

CONFIRMATION OF THE RESPONSIBLE PERSONS

2008-08-29

Following the Lithuanian Securities Law, the 1st part of the 22nd article, we confirm that AB Lifosa not audited Financial Statements for the six months of Y'2008, prepared in accordance with International Financial Reporting Standards, give a true view of AB Lifosa assets, liabilities, financial position, profit and Interim Report for the first half-year o 2008 gives a true view of AB Lifosa business.

ADDED:

1. Interim non audited Financial Statements for the six months of Y'2008.
2. Interim Report for the firs half-year of 2008.

Director General



Jonas Dastikas

Chief Accountant



Nijolė Kalinauskienė

1. Accounting period of the statement

The Interim Statement has been issued for the first half-year of 2008.

2. The Issuer and its contact information

Title	"Lifosa" Public Limited Company
Legal status	Public Limited Company, a private legal entity of limited liability
Date and place of registration	October 30, 1996, at the Register of Legal Entities of the Republic of Lithuania
Enterprise Register Number	161110455
Head-office address	Juodkiškio g. 50, LT-57502 Kėdainiai
Phone	(8~347) 66 483
Fax	(8~347) 66 166
E-mail	info@lifosa.com
Web page	www.lifosa.com

3. The nature of the Issuer's principal activities

The main business activities of the Company comprise manufacture of phosphate fertilizers.

4. Information about the agreements with the intermediaries of public trading in securities

"Lifosa" AB has concluded the agreement with Financial Broker Firm "Finasta" AB, (Konstitucijos ave. 23, Vilnius) with regard to management of accounts of the Company's securities.

5. Structure of the Issuer's authorized capital

5.1. Structure of the authorized capital

Type of shares	Number of shares, in units	Nominal value, in LTL	Total nominal value, in LTL	Weight in the authorized capital, in percentage
Ordinary registered shares	21 020 564	10	210 205 640	100.00

There are no restrictions regarding transfer of the shares.

5.2. Rights and responsibilities of the shareholders

The shareholders have no other liabilities against the Company except for the obligation to pay for all the signed shares at the emission price.

In case the General Meeting of the Shareholders takes a resolution to cover the Company's losses by extra shareholders' contributions, those who voted "for" are obliged to pay. The shareholders who were not present in the General Meeting of the Shareholders or voted against such a resolution have the right not to pay any extra contributions.

The shareholder is obliged to reimburse for the dividends, if they were paid by violating the imperative regulations of the Law on Companies of the Republic of Lithuania, and if the Company proves, that the shareholder knew or had to know about this.

The shareholders of the Company have the following property rights:

- 1) to get the share of Company's profit (dividends);
- 2) to obtain the Company's assets as a pay out to the shareholders, when the Company's authorized capital is reduced;
- 3) to obtain the share of the Company's assets, in case the Company is liquidated;

- 4) to bequeath by will all or some portion of the shares to one or several persons;
- 5) to sell or otherwise transfer all or some portion of the shares to other persons' ownership;
- 6) to use the priority right in obtaining the shares issued by the Company or the converted bonds, except for the case when the General Meeting of the Shareholders, following the regulations of the Law on Companies of the Republic of Lithuania, resolves to withdraw the priority rights for all the shareholders;
- 7) to obtain the unpaid shares, when the authorized capital is increased out of the Company's funds, except for the exceptions according to the regulations of the Law on Companies of the Republic of Lithuania;
- 8) to provide a loan to the Company using the ways established by the Law; however the Company, taking loans from its own shareholders, has no right to mortgage its property in favor of the shareholders;
- 9) to claim the reimbursement of their contributions following the terms and conditions foreseen by the regulations of the Law on Companies of the Republic of Lithuania.

The shareholders have the following non-property rights:

- 1) to participate in the General Meetings of the Shareholders;
- 2) to vote at the General Meetings of the Shareholders according to the rights of the shareholders;
- 3) to receive the information about the Company following the regulations of the Law on Companies of the Republic of Lithuania;
- 4) to bring a lawsuit, requiring to cover the Company's loss, incurred due to non-fulfillment or improper fulfillment of the responsibilities of the Manager of the Company or of the Board Members thereof provided for in the Law on Companies of the Republic of Lithuania or other relevant regulations, as well as the Statute of the Company, or due to other reasons established by the Law;
- 5) to authorize other person to vote in the Meeting of Shareholders, or to execute other legal actions;
- 6) the shareholders holding the shares with the nominal value amounting to unless 1/10 of the authorized capital, have the right to require the court to assign an expert or the group of experts to audit the Company's activities and the accounting documents;
- 7) other miscellaneous non-property rights according to the existing laws and the Statute of the Company.

