

CONFIRMATION OF THE RESPONSIBLE PERSONS

2010-08-31


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'2010, prepared in accordance with International Financial Reporting Standards, give a true view of AB Lifosa assets, liabilities, financial position, profit and interims report give a true view of company business.

ADDED:

Interim non audited Financial Statements for the six months of Y'2010.

Interim Report for first half Y2010.

Director General



Jonas Dastikas

Chief Financial Officer



Regvita Ivanovienė

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LIFOSA AB

**INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY- JUNE 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.

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LIFOSA AB
FINANCIAL STATEMENTS (UNAUDITED)
30 June 2010

STATEMENT OF COMPREHENSIVE INCOME
in thousand LTL

	Notes	01 April – 30 June		01 January- 30 June	
		2010	2009	2010	2009
Sales	1	280 147	185 950	475 567	462 525
Cost of sales	4	(202 707)	(191 554)	(346 238)	(452 487)
Gross profit		77 440	(5 604)	129 329	10 038
Selling and distribution costs	2,4	(7 727)	(6 454)	(13 810)	(14 223)
Administrative expenses	3,4	(6 908)	(9 749)	(13 285)	(17 065)
Net foreign exchange gain/(loss)	5	13 612	(28 816)	18 898	(3 249)
Other income	6	4 489	4 556	8 637	9 351
Operating profit		80 906	(46 067)	129 769	(15 148)
Interest income on short-term cash deposits		42	45	108	275
Profit before tax		80 948	(46 022)	129 877	(14 873)
Income tax	7	(12 244)	40 629	(19 560)	1 767
Net profit		68 704	(5 393)	110 317	(13 106)
Basic and diluted earnings per share (LTL per share)		3.27	-0.26	5.25	-0.62

These preliminary unaudited financial statements on pages 3 – 18 were approved by the Company's Director General and Chief Financial Officer on 30 August 2010.


Jonas Dastikas
Director General


Regvita Jvarkoviene
Chief Financial Officer

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)
30 June 2010

STATEMENT OF FINANCIAL POSITION
in thousand LTL

		30 June	31 December
	Notes	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	9	301 817	271 985
Intangible assets	10	436	605
Deferred tax asset	7	13 889	33 449
Other receivables		6 677	20 029
		322 819	326 068
Current assets			
Inventories	11	114 448	79 385
Trade and other receivables	12	119 034	100 159
Loans granted	12	437 910	342 972
Cash and cash equivalents	13	17 790	34 393
		689 182	556 909
Total assets		1 012 001	882 977
EQUITY			
Share capital	14	210 206	210 206
Share premium		80	80
Legal reserve		21 021	21 021
Retained earnings		703 217	592 900
Total equity		934 524	824 207
LIABILITIES			
Non-current liabilities			
Grants	15	8 574	5 127
Current liabilities			
Income tax liabilities		-	-
Trade and other payables	15	68 903	53 643
Total liabilities		77 477	58 770
Total equity and liabilities		1 012 001	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)
30 June 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	618 807	850 114
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(13 106)	(13 106)
Balance at 30 June 2009		210 206	80	21 021	605 701	837 008
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	(12 801)	(12 801)
Balance at 31 December 2009		210,206	80	21 021	592 900	824 207
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	110 317	110 317
Balance at 30 June 2010		210,206	80	21,021	703 217	934 524

