

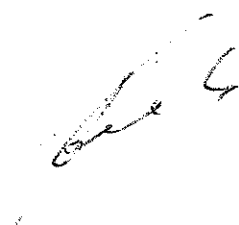
CONFIRMATION OF THE RESPONSIBLE PERSONS

2009-02-24

Following the Lithuanian Securities Law, the 1st part of the 22nd article, we confirm that AB Lifosa not audited Financial Statements for year entered 31 december 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 year entered 31 december 2009.

Director General



Jonas Dastikas

Financial Director



Regvita Ivanovienė

**LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009**

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

	Page
FINANCIAL STATEMENTS	3
Income statement.....	3
Balance sheet.....	4
Statement of Changes in Shareholders' Equity.....	5
Cash Flow Statement.....	6
Notes to the Financial Statements	7
General information.....	7
Significant accounting policies.....	7
Financial risk management.....	12
Critical accounting estimates and judgments.....	13
Other explanatory notes.....	15

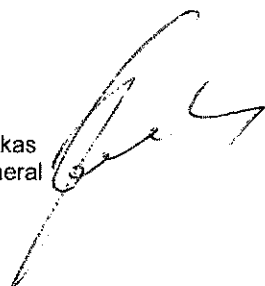
LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

STATEMENT OF COMPREHENSIVE INCOME
in thousand LTL

	Notes	October - December 2009	December 2008	Year ended 31 December 2009	Year ended 31 December 2008
Sales	1	185 807	239 092	838 799	1,748,778
Cost of sales	4	(168 106)	(518 643)	(802 696)	(1,486,208)
Gross profit		17 701	(279 551)	396 103	262,570
Selling and distribution costs	2,4	(8 092)	(4 176)	(29 101)	(26,783)
Administrative expenses	3,4	(4186)	(6 763)	(26 976)	(28,766)
Net foreign exchange gain/(loss)	5	1 514	23 542	(16 352)	48,909
Other income	6	4 240	4 778	17 907	8,517
Operating profit		11 177	(262 170)	(18 419)	264,447
Interest income on short-term cash deposits		45	352	373	2,320
Profit before tax		11 222	(261 818)	(18 046)	266,767
Income tax	7	(12 357)	49 596	(7 861)	(29,536)
Net profit		(1 135)	(212 222)	(25 907)	237,231
Basic and diluted earnings per share (LTL per share)	8	(0.05)	(10,09)	(1.23)	11.29

These preliminary unaudited financial statements on pages 3 – 18 were approved by the Company's Director General and Chief Accountant on 17 February 2010.

Jonas Dastikas
Director General



Regvita Ivanoviene
Financial Director



The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
 FINANCIAL STATEMENTS (UNAUDITED)
 31 DECEMBER 2009

STATEMENT OF FINANCIAL POSITION
 in thousand LTL

	Notes	As at 31 December	
		2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	9	271 985	264,551
Intangible assets	10	605	459
Deferred tax asset	7	33 449	41,261
Other receivables	11,13	20 029	2,709
		326 068	308,980
Current assets			
Inventories	12	79 385	154,548
Trade and other receivables	13	100 159	165,858
Loans granted	13	342 972	359,764
Cash and cash equivalents	14	34 393	63,469
		556 909	743,639
Total assets		882 977	1,052,619
EQUITY			
Share capital	15	210 206	210,206
Share premium		80	80
Legal reserve		21 021	21,021
Retained earnings		592 900	618,808
Total equity		824 207	850,115
LIABILITIES			
Grants		5 127	5,212
Current liabilities			
Income tax liabilities		-	53,183
Trade and other payables		43 173	144,109
Other payables		10 470	5,212
		53 643	197 292
Total liabilities	16	58 770	202,504
Total equity and liabilities		882 977	1,052,619

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
in thousand LTL

	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance at 30 september 2008		210,206	80	21 021	831 030	1 062 336
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(212 221)	(212 221)
Balance at 31 December 2008		210,206	80	21,021	618,808	850,115
Transfer to legal reserve		-	-	-	-	-
Net profit for the year		-	-	-	(24 773)	(24 773)
Balance at 30 september 2009		210,206	80	21 021	594 035	825 342
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(1 135)	(1 135)
Balance at 31 December 2009	15	210,206	80	21 021	592 900	824 207

