



AKCINĖ BENDROVĖ "LIFOSA"

CONFIRMATION OF THE RESPONSIBLE PERSONS

2011-11-30

Following the article 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and Submission of Periodic and Additional Information approved by the Securities Commission of the Republic of Lithuania, we confirm that AB Lifosa not audited Financial Statements for the nine months of Y'2011, 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 nine months Y'2011.

Director General

Jonas Dastikas

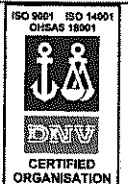
Chief Financial Officer

Regvita Ivanovienė

Juodkishkio str. 50,
LT-57502 Kedainiai town,
LITHUANIA

Phone +370-347-66483, 66463:
Fax +370-347-66166, 66686:
E-mail: info@lifosa.com
www.lifosa.com

Code 161110455
VAT LT611104515
SEB BANKAS
SWIFT: CBVILT2X



LIFOSA AB

**INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY- SEPTEMBER 2011 (UNAUDITED)**

Translation note

These financial statements have been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of these financial statements take precedence over the English language version.

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LIFOSA AB
FINANCIAL STATEMENTS
30 September 2011

STATEMENT OF COMPREHENSIVE INCOME

		LTL thousand			
	Notes	01 June –30 September		01 January- 30 September	
		2011	2010	2011	2010
Sales	1	382,708	308,107	1,095,050	783,675
Cost of sales	4	(321,197)	(232,511)	(881,474)	(578,750)
Gross profit		61,511	75,596	213,576	204,925
Selling and distribution costs	2,4	(9,851)	(8,334)	(25,474)	(22,144)
Administrative expenses	3,4	(3,808)	(5,941)	(18,211)	(19,226)
Net foreign exchange gain/(loss)	5	12,041	(9,234)	(3,525)	9,665
Other income	6	10,802	6,711	28,223	15,348
Operating profit		70,695	58,798	194,589	188,568
Interest income on short-term cash deposits		16	39	31	147
Profit before tax		70,711	58,837	194,620	188,715
Income tax	7	(10,631)	(9,038)	(21,678)	(28,599)
Net profit		60,080	49,799	172,942	160,116
Basic and diluted earnings per share (LTL per share)	8	2,86	2,37	8,23	7,62

These financial statements on pages 3 – 19 were approved by the Company's Director (by proxy) and Chief Financial Officer on 30 October, 2011.


Jonas Dastikas
Director General


Regvita Ivanovienė
Chief Financial Officer

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
FINANCIAL STATEMENTS
30 September 2011

STATEMENT OF FINANCIAL POSITION LTL thousand

	Notes	2011	2010
		30 September	31 December
ASSETS			
Non-current assets			
Property, plant and equipment	9	322,442	329,495
Intangible assets	10	1,171	1,540
Deferred tax asset	7	2,719	2,942
Other receivables	11,13	9,791	11,385
		336,123	345,362
Current assets			
Inventories	12	191,325	175,512
Trade and other receivables	13	132,249	126,931
Loans	13	643,168	464,928
Cash , cash equivalents, restricted cash	15	105,028	31,359
		1,071,770	798,730
Total assets		1,407,893	1,144,092
EQUITY			
Share capital	16	210,206	210,206
Share premium		80	80
Legal reserve	B9	21,021	21,021
Retained earnings		1,006,456	833,514
Total equity		1,237,763	1,064,821
LIABILITIES			
Non-current liabilities			
Grants	17	15,698	17,032
		15,698	17,032
Current liabilities			
Income tax liabilities		25,026	3,570
Trade and other payables	18	129,406	58,669
		154,432	62,239
Total liabilities		170,130	79,271
Total equity and liabilities		1,407,893	1,144,092

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY LTL thousand

	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance as at 31 December 2009		210,206	80	21,021	592,900	824,207
Transfer to legal reserve						
Net profit for the period		-	-	-	160,116	160,116
Balance at 30 September 2010		210,206	80	21,021	753,016	984,323
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	80,498	80,498
Balance at 31 December 2010		210,206	80	21,021	833,514	1,064,821
Transfer to legal reserve		-	-	-	-	-
Net profit for the period		-	-	-	172,942	172,942
Balance at 30 September 2011		210 206	80	21 021	1,006,456	1,237,763

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
FINANCIAL STATEMENTS
30 September 2011

