydrogen peroxide, but also increase the production yield by 100%.

In addition to the hydrogen peroxide project Khimprom plans to invest 200 million roubles for energy efficiency projects. In order to reduce the level energy consumption the company introduced a set of measures, one of which is the introduction of the equipment for frequency regulation of the most energy-intensive industries.



Korund-Cyan-sodium cyanide

Korund-Cyan at Dzerzhinsk has commissioned its first line for the production of sodium cyanide, used to extract gold and silver from ores, as well as having applications in the chemical industry. The plant is currently operating at 40,000 tpa, but a second line will eventually raise capacity to 80,000 tpa. Korund-Cyan expects that manufactured products will satisfy the needs of the Russian gold industry in cyanide solution and that will gradually eliminate the need for imports. Most of the imports originate from Asia, with China the leading supplier.

The second line is expected to be launched in early or late 2015, depending on the market situation. The first line was initially intended for start-up in 2012 but after several postponements was started in 2013. The old plant of 10,000 tpa capacity has now been closed.

SIBUR, Solvay-Dzerzhinsk cluster

SIBUR and Solvay, together with the administration of the Nizhny Novgorod, have signed a tripartite memorandum on the establishment of a joint venture for a cluster in the Dzerzhinsk region. A new plant for the production of surfactants is being constructed at Dzerzhinsk, to be completed by 2015 and costing around €100 million. SIBUR and Solvay in October 2012 signed an agreement on the construction of the plant. The new plant, which SIBUR and Solvay Novecare unit will own in equal shares, is to become the leader of its sector in the CIS. Prospects for the creation in Dzerzhinsk cluster for processing PVC have been discussed since 2011.

SIBUR-catalyst expansion at Tomsk

Tomskneftekhim has nearly tripled its production capacity for triethylaluminum (TEA) co-catalysts which are used for the production of polymers. The new capacity is sufficient to meet the needs of SIBUR to produce polymers, including the polypropylene plant at Tobolsk-Polymer. In addition it will create a surplus for sale on the Russian market. At present, Russian companies import TEA co-catalysts mainly from Germany. This year a TEA consignment was shipped to the Tobolsk-Polymer in preparation for production. Polypropylene production at Tomsk has already benefited from the application of the new titanium magnesium catalyst.

Omsk Kaucuk-nitrogen-oxygen units

As part of modernisation of Omsk Kaucuk, Titan plans to reconstruct the nitrogen-oxygen production units and is currently selecting suppliers of technology and equipment. In late September, the installation of external parts of the air separation unit was started, which is scheduled to be commissioned at the end of the year. In the long term Omsk Kaucuk wants to connect another air separation plant.

The company has four such installations with a total capacity of 1.5 million cubic metres of nitrogen gas per hour. The new air separation unit 1.5 bar has a number of advantages, in that it is simpler to manage, more cost-effective and energy-efficient. The supplier of the 1.5 bar unit was Cryogenmash. The expansion of capacity is justified due to the need for large volumes of nitrogen.

Belarus

Naftan & Polymir

Belarus produced 9,000 tons of benzene in September, virtually unchanged from August. The sole producer Naftan produced 101,000 tons in the period January to September, 2% up on 2012. The cost of upgrading Naftan in 2012 increased amounted to $399 million. In addition to investments in the fuel sector Naftan also completed reconstruction of the polyethylene production plant in the Polymir division.

Azot Grodno Production (unit-kilo tons)

Product	*Jan-Sep 13*	*Jan-Sep 12*
Methanol	53.9	55.2
Caprolactam	96.8	89.5
Polyamide primary	57.7	38.5
Polyamide filled	7.8	8.0
Ammonia	745.6	776.6
Urea	686.9	723.9
Fertilisers	551.4	571.0

Adaptation of the Polymir 50 unit for polyethylene production has increased the capacity 70,000 tpa and will eventually be increased to 110,000 tpa. Negotiations are ongoing in the implementation of a major innovative project involving the construction of a new petrochemical complex at Polymir. The complex will produce 200,000 tpa of ethylene. Polymir has been developing more business is concentrating on its sales of polyacrylonitrile fibres in China. Sales at present are roughly 700-800 tons/month.

Azot Grodno-nitric acid plant

The new quid urea ammonium nitrate solution plant with a capacity of 3,395 tons per day. The contract was awarded to Uhde and comprises basic and detail engineering, the supply of equipment, etc. The complex comprises a 1,200 ton

per day nitric acid plant with start-up is scheduled for 2016. The Uhde EnviNOx® process reduces the levels of harmful nitrogen oxides in the production of nitric acid.

