CONFIRMATION OF THE RESPONSIBLE PERSONS

2009-07-30

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'2009, prepared in accordance with International Financial Reporting Standards, give a true view of AB Lifosa assets, liabilities, financial position, profit.

ADDED: Interim non audited Financial Statements for the six months of Y'2009.

Director General Jonas Dastikas

Chief Accountant Nijolė Kalinauskienė

LIFOSA AB

INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY- JUNE 2009(UNAUDITED)

***Translation note***

***This version of the financial statements is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.***

**CONTENTS**

**INCOME STATEMENT**
in thaousand LTL

| | Notes | 01 april – 30 june 2009 | 01 april – 30 june 2008 | 01 January- 30 june 2009 | 01 January- 30 june 2008 |
|---|---|---|---|---|---|
| Sales | 1 | 185 950 | 558 726 | 462 525 | 889 786 |
| Cost of sales | 4 | (191 554) | (313 118) | (452 487) | (525 376) |
| **Gross profit** | | **(5 604)** | **245 608** | **10 038** | **364 410** |
| Selling and distribution costs | 2,4 | (6 454) | (6 753) | (14 223) | (15 888) |
| Administrative expenses | 3,4 | (9 749) | (9 410) | (17 065) | (15 716) |
| Other activities,net | 6 | 4 556 | (196) | 9 626 | 247 |
| **Operating profit** | | **(17 251)** | **229 249** | **(11 624)** | **333 053** |
| Financial income(loss),net | | (28 771) | 658 | (3 249) | (20 570) |
| **Profit before tax** | | **(46 022)** | **229 907** | **(14 873)** | **312 483** |
| Income tax | 7 | 40 629 | (34 373) | 1 767 | (46 664) |
| **Net profit** | | **(5 393)** | **195 534)** | **(13 106)** | **265 819** |
| Basic and diluted earnings per share (LTL per share) | | -0.26 | 9.3 | -0.62 | 12.65 |

These preliminary unaudited financial statements on pages 3 – 17 were approved by the Company's Director General and Chief Accountant on 20 july 2009.

Jonas Dastikas
Director General

Nijolė Kalinauskienė
Chief Accountant

The accounting policies and the notes on pages 7 to 17 form an integral part of these preliminary unaudited financial statements.

## BALANCE SHEET
in thaousand LTL

| | Notes | 30 june 2009 | 31 december 2008 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 255 165 | 264 551 |
| Intangible assets | 10 | 402 | 459 |
| Deferred tax asset | 7 | 43 028 | 41 261 |
| Other receivables | | 30 028 | 2 709 |
| | | **328 623** | **308 980** |
| **Current assets** | | | |
| Inventories | 11 | 99 243 | 154 548 |
| Trade and other receivables | 12 | 173 453 | 165 858 |
| Loans granted | 12 | 354 406 | 359 764 |
| Cash and cash equivalents | 13 | 12 515 | 63 469 |
| | | **639 617** | **743 639** |
| **Total assets** | | **968 240** | **1 052 619** |
| **EQUITY** | | | |
| Share capital | 14 | 210 206 | 210 206 |
| Share premium | | 80 | 80 |
| Legal reserve | | 21 021 | 21 021 |
| Retained earnings | | 605 701 | 618 808 |
| **Total equity** | | **837 008** | **850 115** |
| **LIABILITIES** | | | |
| Non-current liabilities | | | |
| Grants | 15 | **4 849** | **5 212** |
| **Current liabilities** | | | |
| Income tax liabilities | | 49 683 | 53 183 |
| Trade and other payables | 15 | 76 700 | 144 109 |
| **Total liabilities** | | **131 232** | **202 504** |
| **Total equity and liabilities** | | **968 240** | **1 052 619** |

The accounting policies and the notes on pages 7 to 17 form an integral part of these preliminary unaudited financial statements.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in thaousand LTL

| | Notes | Share capital | Share premium | Legal reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2008** | | 210,206 | 80 | 12 734 | 389 864 | 612 884 |
| Transfer to legal reserve | | - | - | 8 287 | -8 287 | - |
| Net profit for the period | | - | - | - | 265 818 | 265 818 |
| **Balance at 30 june 2008** | | **210 206** | **80** | **21 021** | **647 395** | **878 702** |
| Transfer to legal reserve | | - | - | - | - | - |
| Net profit for the period | | | | - | (28 588) | (28 588) |
| **Balance at 31 December 2008** | | **210,206** | **80** | **21 021** | **618 808** | **850 115** |
| Transfer to legal reserve | | - | - | | | - |
| Net profit for the period | | - | - | - | (13 106) | (13 106) |
| **Balance at 30 june 2009** | 15 | **210,206** | **80** | **21,021** | **605 701** | **837 008** |

The accounting policies and the notes on pages 7 to 17 form an integral part of these preliminary unaudited financial statements.

