



### Stock Price of Neochim



- Neochim remained on loss during the 4<sup>th</sup> quarter and finished the year with negative financial result of BGN 10.8 million. However, the year was better than 2009 in terms of narrowing loss and improving sales for export.

- Revenues from domestic market posted small decline. The main reasons for the weak demand of fertilizers remained the problems with financing of domestic producers and the volatile prices of agricultural production. Increased competition among fertilizer producers also contributed for the decline of domestic sales.

- Sales in 2010 improved by 52.5% y-o-y. Domestic sales declined 3.7% y-o-y, whereas the export jumped solidly to BGN 72 million as compared to BGN 8.5 million a year ago. The main export markets during the year were countries in Asia and South Africa – 46.9% of total, followed by Europe with 40% share. The Management's expectations for revenues growth in the range 51%-62% for 2010 had been achieved.

- The total expenses increased by 38% y-o-y to BGN 170 million. Costs for natural gas set up 59.3% of total expenses, higher than the 2009 level of 57% and were the main reason for the loss. Neochim decreased its inventories by a third. The bank loans of the company fell to BGN 11 million but their higher level during the year increased interest payment. The cash improved to BGN 2.36 million.

- In November 2010, Neochim put in exploitation all its power capacity and entered in normal producing cycle.

- The share of Neochim added 12.2% since the beginning of the year and 14% for the last 52-weeks. The position declined after the announcement of the annual report in larger volumes. We consider this as a reaction to the rising natural gas costs and the loss despite higher revenues. However, jumping prices of agricultural production worldwide will support also prices of fertilizers and Neochim will improve its profitability in 2011.

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