In 2008 Khimvolokno at Grodno placed an order with ThyssenKrupp (Uhde Inventa-Fischer) to supply a polyamide production plant. This was prior to the merger of the two Grodno companies Azot and Khimvolokno under the Azot title. Since the beginning of 2013 Grodno Azot is now capable of producing 260 tons per day of polymer, doubling its previous output. Amongst other things the material is used in medical technology, textiles and the food industry.

Ukraine

Ukrainian benzene, Jan Sep 2013

For the period January to September 2013 Ukrainian production of benzene totalled 71,400 tons which is 5% up on 2012. Ukrainian benzene production decreased by 24% to 8,300 tons in September, primarily due to a significant reduction in capacity utilisation at the Kremenchug refinery. Production by Ukrtatnafta at Kremenchug decreased almost by half in September to 2,500 tons due to low demand for benzene. In addition, Zarya at Rubeznoye reduced the production of aromatic raw materials by 7% to 2,100 tons.

Azot at Cherkassy did not produce caprolactam in October, thus reducing the demand for benzene. Production is expected to restart in November. Exports of benzene from Ukraine dropped 29% in September to 2,900 tons due to low demand from Russian consumers. In the first nine months of 2013 Ukrainian exports of benzene totalled 38,500 tons, 12% less than in the same period in 2012.

Ukrainian Chemical Production (unit-kilo tons)

Product	*Jan-Sep 2013*	*Jan-Sep 2012*
Ammonia	3420.5	3777.2
Caprolactam	22.8	25.2
Caustic Soda	37.5	117.1
Ethylene	0.0	128.2
Methanol	124.0	129.8
Polyethylene	0.0	54.7
Polypropylene	0.0	25.5
Polystyrene	11.4	14.1
PVC	0.0	115.1
Propylene	0.0	55.2
Soda Ash	446.8	487.8
Titanium Dioxide	111.06	113.0

Ukrainian methanol

The structure of Ukrainian imports of methanol in September, slightly changed after Russian domestic product tightened and Ukrainian gas companies were unable to secure product. In the autumn months imports into Ukraine traditionally increase for the preparation for the heating season.

The deficit of methanol in the Russian domestic market has led to the reduction of Russian exports. Ukraine imported 840 tons in September, twice less than in August. The cost of the imported product in the country in September increased by almost 5%, ranging from $390-415/ton DAF border of Ukraine.

The largest consumer of Russian methanol is still resin producer KarpatSmol, which took 73% of imports in September. The remaining 27% was bought by Azo-2. KarpatSmol purchased 610 tons of methanol from Russia in September, reducing shipments by 45% against August. Azo-2, which bought 230 tons of Russian methanol, reduced imports by 55%.

The main volumes of methanol imported to Ukraine from Russia still originate from Azot at Novomoskovsk, accounting for 68% of shipments in September. Shchekinoazot provided the remaining 32% of imported product in Ukraine.

Ukrainian gas prices

Ostchem will receive 5 billion cubic metres of gas at the discounted price of $260 per thousand cubic metres, rather than $402 at present. However, Gazprom has an option to buy back the gas in the winter if it needs to meet the needs of European customers.

Lisichansk refinery could restart soon

Ukrtransnafta has held talks with Rosneft regarding the timing of the relaunch of the Lisichansk refinery which has been idle since last year. Rosneft expects to increase in 2014, oil shipments through Ukraine, including by launching the Odessa and Lisichansk refineries. The Lisichansk refinery possesses a capacity of 16 million tpa and a 100,000 tpa polypropylene plant.

Ukrainian DOP imports

Ukrainian imports of DOP amounted to 216 tons in September, 41% down on August. Padan Chemical Compounds purchased 127 tons of plasticizer against 54 tons in August, Galich-cable 65 tons against 33 tons, and Ukrhimset 22 tons vs. 21 tons. Koryukovskaya factory of technical papers not purchase DOP. In September, the main suppliers of DOP to Ukraine included Deza (59% of total Imports), Boryszew (30%) and Roshalsky plant plasticizers (10%).

