

Fertilizantes Fosfatados S.A. Fosfertil
(Publicly-held Company)

Financial statements
December 31, 2006 and 2005

(With independent auditors' report thereon)

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

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Management report

Dear Shareholders,

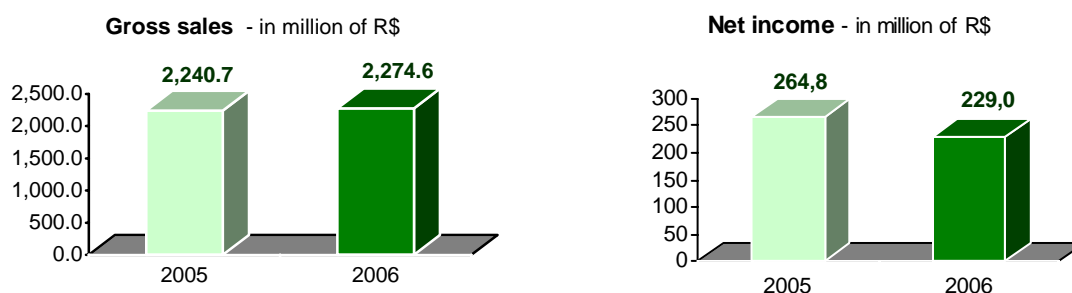
The record performance in some sectors, such as the sugar-alcohol sector in 2006, helped to maintain agribusiness as an important generator of foreign exchange for the country, partially compensating the difficult financial situation of grain producers, which started to be reversed only in the last four-month period.

This positive trend at the end of the year and the good performance of other sectors permitted finishing 2006 with a surprising growth of 3.9% in the distribution fertilizer to the end customers in comparison with the previous year, according to ANDA - National Association for Distribution of Fertilizers.

Fosfertil maintained its strong presence in this sector, competing with imports to supply nitrogen and phosphate compound nutrients for fertilizers. The country continues to be reliant on imports for more than 50% of phosphate (P) and nitrogen (N) compounds, which enjoy tax advantages.

Total sales of the Company and its wholly-owned subsidiary Ultrafertil to fertilizer and chemical markets presented a growth of 6.7% in relation to 2005. The consolidated gross sales was R\$ 2.3 billion in the year, an increase of 1.5% in comparison to 2005, as consequence an increase in the volume of sales.

The consolidated net income of R\$ 229.0 million (R\$ 264.8 million in 2005) was impacted by an increase in the costs of raw materials, especially the products derived from petroleum, the average price of which presented an increase of 30.4% in 2006, and by the appreciation of the Brazilian Real.



The economy and the agricultural sector

The growth in the economy in 2006 was lower than 3% for a second time, an index much lower than for the other countries of the BRIC group (Brazil, Russia, India and China) and lower than the other Latin American countries. This expansion resulted basically from the increase of family consumption of 3.8%, as a consequence of the increase in the minimum salary, the low inflation, the expansion in personal credit and the programs for low income population, without significant effects for the agricultural sector.

The economic policy continued to be characterized by a moderate reduction in interest rates, an increase in international reserves and control of inflation. There was a new record in exports and the balance of trade, generating a low country-risk. However, the still very high interest rate, the low exchange rate of US Dollar in comparison to Brazilian currency, plus the increase in public spending did not stimulate new investments and decreased the profitability of many industrial and agriculture segments.

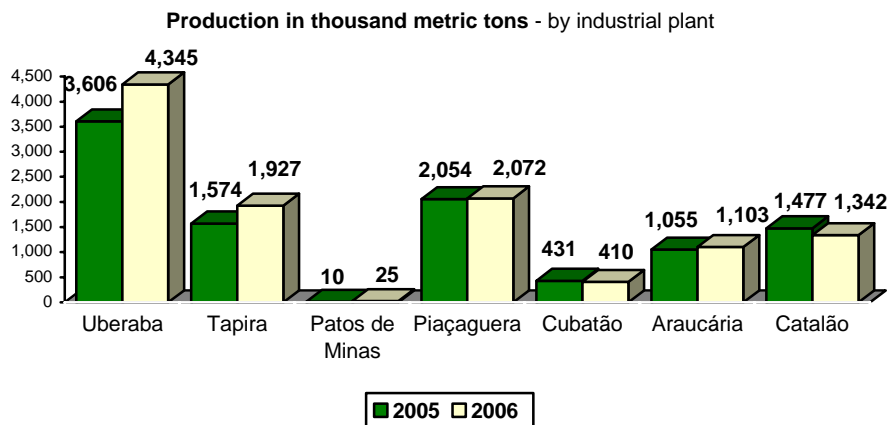
Overall, agribusiness continued to be largely responsible for the record Brazilian balance of trade (US\$ 46.1 billion), contributing towards almost 93% of this amount, i.e. US\$ 42.7 billion. Export revenues from the sector increased 13.4%, reaching US\$ 49.4 billion, while imports totalized US\$ 6.7 billion. Despite this growth, the year closed with a fall of 3% of in income for agricultural producers, according to National Agricultural Confederation (CNA).

The various agricultural segments had greatly varying performances in 2006. There were excellent results in the production, processing and export of sugar cane products, coffee and fruits, and difficulties in grain sector, especially soybean, corn and wheat. The grain harvest increased only 3.6%, using less inputs, due to the level of debt of the producers in the last two years, as a consequence of climatic effects, the exchange rate and the fluctuation in international agricultural commodity prices. This situation began to be reversed in the last four-month period, with favorable expectations for the next harvest, due to better international prices.

Production and sales

Fosfertil's plants, strategically established in four Brazilian States, had a good performance in 2006. The year marked the beginning of the operation expansions of the Uberaba and Tapira plants, in Minas Gerais, and the Catalão plant, in Goiás.

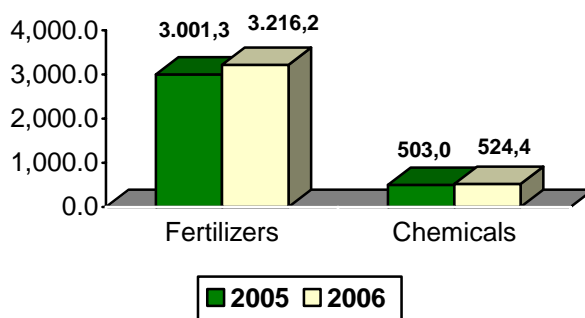




The competitiveness and quality of the Fosfertil products guaranteed their leadership in the supply of phosphate and nitrogen products for fertilizers in the regions where it operates, with a 41.6% and 29.7% share in these markets, respectively. The total sales for the fertilizer segment reached 3,216.2 thousand metric tons, an increase of 7.2% in comparison to the previous year.