**CASH FLOW STATEMENT**
in thaousand LTL

| | For the three month period ended on 30 june | |
|---|---|---|
| | **2009** | **2008** |
| **Cash flows from operating activities** | | |
| Profit before tax | (14 873) | 312 483 |
| Adjustments for: | | |
| Depreciation and amortisation | 15 536 | 15 130 |
| Unrealised foreign Exchange loss/(gain) | (3 249) | (21 923) |
| Loss (profit) on disposal of property,plant and equipment,net | (34) | (8) |
| Changes in working capital | (10 066) | 38 034 |
| Change in other receivables | (5 510) | (232 015) |
| Income tax paid | (3 500) | (3 590) |
| **Net cash from operating activities** | **(21 696)** | **70 077** |
| **Cash flow from investing activities** | | |
| Purchase of property,plant and equipment | (33 462) | (21 266) |
| Proceeds from the sales of property, plant and equipment | 34 | 8 |
| **Net cash used investing activities** | **(33 428)** | **(21 258)** |
| **Cash flows from financing activities** | | |
| Interest income | 9 551 | 1 353 |
| Other financing income | 40 | |
| **Net cash from financing activities** | **9 591** | **1 353** |
| **Net increase in cash and cash equivalents** | **(45 533)** | **50 172** |
| **Movement in cash and cash equivalents** | | |
| At beginning of year | 58 048 | 7 876 |
| Net increase | (45 533) | 50 172 |
| Cash and cash equivalents at end of the period | **12 515** | **58 048** |

The accounting policies and the notes on pages 7 to 17 form an integral part of these preliminary unaudited financial statements.

## A. 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 Secondary Trading List of the National Stock Exchange of Lithuania. The Company's principal activity is the production of phosphate fertilisers, mainly diammonium phosphate (DAP). As at 31 December 2008 and 30 june 2009, the main shareholders of the Company were as follows:

| *Shareholder* | *Number of shares* | *Percentage of share capital* |
|---|---|---|
| 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 number of staff employed by the Company on 30 june 2009 totalled 998 (2008: 1006).

## B. SIGNIFICANT ACCOUNTING POLICIES

### B.1 Basis of preparation

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU),incudes IAS 34. The financial statements have been prepared under the historical cost convention, as modified for the indexation of certain property, plant and equipment .

### B.2 Foreign currency translation

*(a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Litas (LTL), which is the Company's functional and presentation currency. Since 2 February 2002 the Litas has been pegged to the euro at exchange rate of LTL 3.4528 = EUR 1.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## B.3 Property, plant and equipment

Property, plant and equipment acquired on or after 1 January 1996 is stated at historical cost less accumulated depreciation. Property, plant and equipment acquired before 1 January 1996 is stated at historical cost less accumulated depreciation as adjusted for indexation, using indexation rates set by the Lithuanian Government for the different asset categories. Four revaluations of property, plant and equipment were performed during the period between 1 January 1992 and 31 December 1995.

Subsequent costs are added to 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.

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 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note B.5).

Construction in progress is transferred to appropriate groups of property, plant and equipment when it is completed and ready for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

## B.4 Intangible assets

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

## B.5 Financial assets

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'loans granted' and 'trade and other receivables' in the balance sheet.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment loss. An impairment loss of amounts receivable 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 impairment loss 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 impairment loss is recognised in the income statement within 'administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

## B.6 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 products 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.

Net realisable value of finished goods is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Raw materials and other substances held for the production of goods are not written down below their cost, unless it is probable that the cost of goods produced using these raw materials and substances will exceed the net realisable value. Under such circumstances, the best estimate of net realisable value of raw materials and substances is deemed to be their replacement cost. Loss resulting from writing down of inventories to net realisable value is included in the cost of sales in the income statement.

### B.7 Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. Cash and cash equivalents comprise cash in hand, cash at bank held on call, and other short-term highly liquid investments with original maturities of three months or less.

### B.8 Share capital

Ordinary shares are stated at their nominal value. Consideration received for the shares sold in excess over their nominal value is shown as share premium.

### B.9 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.

### B.10 Trade payables

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

### B.11 Income tax

Pursuant to the Lithuanian Law on Corporate Profit Tax, taxable profit is subject to income tax at a rate of 20 per cent. 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 is 15 per cent.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is recognized to the extent it is probable that sufficient taxable profit will be available against which the temporary differences can be utilised.

The principal temporary differences arise from accrued charges and inventory valuation allowance. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

### B.12 Leases – where the Company is the lessee

*(a) Finance lease*

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

*(b) Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**B.13 Operating lease – where the Company is the lessor**

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

**B.14 Employee benefits**

*(a) Social security contributions*

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on the accrual basis and included in payroll expenses.

*(b) Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

*(c) Bonus plans*

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

**B.15 Revenue recognition**

Sales 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.

