

CONFIRMATION OF THE RESPONSIBLE PERSONS

2010-05-28

Following the Lithuanian Securities Law, the 1st part of the 22nd article, we confirm that AB Lifosa not audited Financial Statements for the three months of Y'2010, 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 three months of Y'2010.

Director General



Jonas Dastikas

Chief Financial Officer



Regvita Ivanovienė

LIFOSA AB

**INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY-MARCH 2010(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

	Page
FINANCIAL STATEMENTS.....	3
Statement of comprehensive income.....	3
Statement of financial position.....	4
Statement of Changes in Shareholders' Equity.....	5
Cash Flow Statement.....	6
Notes to the Financial Statements.....	7

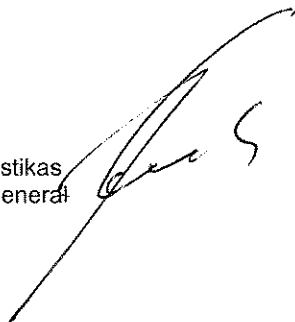
LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

STATEMENT OF COMPREHENSIVE INCOME
in thousand LTL

	Notes	january - march	
		2010	2009
Sales	1	195 420	276 390
Cost of sales	4	(143 532)	(260 933)
Gross profit		51 888	15 457
Selling and distribution costs	2,4	(6 084)	(7 769)
Administrative expenses	3,4	(6 376)	(7 278)
Net foreign exchange gain/(loss)	5	5 286	25 567
Other income	6	4 148	4 944
Operating profit		48 862	30 921
Interest income on short-term cash deposits		66	228
Profit before tax		48 928	31 149
Income tax	7	(7 315)	(38 862)
Net profit		41 613	(7 713)
Basic and diluted earnings per share (LTL per share)		1.98	-0,367

These preliminary unaudited financial statements on pages 3 – 18 were approved by the Company's Director General and Chief Financial Officer on 28 may 2010.

Jonas Dastikas
Director General



Regina Ivanoviene
Chief Financial Officer



LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

STATEMENT OF FINANCIAL POSITION
in thousand LTL

	Notes	31 march 2010	31 december 2009
ASSETS			
Non-current assets			
Property, plant and equipment	9	278,025	271,985
Intangible assets	10	519	605
Deferred tax asset	7	26,133	33,449
Other receivables		16,267	20,029
		320,944	326,068
Current assets			
Inventories	11	120,317	79,385
Trade and other receivables	12	109,843	100,159
Loans granted	12	347,116	342,972
Cash and cash equivalents	13	26,046	34,393
		603,322	556,909
Total assets		924,266	882,977
EQUITY			
Share capital	14	210,206	210,206
Share premium		80	80
Legal reserve		21,021	21,021
Retained earnings		634,513	592,900
Total equity		865,820	824,207
LIABILITIES			
Non-current liabilities			
Grants	15	4,945	5,127
Current liabilities			
Income tax liabilities		-	-
Trade and other payables	15	53,501	53,643
Total liabilities		58,446	58,770
Total equity and liabilities		924,266	882,977

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 march 2010

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in thousand LTL

	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance as at 1 January 2009		210,206	80	21,021	618,808	850,115
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(7,713)	(7,713)
Balance at 31 march 2009		210 206	80	21,021	611,095	842,402
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(18,195)	(18,195)
Balance at 31 December 2009		210,206	80	21 021	592,900	824,207
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	41,613	41,613
Balance at 31 march 2010	15	210,206	80	21,021	634,513	865,820

LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

CASH FLOW STATEMENT
in thousand LTL

For the three month period ended on 31 march

	2010	2009
Cash flows from operating activities		
Net profit	41,613	31,149
Adjustments for:		
Depreciation and amortisation	7,795	7,770
Unrealised foreign Exchange loss/(gain)	(5,286)	(25,567)
Loss (profit) on disposal of property, plant and equipment, net	(4)	(26)
Changes in working capital	(42,787)	(12,662)
Missed interest	(4,211)	
Change in other receivables	3,762	(4,691)
Net cash from operating activities	882	(4,027)
Cash flow from investing activities		
Purchase of property, plant and equipment	(13,445)	(2,438)
Proceeds from the sales of property, plant and equipment	4	26
Net cash used investing activities	(13,441)	(2,412)
Cash flows from financing activities		
Interest income	4,211	228
Other financing income		
Net cash from financing activities	4,211	228
Net increase in cash and cash equivalents	(8,348)	(6,211)
Movement in cash and cash equivalents		
At beginning of year	34,393	63,469
Net increase	(8,348)	(6,211)
Cash and cash equivalents at end of the period	26,045	57,258

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 march 2010

(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). 31 march 2010, 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"	19,387,138	92.23%
Eurochem A.M. Limited	767,250	3.65%
Other shareholders	866,176	4.12%
	<u>21,020,564</u>	<u>100%</u>

The number of staff employed by the Company on 31 march 2010 totalled 976 (2009: 999).