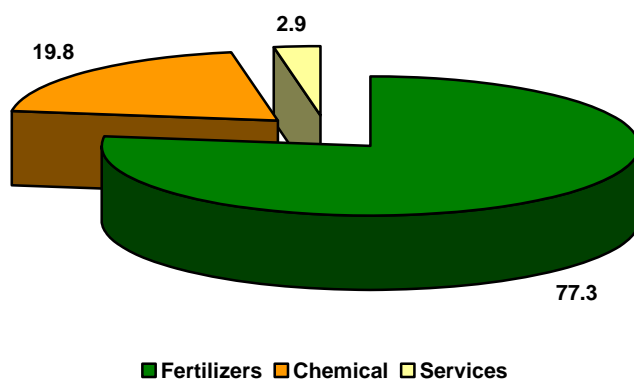
The Company also is a supplier of inputs for the chemical industry, offering products to these markets such as low density ammonium nitrate (Ultraprill®), which is used in the civil construction and mining sectors, as well as acids, organics and other raw materials. The sales for this segment presented an increase of 4.3%.

Sales by segment - thousand of metric tons



The maritime terminal in Santos (SP), which mainly attends the company's needs and the needs of other companies in the sector for imports of raw materials, maintained the same volume of operations as in the previous year, handling 2.2 million metric tons of products in the year.

Origin of revenues by market in %



Environment, Quality and Employment Safety

In the year R\$ 55.7 million was invested in new projects or programs and in improving safety systems, environmental protection and occupational health. With respect to safety, the investments have been made performed in conformity with diagnosis of the processes carried out in 2005 in all Fosfertil's plants. The Company's focus is to reach employee safety levels equivalent to the best in the world before the end of 2010.

In addition to the investments in systems and programs, Fosfertil has continued to develop training for its employees in relation to safety, health and the environment, with the aim of integrating and training its teams in the preventive effort. In the chemical plants exercises simulating evacuation of the area by employees, third parties and members of the neighboring communities were also carried out.

The Piaçagüera industrial complex in Cubatão (SP), the maritime terminal in Santos (SP) and the Araucária (PR) industrial complex obtained recommendations for recertification of their Equipment Inspection Service (SPIE), which assures greater operational safety and a reduction in accident risks, among other advantages.

Another outstanding issue in the year was the evolution of Environmental Education Program that the Company is carrying out with the Tapira (MG) community. The initiative have been mobilizing the population, especially in the rural area, with respect to environmental issues in the region, with training courses, meetings and practical actions in which the employees of Fosfertil and local municipal representatives also participate.

The work designated for the preservation and study of birdlife in the Santos coastal region and in the Brazilian savannas (Cerrado) in the regions near the production plants continued, which permitted identifying the current situation in these ecosystems and adopting immediate measures necessary for their preservation.

Human Resources

At end of the year, the Company had 2,641 employees in its chemical and mining plants and its offices. In addition to salaries and benefits comparable to the market, these employees received R\$ 36 million as extra remuneration through the Profit Sharing Program (PLR), where part of this amount referred to the 2005 profit sharing program and the rest was paid as an advance for the 2006 results.

The employees' professional development involved more than 37 thousand hours of training and an investment of R\$ 638.9 thousand, permitting the continuity of individual and continuous performance improvement, which are Fosfertil's permanent objectives.

In the year, the Company integrated the human resources information with the implementation of a specific module in the SAP system. The project has facilitated the management and optimized the processes in the department, and has permitted direct access by the employees, via Intranet, to information of interest such as registration data and opportunities for development, among others.

Social Responsibility

In the communities, where it has its plants, Fosfertil is developing the *Program Fertilizar*, which is focused on education for children and adolescents. The proposal is contribute to their economic and social progress, by assuming public, practical and effective commitments towards the sustainability of these localities.

In partnership with public agencies or non-governmental organizations, the programs are benefiting approximately 2,000 children and adolescents per day. In this context, some projects stand out such as the school, *Pingo de Mel*, in Uberaba (MG), which gives educational grants to 60 children aged from 6 to 10.

At a national level, Fosfertil is one of the sponsors of the *Junior Achievement Association*, which works towards awakening up the students' enterprise spirit.

Among the cultural projects supported by Fosfertil, through the Federal Law for Cultural Incentives, *Janela Brazil* stands out. This project has encouraged environmental education for approximately 200 teachers and has distributed reading incentive guides to more than 3 thousand public schools, in three States of Brazil.

Also through the laws that encourage culture, the Company has sponsored the publication of books with artistic, historic and ecological value, such as "*Serra da Canastra*", by Robson Silva e Silva, and "*Água Mole em Pedra Dura*", by Marcos Sá Corrêa and Manuel Francisco Brito.

The work for Social Responsibility carried out by the Company was recognized by the edition "Melhores da Dinheiro", of the magazine "Isto É Dinheiro", which awarded Fosfertil the first place in Social Responsibility Management, in the mining sector.

Financial Performance

During the year the Company carried out a broad administrative reorganization program, in order to adjust its structure to the current market situation. Considering that it was still a difficult year for agriculture, the appreciation of the Brazilian Real and the cost of raw materials derived from petroleum, the Company's results, which are presented quarterly, received positive evaluation from the market.

Fosfertil continued to be reported as an indication for investment and its performance was recognized in awards such as *Melhores do Agronegócio 2006 – Categoria Fertilizantes* (The best in agribusiness – fertilizers), conceded by the magazine "Globo Rural" in partnership with Serasa, and the *VIII Prêmio Minas de Desempenho Empresarial* (8th award of the state of Minas Gerais for business performance), promoted by the magazine "Mercado Comum" to highlight the main companies in the State of Minas Gerais.

During 2006, the consolidated net income reached R\$ 229 million, representing 21.5% of the consolidated net equity of R\$ 1.06 billion at the beginning of the year. This result, 13.5% lower

in comparison to the previous year, was impacted, among other factors, by the increase in the cost of raw materials derived from petroleum, which jointly with the appreciation of the Brazilian Real against the US Dollar, contributed towards reducing the Company's margins.

EBITDA was R\$ 450.6 million, 4.3% lower level than that recorded in 2005 (R\$ 471.0 million), equivalent to 21.9% over consolidated net income. At the end of the year, the consolidated net equity was R\$ 1.25 billion, corresponding to an equity value for shares of R\$ 11.76.

The total taxes paid in the year at the various levels of government reached R\$ 153.3 million (R\$ 163.0 million in 2005). The payment to employees, including salaries and legal and voluntary benefits, totaled R\$ 180.1 million (R\$ 187.9 million in 2005).

Shareholders

Within its traditional policy for remunerating shareholders the Company paid interest on its own equity in the amount of R\$ 82.5 million for 2006.

The Company continued to improve its corporative management, meeting on an overall basis the determinations of the Brazilian Securities Commission (CVM) and the requirements of Sarbanes-Oxley Act.

Fosfertil's shares were present in all trading on the São Paulo Stock Exchange (Bovespa), involving trading of 21.2 billion shares in the year.

In compliance with CVM requirements, Management confirms that the company and its wholly-owned subsidiary do not contract any other services that are not audit services from its independent auditors.

Investment

Fosfertil permanently evaluates the possibility of expanding its activities, constantly aiming to meet all market demands. Among the alternatives currently under in study, in the phosphate area are: to increase production capacity of the Uberaba industrial complex and to develop the Salitre's mine, in the region of Patrocínio (MG), where the Company already has a geological survey unit.