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)
30 June 2010

CASH FLOW STATEMENT
in thousand LTL

For the three month period ended on 30 June

	2010	2009
Cash flows from operating activities		
Profit before tax	129 877	(14 873)
Adjustments for:		
Depreciation and amortisation	14 849	15 536
Unrealised foreign Exchange loss/(gain)	(18 318)	(3 249)
Loss (profit) on disposal of property, plant and equipment, net	(19)	(34)
Changes in working capital	(104 810)	(10 066)
Change in other receivables	2 143	(5 510)
Income tax paid	(4 275)	(3 500)
Net cash from operating activities	19 447	(21 696)
Cash flow from investing activities		
Purchase of property, plant and equipment	(44 795)	(33 462)
Proceeds from the sales of property, plant and equipment	19	34
Net cash used investing activities	(44 776)	(33 428)
Cash flows from financing activities		
Interest income	8 618	9 551
Other financing income	108	40
Net cash from financing activities	8 726	9 591
Net increase in cash and cash equivalents	(16 603)	(45 533)
Movement in cash and cash equivalents		
At beginning of year	34 393	58 048
Net increase	(16 603)	(45 533)
Cash and cash equivalents at end of the period	17 790	12 515

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)
30 june 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). As at 30 june 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 30 june 2010 totalled 973 (2009: 998).

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)
30 june 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

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)
30 June 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.

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)
30 June 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.

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)
30 June 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)
30 June 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 litas):

	Sales		Total asset		Capital expenditure	
	January-June		30 June		30 June	
	2010	2009	2010	2009	2010	2009
Lithuania	18 335	15 020	1 012 001	9 68 240	44 795	6 223
France	24 523	3 327	-	-	-	-
Germany	44 376	70 689	-	-	-	-
The Netherlands	29 712	53 537	-	-	-	-
Brasil	30 617	-	-	-	-	-
Poland	12 238	18 344	-	-	-	-
Czech Republic	2 573	3 472	-	-	-	-
Romania	5 877	2 631	-	-	-	-
Hungary	868	2 052	-	-	-	-
Belgium	-	2 844	-	-	-	-
Slovakija	1 148	1 710	-	-	-	-
Pakistan	-	22 522	-	-	-	-
Austrija	-	1 183	-	-	-	-
Sweden	1 362	2 842	-	-	-	-
Tajikistan	3 356	1 557	-	-	-	-
Ireland	11 736	4 023	-	-	-	-
Ukrain	3 770	1 911	-	-	-	-
Great Britain	4 736	5 712	-	-	-	-
Ireland	-	4 023	-	-	-	-
Argentina	15 948	-	-	-	-	-
Indiia	211 909	204 194	-	-	-	-
Etiopia	-	23 877	-	-	-	-
Kenia	-	14 940	-	-	-	-
Vietnamas	19 987	-	-	-	-	-
Russia	8 320	-	-	-	-	-
Belarus	2 189	-	-	-	-	-
Ivory coast	6 548	-	-	-	-	-
Urugvajus	8 758	-	-	-	-	-
Other countries	6 681	5 138	-	-	-	-
	475 567	462 525	1 012 001	968 240	44 795	6 223

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:

In thousand litas

	30 June	30 June
	2010	2009
Sales of goods	468 695	452 308
Sales of raw materials	633	4 165
Sales of electricity, heat energy, gas, CO ₂ emission rights, other services, other sales revenue	6 239	6 052
	475 567	462 525

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)
30 June 2010

(All tabular amounts in LTL thousand unless otherwise stated)

2. SELLING AND DISTRIBUTION COSTS	30 June	30 June
In thousand LTL	2010	2009
Shipping costs	-	-
Transportation costs	7 343	7 441
Loading and forwarding costs	6 444	6 685
Other selling and distribution costs	23	97
	13 810	14 223
3. ADMINISTRATIVE EXPENSES	30 June	30 June
In thousand LTL	2010	2009
Remuneration of employees	6 752	6 836
Social security contributions	2 064	2 187
Taxes (other than income tax)	966	884
Depreciation and amortization	519	478
Insurance	134	217
Security	479	408
Telecommunications	185	232
Support granted	304	678
Other administrative expenses	1 882	5 145
	13 285	17 065
4. EXPENSES BY NATURE	30 June	30 June
In thousand LTL	2010	2009
Raw materials and consumables used	312 978	428 112
Inventory valuation allowance	0	(2 092)
Remuneration of employees and social security contributions	22 784	19 456
Transportation services	13 810	14 223
Depreciation and amortisation	14 849	14 953
Change in finished goods, semi-manufactures and work in progress	20	(176)
Repair and maintenance	2 192	3 227
Energy and fuel	2 513	1 763
Taxes (other than income tax)	966	884
Consulting expenses	920	1 068
Security	479	408
Telecommunication and IT maintenance expenses	185	277
Marketing	30	41
Other	1 607	1 631
	373 333	483 775

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).