Central Asia

Uzbek GTL project

Uzbekistan plans to attract $3 billion in the fourth quarter in 2014 to finance construction of the plant for the production of synthetic fuel (GTL). A number of banks are expected to participate in the creditors' consortium of this project. Uzbekneftegaz, Petronas and Sasol Synfuels International (PTY) Limited are implementing the project for the production of synthetic fuel at the Shurtan Gas Chemical Plant in Kashkadarya region. The total project cost is estimated at $4.1 billion and includes capacities for 3.5 billion cubic metres per annum of gas and produce 863,000 tpa of diesel fuel, 304,000 tpa of aviation kerosene, 395,000 tpa of naphtha and 11,200 tpa of liquefied gas. Technip is developing a feasibility study.

Atyrau polypropylene project expected to start in 2015

Kazakhstan intends to start production of polypropylene at the new complex at Atyrau in 2015. The Atyrau project is managed by Kazakhstan Petrochemical Industries (KPI), which is a jv of United Chemical Company (51%) and SAT & Company (49%)

The capacity of the new polypropylene plant under construction is 500,000 tpa. The second phase of the project involves the production of polyethylene with a capacity of 800,000 tpa. Investors include LG Chem (50%), SAT $ Company (25%) and United Chemical Company (25%). The polyethylene plant is planned for start-up for 2016. The EPC for the second phase of the project was signed with a consortium of Petrofac (UK), GS (Korea) and Linde (Germany).

SOCAR-new gas processing plant

SOCAR plans to begin construction of a new gas processing plant in 2014, designed to process 12 billion cubic metres of gas per annum (two lines of 6 billion cubic metres). Construction is scheduled for completion in 2017. The raw materials from this plant could be utilised for expanding its ethylene capacity from 300,000 tpa to 450,000 tpa. The project is being prepared by Technip.

Azerkhimya is also planning to construct a plant for high density polyethylene and polypropylene. These project ideas have been considered before but have been prevented by the lack of finance.

SOCAR is constructing oil and gas processing and petrochemical complex in Garadag district of Baku. Entering the complex is planned for the years 2018-2020. In the second phase will be commissioned in the petrochemical complex, followed by petroleum refineries (refinery) capacity of 10 million tpa. The refinery is expected to start manufacturing automotive gasolines A-92, A-95, A-98, jet and diesel fuels.

SOCAR to increase propylene exports through Kulevi

SOCAR began export of gaseous hydrocarbons through its terminal in at Kulevi in Georgia in December last year. The average monthly volume shipped through the terminal is 5,400 tons of hydrocarbons and now the company is seeking an expansion to 8,000-10,000 tons per month. The products include butylene, butadiene and propylene fractions, all produced by Azerkhimya at Sumgait. Currently terminal BST at Kulevi is designed to tranship 10 million tpa of oil. It is able to accept Aframax tankers.

Navoiazot-PVC & caustic soda project

The Export-Import Bank of China is planning to issue a loan for $300 million to Uzbekistan for construction of a PVC and caustic soda plant at Navoiazot. China National Chemical Engineering (CNCEC) won a tender for construction of the complex.

In line with the tender terms, announced in May 2013 with the starting price of $440 million, the winner is required to construct a complex with capacities of 100,000 tpa of PVC, 64,000 tpa of caustic soda, and 300,000 tpa of methanol. The project will be implemented over a stipulated period of 31 months. A contract with CNCEC is to be signed in October 2013. The project's total cost is $470.8 million will be financed due to own resources from the Uzbek side along with substantial loans from the Chinese Eximbank.

Rosneft-Nairit

Rosneft continues talks about investments in Nairit and chloroprene rubber. The group is currently in the final evaluation phase of the asset; an environmental assessment is to be completed at the end of October. Rosneft has already conducted an assessment of Nairit in terms of technology and the necessary investments in order to set up the venture.

In August 2013 Jacobs Consultancy conducted a technical and environmental audit of chloroprene rubber of butadiene at the plant. Rosneft will decide whether to participate in this project according to final results of the audit, as well as the results of negotiations with the government of Armenia.

Relevant Currencies

Czech crown. Kc. $1= 20.753. €1 = 25.833: Hungarian Forint. Ft. $1 = 229.448. €1 = 288.154: Polish zloty. zl. $1=3.414. €1 =4.280: Bulgarian leva: $1 = 1.5956. €1= 1.557: Romanian Lei. $1 = 3.555. €1= 4.463: Croatian Kuna HRK. $1 = 5.998. €1= 7.530: Ukrainian hryvnia. $1 = 8.07. €1 = 10.140: Rus rouble. $1 = 33.192. €1= 41.867

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