The demand for nitrogen in Brazilian agribusiness indicates another possible opportunity for growth. Thus, the Company is seeking conditions to construct a new production plant for ammonium and urea, using natural gas as raw material. The feasibility studies are being carried out in different states of Brazil. If implemented, this investment could contribute to reduce Brazil's dependency on imports of nitrogen inputs, currently approximately 60% of the consumption.

Prospects

The expectations for the 2006/2007 harvest, made by government and by sector entities, present favorable prospects, indicating approximately 120 million metric tons of grain, i.e. 6% higher than the previous harvest. For soybean, the main crop in terms of fertilizers, the forecast is for a growth of 5.1% in relation to 2006, reaching 52.2 million metric tons.

At same time there should be new expansion in the sugar-alcohol sector, with an increase in the planted area and the installation of new sugar-alcohol refineries. Good results are also expected in the fruit, timber, coffee and meat segments.

The overall forecast is for an increase of 10 to 15% in agribusiness exports, with better prices for the commodities and a recovery in the demand for inputs like fertilizer. Fosfertil, a leader in the supply of nutrients, should be benefited by this trend, as it has available production capacity to increase its presence in the market.

In the chemical products sector, the prospects are also favorable, with the new investments forecast for the mining and building sectors, the main consumers of the derivatives of raw materials that the Company produces, such as ammonium nitrate, technical urea and nitric acid, among other products.

Proposal for operational and corporate reorganization

On December 21, 2006, the Board of Directors of Fosfertil approved a proposal for incorporating shares of Bunge Fertilizantes by Fosfertil, which would result in unifying the operations of the two companies, as disclosed through a Relevant Fact and information to the market. The proposal, which still depends on approval by the shareholders in the Extraordinary Shareholders General Meeting, aims at making Fosfertil more capable of facing its main international competitors.

After implementing the merger, the Company will have forecast gross billings of R\$ 5.8 billion and gains from US\$ 45 million to US\$ 60 million per year with the capture of synergies, according to studies made by specialized consulting firm. The preferred shares would be converted into common shares, guaranteeing voting rights to all shareholders. Additionally, the shareholders will have a tag along of 100% and the obligatory minimum dividend will go from 25% to 27.5%

Acknowledgements

We would like to thank our shareholders for their confidence and support, our employees for their commitment, dedication and professionalism, our clients for their preference and our suppliers and other partners for their continued collaboration.

Uberaba, March 15, 2007.

The Management

Independent auditors' report

To
The Supervisory Board and the Shareholders
Fertilizantes Fosfatados S.A. Fosfertil
Uberaba - MG

1. We have examined the accompanying balance sheets of Fertilizantes Fosfatados S.A. Fosfertil and the consolidated balance sheets of the Company and its wholly-owned subsidiary as of December 31, 2006 and 2005 and the related statements of income, changes in shareholders' equity and changes in financial position for the years then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. Our examinations were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Company and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by Company management and its subsidiaries, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Fertilizantes Fosfatados S.A. Fosfertil and the consolidated financial position of the Company and its wholly-owned subsidiary as of December 31, 2006 and 2005, and the results of its operations, changes in its shareholders' equity and changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

4. Our examinations were performed with the objective of expressing an opinion on the financial statements taken as a whole. The statements of added value and cash flows, for the years then ended December 31, 2006 and 2005, are supplementary to the aforementioned financial statements, which are not required by accounting practices adopted in Brazil, and have been included to facilitate additional analysis. This supplementary information was subject to the same audit procedures as applied to the aforementioned financial statements and, in our opinion, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

January 19, 2007

KPMG Auditores Independentes
CRC SP014428/O-6-F-MG

Adelino Dias Pinho
Accountant CRC SP097869/O-6-S-MG

Fertilizantes Fosfatados S.A. Fosfertil

(Public-held company)

Balance sheets

December 31, 2006 and 2005

(In thousands of Reais)

	Note	Parent Company		Consolidated			Note	Parent Company		Consolidated	
		2006	2005	2006	2005			2006	2005	2006	2005
Assets						Liabilities					
Current assets						Current liabilities					
Cash and cash equivalents		24.803	1.106	52.214	4.481	Financing	16	122.208	142.914	134.890	170.441
Interest earning bank deposits	5	42.254	108.236	52.452	237.673	Suppliers	17	76.628	118.826	147.844	245.906
Trade accounts receivable	6	10.025	13.057	56.692	62.076	Advances from customers		7.544	10.371	21.341	24.009
Inventories	7	187.232	258.578	384.747	523.993	Dividends		33	62.542	33	62.542
Recoverable taxes	8	46.902	44.393	57.522	52.652	Taxes payable		2.369	2.749	5.395	12.972
Dividends receivable		35.256	152.829	-	-	Employee profit sharing		5.768	6.510	18.641	29.940
Deferred income and social contribution taxes	10	1.457	6.750	4.274	22.272	Income tax and social contribution		-	-	22.534	28.506
Prepaid expenses		3.556	2.395	6.741	5.399	Deferred income and social contribution taxes	10	2.414	1.660	3.150	2.016
Other credits		8.295	5.219	17.632	17.192	Provision for programmed maintenance		-	15.896	-	53.437
		<u>359.780</u>	<u>592.563</u>	<u>632.274</u>	<u>925.738</u>	Other liabilities		11.193	20.934	47.603	60.338
								<u>228.157</u>	<u>382.402</u>	<u>401.431</u>	<u>690.107</u>
Noncurrent assets						Noncurrent liabilities					
Long-term assets						Long-Term liabilities					
Trade accounts receivable	6	4.023	1.662	10.595	5.907	Financing	16	48.869	180.882	54.503	199.678
Judicial deposits	9	24.298	8.452	52.697	17.645	Provision for contingencies	18	50.396	38.477	133.179	111.958
Deferred income and social contribution taxes	10	31.029	24.852	55.554	62.946	Provision for programmed maintenance		-	611	-	21.668
Recoverable taxes	8	73.736	70.920	136.326	114.039	Provision for pension plans and post-retirement benefits to employees	19	5.282	3.889	20.084	35.075
Other credits		10.873	6.352	14.522	6.677	Deferred income and social contribution taxes	10	-	4.414	-	4.840
		<u>143.959</u>	<u>112.238</u>	<u>269.694</u>	<u>207.214</u>	Other liabilities		25.402	14.805	26.284	17.003
								<u>129.949</u>	<u>243.078</u>	<u>234.050</u>	<u>390.222</u>
Permanent assets						Deferred income - Negative goodwill on investment in wholly-owned subsidiary					
Investments								-	-	37.792	37.792
Wholly-owned subsidiary	11	579.356	428.066	-	-						
Other investments		10	10	553	553	Shareholders' equity	20				
Property, plant and equipment	13	514.893	549.456	999.690	1.027.993	Paid-in capital		720.000	540.000	720.000	540.000
Intangible	14	11.714	9.247	15.905	13.614	Capital reserve		49	49	49	49
Deferred charges	15	2.530	1.385	8.955	8.029	Revaluation reserve		54.163	57.480	54.163	57.480
		<u>1.108.503</u>	<u>988.164</u>	<u>1.025.103</u>	<u>1.050.189</u>	Profit reserves		479.924	469.956	479.586	467.491
								<u>1.254.136</u>	<u>1.067.485</u>	<u>1.253.798</u>	<u>1.065.020</u>
		<u>1.612.242</u>	<u>1.692.965</u>	<u>1.927.071</u>	<u>2.183.141</u>			<u>1.612.242</u>	<u>1.692.965</u>	<u>1.927.071</u>	<u>2.183.141</u>

See the accompanying notes to the financial statements.