6. Shareholders

On August 5, 2008 the total number of the shareholders amounts to 1.315.

The shareholders who have owned or controlled more than 5 percent of the Company's authorized capital are listed below

Name, registered office, and enterprise register code of the company	Number of ordinary registered shares owned by the shareholder	Share of the authorized capital, in percentage	Share of votes, in percentage
EUROCHEM, MINERAL AND CHEMICAL COMPANY JOINT STOCK UL. DUBININSKAJA DOM 53, STROENIJE 6, 115054 MOSC, MOSCOW, RUSSIA 102770002659	19 160 229	91,15	91,15

There are no shareholders with the specific control rights.

There are no restrictions of the voting rights.

There is no information available to the Company about the settlements between the Shareholders resulting in restrictions to transfer the securities and (or) restrictions of the voting rights.

7. Data about trading in the Issuer's securities within the regulated markets

The ordinary registered shares of "Lifosa" AB are admitted to the Supplementary trading list of "Vilnius Stock Exchange" AB.

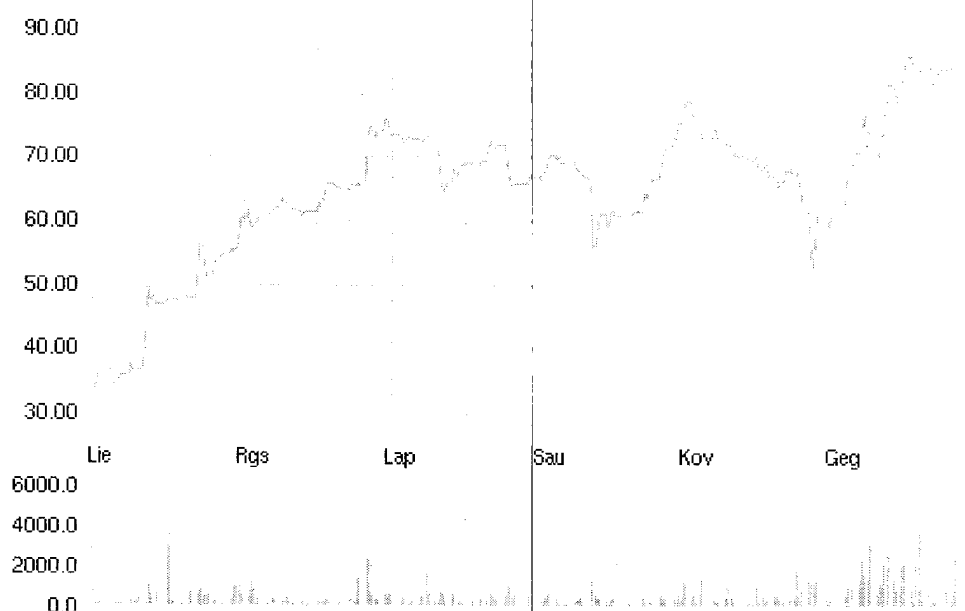
Main characteristics of the shares

Type of shares	ISIN code	Shortened name	Number of shares, in units	Nominal value, in LTL	Total nominal value, in LTL
Ordinary registered shares	LT0000116691	LFO1L	21 020 564	10	210 205 640

Trade in the Company's shares

Accounting period	Price, in LTL			Turnover, in LTL			Date of last trading session	Total turnover	
	high est	lowe st	as of the last session	highest	lowe st	as of the last session		units	of LTL
The I st quarter of 2008	80,50	55,25	68,01	1 254 317,10	0	877 909,38	2008-03-31	312 785	21 401 077,43
The II nd quarter of 2008	90,00	51,00	88,01	2 950 224,03	0	323 653,28	2008-06-30	766 660	57 148 352,62

Trade in shares 2007.07.01 – 2008.06.30



Date of last session	Capitalization, in LTL
2008-03-31	1 429 608 557
2008-06-30	1 850 019 837