**B.16 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.

**B.17 Emission allowances**

The Company participates in a carbon dioxide cap and trade scheme. It is set a target to reduce its emissions of carbon dioxide to a specified level (the cap). The Company is issued allowances equal in number to its cap by the Government. Allowances are issued free of charge. The Company measures both emission allowances and government grants at cost, i.e. zero value. As actual emissions are made, a liability is recognised for the obligation to deliver allowances. Liabilities to be settled using allowances on hand are measured at the carrying amount of those allowances. Any excess emissions are measured at the market value of allowances at the period end. Surplus of emission allowances, if any, can be traded on the market. Revenue from sale of surplus allowances is recognised on the actual trade date.

### B.18 Grants

Grants are recognised where there is reasonable assurance that the grant will be received and the Company will comply with all conditions established.

Grants relating to purchase of property, plant and equipment are included in current liabilities and are credited to the income statement on a straight-line basis over the depreciation period of the related assets.

### B.19 Cash Flow Statement

For the purpose of presentation of cash flow statement, interest income earned on bank deposits and current accounts is classified as income from financing activities whereas interest income received for loans granted is treated as income from investing activities.

## C. FINANCIAL RISK MANAGEMENT

### C.1 Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management of the Company. The management identifies, evaluates and takes appropriate actions in order to mitigate the financial risks.

*(a) Market risk*
(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company's foreign exchange risk management is based on matching the expected cash flows in principal currencies. Due to the fact that the majority of business transactions carried out by the Company, including sales of production and purchases of raw materials are denominated in US dollars, changes in USD exchange rates do not affect the cash flows of the Company. However, these changes are reflected in the carrying value of financial assets and liabilities which are originally expressed in foreign currencies but translated to the functional currency Lithuanian Litas (LTL) in the balance sheet.

The Company is not exposed to significant foreign exchange risk arising from transactions denominated in euro (EUR) because the Lithuanian Litas has been pegged to the euro at an exchange rate of LTL 3.4528 = EUR 1 since 2 February 2002.
The Company has no other financial liabilities except for trade and other payables. All trade and other payables reported in the balance sheet are due within 12 months and their fair value is equal to their carrying balances as the impact of discounting would not be significant.

## OTHER EXPLANATORY NOTES

### 1. 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 market can be analysed as follows:
in thaousand LTL

| | Sales | | Total asse | | Capital expenditure | |
|---|---|---|---|---|---|---|
| | January-june | | 30 june | | 30 june | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | | - | - | - | - | - |
| Lithuania | 15 020 | 76 805 | 968 240 | 1 038 136 | 6 223 | 20 050 |
| France | 3 327 | 84 715 | - | - | - | - |
| Germany | 70 689 | 37 144 | - | - | - | - |
| The Netherlands | 53 537 | 39 009 | - | - | - | - |
| Brasil | - | 14 881 | - | - | - | - |
| Poland | 18 344 | 20 453 | - | - | - | - |
| Czech Republic | 3 472 | 22 854 | - | - | - | - |
| Romania | 2 631 | 352 | - | - | - | - |
| Hungary | 2 052 | 5 869 | - | - | - | - |
| Belgium | 2 844 | 10 500 | - | - | - | - |
| Slovakija | 1 710 | - | - | - | - | - |
| Pakistan | 22 522 | - | - | - | - | - |
| Austrija | 1 183 | 30 554 | - | - | - | - |
| Sweden | 2 842 | - | - | - | - | - |
| Tajikistan | 1 557 | 9 878 | | | | |
| Spain | - | 7 700 | - | - | - | - |
| Ukrain | 1 911 | 4 650 | - | - | - | - |
| Great Britain | 5 712 | 17 263 | - | - | - | - |
| Airija | 4 023 | 84 897 | - | - | - | - |
| Argentina | - | 8 752 | - | - | - | - |
| Indija | 204 194 | 37 697 | - | - | - | - |
| Etiopia | 23 877 | - | | | | |
| Kenia | 14 940 | - | | | | |
| Other countries | 5 138 | 16 493 | - | - | - | - |
| | **462 525** | **889 786** | **968 240** | **1 038 136** | **6 223** | **20 050** |

Sales are allocated among geographical segments based on the country which is the final destination of production sold by the Company according to dispatch documents. Usually, this country is where the buyer is located with the exception being sales to certain wholesale customers, mainly related party Eurochem Trading GmbH. For instance, Eurochem Trading GmbH is based in Switzerland but acts as a wholesale distributor of production of the Company in non-EU markets .

| Analysis of sales by category: | 30 june 2009 | 30 june 2008 |
|---|---|---|
| **in thaousand LTL** | | |
| Sales of goods | 452 308 | 869 257 |
| Sales of raw materials | 4 165 | 17 875 |
| Sales of electricity, heat energy, gas, $CO_2$ emission rights, other services, other sales revenue | 6 052 | 2 654 |
| | **462 525** | **889 786** |

**2. SELLING AND DISTRIBUTION COSTS**

| In thousand LTL | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Shipping costs | - | 3 466 |
| Transportation costs | 7 441 | 6 981 |
| Loading and forwarding costs | 6 685 | 5 334 |
| Other selling and distribution costs | 97 | 107 |
| | **14 223** | **15 888** |