Fertilizantes Fosfatados S.A. Fosfertil

(Public-held company)

Statements of income

Years ended December 31, 2006 and 2005

(In thousands of Reais, except net income per share)

	Note	Parent Company		Consolidated	
		2006	2005	2006	2005
Gross sales of goods and services rendered		882.427	754.166	2.274.606	2.240.738
Sales and services deductions		<u>(51.351)</u>	<u>(33.483)</u>	<u>(213.808)</u>	<u>(215.516)</u>
Net sales and services rendered		831.076	720.683	2.060.798	2.025.222
Cost of goods sold and services rendered		<u>(686.505)</u>	<u>(585.433)</u>	<u>(1.586.489)</u>	<u>(1.471.856)</u>
Gross profit		<u>144.571</u>	<u>135.250</u>	<u>474.309</u>	<u>553.366</u>
(Expenses) other operating income					
Selling		(2.569)	(3.215)	(8.325)	(9.681)
General and administrative:					
Boards' and Directors' fees		(868)	(875)	(3.553)	(3.460)
Administrative		(21.564)	(28.588)	(50.216)	(59.051)
Employee profit sharing		(7.416)	(8.230)	(25.208)	(36.065)
Financial result, net	22	(16.653)	(31.805)	(21.044)	(23.713)
Other operating income expenses, net	23	(54.175)	(38.398)	(59.204)	(60.084)
Equity in earnings of wholly-owned subsidiary		<u>172.227</u>	<u>233.428</u>		
		<u>68.982</u>	<u>122.317</u>	<u>(167.550)</u>	<u>(192.054)</u>
Operating profit		213.553	257.567	306.759	361.312
Nonoperating result, net		<u>3.474</u>	<u>(475)</u>	<u>2.543</u>	<u>(1.735)</u>
Income before income and social contribution taxes		217.027	257.092	309.302	359.577
Income and social contribution taxes					
Current	24	(310)	(2.563)	(84.354)	(105.909)
Deferred	24	<u>10.157</u>	<u>7.000</u>	<u>4.053</u>	<u>11.155</u>
Net income for the year		<u>226.874</u>	<u>261.529</u>	<u>229.001</u>	<u>264.823</u>
Net income per share (2006) and per thousand shares (2005) at the end of the year - R\$		<u>2,13</u>	<u>2,45</u>		

See the accompanying notes to the financial statements.

Fertilizantes Fosfatados S.A. Fosfertil

(Public-held company)

Statements of changes in shareholders' equity - Parent Company

Years ended December 31, 2006 and 2005

(In thousand of Reais)

	Capital reserve		Profit reserves					Total
	Paid-in capital	Tax incentives	Revaluation reserve	Legal	Treasury shares	Profit retention	Retained earnings	
At December 31, 2004	276.122	49	60.797	55.224	-	563.452	-	955.644
Capital increase from capitalization of reserves	263.878	-	-	-	-	(263.878)	-	-
Realization of revaluation reserve	-	-	(3.317)	-	-	-	3.317	-
Net income for the year	-	-	-	-	-	-	261.529	261.529
Distributions:								
Reserves legal	-	-	-	13.076	-	-	(13.076)	-
Interest on shareholders' equity - Law 9249/95 (to be considered as minimum obliged dividend of 2005 "ad-referendum" of the Supervisory Board Meeting)	-	-	-	-	-	-	(87.176)	(87.176)
Proposed dividends	-	-	-	-	-	(62.512)	-	(62.512)
Profit retention reserves	-	-	-	-	-	164.594	(164.594)	-
At December 31, 2005	540.000	49	57.480	68.300	-	401.656	-	1.067.485
Prior-year adjustment (CVM Deliberation 489/05)	-	-	-	-	-	-	49.957	49.957
Capital increase from capitalization of reserves	180.000	-	-	-	-	(180.000)	-	-
Treasury shares	-	-	-	-	(7.699)	-	-	(7.699)
Realization of revaluation reserve	-	-	(3.317)	-	-	-	3.317	-
Net income for the year	-	-	-	-	-	-	226.874	226.874
Distributions:								
Legal reserve	-	-	-	11.344	-	-	(11.344)	-
Interest on shareholders' equity - Law 9249/95 (to be considered as minimum obliged dividend of 2006 "ad-referendum" of the Supervisory Board Meeting)	-	-	-	-	-	-	(82.481)	(82.481)
Profit retention reserves	-	-	-	-	-	186.323	(186.323)	-
At December 31, 2006	<u>720.000</u>	<u>49</u>	<u>54.163</u>	<u>79.644</u>	<u>(7.699)</u>	<u>407.979</u>	<u>-</u>	<u>1.254.136</u>

See the accompanying notes to the financial statements.

Fertilizantes Fosfatados S.A. Fosfertil

(Public-held company)

Statements of changes in financial position

Years ended December 31, 2006 and 2005

(In thousands of Reais)

	Parent Company		Consolidated	
	2006	2005	2006	2005
Source of funds				
Operations				
Net income for the year	226.874	261.529	229.001	264.823
Items not affecting working capital				
Depreciation, amortization and depletion	64.259	34.602	122.825	85.997
Residual value of permanent asset disposals	483	1.439	865	1.816
Provision for adjustment of market value	(229)	299	(1.290)	1.070
Provision for contingencies	29.773	7.927	21.176	7.369
Provision for pension plans and post-retirement benefits to employees	1.393	-	(14.991)	-
Deferred income and social contribution taxes	(10.591)	(4.877)	(4.606)	(7.664)
Equity in earnings of wholly-owned subsidiary	(172.227)	(233.428)	-	-
Monetary variation of noncurrent liabilities	(5.677)	(9.703)	(941)	(6.078)
Resources from operations	134.058	57.788	352.039	347.333
From third parties and other				
Prior-year adjustment (CVM Deliberation 489/05)	49.957	-	49.957	-
Dividends received from wholly-owned subsidiary	60.000	324.419	-	-
	<u>109.957</u>	<u>324.419</u>	<u>49.957</u>	<u>-</u>
Total resources provided	244.015	382.207	401.996	347.333
Application of funds				
Permanent assets:				
Investments	39.063	-	-	-
Property, plant and equipment	32.000	94.433	94.619	155.968
Deferred charges	1.791	590	3.986	4.923
Acquisition of shares	7.699	-	7.699	-
Transfer from noncurrent to current liabilities	126.336	137.302	138.628	165.022
Dividends and interest on shareholders' equity	82.481	149.688	82.481	149.688
Decrease of noncurrent liabilities	7.868	20.799	17.948	22.023
Increase in noncurrent assets	25.315	5.187	61.423	5.187
Total resources used	322.553	407.999	406.784	502.811
Decrease in working capital	(78.538)	(25.792)	(4.788)	(155.478)
Changes in working capital				
Current assets				
At the end of the year	359.780	592.563	632.274	925.738
At the beginning of the year	592.563	679.744	925.738	1.147.049
	<u>(232.783)</u>	<u>(87.181)</u>	<u>(293.464)</u>	<u>(221.311)</u>
Current liabilities				
At the end of the year	228.157	382.402	401.431	690.107
At the beginning of the year	382.402	443.791	690.107	755.940
	<u>(154.245)</u>	<u>(61.389)</u>	<u>(288.676)</u>	<u>(65.833)</u>
Decrease in working capital	(78.538)	(25.792)	(4.788)	(155.478)

See the accompanying notes to the financial statements.