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), includes 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.

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 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

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

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(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 thousand LTL.

	Sales		Total asse		Capital expenditure	
	January-March		31 March	31 december	31 march	
	2010	2009	2010	2009	2010	2009
Lithuania	8,856	8,849	924,266	882 977	13,445	2,438
France	25,000	3,327	-	-	-	-
Germany	24,117	64,704	-	-	-	-
Poland	5,424	9,779	-	-	-	-
Brasil	30,617	-	-	-	-	-
The Netherlands	24,098	53,537	-	-	-	-
Argentina	15,948	-	-	-	-	-
Vietnam	19,987	-	-	-	-	-
Czech Republic	1,181	1,680	-	-	-	-
Urugvay	8,758	-	-	-	-	-
Rusia	6,619	-	-	-	-	-
Airiiia	6,982	3,992	-	-	-	-
Indiia	-	116,727	-	-	-	-
Romania	2,995	220	-	-	-	-
Ukrain	1,771	-	-	-	-	-
Great Britain	4,736	4,489	-	-	-	-
Tajikistan	1,006	1,557	-	-	-	-
Belgium	-	2,844	-	-	-	-
Sweden	1,362	1,678	-	-	-	-
Austrija	-	694	-	-	-	-
Slovakija	391	796	-	-	-	-
Malaysia	1,972	-	-	-	-	-
Belarus	1,166	-	-	-	-	-
Paraguay	972	-	-	-	-	-
Hungary	-	1,262	-	-	-	-
South Korea	422	-	-	-	-	-
Latvia	322	-	-	-	-	-
Suriname	341	-	-	-	-	-
Serbia	377	-	-	-	-	-
Other countries	-	255	-	-	-	-
	195,420	276,390	924,266	882 977	13,445	2,438

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:

	31 march	31 march
	2010	2009
in thousand LTL		
Sales of goods	190,283	271,054
Sales of raw materials	192	187
Sales of electricity, heat energy, gas, CO ₂ emission rights, other services, other sales revenue	4,945	5,149
	195,420	276,390

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 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

2. SELLING AND DISTRIBUTION COSTS	31 march	31 march
In thousand LTL	2010	2009
Transportation costs	3,157	3,892
Loading and forwarding costs	2,916	3,792
Other selling and distribution costs	11	85
	6,084	7,769

3. ADMINISTRATIVE EXPENSES	31 march	31 march
In thousand LTL	2010	2009
Remuneration of employees	3,446	3,758
Social security contributions	1,071	1,037
Taxes (other than income tax)	511	434
Depreciation and amortization	261	236
Insurance	57	83
Security	240	204
Telecommunications	92	93
Support granted	244	159
Other administrative expenses	454	1,274
	6,376	7,278

4. EXPENSES BY NATURE	31 march	31 march
In thousand LTL	2010	2009
Raw materials and consumables used	123 925	239,640
Remuneration of employees and social security contributions	13,569	13,740
Transportation services	6,084	7,769
Depreciation and amortisation	7,230	7,770
Change in finished goods, semi-manufactures and work in progress	(305)	1,474
Repair and maintenance	1,824	1,933
Energy and fuel	979	955
Taxes (other than income tax)	511	434
Consulting expenses	392	188
Security	240	204
Telecommunication and IT maintenance expenses	92	93
Marketing	10	9
Other	1,441	1,771
	155,992	275,980

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

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).

	31 march	31 march
	2010	2009
Commission for currency translation operations	163	451
Net foreign exchange gain (loss)	5,123	25,116
	5,286	25,567

6. OTHER INCOME/GAINS

31 march **31 march**

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 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

In thousand LTL	<u>2010</u>	<u>2009</u>
Interest income on short-term loans	4,144	4,918
Gain on disposal of property, plant and equipment	4	26
	<u>4,148</u>	<u>4,944</u>

7. INCOME TAX

In thousand LTL

	<u>31 march 2010</u>	<u>31 march 2009</u>
Current tax	(33,449)	6,230
Deferred tax	26,133	(45,092)
	<u>(7,315)</u>	<u>(38,862)</u>