8. Employees

the average number of personnel; changes during the accounting period; reasons of the major changes (more than 10 percent); grouping of the personnel according to the educational background; number of management, specialists and workers, and the average monthly salary of each respective employee group before taxes; the special rights and duties of the Issuer's employees or part thereof provided for in the Employment Contracts or Collective Agreements

Table 8.1. Average number of employees

	2005	2006	2007	1 st half-year of 2008
Managers	106	116	117	119
Specialists	92	80	78	76
Workers	851	843	824	809
Total	1 049	1 039	1 019	1 004

Table 8.2. Average monthly salary, in LTL

	2005	2006	2007	1 st half-year of 2008
Managers	4 816	4 669	5 208	5 762
Specialists	2 917	3 005	3 520	3 964
Workers	1 762	2 087	2 729	3 487
Total	2 213	2 444	3 273	4 111

Table 8.3. Grouping of the personnel according to the educational background

	2005	2006	2007	1 st half-year of 2008
personnel with university education	163	170	176	179
personnel with vocational education	222	213	201	195
personnel with secondary education	538	526	442	435
other	126	130	200	195
Total	1 049	1 039	1 019	1 004

9. Procedure of amending the Statutes of the Issuer

The Statute can be amended in accordance with the Law on Companies of the Republic of Lithuania. The Statute can be amended only by the resolution of the General Meeting of the shareholders, taken under the majority of votes – more than 2/3 of votes. The amended Statute is valid only after it has been registered at the Register of Legal Entities according to the procedure established by the law.

10. Bodies of the Issuer

their authorities, the procedure of appointment and replacement of the members of the Bodies)

members of the joint bodies, the Manager of the Company, the Chief Accountant (first names and surnames (in the paper copy of the Annual Statement to be provided to the Commission the personal identity numbers shall be indicated), the data with regard to the share of the issuer's authorized capital available, the start and the end date of the term of office of each person, information about the amounts reckoned by the Issuer during the accounting period, as well as about the other assets transferred and warranties granted to these persons in general, and the average amounts attributable to each member of the joint body, the Manager of the Company and the Chief Accountant)

- all the significant agreements, where the Issuer is the Party, and which would enter into force, be amended or terminated in case of change in the Issuer's control, as well as their influence (except for the cases, when disclosing of the agreements would seriously harm the Issuer due to their nature)

- all the agreements between the Issuer and the members of its bodies providing for the compensation, in case of their resignation or dismissal without any valid reason, or if their employment ended due to change of the Issuer's control

The principal Body of the Company is the General Meeting of the Shareholders. **The Management Bodies of the Company are as follows: the Board and the Manager of the Company (General Director). There is no Board of Observers.**

The Board is elected by the General meeting of shareholders for the period of 4 years. The Board of the company is composed of 5 members.

The General Director is appointed, recalled and dismissed by the Board of the Company. The Board may select the General Director through the contest.

Table 10.1. Members of the Board and Administration of the Company

First name, Surname	Position	Share of the capital / votes available, in percentage
THE BOARD		
Aleksandras Tugolukovas	The Chairman	-
Valerijus Rogalskis	Member	-
Stanislavas Duriaginas	Member	-
Jonas Dastikas	Member	0,088
Regvita Ivanovienė	Member	0,005
THE ADMINISTRATION		
Jonas Dastikas	General Director	0,088
Regvita Ivanovienė	Finance Manager	0,005

* Share of the capital / votes available on August 5, 2008

Table 10.2. The beginning date and the end date of the term of office of members of the company's Board

First name, Surname	Start date of the office term	End date of the office term
Aleksandras Tugolukovas	2008-04-25	2012
Valerijus Rogalskis	2008-04-25	2012
Stanislavas Duriaginas	2008-04-25	2012
Jonas Dastikas	2008-04-25	2012
Regvita Ivanovienė	2008-04-25	2012

Table 10.3. Payments made to the members of the Administration and the Board of the Company

	Salaries paid during the 1st half-year of 2008, in LTL	Tantiemes paid during the 1st half-year of 2008, in LTL
To members of the Administration (the Managing Director, the Administrative Manager, the Technical Manager, the Finance Manager and the Chief Accountant)	1 969 624	-
Average amount per member of the Administration per month	65 654	-
To members of the Board	1 201 259	-
Average amount per member of the Board per month	100 105	-

The members of the Board who received payments related to labor relations – the Managing Director and the Finance Manager of the company. Other members of the Board did not receive any payments. Neither members of the Board, nor members of the Administration of the company received tantiemes or other payments.