Fertilizantes Fosfatados S.A. Fosfertil

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Notes to the financial statements

Years ended December 31, 2006 and 2005

(In thousands of Reais)

1 Operations

Fertilizantes Fosfatados S.A. Fosfertil's main activities are the manufacture of fertilizers and other products for agriculture and cattle feed using minerals extracted from the company's own mines, as well as the sale, transportation, import and export of these products, procurement and manufacturing on behalf of third parties and investment in other commercial or civil entities, domestically or abroad, as either partner, shareholder or quotaholder.

The main activities of its wholly-owned subsidiary Ultrafertil S.A. are the production and sale of fertilizers and chemical products, and operating its own harbor terminal for its own purposes and for third parties.

2 Presentation of the financial statements

The financial statements were prepared in accordance with accounting practices derived from the Brazilian Corporation Law and rules of the Brazilian Securities Commission (CVM) and accounting policies were consistently adopted throughout the audited financial statements for the year ended December 31, 2005, excepted by mentioned in Note 3j.

With the objective of presenting the information provided to the market better, the company is presenting the following supplementary information with respect to the Parent company and the consolidated financial statements:

(i) Statements of cash flows

Prepared in accordance with NPC 20 - Statement of Cash Flows, issued by IBRACON (Brazilian Institute of Independent Auditors), considering the main operations that influenced its cash and cash equivalents and its interest earning bank deposits of the company - see Annex I.

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(In thousands of Reais)

(ii) Statements of added value

Prepared in accordance with the Guidance Opinions 15/87 and 24/92 and Circular-Notice 01/00 of Brazilian Securities Exchange Commission (CVM). The used template is proposed by NBCT 3.7 of Federal Accounting Council (CFC), which has the objective of demonstrating the value of the wealth generated by the company and its distribution among employees, govern external funds and shareholders - see Annex II

3 Description of significant accounting policies

a. Statement of income

Income and expenses are recognized on the accrual basis.

Revenue from the sale of goods is recognized in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service. Revenue is not recognized if there are significant uncertainties as to its realization.

b. Foreign currency

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the balance sheet date and the foreign exchange differences arising on translation are recognized in the statement of income.

c. Accounting estimates

The accounting estimates were based on objective and subjective factors, based on management's judgment to determining the adequate value to be recorded in the financial statements. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property, plant and equipment, provision for doubtful accounts, inventories and deferred tax assets and liabilities, provision for contingencies, valuation of derivative instruments, and assets and liabilities related to employees' benefits. The settlement of transactions involving these estimates may result in different amounts due to the lack of precision inherent to the process of their determination. The company reviews the estimates and assumptions at least each quarter.

d. Current and noncurrent assets

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(In thousands of Reais)

Interest earnings bank deposits

Interest earning bank deposits are recorded at cost plus income accrued up to the balance sheet date.

Allowance for doubtful accounts

The allowance for doubtful accounts was calculated at an amount considered adequate by management to cover any losses arising on collection of accounts receivable.

Inventories

Inventories are stated at the average of acquisition or production cost that does not exceed its market value.

Other current and noncurrent assets

Stated at their net realization value.

e. Permanent assets

Investments

Investment in wholly-owned subsidiary is valued using the equity method, less negative goodwill to be amortized. Other permanent investments were valued at cost, less a provision for devaluation, when deemed as necessary.

Property, plant and equipment

Property, plant and equipment are recorded at the cost of acquisition or construction increased by the revaluation performed in 1986. Depreciation is provided using the straight-line method at rates described in Note 13, and take into account the estimated useful lives of the corresponding assets.

Since March 2006, in compliance with Directive release CVM/SEP 2/2006, CVM Deliberation 189/05 and item 13 of NPC 22 of the Brazilian Institute of Independent Auditors (IBRACON), the company adopted as accounting practice to record the incurred costs of

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Notes to the financial statements

(In thousands of Reais)

programmed stoppage for maintenance for the Property, plant and equipment in account “Machinery, equipment and facilities”. These stoppages occur on programmed periods from one to three years and the respective costs are depreciated until the beginning of the subsequently corresponding stoppage.

Intangible assets

Recorded at cost of acquisition. Depletion is calculated based on production compared to the mineral rights balance.

Deferred charges

Deferred charges are recorded at purchase and formation cost, less amortization, which is calculated by the straight-line method at rates that consider the useful life of the intangible assets.

f. Current and noncurrent liabilities

Stated at the known amounts or estimated, according to the exchange rates or index and interest rates specified in the agreements in force, to reflect amounts accrued up to the balance sheet date.

g. Provisions

Provisions are recorded by management considering objective and subjective factors, representing the best estimates of the obligation recorded in the financial statements.

h. Income tax and social contribution taxes

The income and social contribution taxes, current and deferred, are calculated based on effective taxable income rates on net income. The deferred tax assets related to temporary differences were recorded in accordance with CVM Instruction 371/02.

i. Pension plan and post-retirement benefits to employees

The sponsorship costs of the pension plan and postretirement benefits and eventual deficits (surpluses) of the plan are recorded in compliance with CVM Deliberation 371/00 and NPC

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Notes to the financial statements

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26 of the Brazilian Institute of Independent Auditors (IBRACON).

j. Changes in accounting practices

For the period ended March 31, 2006, Management decided to change the accounting criteria to record provision for programmed maintenance costs of its production facilities in accordance to Directive release CVM/SEP 2/2006 of March 14, 2006, CVM Deliberation 489/05 and item 13 of NPC 22 of the Brazilian Institute of Independent Auditors (IBRACON).

