

CONFIRMATION OF THE RESPONSIBLE PERSONS

2007-11-30

Following the Lithuanian Securities Law, the 1st part of the 22nd article, we confirm that AB Lifosa Interim Financial Statements for the nine months of 2007, prepared in accordance with International Financial Reporting Standards, give a true picture of AB Lifosa assets, liabilities, financial condition, results.

ADDED: Interim Financial Statements for the nine months of 2007

Director General



Jonas Dastikas
Technikos direktorius
Rimantas Prosevičius

Chief Financial Officer



Regvita Ivanovienė

LIFOSA AB

**INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY-SEPTEMBER 2007**

LIFOSA AB
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30 SEPTEMBER 2007

(All tabular amounts in LTL thousand unless otherwise stated)

INCOME STATEMENT

	Notes	For the nine month period ended 30 September	
		2007	2006
Sales	1	641 725	487 809
Cost of sales	2	(421 697)	(417 146)
Gross profit		220 028	70 663
Selling and distribution costs	3	(22 448)	(18 711)
Administrative expences	4	(13 954)	(15 043)
Other activities,net		524	2 820
Operating profit		184 150	39 729
Financial income(loss),net	5	(12 222)	(5 513)
		-	-
Profit before tax		171 928	34 216
Income tax	6	(30 933)	(6 357)
Net profit		140 995	27 859
		6.71	1.325

The financial statements on pages 2 to 15 were approved by the General Director and Finance Director on 30 November 2007.

Jonas Dastikas
General director

Technikos universitetas
Lifosa Projektai



Regvita Ivanovienė
Finance director

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BALANCE SHEET

	Notes	As at September 30	
		2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment	8	241 261	225 825
Intangible assets	7	545	304
Deferred tax assets		605	432
Long term guarantee		2 639	2 562
Other receivables		5 469	-
		250 519	229 123
Current assets			
Inventories	9	60 941	60 079
Trade receivables	10	8 437	11 113
Accounts receivable from related parties	16	158 035	81 491
Prepayments and other current assets	11	15 157	20 783
Short-term financial assets		13 158	13 965
Cash and cash equivalents	13	109 146	19 725
Grants receivables	12	364 874	207 156
		615 393	436 279
EQUITY			
Share capital	14	210 206	210 206
Share premium		80	80
Legal reserve		12 735	10 874
Retained earning		309 756	161 261
		532 777	382 421
LIABILITIES			
Current liabilities			
Trade and other payables	15	19 972	9 348
Accounts payable to related parties	16	17 677	19 069
Other payables		39 107	25 441
Grants	12	5 860	-
		82 616	53 858
		615 393	436 279

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Own shares	Legal reserve	Retained earning	Total
Balance as at 31 December 2005	210 206	80		6 798	137 478	354 562
Transfer to legal reserve				4 076	(4 076)	
Net profit for the period					27 59	27 859
Balance at 30 September 2006	210 206	80	-	10 873	161 261	382 421
Transfer to legal reserve		-	-			
Net profit for the period	-	-	-	-	9 361	9 361
Balance at 31 December 2006	210 206	80	-	10 873	170 623	391 782
Transfer to legal reserve				-		
Net profit for the 1st 9 monts 2007				1 861	(1 861)	
					140 995	140 994
Balance at 30 September 2007	210 206	80	-	12 734	309 757	532 777

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CASH FLOW STATEMENT

	For the nine month period ended on September 30	
	2007	2006
Cash flows from operating activities	171 928	34 216
Profit before tax		
Adjustments for:		
Depreciation and amortisation	20 669	19 330
Unrealised foreign Exchange loss/(gain)	13 533	7 157
Loss (profit) on disposal of property, plant and equipment, net	12	15
Interest	(1 485)	(1 320)
Changes in working capital		
<i>trade and other receivables</i>	(853)	8 936
<i>payables</i>	(60 672)	(57 579)
<i>inventories</i>	(28 566)	11 866
Income tax paid	(7 157)	-
Net cash from operating activities	107 409	22 621
Cash flow from investing activities		
Purchase of property, plant and equipment	(32 791)	(26 411)
Proceeds from the sales of property, plant and equipment	147	45
Purchase of securities	-	8 937
Proceeds from sale of associate company	2 775	2 911
Net cash (use in) investing activities	(29 869)	(14 578)
Cash flows from financing activities		
Interest income	978	926
Long-term guarantee	-	(1 495)
Grants	5 976	-
Net cash from/(used in) financing activities	6 954	569
Net increase in cash and cash equivalents	84 494	8 612
Movement in cash and cash equivalents	84 494	8 612
At beginning of year	24 652	11 113
Net increase	84 494	8 612
Cash and cash equivalents at the of the period	109 146	19 725