STATEMENT OF CASH FLOWS

LTL thousand

	For the nine months period ended on 30 September	
	2011	2010
Cash flows from operating activities		
Net profit	194,620	188,715
Adjustments for:		
Depreciation and amortisation	25,380	22,651
Unrealised foreign Exchange loss/(gain)	3,525	(9,665)
Loss (profit) on disposal of property, plant and equipment, net	(11)	(30)
Changes in working capital	(75,226)	(43,025)
Change in other receivables	(152,094)	(99,574)
Income tax paid	0	(6,413)
Net cash from operating activities	(3,806)	52,659
Cash flow from investing activities		
Purchase of property, plant and equipment	(21,584)	(63,185)
Proceeds from the sales of property, plant and equipment	11	30
Loans repayments received parties		
Net cash used investing activities	(21,573)	(63,155)
Cash flows from financing activities		
Interest income	26,147	15,348
Other financing income	31	148
Net cash from financing activities	26,178	15,496
Net increase in cash and cash equivalents	799	5,000
Movement in cash and cash equivalents		
At beginning of year	31,359	34,393
Net increase	799	5,000
Cash and cash equivalents at end of the period	32,158	39,393

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(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 Public Limited Liability 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 NASDAQ OMX Vilnius AB. The Company's principal activity is the production of phosphate fertilisers, mainly diammonium phosphate (DAP). As at 31 September 2011 the main shareholders of the Company were as follows:

<i>Shareholder</i>	<i>Number of shares 2011-09-30</i>	<i>Percentage of share capital %</i>
„Mineral Chemical Company Eurochem”	20,075,876	95.50%
„Eurochem A.M. Limited”	767,250	3.65%
Other shareholders	177,438	0.85%
	<hr/>	<hr/>
	21,020,564	100%

All shares of the Company are fully paid.

The number of staff employed by the Company on 30 September Y'2011 totalled to 978 (2010: 968).

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements 30 september ,2011 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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.

USD exchange rate (LTL/USD)	As at 30 September
2011	2,5383
2010	2,5361

(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 profit of loss.

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(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 indexations 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 and the replaced part is retired, 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 profit or loss 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 and equipment	4-10 years
Other property, plant and equipment	5-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss.

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 end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as 'loans granted' and 'trade and other receivables' in the statement of financial position.

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 profit or loss within 'administrative expenses'. Bad debts are written off during the year in which they are identified as irrecoverable.

B.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method from 30 September 2011. 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 of finished goods is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Raw materials and other substances held for the production of goods are not written down below their cost, unless it is probable that the cost of goods produced using these raw materials and

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

substances will exceed the net realisable value of finished goods. Under such circumstances, the best estimate of net realisable value of raw materials and substances is deemed to be their market value. Loss resulting from writing down of inventories to net realisable value is included in the cost of sales in the statement of comprehensive income.

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, letters of credit 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 and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

B.11 Income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Income tax charge is based on taxable profit or losses for the current and prior periods and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

The standard income tax rate in Lithuania is 15%.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed based on tax rates enacted or substantially enacted at the each reporting period.

B.12 Leases – where the Company is the lessee

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 profit or loss on a straight-line basis over the period of the lease.

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(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 statement of financial position. 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 the end of the reporting period 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 (normally based on Incoterms).

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 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

B.17 Earnings per share

Basic earnings per share are calculated by dividing net profit attributed to the shareholders from average weighted average number of ordinary registered shares outstanding during the reporting period.

B.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

B.19 Emission allowances

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
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(All tabular amounts in LTL thousand unless otherwise stated)

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

B.20 Grants

Grants are recognised at their fair value 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 non-current liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

B.22 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, other price risk and cash flow and fair value interest rate 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 significantly 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) at the end of each reporting period.

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. No significant transactions in other foreign currencies are performed by the Company.

The Company has no other financial liabilities except for trade and other payables. All trade and other payables reported in the statement of financial position are due within 12 months and their fair value is equal to their carrying balances as the impact of discounting would not be significant.

C.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

The Company defines its capital as share capital less cash and cash equivalents. During years 2011 and 2010, the Company had no borrowings.

LTL thousand	30 September 2011	31 December 2010
Shareholders' equity	1,1237,763	1,064,821
Less cash and cash equivalents	105,028	31,359
Total	1,132,735	1,033,462

Pursuant to the Lithuanian Law on Companies, the authorised share capital of a public limited liability company must be not less than LTL 150 thousand and the shareholders' equity should not be lower than 1/2 of the Company's registered share capital. As at 30 September 2011 and 31 December 2010 Company complied with these requirements.