The summarized "pro forma" adjusted position of the balance sheet is demonstrated below, as if this change was performed at December 31, 2005, and it is presented for a better understanding of company's financial statements:

	Consolidated		
	Accounting position at 12/31/2005	Adjustments for comparison purposes	Adjusted "pro forma" position
Asset			
Current	925,738	(18,369)	907,369
Noncurrent assets	207,214	(7,367)	199,847
Permanent assets	<u>1,050,189</u>	<u>-</u>	<u>1,050,189</u>
	<u>2,183,141</u>	<u>(25,736)</u>	<u>2,157,405</u>
Liability			
Current	690,107	(54,025)	636,082
Noncurrent liabilities	390,222	(21,668)	368,554
Deferred income - Negative goodwill on investment in wholly-owned subsidiary	37,792	-	37,792
Shareholders' equity	<u>1,065,020</u>	<u>49,957</u>	<u>1,114,977</u>
	<u>2,183,141</u>	<u>(25,736)</u>	<u>2,157,405</u>

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4 Consolidated financial statements

The consolidated financial statements were prepared in accordance with the technical criteria described in CVM Instruction 247/96 and include the accounts of the wholly-owned subsidiary Ultrafertil S.A.

	<u>Interest percentage</u>	
	2006	2005
Ultrafertil S.A.	100.00	100.00
UF Distribuidora de Combustíveis Ltda.	99.00	99.00

Description of main consolidation procedures

- a. Elimination of intercompany assets and liabilities account balances;
- b. Elimination of investment in the wholly-owned subsidiary's capital, reserves and retained earnings; and
- c. Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions.

Accounting policies were consistently adopted throughout the consolidated companies, and according to prior year presentation, as well.

The financial statement of the wholly-owned subsidiary Ultrafertil S.A. are examined by the same independent auditors of the Parent company.

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(In thousands of Reais)

Reconciliation of the net income for the year and shareholders' equity is shown as follows:

	<u>Net income for the year</u>		<u>Shareholders' equity</u>	
	2006	2005	2006	2005
Parent company	226,874	261,529	1,254,136	1,067,485
Elimination of income earned (to be earned) by the Parent company in transactions with the wholly-owned subsidiary, net of tax	<u>2,127</u>	<u>3,294</u>	<u>(338)</u>	<u>(2,465)</u>
Consolidated	<u>229,001</u>	<u>264,823</u>	<u>1,253,798</u>	<u>1,065,020</u>

5 Interest earning bank deposits

Represented by Bank Deposit Certificates (CDB), earning interest at rates applicable to Interbank Deposit Certificates (CDI), and investments in National Treasury Notes in US dollars (NTN-D) and indexed to IGP-M (NTN-C), as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
CDB	42,254	98,227	52,452	209,071
NTN-C	-	10,009	-	10,009
NTN-D	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,593</u>
	<u>42,254</u>	<u>108,236</u>	<u>52,452</u>	<u>237,673</u>

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Notes to the financial statements

(In thousands of Reais)

6 Trade accounts receivable

	<u>Parent Company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Current:				
Customers	9,093	13,043	56,692	62,076
Wholly-owned subsidiary	<u>932</u>	<u>14</u>	<u>-</u>	<u>-</u>
	<u>10,025</u>	<u>13,057</u>	<u>56,692</u>	<u>62,076</u>
Noncurrent:				
Customers	9,342	6,979	18,639	13,842
Allowance for doubtful accounts	<u>(5,319)</u>	<u>(5,317)</u>	<u>(8,044)</u>	<u>(7,935)</u>
	<u>4,023</u>	<u>1,662</u>	<u>10,595</u>	<u>5,907</u>

7 Inventories

	<u>Parent Company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Finished goods	72,759	128,997	107,875	227,674
Raw material	14,109	21,402	19,824	34,483
Auxiliary materials	6,280	9,235	36,850	38,107
Maintenance materials and others	77,156	68,473	192,716	178,287
Imports in transit	<u>16,928</u>	<u>30,471</u>	<u>27,482</u>	<u>45,442</u>
	<u>187,232</u>	<u>258,578</u>	<u>384,747</u>	<u>523,993</u>

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Notes to the financial statements

(In thousands of Reais)

8 Recoverable taxes

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Current:				
PIS and COFINS non-cumulative (i)	12,156	21,086	17,233	27,190
Advances of income and social contribution taxes	33,525	11,406	33,557	11,417
IRRF - Withholding tax on interest earning bank deposits	1,192	3,905	1,192	3,905
Withholding tax - interest on shareholders' equity (JSCP)	-	7,200	-	7,200
ICMS (ii)	-	-	5,511	1,813
Others	<u>29</u>	<u>796</u>	<u>-</u>	<u>1,127</u>
	<u>46,902</u>	<u>44,393</u>	<u>57</u>	<u>52,652</u>
Noncurrent:				
PIS and COFINS non-cumulative (i)	5,748	9,389	8	11,685
ICMS (ii)	53,341	46,884	113,1	87,707
Tax credits - PIS (iii)	<u>14,647</u>	<u>14,647</u>	<u>14,6</u>	<u>14,647</u>
	<u>73,736</u>	<u>70,920</u>	<u>136,3</u>	<u>114,039</u>

- (i) PIS and COFINS credits non-cumulative for compensation purposes.
- (ii) Amount of ICMS credits originated from acquisition of materials that were incorporated into permanent assets and credits to compensate in subsequent periods.
- (iii) PIS credits related to over payment of PIS with lawsuit for unconstitutionality of Laws 2445/88 and 2449/88 declared by Federal Supreme Court (STF), which effects were discontinued by Federal Senate Resolution 49/95.

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Notes to the financial statements

(In thousands of Reais)

9 Judicial deposits

The company maintains amounts of judicial deposits, which are in several levels, expecting for definitive decision of the corresponding lawsuits. Some judicial deposits amounts, when intrinsically related to provision for contingencies, were reclassified and are presented by their net value, in compliance with CVM Deliberation 489/05. The judicial deposits with no relation to provision for contingencies are presented as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Civil	727	551	1,172	1,018
Tax claims:				
PIS and COFINS	17,179	-	34,455	-
SAT	449	307	1,610	5,761
Other taxes	1,619	3,760	9,375	5,472
State	<u>4,324</u>	<u>3,834</u>	<u>6,085</u>	<u>5,394</u>
	<u>24,298</u>	<u>8,452</u>	<u>52,697</u>	<u>17,645</u>

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Notes to the financial statements

(In thousands of Reais)

10 Deferred income and social contribution taxes

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their book values. The management considers realizable these values in the proportion of the resolution of the contingencies, settlement of the pension plan projected obligations, as well as other provisions and offsetting of the presented tax loss carryforward and negative basis of social contribution.