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COMMENTARY ON THE FINANCIAL STATEMENTS

General information

Lifosa AB (further “the Company”), formerly Fostra AB, was originally established as Kėdainiai State Chemical Plant in 1963. In 1995, Kėdainiai State Chemical Plant was reorganised into a state-owned joint stock company and registered as Fostra AB, following the partial privatisation of the Company during 1991-1994. The Company is domiciled in Kėdainiai. The address of its registered office is as follows:

Juodkiškio 50
LT-57502 Kėdainiai
Lithuania

The Company's shares are listed on the Current trading list of the Vilnius Stock Exchange. The Company's principal activity is the production of phosphate fertilisers, mainly diammonium phosphate (DAP). As at 30 September 2007 the main shareholders of the Company were as follows:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of shares</i>
JSC Mineral Chemical Company “Eurochem”	19 160 229	91.15%
Eurochem A.M. Limited	767,250	3,65%
Sagitaris International Limited	226,909	1,08%
Other shareholders	866,176	4,12%
	<u>21,020,564</u>	<u>100%</u>

The average number of staff employed by the Company in 30 September 2007 totalled 1022 (2006 m. – 1042)

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards issued by the IASB.

The financial statements have been prepared under the historical cost convention, as modified by the indexation of certain property, plant and equipment, and financial assets at fair value through profit and loss.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant & machinery	10-25 years
Motor vehicles	4-10 years
Equipment and other property, plant and equipment	5-8 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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Intangible assets

Software assets expected to provide economic benefit to the Company in future periods are valued at acquisition cost less subsequent amortisation. Software is amortised on the straight-line basis over the useful life of 3 years.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Trade and other amounts receivable

Amounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and held on call at bank.

Share capital

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

Legal reserve

Legal reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5 per cent of net result are required until the reserve reaches 10 per cent of share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income tax

In accordance with the Lithuanian Law on Corporate Profit Tax, the current income tax rate is 15% on taxable income. Expenses related to taxation charges and included in these financial statements are based on calculations made by the management in accordance with Lithuanian regulatory legislation on taxes. Income tax rate valid for 2007 and 2006 is 15%.

According to the adopted Lithuanian Provisional Law on Social Tax, social tax at the rate of 4 per cent for 2006 and at a rate of 3 per cent for 2007 should be paid on taxable income earned during 2006 and 2007 respectively (in addition to 15% profit tax rate).

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Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Company. Revenue from sales of goods is recognised only when all significant risks and benefits arising from ownership of goods is transferred to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Earnings per share

Basic earnings per share are calculated by dividing net profit attributed to shareholders from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Company and held as treasury shares.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company's single business segment is production of mineral fertilizers, therefore, information on key business segments is not presented. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

NOTES TO THE FINANCIAL STATEMENTS

1.SALES

	September 30 2007	September 30 2006
Diammonium phosphate sales	552 623	404 624
Monocalcium phosphate	47 137	36 048
Aluminium fluoride	18 986	13 949
Phosphoric acid	9 192	11 952
Monodicalcium phosphate	0	5 145
Dicalcium phosphate	-	3 982
Sulphuric acid	1 589	1 412
Other sales	12 198	10 697
	641 725	487 809

Segment reporting

Primary reporting format – business segments

The Company's single business segment is production of mineral fertilizers.

Secondary reporting format – geographical segments

All the Company's assets are located in Lithuania. The Company's sales by markets can be analysed as follows:

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	Sales		Total assets		Capital expenditure	
	January-September	2006	September 30	2006	January-September	2006
Lithuania	59 375	52 638	615 447	436 279	27 270	20 749
France	32 163	23 670				
Germany	37 586	20 712				
The Netherlands	59 789	17 789				
Ireland	15 947	17 549				
Poland	34 558	34 159				
Czech Republic	12 020	12 300				
Romania	8 662	8 306				
Hungary	12 699	12 476				
Belgium	19 862	0				
Cameroon	6 020	5 618				
Pakistan	65 578	58 771				
Ethiopia	72 545	52 752				
India	0	23 463				
Tajikistan	6 977	0				
Spain	17 632	4 820				
Ukraine	6 799	2 645				
Great Britain	28 853	1 961				
Ivory Coast	0	9 962				
Argentina	30 098	6 965				
Turkey	66 158	78 729				
Kenia	24 234	17 557				
Uruguay	0	17 683				
Other countries	24 170	7 302				
	641 725	487 827	615 447	436 279	27 270	20 749

Sales are allocated based on the country in which the customers are located.