	30 June	30 June
	2010	2009
Commission for currency translation operations	539	770
Net foreign exchange gain (loss)	18 359	(4 019)
	18 898	(3 249)

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)
30 June 2010

(All tabular amounts in LTL thousand unless otherwise stated)

6. OTHER INCOME/GAINS	30 June	30 June
In thousand LTL	2010	2009
Interest income on short-term loans	8 618	9 317
Other interest	108	274
Gain on disposal of property, plant and equipment	19	34
	8 745	9 626

7. INCOME TAX	30 June	30 June
In thousand LTL	2010	2009
Current tax	(5 671)	44 759
Deferred tax	(13 889)	(43 028)
	(19 560)	1 767

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)
30 June 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 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	3 838	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
at 30 June 2010						
Opening net book amount	105 484	135 738	6 775	2 262	21 726	271 985
Additions	-	1 546	-	166	43 081	44 793
Disposals and write-offs	-	(284)	-	-	-	(284)
Reclassifications	-	5 922	-	-	(5 922)	-
Depreciation charge	(2 264)	(11 385)	(703)	(325)	-	(14 677)
Closing net book amount	103 220	131 537	6 072	2 103	58 885	301 817
at 30 June 2010						
Cost	201 372	422 722	17 747	12 112	58 885	712 838
Accumulated depreciation	(98 152)	(291 185)	(11 675)	(10 009)	-	(411 021)
Net book amount	103 220	131 537	6 072	2 103	58 885	301 817

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)
30 June 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		<u>459</u>
at 30 June 2009		
Opening net book amount		459
Additions		67
Disposals and write-offs		-
Amortisation charge		(124)
Closing net book amount		<u>402</u>
at 30 June 2009		
Cost		1 116
Accumulated amortisation		(714)
Net book amount		<u>402</u>
at 30 June 2010		
Opening net book amount		605
Additions		2
Disposals and write-offs		-
Amortisation charge		(171)
Closing net book amount		<u>436</u>
at 30 June 2010		
Cost		1 452
Accumulated amortisation		(1 016)
Net book amount		<u>436</u>

11. INVENTORIES	at 30 June	at 30 June
In thousand LTL	2010	2009
Finished goods	47 788	52 364
Raw materials and suppliers	62 569	42 019
Work in progress	2 356	2 333
Semi-manufactures	1 735	2 527
	<u>114 448</u>	<u>99 243</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)
30 June 2010

(All tabular amounts in LTL thousand unless otherwise stated)

12. LOANS GRANTED, TRADE AND OTHER RECEIVABLES
 In thousand LTL

	at 30 June 2010	at 30 June 2009
Trade receivables, gross	67 995	151 654
Less: provision for impairment of trade receivable	(3 490)	(4 242)
VAT tax receivable	25 692	23 096
Prepayments made to suppliers	21 751	1 913
Other receivables	7 086	1 032
	119 034	173 453
Short-term loans granted	437 910	354 406
	556 944	527 859

13. CASH AND CASH EQUIVALENTS In thousand LTL

	at 30 June 2010	at 30 June 2009
Cash in bank	17 685	1 828
Cash on hand	5	2
Time deposits and repo deals	-	10 685
Letters of credit and guarantees	100	-
	17 790	12 515

14. 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 first half Y 2010.