	Parent company		Consolidated	
	2006	2005	2006	2005
Asset				
Current:				
Provision for programmed maintenance	-	5,405	-	18,169
Tax losses carryforward	516	-	516	-
Provision for dredging of TUF maritime canal access	-	-	2,098	2,758
Provision for hedge operations' losses	-	1,345	-	1,345
Other provisions	<u>941</u>	<u>-</u>	<u>1,660</u>	<u>-</u>
	<u>1,457</u>	<u>6,750</u>	<u>4,274</u>	<u>22,272</u>
Noncurrent:				
Provision for contingencies	21,870	12,854	34,554	26,832
Provision for pension plans - CVM Deliberation 371/00	1,796	1,322	6,829	11,925
Provision for realization discount of credit balance of ICMS	4,568	5,281	9,722	9,304
Provision for programmed maintenance	-	208	-	7,367
Provision for dredging of TUF maritime canal access	-	-	276	747
Exchange rate variation and hedge operation's losses, not realized	2,734	-	2,734	-
Other provisions	<u>61</u>	<u>5,187</u>	<u>1,439</u>	<u>6,771</u>
	<u>31,029</u>	<u>24,852</u>	<u>55,554</u>	<u>62,946</u>
	Parent company		Consolidated	
	2006	2005	2006	2005
Liability				
Exchange variation credits, not realized				
Current:	<u>2,414</u>	<u>1,660</u>	<u>3,150</u>	<u>2,016</u>
Noncurrent:	<u>-</u>	<u>4,414</u>	<u>-</u>	<u>4,840</u>

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(Publicly-held company)

Notes to the financial statements

(In thousands of Reais)

11 Investments

	<u>Parent company</u>	
	2006	2005
Information of wholly-owned subsidiary – Ultrafertil S.A.		
Percentage holding	100%	100%
Paid-in capital	397,137	397,137
Shareholders' equity	621,456	469,691
Net income for the year	172,703	231,273
Unearned income on intercompany transactions	4,308	3,833
Movement of the investment account		
At the beginning of the year	465,858	556,849
Equity in earnings	172,227	233,428
Prior year adjustment (CVM Deliberation 489/05)	39,063	-
Dividends	<u>(60,000)</u>	<u>(324,419)</u>
At the end of the year	617,148	465,858
Negative goodwill to be amortized	<u>(37,792)</u>	<u>(37,792)</u>
	<u>579,356</u>	<u>428,066</u>

Negative goodwill is attributed to other economic reasons (according to article 21, line “c” of CVM Instruction 1/78), and, therefore, will be amortized upon sale or write-off of the investment, in compliance with article 14, paragraph 4, of CVM Instruction 247/96. In the consolidated financial statements, the negative goodwill was presented as “Deferred income”.

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Notes to the financial statements

(In thousands of Reais)

12 Balances and transactions with related parties

	<u>Parent company</u>				<u>Consolidated</u>	
	<u>2006</u>		<u>2005</u>		<u>2006</u>	<u>2005</u>
	<u>Wholly-owned Subsidiary</u>	<u>Indirect shareholders</u>	<u>Wholly-owned Subsidiary</u>	<u>Indirect shareholders</u>	<u>Indirect shareholders</u>	<u>Indirect shareholders</u>
Current assets:						
Trade receivables	932	1,646	14	953	7,644	4,236
Inventories - loan of products	13,526	1,032	170	3,300	1,063	4,764
Other credits	<u>1,007</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,465</u>	<u>2,678</u>	<u>193</u>	<u>4,253</u>	<u>8,707</u>	<u>9,000</u>
Current Liabilities:						
Domestic suppliers	2,400	507	3,201	215	695	312
Foreign suppliers	-	27,392	-	-	65,729	-
Other liabilities	<u>3,974</u>	<u>5,937</u>	<u>-</u>	<u>9,198</u>	<u>17,492</u>	<u>16,837</u>
	<u>6,374</u>	<u>33,836</u>	<u>3,201</u>	<u>9,413</u>	<u>83,916</u>	<u>17,149</u>
Purchases	45,783	54,947	1,176	-	159,728	-
Sales	68,488	525,002	50,145	460,146	1,166,791	1,108,031
Interest income	344	-	249	-	-	-
Interest expenses	(144)	-	(4,216)	-	-	-
Financial expenses	-	(786)	-	(632)	(966)	(1,084)

The transactions with related parties are concentrated in sales of services and products of normal line of production to indirect shareholders. These operations are performed at same prices that are used with same purchase capacity customers.

The company and its wholly-owned subsidiary entered into financing export operations in the equivalent amount of US\$ 41 millions, which are based in export receivables acquired in the market. Products from related parties were acquired to perform the export. The difference between the purchase and sale of these products, are related to the performance of the financing, and it is classified as financial expenses.

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Notes to the financial statements

(In thousands of Reais)

13 Property, plant and equipment

	Parent company				Depreciation annual rate %
	2006		2005		
	Cost	Depreciation	Net	Net	
Buildings and improvements	379,731	(234,896)	144,835	138,159	4
Equipments and facilities	563,865	(276,859)	287,006	127,104	4 to 25 (i)
Vehicles	37,967	(28,525)	9,442	14,800	20 and 25
Computer equipment	4,442	(1,937)	2,505	2,152	20
Other	2,882	(2,016)	866	1,463	10
	988,887	(544,233)	444,654	283,678	
Cost of non-depreciated items:					
Land			56,402	53,804	
Spare parts			239	-	
Work in progress			13,581	200,411	
Advances to suppliers			17	11,563	
			514,893	549,456	
	Consolidated				Depreciation annual rate %
	2006		2005		
	Cost	Depreciation	Net	Net	
Buildings and improvements	651,739	(373,674)	278,065	274,577	4
Equipments and facilities	1,419,103	(870,175)	548,928	359,703	4 to 25 (i)
Vehicles	45,282	(35,100)	10,182	16,124	20 and 25
Computer equipment	21,200	(12,877)	8,323	9,009	20
Other	6,969	(5,212)	1,757	3,034	10
	2,144,293	(1,297,038)	847,255	662,447	
Cost of non-depreciated items:					
Land			68,549	64,498	
Spare parts			39,187	33,646	
Work in progress			40,640	239,542	
Advances to suppliers			4,059	27,860	
			999,690	1,027,993	

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Changes in the cost

	Consolidated				2006	Depreciation annual rate %
	2005					
	Cost	Additions	Write-offs	Others	Cost	
Buildings and improvements	623,157	581	-	28,001	651,739	4
Equipments and facilities	1,354,640	18,725	(209,504)	255,242	1,419,103	4 to 25 (i)
Vehicles	53,741	-	(6,902)	(1,557)	45,282	20 and 25
Computer equipment	19,288	843	(313)	1,382	21,200	20
Other	11,619	-	(6,638)	1,988	6,969	10
	<u>2,062,445</u>	<u>20,149</u>	<u>(223,357)</u>	<u>285,056</u>	<u>2,144,293</u>	
Cost of non-depreciated items:						
Land	64,498	-	-	4,051	68,549	
Spare parts	33,646	6,905	-	(1,364)	39,187	
Construction in progress	239,542	67,565	-	(266,467)	40,640	
Advances to suppliers	27,861	-	-	(23,802)	4,059	
	<u>365,547</u>	<u>74,470</u>	<u>-</u>	<u>(287,582)</u>	<u>152,435</u>	
	<u>2,427,992</u>	<u>94,619</u>	<u>(223,357)</u>	<u>(2,526)</u>	<u>2,296,728</u>	

(i) Average rate of 8.99% (consolidated - 9.20%)

The company, based on CVM Instruction 288/98 and CVM Deliberation 183/95, utilized the monetary corrected cost to value its fixed assets. However, it maintained a portion of its assets (land and buildings) at its revalued balance recorded in 1986, which will be realizable through its future operations.