Analysis of sales by category:	September 30	September 30
	2007	2006
Sales of goods	629 528	477 112
Sales of raw materials	9 057	7 367
Services rendered	3 140	3 330
	641 725	487 809

2.COST OF SALES

	September 30	September 30
	2007	2006
<i>Costs:</i>		
Diammonium phosphate	359 807	352 555
Monocalcium phosphate	32 534	26 978
Aluminium fluoride	15 835	14 281
Phosphoric acid	5 910	8 995
Monocalcium phosphate	0	4 565
Dicalcium phosphate	-	3 148
Sulphuric acid	1 013	958
Other products	6 598	5 666
	421 697	417 146

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3.SELLING AND DISTRIBUTION COSTS	September 30	September 30
	2007	2006
Shipping costs	9 472	9 122
Inspecting and certification costs	564	664
Freight	6 414	3 501
Loading and forwarding costs	5 980	5 331
Other distribution expenses	18	93
	22 448	18 711

4.ADMINISTRATIVE EXPENSES	September 30	September 30
	2007	2006
Employee benefits	5 084	6 133
Social insurance	1 745	1 969
Provisions for salaries	1 564	1 692
Tax (other than income tax)	804	813
Depreciation and amortization	414	861
Insurance	562	514
Security	284	308
Telecommunications	730	386
Other administrative expenses	1 540	1 632
	1 227	735
	13 954	15 043

5.FINANCE EXPENCES	September 30	September 30
	2007	2006
Interest income	1 485	1 320
Costs of exchange operations	174	324
Unrealised foreign Exchange (loss),net	(13 533)	(7 157)
	(12 222)	(5 513)

6.INCOME TAX	September 30	September 30
	2007	2006
Current tax for the period	24 809	4 525
Current social tax for the period	4 958	1 206
Deferred tax	1 166	626
	30 933	6 357

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7.INTANGIBLE ASSETS

	Software
At 31 December 2005	
Cost	420
Accumulated amortization	145
Net book amount	275
At 31 December 2006	
Opening net book amount	275
Additions	102
Disposals and write-off	3
Amortisation charge	70
Closing net book amount	304
At 30 September 2006	
Cost	518
Accumulated amortization	214
Net book amount	304
At 31 December 2006	
Opening net book amount	295
Additions	345
Disposals and write-off	3
Amortisation charge	92
Closing net book amount	545
At 30 September 2006	
Cost	941
Accumulated amortization	396
Net book value	545

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8.PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Vehicles and equipment	Other tangible assets	Constructi on in progress	Total
At 31 December 2005						
Cost	170 888	330 073	11 619	11 634	6 642	530
Accumulated depreciation	(78 347)	(214 830)	(10 093)	(8 481)	-	(311 751)
Net book amount	92 541	115 243	1 526	3 153	6 642	219 105
At 30 September 2006						
Opening net book amount value	92 541	115 243	1 526	3 153	6 642	219 105
Additions	1 717	4 960	4 566	2 472	12 293	26 008
Disposals and write-off	-	-	-	(27)	-	(27)
Reclassifications	199	6 307	-	6	(6 512)	-
Depreciation charge	(3 465)	(14 682)	(246)	(868)	-	(19 261)
Closing net book amount	90 992	111 828	5 846	4 736	12 423	225 825
At 30 September 2006						
Cost						
Accumulated depreciation	172 804	338 458	16 185	13 646	12 423	553 516
	81 812	226 630	10 339	8 910	-	327 691
Net book amount	90 992	111 828	5 846	4 736	12 423	225 825
At 30 September 2007						
Opening net book amount						
Additions	91 122	113 867	5 993	2 990	20 948	234 920
Disposals and write-offs	3 308	5 175	2 355	340	15 799	26 977
Reclassifications	-	(45)	-	(14)	-	(59)
Depreciation charge	7 172	29 090	-	81	(36 343)	-
	(3 497)	(15 466)	(706)	(908)	-	(20 577)
Closing net book amount	98 105	132 621	7 642	2 489	404	241 261
At 30 September 2007						
Cost						
Accumulated depreciation	184 539	374 901	16 588	12 279	404	588 711
	86 434	242 280	8 946	9 790	-	347 450
Net book amount	98 105	132 621	7 642	2 489	404	241 261

The land is rented by the Company from the Government of the Republic of Lithuania under 99 years lease agreement signed in 1997. The rental payment for the land amounted to 148,98 thousand Lt 1st 9 month 2007 (2006 – LTL 148,98 thousand Lt).