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

OTHER EXPLANATORY NOTES

1. SALES LTL thousand

The Company's single operating segment is production of mineral fertilizers. All the Company's assets are located in Lithuania. The Company's sales by market can be analyzed as follows:

	Sales for 30 September	
	2011	2010
India	220,281	333,109
The Netherlands	125,755	56,038
VokietijaGermany	129,752	87,393
Pakistan	54,298	0
Poland	50,816	34,974
France	48,699	39,201
Lithuania	45,500	30,608
Iran	44,240	0
Ireland	43,017	14,710
Great Britain	42,438	4,736
Peru	38,105	0
Croatia	33,602	0
Kenya	30,509	0
Rusia	29,554	9,782
USA	28,670	0
Romania	22,394	10,158
Denmark	21,657	12,231
Hungary	17,094	3,903
Ghana	12,416	0
Czech Republic	7,573	4,694
Taijkistan	7,539	7,307
Latvia	9,389	2,264
Ukrain	8,303	5,827
Cameroon	4,881	1,851
Portugal	4,729	1,119
Slovakia	3,491	1,982
Serbia	2,719	1,008
Paraguay	1,667	0
Byelorussia	1,546	2,584
Sweden	1,548	2,443
Martinique	1,223	1,634
Estonia	699	0
Ecuador	685	0
Nigeria	382	0
Moldavia	79	0
Belgium	0	4,176
Brazil	0	30,738
Argentina	0	27,577
Vietnam	0	19,987
Ivory Coast	0	9,221
Uruguay	0	8,758
Guatemala	0	7,742
Egypt	0	1,306
Malaysia	0	1,972
Senegal	0	2,067
Other countries	0	575
	1,095,050	783,675

Sales by market 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 and intermediaries, 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).

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

Analysis of sales by category: LTL thousand

	2011	2010
	30 September	
Sales of diammonium phosphate	915,602	686,405
Sales of monocalcium phosphate	-	60,714
Sales of aluminium flouride	32,681	21,228
Other:		
sales of goods	1,327	1,336
Sales of electricity, heat energy and other	9,479	9,574
Sales of raw materials	308	5
Other sales	2,702	4,413
	1,095,050	783,675

2. SELLING AND DISTRIBUTION COSTS LTL thousand

	2011	2010
	30 September	
Transportation costs	11,749	12,339
Loading and forwarding costs	9,489	9,767
Other selling and distribution costs	4,236	38
	25,474	22,144

3. ADMINISTRATIVE EXPENSES LTL thousand

	2011	2010
	30 September	
Remuneration of employees	9,168	9,295
Social security contributions	2,765	2,982
Taxes (other than income tax)	1,043	1,435
Depreciation and amortization	903	777
Insurance	255	71
Support granted	601	483
Consultations	505	592
Security	753	718
Telecommunications	276	240
Other administrative expenses	1,942	2,633
	18,211	19,226

4. EXPENSES BY NATURE LTL thousand

	2011	2010
	30 September	
Raw materials and consumables used	787,607	489,302
Remuneration of employees and social security contributions	60,460	61,523
Depreciation and amortization	25,380	21,874
Transportation services	25,474	22,144
Energy and fuel	16,902	13,739
Repair and maintenance	2,372	5,233
Other expenses	2,853	2,561
Taxes (other than income tax)	1,750	1,435
Security	753	718
Support granted	601	483
Consulting expenses	505	592
Marketing and representation	226	276
Telecommunication and IT maintenance expenses	276	240
	925,159	620,120

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

5. NET FOREIGN EXCHANGE GAIN/(LOSS) LTL thousand

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

6. OTHER INCOME LTL thousand

	2011	2010
	30 September	
Interest income on short-term loans	26,147	15,318
CO2 emission rights	3,236	4,275
Interest income on short-term deposits	11	30
Gain on disposal of property, plant and equipment	31	147
Other transfers	(1,202)	(4,422)
	28,223	15,348

7. INCOME TAX LTL thousand

	2011	2010
	30 September	
Current income tax expense	(24,397)	(33,701)
Deferred income tax expense	2,719	5,102
	(21,678)	(28,599)

8. BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

LTL thousand	2011	2010
	30 September	
Net (loss)/profit attributable to shareholders	172,942	160,116
Weighted average number of ordinary shares in issue (thousand)	21,021	21,021
	8,23	7,62