**3. ADMINISTRATIVE EXPENSES**

| In thousand LTL | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Remuneration of employees | 6 836 | 6 682 |
| Social security contributions | 2 187 | 2 080 |
| Taxes (other than income tax) | 884 | 1 040 |
| Depreciation and amortization | 478 | 441 |
| Insurance | 217 | 86 |
| Security | 408 | 408 |
| Telecommunications | 232 | 205 |
| Support granted | 678 | 2 174 |
| Other administrative expenses | 5 145 | 2 600 |
| | **17 065** | **15 716** |

**4. EXPENSES BY NATURE**

| In thousand LTL | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Raw materials and consumables used | 428 112 | 534 822 |
| Inventory valuation allowance | (2 092) | 359 |
| Remuneration of employees and social security contributions | 19 456 | 18 831 |
| Transportation services | 14 223 | 15 888 |
| Depreciation and amortisation | 14 953 | 14 989 |
| Change in finished goods, semi-manufactures and work in progress | (176) | (40 148) |
| Repair and maintenance | 3 227 | 5 468 |
| Energy and fuel | 1 763 | 1 777 |
| Taxes (other than income tax) | 884 | 1 040 |
| Consulting expenses | 1 068 | 889 |
| Security | 408 | 408 |
| Telecommunication and IT maintenance expenses | 277 | 205 |
| Marketing | 41 | 63 |
| Other | 1 631 | 2 389 |
| | **483 775** | **556 980** |

Expenses by nature disclosed together with the distribution cost and administrative exspenses.

**5. NET FOREIGN EXCHANGE GAIN/LOSS**

Net foreign exchange gain and loss resulted from significant fluctuations in exchange rate of functional currency of the Company (the Lithuanian Litas) and the main trading currency of the Company (the US dollar).

| | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Commission for currency translation operations | 770 | 1 353 |
| Net foreign exchange gain (loss) | (4 019) | (21 923) |
| | **(3 249)** | **(20 570)** |

## 6. OTHER INCOME/GAINS

In thousand LTL

| | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Interest income on short-term loans | 9 317 | 439 |
| | 274 | |
| Gain on disposal of property, plant and equipment | 34 | 8 |
| | **9 626** | **247** |

## 7. INCOME TAX

In thousand LTL

| | 30 june 2009 | 30 june 2008 |
|---|---|---|
| Current tax | 44 759 | 46 664 |
| Deferred tax | (43 028) | 1 432 |
| | (1 767) | (48 096) |

## 9. PROPERTY, PLANT AND EQUIPMENT

In thousand LTL

| | Buildings | Plant and machinery | Vehicles and equipment | Other PP&E | Construction in progress | Total |
|---|---|---|---|---|---|---|
| **At 31 December 2007** | | | | | | |
| Cost | 188,128 | 375,026 | 16,748 | 11,660 | 10,287 | 601,849 |
| Accumulated depreciation | (87,610) | (242,890) | (9,208) | (9,343) | - | (349,051) |
| Net book amount | **100,518** | **132,136** | **7,540** | **2,317** | **10,287** | **252,798** |
| **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 | - | - | (13464) | - |
| 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** |
| **at 30 june 2009** | | | | | | |
| Opening net book amount | 108,047 | 143,082 | 7,444 | 2,008 | 3,970 | 264,551 |
| Additions | - | 629 | 635 | 99 | 4 793 | 6 156 |
| Disposals and write-offs | 130 | - | - | - | - | 130 |
| Reclassifications | 1 029 | 3 865 | - | 31 | (4 925) | - |
| Depreciation charge | (2 406) | (12 080) | (647) | (279) | - | (15 412 |
| Closing net book amount | **106 540** | **135 496** | **7 432** | **1 859** | **3 838** | **255 165** |
| **at 30 june 2009** | | | | | | |
| Cost | 200 653 | 408 997 | 17 850 | 11 840 | 3 338 | 643 178 |
| Accumulated depreciation | (94 113) | (273 501) | (10 418) | (9 981) | - | (388 013) |
| Net book amount | **106 540** | **135 496** | **7 432** | **1 859** | **3 838** | **255 165** |

Land is leased by the Company from the Government of the Republic of Lithuania for the term of 99 years under the lease agreement signed in 1997.