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9. INVENTORIES	September 30 2007	September 30 2006
Finished goods	24 431	26 807
Raw materials and suppliers	34 236	31 326
Work in progress	1 519	1 501
Semi-manufactures	755	445
	60 941	60 079

10. TRADE AND OTHER RECEIVABLES	September 30 2007	September 30 2006
Trade receivables	(1014)	11 372
Amounts received in advance	9 558	636
Provision for impairment of trade receivables	(106)	(895)
	8 437	11 113

11. OTHER RECEIVABLES	September 30 2007	September 30 2006
Prepayments made to suppliers	4 721	3 238
VAT tax receivable	9 134	8 221
Advances and future costs	1 687	5 212
	15 542	16 671

12. GRANTS

Under the order of Minister of Economics, dated 24 November 2006, the Company obtained the right to receive grant amounting to LTL 6,000 thousand from structural funds of the EU for compensation of expenses on the project: "The usage of current and regenerating sources of energy of sulphur acid department for production of electrical power". The project started on 1st July 2006 and finished on 1st August 2007. The all Grant in amount 5 976 thousand Lt was received ,calculated amortization 115 th Lt at the end of period.

13. CASH AND CASH EQUIVALENTS	September 30 2007	September 30 2006
Cash in bank	12 903	8 655
Cash on hands	7	26
Short term deposits, securities	82 926	10 448
L/C and guarantee	152	596
	109 146	19 725

14. SHARE CAPITAL

Authorised share capital comprised 21,020,564 ordinary shares with a par value of LTL 10 each as at 30 September 2007 (the same as at 31 December 2006). No changes in the share capital took place during the period .

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15. TRADE AND OTHER PAYABLES	September 30 2007	September 30 2006
Trade payables	17 164	9 984
Trade payables to related parties	17 677	19 069
Accrued liabilities	39 107	22 598
Salaries and social security payable	2 808	2 208
Grants	5 860	-
	82 616	53 859

16. RELATED PARTY TRANSACTIONS	September 30 2007	September 30 2006
---------------------------------------	------------------------------	------------------------------

The Company is controlled by Joint Stock Company "Mineral and Chemical Company "Eurochem" (Russia) (JSC MCC EuroChem), which owns 91.15% of shares of the Company.

Other related parties are companies of Eurochem Group and management of the Company.

The following transactions were carried out with related parties:

	For the nine month period 2007		For the nine month period 2006	
	Sales	Purchases	Sales	Purchases
„Eurochem Trading GmbH“	278 546	27 440	282 794	174 017
OAO NAK „Azot“	-	22 931	-	-
OAO Kovdorsky GOK	-	81 954	-	-
„Harvester Shipmanagement Ltd“	-	56 187	-	23 347
	278 546	349 584	282 794	197 364

Related parties in the table above belong to the Eurochem Group. Nature of relationship between the related parties includes purchase of raw materials (Eurochem Trading GmbH, OAO NAK „Azot“, OAO Kovdorsky GOK), sale of production (Eurochem Trading GmbH) and logistic services („Harvester Shipmanagement Ltd“), credit („Eurochem A.M. Limited“).

The following balances were outstanding with related parties:

	September 30 2007		September 30 2006	
	Receivables and advances	Payables	Receivables and advances	Payables
OAO NAK „Azot“	158 035	-	81 491	17 083
OAO Kovdorsky GOK	-	4 475	-	-
„Harvester Shipmanagement Ltd“	-	6 774	-	-
„Eurochem A.M. Limited“	-	6 428	30	1 986
	13 158	-	13 965	-
	171 193	17 677	95 486	19 069

Receivables and advances balances include receivables for production sold (Eurochem Trading GmbH) and loan granted (Eurochem A.M. Limited). Payables balances include accounts payable for raw materials purchased and logistic services.

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CONTINGENT COMMITMENTS

Emission allowances

The Company participates in a carbon dioxide cap and trade scheme. In 2005 the Company was set a target by the Government to reduce its emissions of carbon dioxide to 57,793 tons (the cap) in 2005 - 2007. The Company is issued allowances equal in number to its cap by the Government. Allowances are issued free of charge. Allowances obtained at no cost are recorded at a zero basis by the Company. In 2006 actual emissions of the Company amounted to 1,110 tons (2005 - 7,782 tons). The market value of remaining unused allowances amounted to LTL 629 thousand as at 31 December 2006 (2005 -LTL 3,738 thousand). The management believes that the actual emission of carbon dioxide will not exceed the allowances received therefore no accrual for additional costs was established in the financial statements for the year ended 31 December 2006.

In April 2007, the company by the contract sold its rights to 27 000 tons of carbon dioxide and received 60 thousand Lt of income. The received income is included into item „Other activities,net“.