15. TRADE AND OTHER PAYABLES In thousand LTL

	at 30 June 2010	at 30 June 2009
Trade payables	17 258	12 108
Payables for related parties	21 286	41 937
Other payables and accrued charges	26 139	67 952
Remuneration of employees and social security payable	4 220	4 386
Grants	8 574	4 849
	77 477	131 232

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)
30 June 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 3 June 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 30 June 2010		at 30 June 2009	
	Sales	Purchases	Sales	Purchases
Eurochem Trading GmbH	301 241	1 651	267 786	-
Harvester Shipmanagement Ltd	-	2 585	-	4 805
OA0 Kavdorskiy GOK	-	96 084	-	217 110
OA0 NAK Azot	-	50 607	-	40 614
UAB EuroChem Baltic Logistics	11	47 071	-	925
	301 252	197 998	267 786	

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 OA0 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 .
 Additionally, on June 8, 2010 there was granted a loan of EURO 25 000 thou. till June 07, 2011 with 5.45% interest rate.
 Balances of transactions with related parties:

	at 30 June 2010		at 30 June 2009	
	Receivables	Payables	Receivables	Payables
Eurochem Trading GmbH	61 829	-	141 970	67
OA0 Kavdorskiy GOK	-	16 721	-	38 346
OA0 NAK Azot	20	2 734	-	3 407
Eurochem A.M. Limited	437 910	-	354 406	-
OA0 "Nevynoomyskiy Azot"	9	-	-	-
UAB EuroChem Baltic Logistics	16	1 831	-	117
	499 784	21 286	496 376	41 937

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

Interim Statement for the first half-year of 2010

1. Accounting period of the statement

The Interim Statement has been issued for the first half-year of 2010.

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

On the 8th of June, 2010 "Lifosa" AB has concluded the issuer service agreement with intermediary AB SEB bankas (Gedimino 12, Vilnius). Previously "Lifosa" AB had appropriate agreement with Financial Broker Firm "Finasta" AB, (Konstitucijos ave. 23, Vilnius) with regard to public trading in 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 the 9th of June, 2010 the total number of the shareholders amounts to 1.906.

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

Name, registered office, and enterprise register code of the company	Number of ordinary registered shares owned by the shareholder	Share of the authorized capital, in percentage	Share of votes, in percentage
EUROCHEM, MINERAL AND CHEMICAL COMPANY JOINT STOCK UL. DUBININSKAJA DOM 53, STROENIJE 6, 115054 MOSC, MOSCOW, RUSSIA 102770002659	19 387 138	92,23	92,23

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.

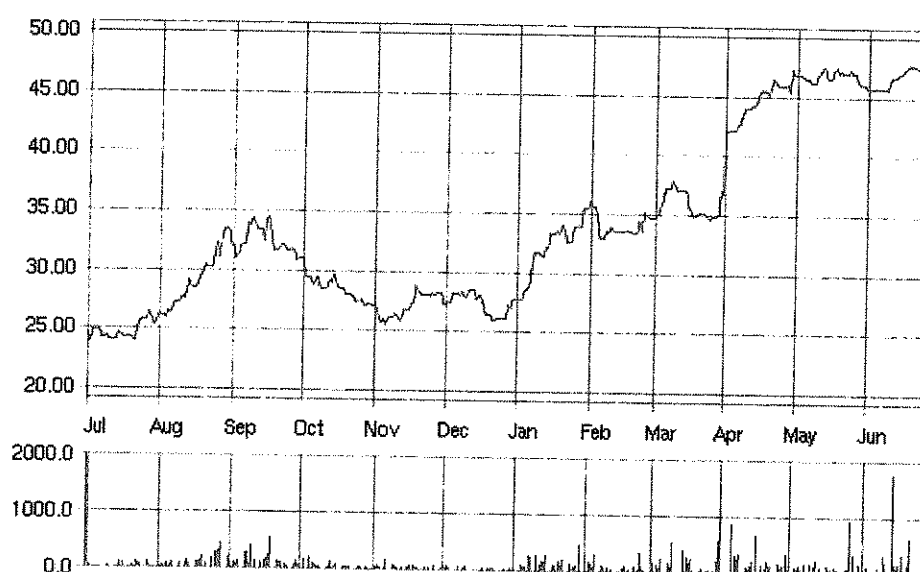
Main characteristics of the shares

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

Company's shares trade

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 2010	39,00	27,78	38,73	582 515,20	6 755,25	582 515,20	2010-03-31	249 364	8 525 541,16
The 2nd quarter of 2010	48,50	36,60	47,50	1 764 016,37	20 940,70	145 750,13	2010-06-30	307 609	13 954 729,70

