

LIFOSA AB

**INTERIM FINANCIAL STATEMENT
FOR THE PERIOD JANUARY-MARCH 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
31 march 2011

STATEMENT OF COMPREHENSIVE INCOME
LTL thousand

	Notes	31 march	
		2011	2010
Sales	1	414,667	193,531
Cost of sales	4	(302,540)	(143,532)
Gross profit		112,127	49,999
Selling and distribution costs	2,4	(8,607)	(6,084)
Administrative expenses	3,4	(7,580)	(6,376)
Net foreign exchange gain/(loss)	5	(9,838)	5,286
Other income	6	7,294	6,037
Operating profit/(loss)		93,396	48,862
Interest income on short-term cash deposits	6	10	66
(Loss)/profit before tax		93,406	48,928
Income tax	7	(8,744)	(7,315)
Net (loss)/profit		84,662	41,613
Other comprehensive income		-	-
Total comprehensive income/(loss)		84,662	41,613
Basic and diluted (losses)/earnings per share (LTL per share)	8	4,028	1,98

These financial statements on pages 3 – 19 were approved by the Company's General Director and Chief Financial Officer on May 31, 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.

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STATEMENT OF FINANCIAL POSITION
LTL thousand

	Notes	2011		2010	
		31 march	31 december	31 march	31 december
ASSETS					
Non-current assets					
Property, plant and equipment	9	327,112		329,495	
Intangible assets	10	1,410		1,540	
Deferred tax asset	7	2,190		2,942	
Other receivables	11,13	9,667		11,385	
		340,379		345,362	
Current assets					
Inventories	12	132,555		175,512	
Trade and other receivables	13	75,986		126,931	
Loans	14	618,743		464,928	
Cash and cash equivalents	15	66,859		31,359	
		894,143		798,730	
Total assets		1,234,522		1,144,092	
EQUITY					
Share capital	16	210,206		210,206	
Share premium		80		80	
Legal reserve	B9	21,021		21,021	
Retained earnings		918,176		833,514	
Total equity		1,149,483		1,064,821	
LIABILITIES					
Non-current liabilities					
Grants	17	16,587		17,032	
		16,587		17,032	
Current liabilities					
Income tax liabilities		11,564		3,570	
Trade and other payables	18	56,888		58,669	
		68,452		62,239	
Total liabilities		85,039		79,271	
Total equity and liabilities		1,234,522		1,144,092	

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

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUIT
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
Total comprehensive profit for the year		-	-	-	240,614	240,614
Balance at 31 December 2010		210,206	80	21,021	833,514	1,064,821
Total comprehensive profit for the year		-	-	-	84,662	84,662
Balance at 31 March 2011		210,206	80	21,021	918,176	1,149,483

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

LIFOSA AB
FINANCIAL STATEMENTS
31 march 2011

STATEMENT OF CASH FLOWS
LTL thousand

	For the three month period ended on 31 march	
	2011	2010
Cash flows from operating activities		
Net profit	93,406	41,613
Adjustments for:		
Depreciation and amortisation	8,495	7,795
Unrealised foreign Exchange loss/(gain)	(9,838)	(5,286)
Loss (profit) on disposal of property, plant and equipment, net	0	(4)
Changes in working capital	42,957	(42,787)
Missed interest	(49,861)	(4,211)
Change in other receivables	0	3,762
Net cash from operating activities	85,159	882
Cash flow from investing activities		
Purchase of property, plant and equipment	(56,963)	(13,445)
Proceeds from the sales of property, plant and equipment	0	4
Net cash used investing activities	28,196	(13,441)
Cash flows from financing activities		
Interest income	7,294	4,211
Other financing income	10	
Net cash from financing activities	7,304	4,211
Net increase in cash and cash equivalents	35,500	(8,348)
Movement in cash and cash equivalents		
At beginning of year	31,359	34,393
Net increase	35,500	(8,348)
Cash and cash equivalents at end of the period	66,859	26,045

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
31 march 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 march 2011 the main shareholders of the Company were as follows:

<i>Shareholder</i>	<i>Number of shares 2011-03-31</i>	<i>Percentage of share capital %</i>
„Mineral Chemical Company Eurochem”	20,74,654	95.50%
„Eurochem A.M. Limited”	767,250	3.65%
Other shareholders	178,660	0.85%
	<u>21,020,564</u>	<u>100%</u>

All shares of the Company are fully paid.

The number of staff employed by the Company on 31 march 2011 totalled to 955 (2010: 976).

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 31 march, 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/1USD)	As at 31 march
2011	2.4551
2010	2.5535

(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 or loss.

B.3 Property, plant and equipment

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)

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 1 January 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 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.

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
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(All tabular amounts in LTL thousand unless otherwise stated)

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.

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.

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

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(All tabular amounts in LTL thousand unless otherwise stated)

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 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

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)

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 Company defines its capital as share capital less cash and cash equivalents. During years 2010 and 1 Q 2011, the Company had no borrowings.