No loans, guarantees and warranties were granted to the members of Board and to the members of the Administration during the 1st half-year of 2008.

11. Review of the Issuer's activities

objective review of the Company's status, its performance and development; description of the main risks and uncertainties the Company is encountering;

analysis of the results of financial and non-financial activities; information related to the environmental and personnel issues;

plans and forecasts of the Company's activities;

Table 11.1. The company's income of the main products sold

Products	2005		2006		2007		1 st half-year of 2008	
	quantity in thous. of t	amount in thous. of LTL	quantity in thous. of t	amount in thous. of LTL	quantity in thous. of t	amount in thous. of LTL	quantity in thous. of t	amount in thous. of LTL
Diamonium phosphate (DAP)	726,0	487 516	818,9	558 162	825,2	796 426	417,9	780 984
Aluminium fluoride	7,9	14 702	11,6	25 145	10,3	26 830	5,1	12 792
Commercial sulphuric acid	19,6	1 821	17,4	1 829	15,6	1 630	1,8	556
Commercial phosphoric acid	25,3	26 917	14,8	17 317	6,7	9 221	0,1	359
Feed phosphates	64,1	52 040	70,7	62 288	65,4	68 235	35,2	74 566
Total	-	582 996	-	664 741		902 342		869 257

Table 11.2. The sales prices of the products, LTL/t

Products	2005	2006	2007	1 st half-year of 2008
Diamonium phosphate (DAP)	672,27	681,02	970,57	1 869,04
Aluminium fluoride	1 851,37	2 223,33	2 558,80	2 514,97
Commercial sulphuric acid	92,81	105,19	104,81	314,55
Commercial phosphoric acid	1 065,87	1 169,29	1 386,07	3 803,22
Feed phosphates	811,86	881,02	1 043,65	2 118,65

Indicator	Unit of measuring	2005	2006	2007	1st year-half of 2008
Sales of products and services	mill. of LTL	603,9	682,5	921,6	889,7
Gross profit	mill. of LTL	148,5	107,7	343,6	364,3
Gross return (gross profit / sales)	perc.	24,6	15,8	37,3	40,9
Profit from operations	mill. of LTL	95,1	44,3	267,7	310,9
Return from operations (profit from operations / sales)	perc.	15,7	6,5	29,0	34,9
EBIT	mill. of LTL	95,2	45,5	270,0	312,5
Return of EBIT	perc.	15,8	6,7	29,3	35,1
Net profit	mill. of LTL	81,5	37,2	221,1	265,8
Net return (profit from operations / sales)	perc.	13,5	5,5	24,0	29,9
Profit per share	in Litas	3,9	1,8	10,5	12,6
Net book share value	in Litas	16,9	18,6	29,2	41,8
EBITDA	mill. of LTL	116,9	80,4	298,3	327,3
Return of EBITDA	perc.	19,4	11,8	32,4	36,8
Total assets (at the end of the period)	mill. of LTL	411,9	436,2	717,0	1 038,1
Return on assets (profit from operations / assets)	perc.	23,1	10,2	37,3	29,9
Return on assets ROA (net profit / assets)	perc.	19,8	8,5	30,8	25,6
Assets turnover (sales / assets)	times	1,5	1,6	1,3	0,9

Equity (at the end of the period)	mill. of LTL	354,6	391,8	612,9	878,7
Return on equity (net profit / equity)	perc.	23,0	9,5	36,1	30,2
Cover (current) ratio	times	3,3	4,2	4,4	4,9
Immediate cover ratio	times	2,1	3,1	3,8	3,5
Debt ratio (liabilities / assets)	times	0,1	0,1	0,1	0,2
Debt - equity ratio (liabilities / equity)	times	0,2	0,1	0,2	0,2
Dividends per share	in Litas	-	-	-	-
Price per share (at the end of the period)	in Litas	45,71	21,40	67,00	88,01

The plans and forecasts of the Company published in the Annual Statements as of 2007 remain unchanged.