9. PROPERTY, PLANT AND EQUIPMENT LTL thousand

	Buildings	Plant and machinery	Vehicles and equipment	Other PP&E	Construction in progress	Total
At 31 December 2009						
Cost or indexed cost	201,372	416,267	17,747	12,058	21,726	669,170
Accumulated depreciation	(95,888)	(280,529)	(10,972)	(9,796)	-	(397,185)
Net book amount	105,484	135,738	6,775	2,262	21,726	271,985
At 30 september 2010						
Opening net book amount	105,484	135,738	6,775	2,262	21,726	271,985
Additions	-	1,550	-	191	61,410	63,151
Disposals and write-offs	-	(284)	-	-	-	(284)
Transfers	6,440	45,914	-	576	(52,930)	-
Depreciation charge	(3,413)	(17,444)	(1,053)	(499)	-	(22,409)
Closing net book amount	108,511	165,474	5,722	2,530	30,206	312,443
At 30 september 2010						
Cost or indexed cost	207,813	462,717	17,747	12,649	30,206	731,132
Accumulated depreciation	(99,302)	(297,243)	(12,025)	(10,119)	-	(418,689)

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

30 September 2011

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Net book amount	108,511	165,474	5,722	2,530	30,206	312,443
At 30 september 2011						
Opening net book amount	125,314	186,313	14,327	3,044	497	329,495
Additions	-	1,593	153	252	15,942	17,940
Disposals and write-offs	-	-	-	-	-	-
Transfers	805	9,679	-	312	(10,796)	-
Depreciation charge	(3,792)	(19,202)	(1,336)	(663)	-	(24,993)
Closing net book amount	122,327	178,383	13,144	2,945	5,643	322,442
At 30 september 2011						
Cost or indexed cost	226,463	494,838	26,418	13,375	5,643	766,737
Accumulated depreciation	(104,136)	(316,455)	(13,274)	(10,430)	-	(444,295)
Net book amount	122,327	178,383	13,144	2,945	5,643	322,442

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.

In December 2010 AB "Lifosa" purchased a land plot (of 0.4089) belonging to the rest-house in Moletai district, the value of which is 50 thousand LTL.

10. INTANGIBLE ASSETS LTL thousand

	Computer software
At 31 December 2009	
Cost	1,450
Accumulated amortisation	(845)
Net book amount	605
At 30 September 2010	
Opening net book amount	605
Additions	16
Disposals and write-offs	(1)
Amortisation charge	(242)
Closing net book amount	378
At 30 September 2010	
Cost	1,465
Accumulated amortisation	(1,087)
Net book amount	378
At 30 September 2011	
Opening net book amount	1,540
Additions	18
Disposals and write-offs	-
Amortisation charge	(387)
Closing net book amount	1,171
At 30 September 2011	
Cost	2,704
Accumulated amortisation	(1,533)
Net book amount	1,171

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NOTES TO THE FINANCIAL STATEMENTS

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(All tabular amounts in LTL thousand unless otherwise stated)

11. OTHER RECEIVABLES

The balance of non-current receivables comprises a long-term cash deposit of LTL 2,618 thousand, to secure contingent liability to clean the factory's environment under the order of the Ministry of Environment of the Republic of Lithuania in case the activities of the Company were ceased.

12. INVENTORIES

LTL thousand	Finished goods	Raw materials	Work in progress	Semi-manufactures	Total
At 30 September 2010					
Cost	72,500	99,527	2,495	990	175,512
Write down to net realisable value	-	-	-	-	-
Net realisable value	72,500	99,527	2,495	990	175,512
At 30 September 2011					
Cost	58,675	128,760	3,401	489	191,325
Write down to net realisable value	-	-	(3,401)	3,401	-
Net realisable value	58,675	128,760	0	3,890	191,325

As of 30 September 2011, the Company had trade accounts receivable of LTL 87,790 thousand (in 31 December, 2010 m – 68,885 thousand)

LTL thousand	2011 30 September	2010
Trade receivables neither past due nor impaired		
Receivables from related party Eurochem Trading GmbH	80,250	60,996
Receivables from external customers	7,540	7,889
	87,790	68,885

13. LOANS GRANTED, TRADE AND OTHER RECEIVABLES

LTL thousand	2011 30 September	2010
Trade receivables, gross	95,002	73,614
Less: allowance for impairment of trade receivable	(3,490)	(3,490)
VAT tax receivable	30,513	33,471
Prepayments made to suppliers	9,143	22,759
Other receivables	1,081	577
	132,249	126,931
Short-term loans granted	643,168	464,928
	775,417	591,859

Extended loan EuroChem A.M. in 92,357 thousand EUR is valid until 15 July 2012 with 9.2% interest rate.