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
31 march 2011

(All tabular amounts in LTL thousand unless otherwise stated)

LTL thousand	31 march	
	2011	2010
Shareholders' equity	1,147,646	1,064,821
Less cash and cash equivalents	66,860	31,359
Total	1,080,786	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 31 march 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
31 march 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 31 march	
	2011	2010
The Netherlands	72,719	24,098
Germany	65,012	24,117
Iran	44,251	0
Peru	38,105	0
Iceland	30,616	0
Kenya	30,509	0
France	26,360	25,000
USA	24,027	0
Poland	14,040	5,424
Great Britain	11,532	4,736
Lithuania	10,954	8,856
Rusia	8,914	6,619
Gana	7,068	0
Latvia	6,181	322
Romania	6,146	2,995
Denmark	4,346	0
Hungary	2,638	0
Ukraine	2,630	1,771
Czech Republic	2,490	1,181
Tajikistan	2,320	1,006
Slovakia	1,157	391
Belarus	1,125	1,166
Serbia	734	377
Estonia	274	0
Egypt	254	0
Slovenia	34	0
Belgium	30	0
Brazil	0	30,617
Argentina	0	15,948
Vietnam	0	19,987
Urugvay	0	8,758
Ireland	0	6,982
Sweden	0	1,362
Malaysia	0	1,972
Paraguay	0	972
South Korea	0	422
Suriname	0	341
Other countries	201	0
	414,667	195,420

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 (more details about related party transactions with Eurochem Trading GmbH are disclosed in Note 18).

Analysis of sales by category (LTL thousand):

	2011	2010
	31 march	
Sales of diammonium phosphate	362,642	171,478
Sales of monocalcium phosphate	37,498	13,394
Sales of aluminium flouride	9,693	5,254
Other	1,265	71

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(All tabular amounts in LTL thousand unless otherwise stated)

Total sales of goods	44	0
Sales of electricity, heat energy and other	3,508	3,142
Sales of raw materials	1	192
	414,667	195,420
2. SELLING AND DISTRIBUTION COSTS (LTL thousand)		
	2011	2010
	31 march	
Transportation costs	4,818	3,157
Loading and forwarding costs	3,766	2,916
Other selling and distribution costs	23	11
	8,607	6,084
3. ADMINISTRATIVE EXPENSES (LTL thousand)		
	2011	2010
	31 march	
Remuneration of employees	3,780	3,446
Social security contributions	1,184	1,071
Taxes (other than income tax)	584	511
Depreciation and amortization	374	261
Insurance	116	57
Support granted	367	244
Consultations	191	93
Security	249	240
Telecommunications	97	92
Other administrative expenses	638	361
	7,580	6,376
4. EXPENSES BY NATURE (LTL thousand)		
	2011	2010
	31 march	
Raw materials and consumables used	262,617	123,925
Change in finished goods, semi-manufactures and work in progress	(1,726)	(1,274)
Remuneration of employees and social security contributions	14,586	13,569
Depreciation and amortization	8,495	7,230
Transportation services	8,607	6,084
Energy and fuel	2,579	1,979
Vacation and bonus reserve accrual expenses	7,102	-
Repair and maintenance	2,949	1,849
Other expenses	9,905	1,441
Overhead production expenses	2,011	(305)
Taxes (other than income tax)	584	511
Security	249	240
Support granted	367	244
Consulting expenses	191	392
Marketing and representation	99	15
Telecommunication and IT maintenance expenses	112	92
	318,727	155,992

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(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
	31 march	
Interest income on short-term loans	7,240	4,144
CO2 emission rights	16	1,889
Interest income on short-term deposits	10	66
Gain on disposal of property, plant and equipment	0	4
	7,320	6,103

7. INCOME TAX (LTL thousand)

	2011	2010
	31 march	
Current income tax expense	(10,934)	(33,449)
Deferred income tax expense	2,190	26,133
	(8,744)	(7,315)

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

	2011	2010
	31 march	
Net (loss)/profit attributable to shareholders	84,662	41,613
Weighted average number of ordinary shares in issue (thousand)	21,021	21,021
	4,028	1,98

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 31 march 2010						
Opening net book amount	105,484	135,738	6,775	2,262	21,726	271,985
Additions	-	731	-	139	12,575	13,445
Disposals and write-offs	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Depreciation charge	(1,132)	(5,760)	(353)	(160)	-	(7,405)
Closing net book amount	104,352	130,709	6,422	2,241	34,301	278,025
At 31 march 2010						
Cost or indexed cost	201,372	416,493	17,747	12,111	34,301	682,021
Accumulated depreciation	(97,020)	(285,784)	(11,325)	(9,870)	-	(403,999)

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

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(All tabular amounts in LTL thousand unless otherwise stated)