**10. INTANGIBLE ASSETS** In thousand LTL

| | Computer software |
|---|---|
| **At 31 December 2007** | |
| Cost | 1,121 |
| Accumulated amortisation | (471) |
| Net book amount | **650** |
| **at 30 june 2008** | |
| Opening net book amount | 650 |
| Additions | 18 |
| Disposals and write-offs | - |
| Amortisation charge | (122) |
| Closing net book amount | **546** |
| **at 30 june 2008** | |
| Cost | 1 040 |
| Accumulated amortisation | (494) |
| Net book amount | **546** |
| **at 30 june 2009** | |
| Opening net book amount | 459 |
| Additions | 67 |
| Disposals and write-offs | - |
| Amortisation charge | (124) |
| Closing net book amount | **402** |
| **at 30 june 2009** | |
| Cost | 1 116 |
| Accumulated amortisation | (714) |
| Net book amount | **402** |

**11. INVENTORIES**
In thousand LTL

| | at 30 june 2009 | at 30 june 2008 |
|---|---|---|
| Finished goods | 52 364 | 75 790 |
| Raw materials and suppliers | 42 019 | 135 630 |
| Work in progress | 2 333 | 4 493 |
| Semi-manufactures | 2 527 | 3 672 |
| | **99 243** | **219 585** |

## 12. LOANS GRANTED, TRADE AND OTHER RECEIVABLES

In thousand LTL

| | at 30 june 2009 | at 30 june 2008 |
|---|---|---|
| Trade receivables, gross | 151 654 | 348 669 |
| Less: provision for impairment of trade receivable | (4 242) | (305) |
| VAT tax receivable | 23 096 | 40 437 |
| Prepayments made to suppliers | 1 913 | 1 400 |
| Other receivables | 1 032 | 1 216 |
| | **173 453** | **350 069** |
| Short-term loans granted | 354 406 | 359 764 |
| | **527 859** | **525 622** |

## 13. CASH AND CASH EQUIVALENTS

In thousand LTL

| | at 30 june 2009 | at 30 june 2008 |
|---|---|---|
| Cash in bank | 1 828 | 1 842 |
| Cash on hand | 2 | 9 |
| Time deposits and repo deals | 10 685 | 56 197 |
| Letters of credit and guarantees | - | - |
| | **12 515** | **58 048** |

## 14. SHARE CAPITAL

As at 31 December 2008, authorised share capital comprised 21,020,564 ordinary shares with a par value of LTL 10 each. No changes were made in the Company's authorised share capital during at 30 june 2009.

## 15. TRADE AND OTHER PAYABLES

In thousand LTL

| | at 30 june 2009 | at 30 june 2008 |
|---|---|---|
| Trade payables | 12 108 | 18 589 |
| Prekybos skolos susijusioms šalims | 41 937 | 17 593 |
| Other payables and accrued charges | 67952 | 114 044 |
| Remuneration of employees and social security payable | 4 386 | 3 631 |
| Grants | 4 849 | 5 576 |
| | **131 232** | **159 433** |

CONFIRMATION OF THE RESPONSIBLE PERSONS

2009-09-04

Following the Lithuanian Securities Law, the 1st part of the 21nd article, we confirm that AB Lifosa non audited Interim Report for the first half Y'2009, give a true view of AB Lifosa business.

ADDED:

Interim Report for the first half-year of 2009.

General Director Jonas Dastikas

Chief Financial Officer Regvita Ivanovienė

## 1. Accounting period of the statement

The Interim Statement has been issued for the first half-year of 2009.

## 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, (Maironio str. 11, 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 April 22, 2009 the total number of the shareholders amounts to 2.132.

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<br>UL. DUBININSKAJA DOM 53, STROENIJE 6, 115054 MOSC, MOSCOW, RUSSIA<br>1027700002659 | 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.