12. Essential events of the first six fiscal months

their influence on the Interim Financial Statement, as well as the information about the main risks and uncertainties during the next six fiscal months

The essential events during the accounting period:

- March 17, 2008 The Company signed for the fourth time the Agreement on social-economical partnership between the Municipality of the Kėdainiai district, MCC "EuroChem" and "Lifosa" AB. According to this Agreement "Lifosa" AB planned to provide the funds needed for implementation of the sports, health care and educational programs of the Kėdainiai district.
- March 31, 2008 The Company declared that it plans to assign the amount of 39.430 thous. of Litas (11.420 thous. of EUR)
- The decisions made in the General meeting of the shareholders held on April 25, 2008:
 1. Report of the Company's auditor. To take into consideration the Auditor's opinion presented in the report of the Company's auditor, while approving the Company's Annual Financial Statements for 2007.
 2. The Annual Statement of the Company as of 2007. To approve the Annual Statement of the Company as of 2007.
 3. Approval of the annual financial statements of the Company as of 2007. To confirm the annual financial statement as of 2007.
 4. The appropriation of profits of 2007. To approve the appropriation of the net audited profit (according to the IAS) of 2007 as follows:
 - 1) profit brought forward of the previous financial year at the end of the accounting financial year 168.762 thous. of LTL
 - 2) net profit of the accounting financial year 221.102 thous. of LTL
 - 3) profit (loss) of the accounting financial year not recognized in the Profit (Loss) Report 0
 - 4) transfers from reserves 0
 - 5) shareholders' contributions for covering losses of the company 0
 - 6) total profit to be appropriated 389.864 thous. of LTL
 - 7) the profit share appropriated to the legal reserve 8.287 thous. of LTL
 - 8) the profit share appropriated to the reserve for acquisition of own shares 0
 - 9) the profit share appropriated to other reserves 0
 - 10) the profit share appropriated for the dividends 0
 - 11) the profit share appropriated for the annual payments (tantiemes) to the members of the Board, bonuses to the employees and other purposes 0
 - 12) profit brought forward at the end of the accounting financial year that is brought forward to the next financial year 381.577 thous. of LTL

12) profit brought forward at the end of the accounting financial year that is brought forward to the next financial year 381.577 thous. of LTL

5. Selection of the audit company and determination of the payment terms for the services.

5.1 To approve the "PricewaterhouseCoopers" UAB as the audit company for the year 2007, after having coordinated the auditors (natural persons) of the company with the Lithuanian Securities Commission.

5.2 To authorize the General Director of the Company to conclude the Service Agreement with the audit company under the following remuneration terms for the services offered: the payment amount agreed between the Parties should not exceed 145 thous. of LTL (42 thous. of EUR), VAT excluded.

6. Election of the Board.

6.1 To admit the authorizations of all the members of the Board of the Company as terminated at the end of tenure of the Board.

6.2 Upon the proposition of the main Shareholder of the Company – OAO „MChK „EuroChem“ – to reelect the following members to the Board of the Company for the further tenure of four years:

Aleksandr Tugolukov, the Technical Manager of OAO „MChK „EuroChem“;

Jonas Dastikas, the General Director of „Lifosa“ AB;

Regvita Ivanovienė, the Financial Manager of „Lifosa“ AB;

Stanislav Duriagin, OAO „MChK „EuroChem“, the Head of the Department of Corporate Matters of OAO „MChK „EuroChem“;

Valerij Rogalski, the Sales Manager of OAO „MChK „EuroChem“.

6.3 To determine that the members of the Board shall start their activities at the end of this General Meeting of the Shareholders.

13. Information about more significant transactions with the interested parties

information about:

- a. transactions of the interested parties executed during the first six fiscal months of the current year, which influenced the Company's financial status of the said period, including the amounts of such transactions, nature of relations between the interested parties and other information about the transactions that is necessary for understanding the financial status of the Company. Information about the individual transactions can be summarized according to their type, except for the cases when additional information may be needed for understanding the influence of the transactions between the interested parties on the company's financial status;
- b. all the changes to transactions between the interested parties indicated in the recent Annual Statement, which could influence the Issuer's financial status or activities during the six fiscal months of the current year.

The information about the transactions with the interested parties is disclosed in the Explanatory note of the Financial Statement for the first half-year of 2008.