Net book amount	104,352	130,709	6,422	2,241	34,301	278,025
At 31 march 2011						
Opening net book amount	125,314	186,313	14,328	3,043	497	329,495
Additions	-	921	93	72	4,896	5,982
Disposals and write-offs	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Depreciation charge	(1,263)	(6,436)	(448)	(218)	-	(8,365)
Closing net book amount	124,051	180,798	13,973	2,897	5,393	327,112
At 31 march 2011						
Cost or indexed cost	225,658	487,113	26,394	13,105	5,393	757,663
Accumulated depreciation	(101,607)	(306,315)	(12,421)	(10,208)	-	(430,551)
Net book amount	124,051	180,798	13,973	2,897	5,393	327,112

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 ha) 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 31 march 2010	
Opening net book amount	605
Additions	-
Disposals and write-offs	-
Amortisation charge	(86)
Closing net book amount	519
At 31 march 2010	
Cost	1,450
Accumulated amortisation	(931)
Net book amount	519
At 31 march 2011	
Opening net book amount	1,540
Additions	-
Disposals and write-offs	-
Amortisation charge	(130)
Closing net book amount	1,410
At 31 march 2011	
Cost	2,686
Accumulated amortisation	(1,276)
Net book amount	1,410

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
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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 2,496 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 31 march 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 31 march 2011					
Cost	29,899	96,036	2,880	1,740	132,555
Write down to net realisable value	-	-	-	-	-
Net realisable value	29,899	96,036	2,880	1,740	132,555

As of 31 March 2011, the Company had trade accounts receivable of LTL 70,124 thousand (31.12.2010: LTL 68,885):

LTL thousand	2011 31 march	2010 31 december
Trade receivables neither past due nor impaired		
Receivables from related party Eurochem Trading GmbH	21,343	60,996
Receivables from external customers	13,079	7,889
	34,422	68 885

13. LOANS GRANTED, TRADE AND OTHER RECEIVABLES

LTL thousand

	2011 31 march	2010 31 december
Trade receivables, gross	34,422	73,614
Less: allowance for impairment of trade receivable	-	(3,490)
VAT tax receivable	17,750	33,471
Prepayments made to suppliers	22,686	22,759
Other receivables	1,128	1,028
	75,986	126,931
14. Short-term loans granted	618,743	464,928
	694,729	591,859

Loan granted in EUR is valid until 26 August 2011 with 5.3% interest rate.

Loans granted in USD are valid until 20 September 2011 with 4.5% interest rate.

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(All tabular amounts in LTL thousand unless otherwise stated)

15. CASH AND CASH EQUIVALENTS (LTL thousand)

	<u>2011</u>	<u>2010</u>
	<u>31 march</u>	<u>31 december</u>
Cash in bank	10,338	4,950
Cash on hand	4	4
Time deposits	56,367	26,305
Letters of credit	150	100
	<u>66,859</u>	<u>31,359</u>

16. SHARE CAPITAL (LTL thousand)

As at 31 December 2010, authorised share capital comprised 21,020,564 ordinary shares with a par value of LTL 10 each. No changes were made in the Company's authorised share capital during 31 March, 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 sulphur 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 445 thousand was credited to profit or loss in January - March 2011.

18. TRADE AND OTHER PAYABLES (LTL thousand)

	<u>2011</u>	<u>2010</u>
	<u>31 march</u>	<u>31 march</u>
Trade payables	14,791	19,323
Import VAT payable	15,589	17,437
Other payables and accrued charges	19,652	16,795
Amounts received in advance	6,900	1,289
Other taxes payable	25,285	1,881
Social security payable	2,822	1,944
	<u>85,039</u>	<u>58,669</u>

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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(All tabular amounts in LTL thousand unless otherwise stated)

	31 march 2011		31 march 2010	
	Sales	Purchases	Sales	Purchases
Eurochem Trading GmbH	154,456	30,027	80,024	-
Harvester Shipmanagement Ltd	-	-	-	2,575
OAQ Kavdorskiy GOK	-	36,698	-	46,361
OAQ NAK Azot	48	-	-	23,257
UAB EuroChem Baltic Logistics	6	23,632	6	18,806
DP Agrocentr EuroChem-Ukraina	2,630	-	-	-
OJSC"Nevinomyskiy Azot"	155	-	-	-
OOO"EuroChem-BMU"	48	-	-	-
PG"Phosphorite"LLC	77	-	-	-
	157,420	90,357	80,030	90,998

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

Balances of transactions with related parties:

LTL thousand	31 march 2011		31 december 2010	
	Receivables	Payables	Receivables	Payables
EuroChem International Holding	197,482	-	50,095	-
Eurochem Trading GmbH	21,239	2,281	60,919	1,034
OOO"EuroChem-BMU"	-	306	-	-
OAQ Kavdorskiy GOK	48	1,827	27	6,887
OAQ NAK Azot	-	-	-	-
Eurochem A.M. Limited	421,261	-	414,833	-
UAB EuroChem Baltic Logistics	56	76248	2	2,348
PG"Phosphorite"LLC	-	-	-	-
	640,086	5,176	525,924	10,269

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 (OAQ 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. were disclosed in note 14.

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