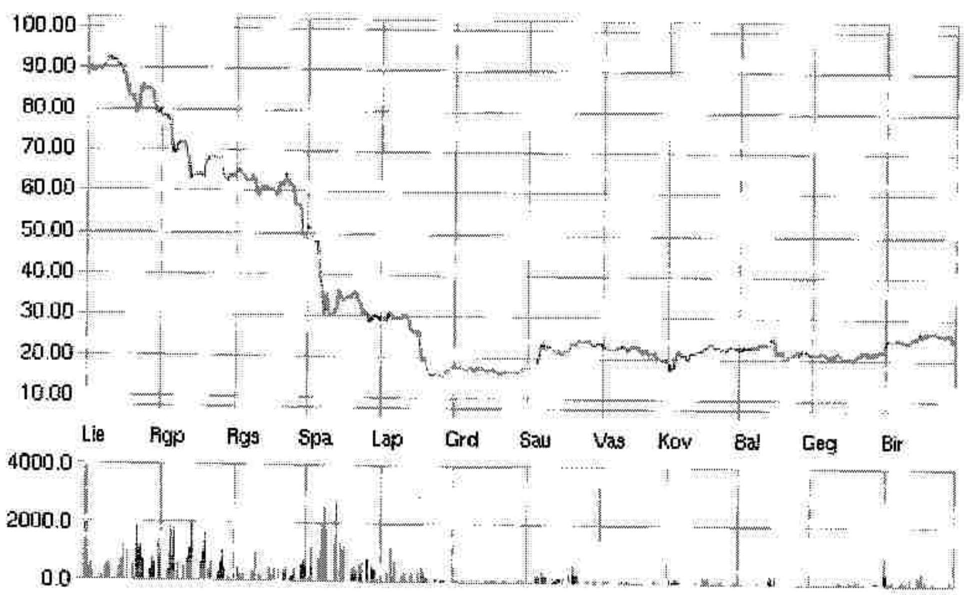
-Main characteristics of the shares

| 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 | |
|---|---|---|---|---|---|---|---|---|---|
| | highest | lowest | as of the last session | highest | lowest | as of the last session | | units | of LTL |
| The 1st quarter of 2009 | 26,60 | 16,90 | 22,51 | 557 770,12 | 11 084,8 | 27 496,07 | 2009-03-31 | 250 252 | 5 621 219,63 |
| The 2nd quarter of 2009 | 27,29 | 19,30 | 24,40 | 395 092,21 | 3 038,68 | 32 558,97 | 2009-06-30 | 176 727 | 4 233 313,50 |

**Trade in shares 2008.07.01 – 2009.06.30**




| Date of last session | Capitalization, in LTL |
|---|---|
| 2009-03-31 | 473 172 895,64 |
| 2009-06-30 | 512 901 761,60 |

**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

| | 2006 | 2007 | 2008 | 1st half-year of 2009 |
|---|---|---|---|---|
| Managers | 116 | 117 | 119 | 121 |
| Specialists | 80 | 78 | 77 | 78 |
| Workers | 843 | 824 | 807 | 796 |
| **Total** | **1 039** | **1 019** | **1 003** | **995** |

Table 8.2. Average monthly salary, in LTL

| | 2006 | 2007 | 2008 | 1st half-year of 2009 |
|---|---|---|---|---|
| Managers | 4 669 | 5 208 | 7 846 | 8 714 |
| Specialists | 3 005 | 3 520 | 4 324 | 4 965 |
| Workers | 2 087 | 2 729 | 3 592 | 3 961 |
| **Total** | **2 444** | **3 273** | **4 151** | **4 755** |

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

| | 2006 | 2007 | 2008 | 1st half-year of 2009 |
|---|---|---|---|---|
| personnel with university education | 170 | 176 | 180 | 181 |
| personnel with vocational education | 213 | 201 | 192 | 191 |
| personnel with secondary education | 526 | 442 | 524 | 523 |
| other | 130 | 200 | 103 | 103 |
| **Total** | **1 039** | **1 019** | **999** | **998** |

## 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 dismiss 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 Boards 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 (until 2009-04-29) | - |

| | | |
|---|---|---|
| Andrejus Popovas | Member (from 2009-04-29) | - |
| Jonas Dastikas | Member | 0,1118 |
| Regvita Ivanovienė | Member | 0,0049 |
| | **THE ADMINISTRATION** | |
| Jonas Dastikas | General Director | 0,1118 |
| Regvita Ivanovienė | Finance Manager | 0,0049 |

* Share of the capital / votes available on June 30, 2009

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 | April, 2012 |
| Valerijus Rogalskis | 2008-04-25 | April, 2012 |
| Stanislavas Duriaginas | 2008-04-25 | 2009-04-29 |
| Andrejus Popovas | 2009-04-29 | April, 2012 |
| Jonas Dastikas | 2008-04-25 | April, 2012 |
| Regvita Ivanovienė | 2008-04-25 | April, 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 2009, in LTL | Tantiemes paid during the 1st half-year of 2009, in LTL |
|---|---|---|
| To members of the Administration ( | 2 155 326 | - |
| Average amount per member of the Administration per month | 71 844 | - |
| To members of the Board | 1 368 524 | - |
| Average amount per member of the Board per month | 114 044 | - |

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 2009.

**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 | 2006 | | 2007 | | 2008 | | 1st half-year of 2009 | |
|---|---|---|---|---|---|---|---|---|
| | 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) | 818,9 | 558 162 | 825,2 | 796 426 | 754,9 | 1 533 149 | 453,0 | 414 166 |
| Aluminium fluoride | 11,6 | 25 145 | 10,3 | 26 830 | 8,3 | 25 343 | 2,4 | 6 256 |
| Sulfuric acid | 17,4 | 1 829 | 15,6 | 1 630 | 1,9 | 657 | 0,2 | 126 |
| Phosphoric acid | 14,8 | 17 317 | 6,7 | 9 221 | 0,1 | 609 | 0,02 | 84 |
| Feed phosphates | 70,7 | 62 288 | 65,4 | 68 235 | 60,2 | 152 754 | 19,1 | 31 475 |
| **Total** | - | **664 741** | | **902 342** | | **1 712 512** | | **452 107** |