EuroChem International Holding B.V. loans in 5,000 thousand USD is extended and valid until 20 September 2012 with 4.9% interest rate and 10,500 thousand EUR loan is extended and valid until 26 August 2012 with 6.27% interest rate.

Of the total loan is 606,456 thousand LTL and 36,712 thousand LTL interest on loan.

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

LIFOSA AB
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30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

15. CASH AND CASH EQUIVALENTS LTL thousand

	2011	2010
	30 September	31 December
Cash in bank	4,922	4,950
Cash on hand	6	4
Time deposits	27,230	26,405
	32,158	31,359
Letters of credit	72,870	0
	105,028	31,359

16. SHARE CAPITAL LTL thousand

As at 30 September 2011, 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 30 September, 2011.

17. GRANTS

The Company received a grant amounting to LTL 5,976 thousand from the EU structural funds to finance acquisition of equipment relating to the project: "The usage of current and regenerating sources of energy of sulphuric acid department for production of electrical power" (received in 2007) and a grant of LTL 238 thousand from Environment protection investments fund to finance the acquisition of waste cleaning equipment (received in 2008).

In 2010, LTL 13,712 thousand EU structural funds have been utilized and construction of Feeding phosphate manufactory has been finished.

The grants are amortized over the useful life time of related assets. Income amounting to LTL 1,334 thousand was credited to profit or loss in January – September 2011.

18. TRADE AND OTHER PAYABLES LTL thousand

	2011	2010
	30 September	31 December
Trade payables	93,931	19,323
Import VAT payable	8,323	17,437
Other payables and accrued charges	21,514	16,795
Amounts received in advance	2,997	1,289
Other taxes payable	1,003	1,881
Social security payable	1,638	1,944
	129,406	58,669

19. RELATED-PARTY TRANSACTIONS LTL thousand

The Company is controlled by Mineral and Chemical Company Eurochem (Russia), which owns 95.50% of shares of the Company.

The following transactions were carried out with related parties:

The accounting policies and the notes on pages 7 to 19 form an integral part of these financial statements.

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30 September 2011

(All tabular amounts in LTL thousand unless otherwise stated)

	30 September 2011		30 September 2010	
	Sales	Purchases	Sales	Purchases
Eurochem Trading GmbH	559,180	107,994	455,843	25,125
Harvester Shipmanagement Ltd	-	-	-	2,585
OAO Kavdorskiy GOK	-	165,163	-	130,628
OAO NAK Azot	48	-	-	59,715
UAB EuroChem Baltic Logistics	17	71,379	17	83,895
DP Agrocentr EuroChem-Ukraine	8,085	-	-	-
OJSC"Nevinomyskiy Azot"	155	-	-	-
OOO"EuroChem-BMU"	354	-	-	-
PG"Phosphorite"LLC	77	-	-	-
OOOTONUS-PLUS	-	4	-	-
	567,916	344,540	455,860	301,948

Related parties in the table above belong to the Eurochem Group. Nature of transactions with related parties is purchase of raw materials (Eurochem Trading GmbH, Kavdorskiy GOK, NAK Azot), purchase of transportation services (UAB EuroChem Baltic Logistics) and sales of production (Eurochem Trading GmbH and DP Agrocentr EuroChem – Ukraine, OJSC"Nevinomyskiy Azot" and OOO"EuroChem_BMU).

Balances of transactions with related parties:

LTL thousand	30 september 2011		30 september 2011	
	Receivables	Payables	Receivables	Payables
EuroChem International Holding	206,867	-	49,093	-
Eurochem Trading GmbH	80,250	12,241	60,891	1,251
DP Agrocentr EuroChem-Ukraine	-	-	-	-
OAO Kavdorskiy GOK	36	22,132	-	-
OAO NAK Azot	-	-	-	-
Eurochem A.M. Limited	436,301	-	408,262	-
UAB EuroChem Baltic Logistics	44	1,238	2	635
EuroChem BMU LLC	-	-	-	1,165
OAO"Nevinomyskiy Azot"	-	-	-	-
	723,498	35,611	518,248	3,051

The balances of receivables include receivables for production sold (Eurochem Trading GmbH) and short-term loan granted (Eurochem A.M. Limited and EuroChem International Holding). The balances of payables include accounts payable for raw materials purchased (OAO Kavdorskiy GOK and Eurochem Trading GmbH) and for transportation services purchased (EuroChem Baltic Logistics UAB). Details regarding loans granted to EuroChem A.M. Limited and EuroChem International Holding B.V.

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