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
 FINANCIAL STATEMENTS (UNAUDITED)
 31 DECEMBER 2009

CASH FLOW STATEMENT
 in thousand LTL

	Notes	Year ended 31 December	
		2009	2008
Cash flows from operating activities			
Cash generated from operations		39 030	285,742
Income tax paid		(53 232)	(53,761)
Net cash from operating activities		(14 202)	231,981
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	9,10	(38 927)	(41,310)
Proceeds from sale of property, plant and equipment		513	133
Proceeds from sale of associate		-	-
Loans granted to related parties		(336 156)	(680,357)
Loans repayments received from related parties		349 654	363,552
Interest received for loans granted		12 735	7,500
Sale of securities		-	-
Net cash from investing activities		(12 181)	(350,482)
Cash flows from financing activities			
Interest income from short-term deposits		373	2,320
Net cash from financing activities		373	2,320
Net increase (decrease) in cash and cash equivalents		(26 010)	(116,181)
Movement in cash and cash equivalents			
At beginning of year		63 469	173,272
Net increase (decrease)		(26 010)	(116,181)
Exchange gains/(losses) on cash and bank accounts		(3 066)	6,378
Cash and cash equivalents at end of year	14	34 393	63,469

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

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 2009, the main shareholders of the Company were as follows:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of share capital</i>
JSC Mineral Chemical Company "Eurochem"	19,160,229	91.15%
Eurochem A.M. Limited	767,250	3.65%
Sagitaris International Limited	226,909	1.08%
Other shareholders	866,176	4.12%
	<u>21,020,564</u>	<u>100%</u>

The number of staff employed by the Company on 31 December 2009 totalled 989 (2008: 1,003).

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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.

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

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.

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.

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

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 15 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 2007 and 2008 is 15 per cent. Pursuant to the amendments of Lithuanian Law on Corporate Profit Tax issued until the preparation of these financial statements, taxable profit will be subject to income tax at a rate of 20 per cent as from 2009 and 15 per cent as from 2010 year.

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.

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

(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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

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 LTL thousand	Sales		Total assets		Capital expenditure	
	2008	2008	2009	2008	2009	2008
India	204 194	948,202	-	-	-	-
Lithuania	41 214	124,569	882 977	1 052 619	39 328	42 027
France	11 146	109,021	-	-	-	-
Germany	134 144	88,969	-	-	-	-
Poland	33 541	84,957	-	-	-	-
Brasil	-	84,897	-	-	-	-
The Netherlands	89 175	50,522	-	-	-	-
Ethiopia	45 120	37,697	-	-	-	-
Argentina	-	30,554	-	-	-	-
Hungary	3 358	27,360	-	-	-	-
Denmark	1 213	26,536	-	-	-	-
Czech Republic	5 966	18,607	-	-	-	-
Spain	2 392	17,263	-	-	-	-
Portugal	-	16,493	-	-	-	-
Ireland	8 512	14,881	-	-	-	-
Romania	6 813	13,858	-	-	-	-
Ukrain	6 113	12,690	-	-	-	-
Great Britain	7 503	10,500	-	-	-	-
Tajikistan	3 701	9,429	-	-	-	-
Belgium	2 843	7,700	-	-	-	-
Italy	10 320	-	-	-	-	-
Pakistan	143 552	-	-	-	-	-
Kenya	30 837	-	-	-	-	-
Baltarusija	4 272	-	-	-	-	-
Vietnamas	9 174	-	-	-	-	-
Tanzanija	8 031	-	-	-	-	-
Švedija	6 092	-	-	-	-	-
Other countries	19 573	14,073	-	-	-	-
	838 799	1,748,778	882 977	1,052,619	39 328	42,027

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 (more details about related party transactions with Eurochem Trading GmbH).

Analysis of sales by category:

in LTL thousand	2009	2008
Sales of goods	822 517	1,712,305
Sales of raw materials	853	15,570
Sales of electricity, heat energy, gas, CO ₂ emission rights, other services, other sales revenue	15 429	20,903
	838 799	1,748,778

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

2. SELLING AND DISTRIBUTION COSTS in LTL thousand

	<u>2009</u>	<u>2008</u>
Shipping costs	239	3,466
Transportation costs	14 962	12,924
Loading and forwarding costs	11 657	10,194
Other selling and distribution costs	2 243	199
	<u>29 101</u>	<u>26,783</u>

3. ADMINISTRATIVE EXPENSES in LTL thousand

	<u>2009</u>	<u>2008</u>
Remuneration of employees	10 481	12,777
Social security contributions	3 229	4,099
Taxes (other than income tax)	1 855	1,631
Depreciation and amortization	961	862
Insurance	334	577
Security	879	816
Telecommunications	456	531
Support granted	894	2,565
Other administrative expenses	7 887	4,908
	<u>26 976</u>	<u>28,766</u>