Shares trade 2009.07.01 – 2010.06.30



Date of last session	Capitalization, in LTL
2010-03-31	814 126 443,72
2010-06-30	998 476 790,00

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

	2007	2008	2009	1 st half-year 2010
Managers	117	119	120	112

Specialists	78	77	76	76
Workers	824	807	794	784
Total	1 019	1 003	990	972

Table 8.2. Average monthly salary, in LTL

	2007	2008	2009	1 st half-year 2010
Managers	6 669	7 846	8118	7908
Specialists	3 557	4 324	4706	5502
Workers	2 729	3 592	3991	4176
Total	3 273	4 151	4 580	4 704

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

	2007	2008	2009	1 st half-year 2010
personnel with university education	176	180	178	184
personnel with vocational education	201	192	186	178
personnel with secondary education	514	524	526	516
other	128	103	99	91
Total	1 019	999	989	969

9. Procedure of amending the Statutes of the Issuer

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

10. Bodies of the Issuer

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

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

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

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

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

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

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

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

First name, Surname	Position	Share of the capital / votes available, in percentage
THE BOARD		

Aleksandras Tugolukovas	The Chairman	-
Valerijus Rogalskis	Member	-
Andrejus Popovas	Member (until 2010-04-30)	-
Valerijus Sidnevas	Member (from 2010-04-30)	-
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 the 9th of June, 2010

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
Andrejus Popovas	2009-04-29	2010-04-30
Valerijus Sidnevas	2010-04-30	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 2010, in LTL	Tantiemes paid during the 1st half-year of 2010, in LTL
To members of the Administration (the Managing Director, the Administrative Manager, the Technical Manager, the Finance Manager and the Chief Accountant)	1 709 376	-
Average amount per member of the Administration per month	56 979	-
To members of the Board	1 115 086	-
Average amount per member of the Board per month	92 924	-

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 2010.

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	2007		2008		2009		1 st half-year 2010	
	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)	825,2	796 426	754,9	1 533 149	910, 2	743 848	427,4	422 822
Aluminium fluoride	10,3	26 830	8,3	25 343	6,8	15 820	3,68	9 909
Sulfuric acid	15,6	1 630	1,9	657	0,48	177	0,13	39

Phosphoric acid	6,7	9 221	0,1	609	0,06	210	0,03	93
Feed phosphates	65,4	68 235	60,2	152 754	44,1	58 820	26,5	32 184
Total		902 342		1 712 512		818 875		465 047

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

Products	2007	2008	2009	1 st half-year 2010
Diamonium phosphate (DAP)	970,57	2 031,05	817,21	989,26
Aluminium fluoride	2 558,80	3 053,74	2 367,49	2 419,24
Sulfuric acid	104,81	339,53	367,21	310,77
Phosphoric acid	1 386,07	4 258,74	3 497,92	3 252,00
Feed phosphates	1 043,65	2 537,82	1 331,48	1 210,89

The key financial ratios:

	2007	2008	2009	1st year-half of 2010
Sales, thous. LTL	921 648	1 748 778	838 799	475 567
Cost of sales, thous. LTL	578 022	1 486 208	802 696	346 238
Gross profit, thous. LTL	343 626	262 570	36 103	129 329
<i>gross profit margin, %</i>	37	15	4	27
Operating profit, thous. LTL	267 748	264 447	-18 419	129 769
<i>operating profit margin, %</i>	29	15	-2	27
Profit before tax, thous. LTL	270 065	266 767	-18 046	129 877
<i>profit before tax margin, %</i>	29	15	-2	27
Net profit, thous. LTL	221 102	237 231	-25 907	110 317
<i>net profit margin, %</i>	24	14	-3	23
EBITDA, thous. LTL	298 423	297 125	12 773	144 618
<i>EBITDA margin, %</i>	32	17	2	30
Return on Equity (ROE), %	36	28	-3	12
Return on Assets (ROA), %	31	23	-3	11
Debt/Equity ratio	0,17	0,24	0,07	0,08
Current assets/ Current liabilities ratio	4,40	3,67	10,38	10,00
(Current assets- Inventories)/ Current liabilities ratio	3,79	2,91	8,13	8,34
Cash/ Current liabilities ratio	1,66	0,31	0,59	0,23

The plans and forecasts of the Company published in the Annual Statements as of 2009 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:

- 09.03.2010 AB "Lifosa" announced about the notification of a group on the acquisition of a block of shares. On the 18th of February 2010 an agreement of AB „Lifosa“ share sale was concluded that allowed „Mineral and Chemical Company „EuroChem“ in a group with EuroChem AM to acquire 95,88% AB „Lifosa“ shares voting rights, crossing 95% threshold.

- 19.03.2010 AB "Lifosa" announced about the plans to spend 88 m litas (25,5 m EUR) into capital expenditure.
- 30.04.2010 The resolutions taken during the General Meeting of AB "Lifosa" that was held on April 30, 2010:
 1. The Company's Auditor's Report. Heard.
 2. The Annual Report of the Company for the year 2009. To assent to the Company's Annual Report for the year 2009.
 3. The approval of the Company's Annual Financial Statements for the year 2009. To approve the audited Annual Financial Statements for the year 2009.
 4. Company's profit appropriation for the year 2009. To approve the Company's net audited profit (acc.to IFRS) appropriation as follows:
 - 1) total profit available for distribution - 618 808 thou. LTL (179 219 thou. EUR);
 - 2) net loss of the reporting financial year - 25 908 thou. LTL (7 503 thou. EUR);
 - 3) total profit available for distribution- 592 900 thou. LTL (171 716 thou. EUR).
 - 4) share allocation to the required reserves - 0 LTL (0 EUR);
 - 5) share of the profit allocated to the reserves to acquire 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) the unappropriated profit at the end of the accounting financial year brought forward to the next financial year - 592 900 thou. LTL (171 716 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 2010.
 - 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. Andrey Popov.
 - 6.2. To elect Mr. Valery Sidnev, 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. V. Sidnev validates after the General Meeting.
- 09.06.2010 AB "Lifosa" announced about the Purchase of AB „Lifosa" Shares: Akcinė bendrovė (Public Limited Liability Company) „Lifosa" (hereinafter – Lifosa), registered office at Juodkiškio Street 50, Kėdainiai, Lithuania, the legal entity code - 161110455, inform that on June 9, 2010 received a notification of Joint-Stock Company "Mineral and Chemical Company EuroChem" (hereinafter - EuroChem), registered office at Dubininskaya 53, Building 6, Moscow, Russian Federation, registration number 1027700002659, acting in concert with the Company EuroChem AM Limited (hereinafter - EuroChem AM), registered office at Christodoulou Chatzipalvou 205, Louloupis Court, 2nd Floor, Office 201, PC 3036, Limassol, Cyprus, the registration number HE154505, on the mandatory purchase of shares.

On the day of Lifosa's notification, there were 20 154 388 (twenty million one hundred and fifty-four thousand three hundred and eighty-eight) Lifosa's registered ordinary shares of 10 LTL (ten Litās) nominal value under the ownership of EuroChem together with AM EuroChem, with 95, 88% of the votes at the Lifosa's General Meeting of Shareholders (EuroChem own 19 387 138 (nineteen million three hundred and eighty seven thousand one hundred and thirty-eight) ordinary registered shares of Lifosa (92,23% of votes), EuroChem AM – 767 250 (seven hundred sixty seven and two hundred fifty thousand) ordinary registered shares of Lifosa (3.65% votes)).