LIFOSA AB
INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY-JUNE 2008

LIFOSA AB
FINANCIAL STATEMENTS
30 JUNE 2008

(All tabular amounts in LTL thousand unless otherwise stated)

INCOME STATEMENT

	Notes	April 01 - June 30		January 01 - June 30	
		2008	2007	2008	2007
Sales	1	558 726	178 332	889 786	335 594
Cost of sales	2	(313 118)	(117 795)	(525 376)	(249 547)
Gross profit		245 608	60 537	364 410	86 047
Selling and distribution costs	3	(6 753)	(5 258)	(15 888)	(15 002)
Administrative expenses	4	(9 410)	(4 838)	(15 716)	(9 291)
Other activities, net		(196)	154	247	217
Operating profit		229 249	50 595	333 053	61 971
Financial income(loss), net	5	658	(429)	(20 570)	(1 985)
Profit before tax		229 907	50 166	312 483	59 987
Income tax	6	(34 373)	(8 921)	(46 664)	(10 777)
Net profit		195 534	41 245	265 819	49 210
Basic and diluted earnings per share (LTL per share)		9.30	1.96	12.65	2.34

The financial statements on pages 2 to 15 were approved by the General Director and Chief Accountant on 30 June 2008.


Jonas Daktikas
General director


Nijole Kalinauskienė
Chief Accountant

LIFOSA AB
FINANCIAL STATEMENTS
30 JUNE 2008

(All tabular amounts in LTL thousand unless otherwise stated)

BALANCE SHEET

	Notes	As at June 30	
		2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment	8	257 837	240 531
Intangible assets	7	546	264
Deferred tax assets			-
Long term guarantee		1 432	679
Other receivables		2 698	2 619
		1 198	3 883
		263 711	247 977
Current assets			
Inventories	9	219 585	76 622
Trade receivables	10	20 021	10 104
Accounts receivable from related parties		330 048	117 674
Prepayments and other current assets	11	134 515	15 542
Short-term financial assets		12 208	13 905
Cash and cash equivalents	13	58 048	7 876
Accounts receivable from EU structural funds		-	778
		774 425	242 501
Total assets		1 038 136	490 478
EQUITY			
Share capital	14	210 206	210 206
Share premium		80	80
Legal reserve		21 021	12 735
Retained earning		647 396	217 972
Total equity		878 703	440 993
LIABILITIES			
Current liabilities			
Trade and other payables	15	18 589	12 433
Accounts payable to related parties		17 593	10 424
Other payables		117 675	20 979
Grants	12	5 576	5 649
Total liabilities		159 433	49 485
Total equity and liabilities		1 038 136	490 478

LIFOSA AB
FINANCIAL STATEMENTS
30 JUNE 2008

(All tabular amounts in LTL thousand unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	notes	Share capital	Share premium	Own shares	Legal reserve	Retained earning	Total
Balance as at 31 December 2006		210 206	80		10 873	170 623	391 782
Transfer to legal reserve					1 861	(1 861)	
Net profit for the period						49 210	49 210
Balance at 30 June 2007	19	210 206	80	-	12 734	217 972	440 993
Transfer to legal reserve			-	-			
Net profit for the period			-	-		171 791	171 891
Balance at 31 December 2007	19	210 206	80	-	12 734	389 864	612 884
Transfer to legal reserve					8 287	(8 287)	
Net profit for the 1st 6 m 2008	19					265 818	265 818
Balance at 30 June 2008		210 206	80	-	21 021	647 396	878 703

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(All tabular amounts in LTL thousand unless otherwise stated)

CASH FLOW STATEMENT

	For the six month period ended on 30 June	
	2008	2007
Cash flows from operating activities		
Profit before tax	312 483	59 987
Adjustments for:		
Depreciation and amortisation	15 130	13 392
Unrealised foreign Exchange loss/(gain)	(21 923)	(2 874)
Loss (profit) on disposal of property, plant and equipment, net	(8)	0
Changes in working capital	(232 015)	(63 599)
Income tax paid	(3 590)	(5 097)
Net cash from operating activities	70 077	1 809
Cash flow from investing activities		
Purchase of property, plant and equipment	(21 266)	(19 592)
Proceeds from the sales of property, plant and equipment	8	148
Proceeds from sale of associate company	-	0
Net cash used investing activities	(21 258)	(19 444)
Cash flows from financing activities		
Interest income	1 353	859
Net cash from financing activities	1 353	859
Net increase in cash and cash equivalents	50 172	(16 776)
Movement in cash and cash equivalents		
At beginning of year	7 876	24 652
Net increase	50 172	(16 776)
Cash and cash equivalents at end of the period	58 048	7 876