4. EXPENSES BY NATURE in LTL thousand

	<u>2009</u>	<u>2008</u>
Raw materials and consumables used	739 020	1,215,255
Inventory valuation allowance	50 130	191,199
Remuneration of employees and social security contributions	58 362	70,745
Transportation services	26 976	26,783
Depreciation and amortisation	31 087	30,358
Change in finished goods, semi-manufactures and work in progress	(88 985)	(59,674)
Repair and maintenance	7 787	15,479
Energy and fuel	9 786	13,202
Taxes (other than income tax)	1 855	1,631
Consulting expenses	1 939	952
Security	879	816
Telecommunication and IT maintenance expenses	456	531
Marketing	1 409	809
Other(foreign currency revaluation resut)	18 072	33,671
	<u>858 773</u>	<u>1,541,757</u>

Remuneration of employees and social security contributions comprise salary expenses of LTL 33 660 thousand (2008: LTL 49 730 thousand), social security expenses of LTL 18 086 (2008: LTL 16,610 thousand) and bonuses and other benefits of LTL 6 616 thousand (2008: LTL 4,405 thousand).

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).

6. OTHER INCOME/GAINS in LTL thousand

	<u>2009</u>	<u>2008</u>
Interest income on short-term loans	17 865	8,491
Gain on disposal of property, plant and equipment	42	26
	<u>17 907</u>	<u>8,517</u>

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

7. INCOME TAX in LTL thousand

	<u>2009</u>	<u>2008</u>
Current tax	(41 310)	68,808
Deferred tax	33 449	(39,272)
	<u>(7 861)</u>	<u>29,536</u>

8. EARNINGS PER SHARE in LTL thousand

	<u>2009</u>	<u>2008</u>
Net profit attributable to shareholders	(25 907)	237,231
Weighted average number of ordinary shares in issue (thousand)	21,021	21,021
Earnings per share (LTL per share)	<u>(1 ,23)</u>	<u>11.29</u>

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT in LTL thousand

	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
Year ended 31 December 2008						
Opening net book amount	100,518	132,136	7,540	2,317	10,287	252,798
Additions	-	6,053	1,010	626	34,233	41,922
Disposals and write-offs	(23)	(1)	-	(5)	-	(29)
Reclassifications	11,957	28,457	-	136	(40,550)	-
Depreciation charge	(4,405)	(23,563)	(1,106)	(1,066)	-	(30,140)
Closing net book amount	108,047	143,082	7,444	2,008	3,970	264,551
At 31 December 2008						
Cost	200,002	405,478	17,215	12,199	3,970	638,864
Accumulated depreciation	(91,955)	(262,396)	(9,771)	(10,191)	-	(374,313)
Net book amount	108,047	143,082	7,444	2,008	3,970	264,551
Year ended 31 December 2009						
Opening net book amount	108,047	143,082	7,444	2,008	3,970	264,551
Additions	-	1,545	684	423	36,275	38,927
Disposals and write-offs	(536)	-	-	(20)	-	(556)
Reclassifications	2,768	15,329	-	422	(18,519)	-
Depreciation charge	(4,795)	(24,218)	(1,353)	(571)	-	(30,937)
Closing net book amount	105,484	135,738	6,775	2,262	21,726	271,985
At 31 December 2009						
Cost	201,372	416,267	17,747	12,058	21,726	669,170
Accumulated depreciation	(95,888)	(280,529)	(10,972)	(9,796)	-	(397,185)
Net book amount	105,484	135,738	6,775	2,262	21,726	271,985

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. The rental payments for the land amounted to LTL 303 thousand in 2009 (2008: LTL 298 thousand).

Besides this, the Company was a lessor for certain of its property, plant and equipment, and the net book value of these assets was equal to LTL 271 thousand (2008: LTL 935 thousand). Annual revenues of LTL 84 thousand (2008: LTL 72 thousand) were earned and depreciation expenses of LTL 28 thousand (2007: LTL 77 thousand) were incurred.

The management carried out the impairment test as of 31 December 2009 which did not identify impairment of property, plant and equipment.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

10. INTANGIBLE ASSETS in LTL thousand

	Computer software
At 31 December 2007	
Cost	1 121
Accumulated amortisation	(471)
Net book amount	<u>650</u>
Year ended 31 December 2008	
Opening net book amount	650
Additions	105
Disposals and write-offs	(78)
Amortisation charge	(218)
Closing net book amount	<u>459</u>
At 31 December 2008	
Cost	1,049
Accumulated amortisation	(590)
Net book amount	<u>459</u>
Year ended 31 December 2009	
Opening net book amount	459
Additions	401
Disposals and write-offs	-
Amortisation charge	(255)
Closing net book amount	<u>605</u>
At 31 December 2009	
Cost	1,450
Accumulated amortisation	(845)
Net book amount	<u>605</u>

11. OTHER RECEIVABLES

The balance of non-current receivables comprises a long-term cash deposit of LTL 2,703 thousand (2008: LTL 2,559 thousand) to secure contingent liability to clean the factory's environment under the order of the Ministry of Environment of the Republic of Lithuania in case the activities of the Company were ceased), and prepayments for non-current assets and construction in progress of LTL 17326 thousand (2008: LTL 150 thousand).