On May 27, 2010 Lithuanian Securities Commission adopted the Decision No. 2K-113 to approve the price of 1 (one) ordinary registered share of Lifosa at which EuroChem proposed to buy up Lifosa's shares. Pursuant to Part 1 of Article 37 of the Lithuanian Law on Securities, EuroChem stated the requirement that the other shareholders should sell all the ordinary registered shares of Lifosa owned by them to EuroChem within 90 (ninety) days from the date of announcement on the purchase of shares in the daily newspaper „Lietuvos rytas" at the price offered by EuroChem.

EuroChem's offered price is 47 LTL (forty-seven Litās) for 1 (one) ordinary registered Lifosa's share. The offered price was determined pursuant to Item 3 of Part 4 and Part 6 of Article 37 of the

Lithuanian Securities Law, and consists of: the estimated 1 (one) ordinary registered Lifosa's share value as of April 1, 2010, after Lifosa's stock valuation performed by UAB „Colliers International Advisors” (legal entity code 302424118, registered address at Švitrigailos 11B, Vilnius, Lithuanian Republic, the asset valuer J. Banytė, qualification certificate No. A 000320), amounting to 42.62 LTL (forty-two litas and sixty two cents), and 4.38 LTL (four Litass and thirty eight cents) bonus. UAB „Colliers International Advisors” determined Lifosa's share value as a weighted average using the possible probabilities of values: the average value of the shares on the stock exchange, the value of the shares established by the use of income (discounted cash flows) method of valuation, book value of the shares and the share value established by comparative value method.

Lifosa's shares will be purchased from shareholders at all AB SEB Bank Customer Service units during working days and during office hours of the relevant unit. AB SEB Bank, representing the EuroChem, will conclude share purchase and sale agreements with the shareholders at the time convenient for the shareholders at AB SEB Bank Customer Service units during office hours. Money will be paid for Lifosa's shares in accordance with the laws of the Republic of Lithuania and under the share purchase and sale agreement procedure.

To make a share purchase-sale agreement a shareholder – natural person has to provide the following documents and information:

1. personal identification document (a valid passport or identity card);
2. number of the bank (IBAN) account, the money should be paid to.

To make a share purchase-sale agreement a shareholder - legal person has to submit the following documents and information:

1. a copy of company's Registration Certificate;
2. a copy of company's Articles of Association;
3. the Power of Attorney granted to the person to sign the agreement or appropriate resolution of the governing bodies;
4. the Power of Attorney granted to the person to place orders on behalf of the company and provide other instructions related to execution thereof;
5. bank (IBAN) account, the money should be paid to.

If the shareholders fail to sell Lifosa's shares they own or not contest the price offered by EuroChem within the 90 (ninety) days after notification of a mandatory buy-up of Lifosa's shares in the daily newspaper "Lietuvos rytas", pursuant to Part 11 of Article 37 of the Lithuanian Law on Securities, EuroChem has a right to appeal to court on the last day of the period and submit the documents proving the payment transfer to the deposit account opened with the AB SEB Bank not later than the last day of the period, to the shareholders who did not sell their shares, and require the account managers to perform the necessary entries in the securities account on the transfer of the title to the shares to EuroChem.

Each shareholder may familiarise himself with the Lifosa's Stock Valuation Report (with attachments) and the Resolution of the Lithuanian Securities Commission at AB „Lifosa” office on weekdays from 8.00 a.m. to 14.00 p.m.

Further information to AB „Lifosa” shareholders about the mandatory purchase of Lifosa's shares will also be provided by AB SEB Bank Contact Center: wired phone number (+370 5) 268 2800 or short number 1528.

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.

Information about transactions of the interested parties is available on Lifosa AB unaudited interim financial statement for the period January-June 2010, the 16th note to the financial statements.