LIFOSA AB
FINANCIAL STATEMENTS
30 JUNE 2008

(All tabular amounts in LTL thousand unless otherwise stated)

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:

Juodkiskio 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 June 2008 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%
Sagitarius International Limited	226,909	1,08%
Other shareholders	866,176	4,12%
	21,020,564	100%

The average number of staff employed by the Company in 30 June 2008 totalled 1004 (2007 m. – 1020).

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.

LIFOSA AB
FINANCIAL STATEMENTS
30 JUNE 2008

(All tabular amounts in LFL thousand unless otherwise stated)

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 2008 and 2007 is 15%.

According to the adopted Lithuanian Provisional Law on Social Tax, social tax at the rate of 3 per cent for 2007.

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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

	June 30	June 30
	2008	2007
Diammonium phosphate sales	780 984	279 721
Monocalcium phosphate	74 566	31 547
Aluminium fluoride	12 793	10 907
Phosphoric acid	359	5 185
Monodicalcium phosphate	-	-
Sulphuric acid	556	1 125
Other sales	20 528	7 109
	889 786	335 594

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-June	2007	30 June		January-June	2007
	2008		2008	2007	2008	2007
Lithuania	76 805	39 216	774 425	490 478	20 050	18 968
France	84 715	14 255				
Germany	37 144	19 454				
The Netherlands	20 453	24 971				
Ireland	14 881	10 023				
Poland	39 009	22 253				
Czech Republic	8 752	7 682				
Romania	5 869	5 479				
Hungary	22 854	4 680				
Belgium	7 700	7 004				
Cameroon	-	6 020				
Brazil	84 897	-				
Ethiopia	37 697	72 545				
India	352 168	-				
Tajikistan	4 650	3 207				
Spain	17 263	4 207				
Ukrain	9 878	4 215				
Great Britain	10 500	17 029				
Ivory Coast	-	6 937				
Argentina	30 554	30 098				
Turky	-	32 165				
Portugal	16 493	-				
Other countries	7 504	4 154				
	889 786	335 522	774 425	490 478	20 050	18 968

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

Analysis of sales by category:

	June 30	June 30
	2008	2007
Sales of goods	869 257	328 616
Sales of raw materials	17 875	4 520
Services rendered	2 654	2 458
	889 786	335 594

2.COST OF SALES

	June 30	June 30
	2008	2007
<i>Costs:</i>		
Diammonium phosphate	458 197	209 508
Monocalcium phosphate	43 779	22 418
Aluminium fluoride	10 016	9 436
Phosphoric acid	168	3 675
Sulphuric acid	378	759
Other products	12 838	3 751
	525 376	249 547

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3. SELLING AND DISTRIBUTION COSTS

	June 30 2008	June 30 2007
Shipping costs	6 981	5 497
Inspecting and certification costs	755	326
Freight	3 466	5 822
Loading and forwarding costs	4 579	3 349
Other distribution expenses	107	8
	15 888	15 002

4. ADMINISTRATIVE EXPENSES

	June 30 2008	June 30 2007
Employee benefits	6 682	4 979
Social insurance	2 080	1 577
Provisions for salaries	-	-
Tax (other than income tax)	1 040	1 083
Depreciation and amortization	441	554
Insurance	86	281
Security	408	358
Telecommunications	205	221
Deferrals	1 483	-
Other administrative expenses	3 291	238
	15 716	9 291

5. FINANCE EXPENCES

	June 30 2008	June 30 2007
Interest income	1 353	766
Costs of exchange operations	-	-
Unrealised foreign Exchange (loss).net	(21 923)	(2 874)
	(20 570)	(2 108)

6. INCOME TAX

	June 30 2008	June 30 2007
Current tax for the period	46 664	9 168
Current social tax for the period	-	1 609
Deferred tax	1 432	679
	48 096	11 456