12. INVENTORIES in LTL thousand

	Finished goods	Raw materials	Work in progress	Semi-manufactures	Total
At 31 December 2008					
Cost	173,449	151,790	7,594	12,914	345,747
Write down to net realisable value (reversal)	97,697	81,530	4,433	7,539	191,199
Net realisable value	<u>75,752</u>	<u>70,260</u>	<u>3,161</u>	<u>5,375</u>	154,548
At 31 December 2009					
Cost	144 139	110 309	6 198	9 452	270 098
Write down to net realisable value (reversal)	(97 697)	(81 530)	(4 433)	(7 539)	(191 199)
	486	-	-	-	486
Net realisable value	<u>46 928</u>	<u>28 779</u>	<u>1 765</u>	<u>1 913</u>	79 385

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

Net realizable value of the finished goods under normal business conditions is estimated at the sales price, less production finishing and sales costs.

On 31 st of December 2008 the decrease in value was recognized to net realizable value in respect of the reserves, semi-finished products and finished products. The correction (-) of the decreased value was made after selling the remaining products and after processing the reserves of the raw materials available as of 31-12-2008.

On 31 st of December 2009 the value of the finished goods only (Aluminium Fluoride) was reduced to the net realizable value.

13. LOANS GRANTED, TRADE AND OTHER RECEIVABLES in LTL thousand

	<u>2009</u>	<u>2008</u>
Trade receivables, gross	81 224	122,938
Less: provision for impairment of trade receivable	(3 640)	(305)
VAT tax receivable	12 944	40,437
Prepayments made to suppliers	9 034	1,572
Other receivables	597	1,216
	<u>100 159</u>	<u>165,858</u>
Short-term loans granted	342 972	359,764
	<u>443 131</u>	<u>525,622</u>

14. CASH AND CASH EQUIVALENTS in LTL thousand

	<u>2009</u>	<u>2008</u>
Cash in bank	862	1,937
Cash on hand	4	9
Time deposits and repo deals	33 527	61,523
Letters of credit and guarantees	-	-
	<u>34 393</u>	<u>63,469</u>

15. SHARE CAPITAL

As at 31 December 2009, 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 2009.

16. TRADE AND OTHER PAYABLES in LTL thousand

	<u>2009</u>	<u>2008</u>
Trade payables	37 373	106,210
Import VAT payable	3 270	17,552
Other payables and accrued charges	10 470	17,216
Amounts received in advance	77	1,009
Other taxes payable	505	311
Social security payable	1 948	1,811
	<u>53 643</u>	<u>144,109</u>

17. RELATED-PARTY TRANSACTIONS in LTL thousand

The accounting policies and the notes on pages 7 to 18 form an integral part of these preliminary unaudited financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 DECEMBER 2009

(All tabular amounts in LTL thousand unless otherwise stated)

The Company is controlled by Mineral and Chemical Company Eurochem (Russia), which owns 91.15% of shares of the Company. As at 31 December 2009, the main shareholder of Mineral and Chemical Company Eurochem, holding 95 per cent of shares of this company, 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:

in LTL thousand	2009		2008	
	Sales	Purchases	Sales	Purchases
AO MXK „EuroChem	-	-	-	35,235
Eurochem Trading GmbH	455 072	833	1,110,581	-
Harvester Shipmanagement Ltd	-	8 638	-	47,057
OAO Kavdorskiy GOK	-	329 881	8	709,739
OAO NAK Azot	-	84 638	-	90,228
UAB“EuroChem Baltic Logistics”	8	5 659	-	-
	455 080	429 649	1,110,589	882,259

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 and OAO MXK Eurochem), purchase of transportation services (Harvester Shipmanagement Ltd) and sales of production (Eurochem Trading GmbH).

During 2009, the Company also granted loan to related party Eurochem A.M. Limited).

Year-end balances of transactions with related parties:

in LTL thousand	2009		2008	
	Receivables	Payables	Receivables	Payables
Eurochem Trading GmbH	70 533	-	107,119	-
Harvester Shipmanagement Ltd	-	942	-	219
OAO Kavdorskiy GOK	-	15 138	-	90,512
OAO NAK Azot	-	6 104	-	2,877
Eurochem A.M. Limited	342 972	-	359,764	-
UAB“EuroChem Baltic Logistics”	2	129	-	-
	466,883	93,608	466,883	93,608

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 and UAB“EuroChem Baltic Logistics”).