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

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 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
at 31march 2009						
Opening net book amount	108,047	143,082	7,444	2,008	3,970	264,551
Additions	-	328	13	24	2 051	2 416
Disposals and write-offs	(130)	-	-	-	-	(130)
Reclassifications	801	1 666	-	-	(2 467)	-
Depreciation charge	(1 201)	(6 057)	(311)	(140)	-	(7 709)
Closing net book amount	107 517	139 019	7 146	1 892	3 554	259 128
at 31 December 2009						
Cost	200 420	406 497	17 228	11 824	3 554	638 528
Accumulated depreciation	(92 908)	(267 478)	(10 082)	(9 932)	-	(380 400)
Net book amount	107 517	139 019	7 146	1 892	3 554	259 128
at 31march 2010						
Opening net book amount	105,484	135,738	6,775	2,262	21,726	271,985
Additions	-	731	-	139	12,575	13,445
Disposals and write-offs	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Depreciation charge	(1,132)	(5,760)	(353)	(160)	-	(7,405)
Closing net book amount	104,352	130,709	6,422	2,241	34,301	278,025
at 31 December 2010						
Cost	201,372	416,493	17,747	12,111	34,301	682,021
Accumulated depreciation	(97,020)	(285,784)	(11,325)	(9,870)	-	(403,999)
Net book amount	104,352	130,709	6,422	2,241	34,301	278,025

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.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

10. INTANGIBLE ASSETS	In thousand LTL	Computer software
At 31 December 2008		
Cost		1,049
Accumulated amortisation		(590)
Net book amount		459
at 31 march 2009		
Opening net book amount		459
Additions		22
Disposals and write-offs		-
Amortisation charge		(61)
Closing net book amount		420
at 31 march 2009		
Cost		1,071
Accumulated amortisation		(651)
Net book amount		459
at 31 march 2010		
Opening net book amount		605
Additions		-
Disposals and write-offs		-
Amortisation charge		(86)
Closing net book amount		519
at 31 march 2010		
Cost		1,450
Accumulated amortisation		(931)
Net book amount		519

11. INVENTORIES	In thousand LTL	
	at 31march 2010	at 31december 2009
Finished goods	80,261	46,928
Raw materials and suppliers	36,090	28,778
Work in progress	2,071	1,765
Semi-manufactures	1,895	1,914
	120,317	79,385

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

12. LOANS GRANTED, trade and other receivables
In thousand LTL

	at 31march 2010	at 31december 2009
Trade receivables, gross	90,450	81,193
Less: provision for impairment of trade receivable	-	(3,640)
VAT tax receivable	16,228	12,944
Prepayments made to suppliers	2,137	9,034
Other receivables	1,028	628
	109,843	100,159
Short-term loans granted(with interest)	347,116	342,972
	456,959	443,131

13. Cash and cash equivalents **In thousand LTL**

	at 31march 2010	at 31december 2009
Cash in bank	15,929	862
Cash on hand	16	4
Time deposits and repo deals	10,000	29,005
Letters of credit and guarantees	100	4,522
	16,045	34,393

14. Share capital **In thousand LTL**

As at 31 march 2010, 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 31 march 2010.

15. Trade and other payables **In thousand LTL**

	at 31march 2010	at 31december 2009
Trade payables	17,099	15,136
Trade payables of related parties	9,567	22,313
Other payables and accrued charges	24,887	14,246
Remuneration of employees and social security payable	1,948	1,948
Grants	4,945	5,127
	58,446	58,770

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
31 march 2010

(All tabular amounts in LTL thousand unless otherwise stated)

16. Related-party transactions

The Company is controlled by Mineral and Chemical Company Eurochem (Russia), which owns 92.23% of shares of the Company. As at 31 march 2010, the main shareholder of Mineral and Chemical Company Eurochem, holding 95 per cent of shares of this company, was Mr. Andrey Melnichenko (ultimate controlling party).

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

The following transactions were carried out with related parties:

	at 31march 2010		at 31march 2009	
	Sales	Purchases	Sales	Purchases
Eurochem Trading GmbH	80,024	-	118,285	-
Harvester Shipmanagement Ltd	-	2,575	-	2,916
OAO Kavdorskiy GOK	-	46,361	-	102,141
OAO NAK Azot	-	23,257	-	22,849
UAB EuroChem Baltic Logistics	6	18,806	-	-
	80,030	90,998	118,285	127,906

Related parties in table above belong to the Eurochem Group. nature of transactions with related parties is purchase of raw materials (Eurochem Trading GmbH, Kovdorskiy GOK, NAK Azot and OAO MXK Eurochem), purchase of transportation services (Harvester Shipmanagement Ltd and EuroChem Baltic Logistics UAB) and sales of production (Eurochem Trading GmbH).

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

Balances of transactions with related parties:

	at 31march 2010		at 31march 2009	
	Receivables	Payables	Receivables	Payables
Eurochem Trading GmbH	82,687	-	165,833	-
Harvester Shipmanagement Ltd	-	-	-	248
OAO Kavdorskiy GOK	-	2,076	-	90,511
OAO NAK Azot	-	5,214	-	2,877
Eurochem A.M. Limited	347,116	-	387,781	-
PG Phosphorite	5	-	-	-
UAB EuroChem Baltic Logistics	28	2,277	-	-
	429,836	9,567	466,883	79,244