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7. INTANGIBLE ASSETS

	Software
At 31 December 2006	
Cost	600
Accumulated amortization	(305)
Net book amount	295
At 30 June 2007	
Opening net book amount	295
Additions	22
Disposals and write-off	3
Amortisation charge	50
Closing net book amount	264
At 30 June 2007	
Cost	619
Accumulated amortization	355
Net book amount	264
At 30 June 2008	
Opening net book amount	650
Additions	18
Disposals and write-off	-
Amortisation charge	122
Closing net book amount	546
At 30 June 2008	
Cost	1135
Accumulated amortization	494
Net book value	546

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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 2006						
Cost	174 059	342 163	16 549	12 065	20 948	565 784
Accumulated depreciation	(82 937)	(228 296)	(10 556)	(9 076)	-	(330 865)
Net book amount	91 122	113 867	5 993	2 989	20 948	234 919
At 30 June 2007						
Opening net book amount value	91 122	113 867	5 993	2 990	20 948	234 920
Additions	-	3 501	335	760	14 372	18 968
Disposals and write-off	-	(2)	-	(13)	-	(15)
Reclassifications	-	482	-	-	(482)	-
Depreciation charge	(2 328)	(9 957)	(452)	(605)	-	(13 342)
Closing net book amount	88 794	108 816	5 876	3 132	33 913	240 531
At 30 June 2007						
Cost	174 059	345 590	14 568	12 648	33 913	580 778
Accumulated depreciation	(85 265)	(236 774)	(8 692)	(9 516)	-	(340 247)
Net book amount	88 794	108 816	5 876	3 132	33 913	240 531
At 30 June 2008						
Opening net book amount	100 518	132 136	7 540	2 317	10 287	252 798
Additions	-	2 862	157	172	16 859	20 050
Disposals and write-offs	-	-	-	(2)	-	(2)
Reclassifications	582	12 882	-	-	(13 464)	-
Depreciation charge	(2 206)	(11 665)	(535)	(602)	-	(15 008)
Closing net book amount	98 894	136 215	7 162	1 885	13 682	257 838
At 30 June 2008						
Cost	188 710	390 621	16 905	11 753	13 682	621 671
Accumulated depreciation	(89 816)	(254 406)	(9 743)	(9 868)	-	(363 833)
Net book amount	98 894	136 215	7 162	1 885	13 682	257 838

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 6 month 2008 (2007 – LTL 148.98 thousand Lt).

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9. INVENTORIES	June 30 2008	June 30 2007
Finished goods	75 790	44 401
Raw materials and suppliers	135 630	28 978
Work in progress	4 493	1 558
Semi-manufactures	3 672	1 685
	219 585	76 622

10. TRADE AND OTHER RECEIVABLES	June 30 2008	June 30 2007
Trade receivables	348 669	10 152
Amounts received in advance	1 400	572
Provision for impairment of trade receivables	-	(620)
	350 069	10 104

11. OTHER RECEIVABLES	June 30 2008	June 30 2007
Prepayments made to suppliers (inc.related parties)	95 272	4 721
VAT tax receivable	38 400	9 134
Advances and future costs	843	1 687
	134 515	15 542

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 349 th Lt.

13. CASH AND CASH EQUIVALENTS	June 30 2008	June 30 2007
Cash in bank	1 842	5 547
Cash on hands	9	23
Short term deposits, securities	56 197	2 004
L/C and guarantee	-	302
	58 048	7 876

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14.SHARE CAPITAL

Authorised share capital comprised 21,020,564 ordinary shares with a par value of LTL 10 each as at 30 June 2008.No changes in the share capital took place during the first half-year,2008 .

15.TRADE AND OTHER PAYABLES

	June 30	June 30
	2008	2007
Trade payables	18 589	12 433
Trade payables to related parties	17 593	10 424
Accrued liabilities	114 044	18 116
Salaries and social security payable	3 631	2 864
Grants	5 576	5 648
	159 433	49 485

CONTINGENT COMMITMENTS

Emission allowances

The Company participates in a carbon dioxide cap and trade scheme.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 2007 actual emissions of the Company amounted to 612 tons (2006 1,100 tons). The market value of remaining unused allowances amounted to LTL 0.2 thousand as at 31 December 2007 (2006 -LTL 629 thousand).

In April 2007, the company sold unused emission allowances and received 60 thousand LTL of income. Carbon dioxide emission allowances make 499,696 t for the period 2008-2012, including 99,939 t for the year 2008.