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

| Products | 2006 | 2007 | 2008 | 1st half-year of 2009 |
|---|---|---|---|---|
| Diamonium phosphate (DAP) | 681,02 | 970,57 | 2 031,05 | 914,25 |
| Aluminium fluoride | 2 223,33 | 2 558,80 | 3 053,74 | 2 603,81 |
| Sulfuric acid | 105,19 | 104,81 | 339,53 | 589,33 |
| Phosphoric acid | 1 169,29 | 1 386,07 | 4 258,74 | 3 946,30 |
| Feed phosphates | 881,02 | 1 043,65 | 2 537,82 | 1 644,57 |

| Indicator | Unit of measu ring | 2006 | 2007 | 2008 | 1st year-half of 2009 |
|---|---|---|---|---|---|
| Sales of products and services | mill. of LTL | 682,5 | 921,6 | 1 748,8 | 462,5 |
| Gross profit | mill. of LTL | 107,7 | 343,6 | 262,6 | 10,0 |
| Gross return (gross profit / sales) | perc. | 15,8 | 37,3 | 15,0 | 2,2 |
| Profit from operations | mill. of LTL | 44,3 | 267,7 | 264,4 | -11,6 |
| Return from operations (profit from operations / sales) | perc. | 6,5 | 29,0 | 15,1 | -2,5 |
| Profit before tax | mill. of LTL | 45,5 | 270,0 | 266,8 | -14,9 |
| Pre-tax profit margin | perc. | 6,7 | 29,3 | 15,3 | -3,2 |
| Net profit | mill. of LTL | 37,2 | 221,1 | 237,2 | -13,1 |
| Net return (profit from operations / sales) | perc. | 5,5 | 24,0 | 13,6 | -2,8 |
| Profit per share | in Litas | 1,8 | 10,5 | 11,3 | -0,6 |
| Net book share value | in Litas | 18,6 | 29,2 | 40,4 | 39,8 |
| EBITDA | mill. of LTL | 80,4 | 298,3 | 297,1 | 3,9 |
| Return of EBITDA | perc. | 11,8 | 32,4 | 17,0 | 0,8 |
| Total assets (at the end of the period) | mill. of LTL | 436,2 | 717,0 | 1 052,6 | 968,2 |
| Return on assets (profit from operations / assets) | perc. | 10,2 | 37,3 | 25,1 | -1,2 |
| Return on assets ROA (net profit / assets) | perc. | 8,5 | 30,8 | 22,5 | -1,4 |
| Assets turnover (sales / assets) | times | 1,6 | 1,3 | 1,7 | 0,5 |
| Equity (at the end of the period) | mill. of LTL | 391,8 | 612,9 | 850,1 | 837,0 |
| Return on equity (net profit / equity) | perc. | 9,5 | 36,1 | 27,9 | -1,6 |
| Cover (current) ratio (Current assets/ Current liabilities) | times | 4,7 | 4,7 | 3,8 | 5,0 |
| Immediate cover ratio ((Current assets- Inventories)/ Current liabilities) | times | 3,1 | 3,8 | 2,9 | 4,3 |
| Debt ratio (liabilities / assets) | times | 0,1 | 0,1 | 0,2 | 0,1 |
| Debt - equity ratio (liabilities / equity) | times | 0,1 | 0,2 | 0,2 | 0,2 |
| Dividends per share | in Litas | - | - | - | - |
| Price per share (at the end of the period) | in Litas | 21,40 | 67,00 | 17,44 | 24,40 |

The plans and forecasts of the Company published in the Annual Statements as of 2008 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:

- 20.01.2009 Since January, 2009 company starts the implementation of the project „Expansion of AB „Lifosa" Efficiency through Implementation of Innovative Technologies at Upgraded Feed Phosphate Process".
  This Project is partially supported by the EU Structural Funds. European Regional Development Fund allocates 13 712 135 LTL for the introduction of a new Feed Phosphate line at the site. New Feed Phosphate line will allow to increase twice the output of Feed Phosphates - up to 150 000 tons/a. As a result, the Company will be able to increase the sales, enter new geographical markets and expand the exports.
  Company started producing Feed Phosphates in 2001. In 2005 currently produced Monocalcium Phosphate was awarded a gold medal at the competition "Product of the Year 2005". During 2008 there were produced 61 925 tons of this product.
  New, fully automated Feed Phosphate plant will enable to produce higher quality products. The implementation of the Project „Expansion of AB „Lifosa" Efficiency through Implementation of Innovative Technologies at Upgraded Feed Phosphate Process" will promote the further development of chemical products section and will increase the competitive abilities of Lithuanian Chemical Products within the global markets.
  Completion date of the Project - July 31, 2010.
- 29.04.2009 The resolutions taken during the General Meeting of AB "Lifosa" that was held on April 29,2009:
  1. The Auditor's Report. To take into consideration the Auditor's opinion presented in his report, while approving the Company's annual financial statements for the year 2008.
  2. The Annual Report of the Company for the year 2008. To assent to the Company's Annual Report for the year 2008.
  3. The approval of the Company's Annual Financial Statements for the year 2008. To approve the Company's Annual Financial Statements for the year 2008.
  4. Company's profit appropriation for the year 2008. To approve the Company's net audited profit (acc.to IFRS) appropriation as follows:
     1) total profit available for distribution - 381 577 thou. LTL (110 512 thou. EUR);
     2) net profit of the reporting financial year - 237 231 thou. LTL (68 707 thou. EUR);
     3)total profit available for distribution- 618 808 thou. LTL (179 219 thou. EUR)
     4) share allocation to the required reserves - 0 LTL (0 EUR);
     5) share of the profit allocated to the reserves to accquire the own shares – 0 LTL (0 EUR);
     6) share of the profit forwarded to the other reserves - 0 LTL (0 EUR);
     7) share of the profit allocated for the dividends - 0 LTL (0 EUR) ;
     8) share of the profit for the annual bonuses for the board members, bonuses for the employees, other purposes - 0 LTL (0 EUR);
     9) not distributed profit brought forward to the next financial year - 618 808 thou. LTL (179 219 thou. EUR).
  5. Selection of the firm of Auditors and establishment of the terms of remuneration for audit services.
     5.1. To approve the firm UAB "PricewaterhouseCoopers" as auditing company for the year 2009.
     5.2. To authorize Mr. Jonas Dastikas, the General Director of the Company to enter into the Service Agreement with the auditing company under the following remuneration terms for the services offered: the payment amount agreed between the Parties should not exceed 145 thou. LTL (42 thou. EUR) VAT excluded.
  6. Approval of the resignation of the Board Member and election of a new Board Member.
     6.1. To approve the resignation of the Board member Mr. Stanislav Duryagin.
     6.2. To elect Mr. Andrey Popov, the Chief of the Legal Department of OAO „MCC "EuroChem" as a Board Member.
     6.3. To assign that authorization of a new Board Member Mr. A. Popov validates after the General Meeting.
  7. Approval of the Regulations of Activities of the Company's Audit Committee.
     7.1. To approve Regulations of Activities of the Audit Committee of AB Lifosa.
     7.2. To authorise Mr. Jonas Dastikas, the General Director of the Company to sign the approved Regulations of Activities of the Audit Committee.
  8. Establishment of the Company's Audit Committee and election of its members.
     8.1. To establish the Audit Committee consisting of three members.

8.2. To elect Mrs. Edita Malukiene (independent member), Mrs.Asta Žirgulienė and Mrs. Linalda Mickevičienė as the members of the Audit Committee until the end of term of the Management Board of the Company.

9. Approval of the terms of remuneration for the members of the Audit Committee.
   9.1. To establish the annual remuneration sum of 5 thou. Litas for each member of the Committee.
   9.2. To charge the Board to establish the order of the remuneration pay off.

## 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 Company is controlled by Mineral and Chemical Company Eurochem (Russia), which owns 91,15 % of shares of the Company. As at 30 June 2009, the main shareholder of Mineral and Chemical Company Eurochem, holding 95 percent of shares of this comapny, was Mr. Andrey Melnichenko.

Other related parties are deemed to be the Eurochem Group entities and management of the Company.

The following transactions were carried out with related parties:

| | 2009 1st half | | 2008 1st half | |
|---|---|---|---|---|
| | **Sales** | **Purchases** | **Sales** | **Purchases** |
| „Eurochem Trading GmbH" | 267 786 | - | 509 830 | 35 235 |
| „Harvester Shipmanagement Ltd" | - | 4 805 | - | 34 558 |
| UAB „Eurochem Baltic Logistics" | | 925 | | - |
| OAO "Kavdorskiy GOK" | - | 217110 | - | 195 326 |
| OAO "NAK Azot" | - | 40 614 | - | 37 844 |
| | **267 786** | **263 454** | **509 830** | **302 963** |

Related parties in the table above belong to the Eurochem Group. Nature of transactions with related parties is purchase of raw materials (Eurochem Trading GmbH, Kavdorskiy GOK, NAK Azot), purchase of transportation services („Harvester Shipmanagement Ltd", „Eurochem Baltic Logistics") and sales of production (Eurochem Trading GmbH).

Year-end balances of transactions with related parties:

| | 2009 1st half | | 2008 1st half | |
|---|---|---|---|---|
| | Receivables | Payables | Receivables | Payables |
| „Eurochem Trading GmbH" | 141 970 | 67 | 330 048 | - |
| „Harvester Shipmanagement Ltd" | - | 0 | - | 1 779 |
| OAO "Kavdorskiy GOK" | - | 38 346 | 66 481 | - |
| OAO "NAK Azot" | - | 3 407 | - | 7 898 |
| „Eurochem A.M. Limited" | 354 406 | - | 12 208 | - |
| UAB „Eurochem Baltic Logistics" | | 117 | | |
| | **496 376** | **41 937** | **408 737** | **9 677** |

The balances of receivables include receivables for production sold („Eurochem Trading GmbH") and short-term loans granted („Eurochem A.M. Limited"). The balances of payables include accounts payable for raw materials purchased (OAO "Kavdorskiy GOK", OAO "NAK Azot") and for transportation services purchased („Harvester Shipmanagement Ltd",UAB „Eurochem Baltic Logistics").