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14 Intangible assets

	<u>Parent company</u>		<u>Consolidated</u>		Depletion annual rate %
	2006	2005	2006	2005	
Mining rights	13,182	10,656	19,027	16,501	
(-) Depletion	<u>(1,972)</u>	<u>(1,913)</u>	<u>(3,644)</u>	<u>(3,409)</u>	(i)
	11,210	8,743	15,383	13,092	
Rights and concessions	<u>504</u>	<u>504</u>	<u>522</u>	<u>522</u>	
	<u>11,714</u>	<u>9,247</u>	<u>15,905</u>	<u>13,614</u>	

(i) Depletion is calculated based on production compared to the mineral rights balance.

15 Deferred charges

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Information technology implementation	687	1,849	9,116	12,125
Pre-operating costs	1,287	329	2,392	1,934
Other deferred expenses	<u>1,927</u>	<u>1,094</u>	<u>8,502</u>	<u>5,669</u>
	3,901	3,272	20,010	19,728
Accumulated amortization	<u>(1,371)</u>	<u>(1,887)</u>	<u>(11,055)</u>	<u>(11,699)</u>
	<u>2,530</u>	<u>1,385</u>	<u>8,955</u>	<u>8,029</u>

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Notes to the financial statements

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16 Financing

Type/purpose	Annual financial charges	Parent company				Consolidated				
		Current		Noncurrent		Current		Noncurrent		
		2006	2005	2006	2005	2006	2005	2006	2005	
Working capital:										
Banco Itaú S.A. "Pre-Export Finance"	4.20% + LIBOR + exchange rate variation	-	-	-	-	8,786	19,380	-	9,363	
Banco Santander "Pre-Export Finance"	5.65% + exchange rate variation	11,354	700	21,380	35,110	11,354	700	21,380	35,110	
Banco Boston "Pre-Export Finance"	5.65% + exchange rate variation	19,448	21,771	27,489	50,158	19,448	21,771	27,489	50,158	
For acquisition of fixed assets and investments:										
Banco Nacional de Desenvolvimento Econômico e Social - BNDES	Purchase of Ultrafertil S.A.	6.50% + UR IGP-M PRO 484	91,406	94,223	-	83,910	91,406	94,223	-	83,910
International Finance Corporation (IFC)		3.75% to 3.87% + LIBOR + exchange rate variation	-	26,220	-	11,704	-	26,220	-	11,704
BNDES		9.50% to 10.00% + URTJLP 314	-	-	-	-	2,921	-	-	
BNDES		3.50% + UMBND 590	-	-	-	-	827	-	-	
Banco do Brasil S.A.		14.00%	-	-	-	-	2,896	2,922	5,634	8,455
BBA		9.00% + URTJLP 314	-	-	-	-	1,000	1,477	-	978
			<u>122,208</u>	<u>142,914</u>	<u>48,869</u>	<u>180,882</u>	<u>134,890</u>	<u>170,441</u>	<u>54,503</u>	<u>199,678</u>

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The financing classified as noncurrent liabilities have the following payment schedule:

Year	<u>Parent company</u>	<u>Consolidated</u>
2008	29,016	31,833
2009	<u>19,853</u>	<u>22,670</u>
	<u>48,869</u>	<u>54,503</u>

Loans are guaranteed by liens on Ultrafertil shares, bank securities, promissory notes and mortgage on own acquired assets.

The financial covenants of the agreements with the banks Itaú, Santander and Boston are calculated based on the consolidated financial statements and are adequately in compliance at balance sheet date.

17 Suppliers

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Suppliers:				
Domestic Suppliers:				
Wholly-owned subsidiary	2,400	3,201	-	-
Third parties	<u>32,291</u>	<u>44,296</u>	<u>65,309</u>	<u>91,083</u>
	<u>34,691</u>	<u>47,497</u>	<u>65,309</u>	<u>91,083</u>
Foreign suppliers:				
Subject to import drafts				
Third parties	<u>41,937</u>	<u>71,329</u>	<u>82,535</u>	<u>154,823</u>
	<u>76,628</u>	<u>118,826</u>	<u>147,844</u>	<u>245,906</u>

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The company and its wholly-owned subsidiary import raw materials and other inputs from determined suppliers, which perform “import draft” transactions. In these transactions the suppliers negotiate their receivables with financial institutions, in order to collect in advance their sales to the company and its wholly-owned subsidiary, who ultimately turn out to be debtors to the financial institution. The average terms for these operations are 180 days.

18 Provision for contingencies

The company and its wholly-owned subsidiary are involved in lawsuits which are in several levels. Management established provisions in amounts considered sufficient to cover probable losses arising from these claims for the lawsuits with a low probability of a favorable outcome based on the legal advisors’ opinion.

	2006			Parent company 2005		
	Judicial deposits	Contingencies		Judicial deposits	Contingencies	
		Provision	Net		Provision	Net
Labor and civil	11,302	51,856	40,554	11,069	24,430	13,361
Tax claims						
Federal						
IR and CSLL (i)	-	-	-	-	20,623	20,623
PIS and COFINS (ii)	-	-	-	12,261	12,261	-
SAT (iii)	-	-	-	1,704	1,704	-
COFINS (iv)	-	7,838	7,838	-	-	-
Others	2,625	4,244	1,619	445	4,604	4,159
State (v)	-	385	385	-	334	334
	<u>13,927</u>	<u>64,323</u>	<u>50,396</u>	<u>25,479</u>	<u>63,956</u>	<u>38,477</u>

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	Consolidated					
	2006			2005		
	Judicial deposits	Contingencies		Judicial deposits	Contingencies	
	Provision	Net		Provision	Net	
Labor and civil	16,893	78,121	61,228	16,723	47,127	30,404
Tax claims						
Federal						
IR and CSLL (i)	3,127	64,365	61,238	3,127	79,383	76,256
PIS and COFINS (ii)	-	-	-	25,406	25,406	-
SAT (iii)	7,940	7,940	-	8,350	8,350	-
COFINS (iv)	-	7,838	7,838	-	-	-
Others	4,850	6,914	2,064	5,162	9,754	4,592
State (v)	-	811	811	-	706	706
	<u>32,810</u>	<u>165,989</u>	<u>133,179</u>	<u>58,768</u>	<u>170,726</u>	<u>111,958</u>

Changes in the lawsuits:

	Consolidated				
	2005				2006
	Provision	Additions to the provision	Used	Reversals	Closing balance
Labor and civil	47,127	39,167	(8,033)	(140)	78,121
Tax claims					
Federal					
IR and CSLL (i)	79,383	5,605	(20,623)	-	64,365
PIS and COFINS (ii)	25,406	285	-	(25,691)	-
SAT (iii)	8,350	2,274	(2,684)	-	7,940
COFINS (iv)	-	7,838	-	-	7,838
Others	9,754	1,164	(192)	(3,812)	6,914
State (v)	706	317	-	(212)	811
	<u>170,726</u>	<u>56,650</u>	<u>(31,532)</u>	<u>(29,855)</u>	<u>165,989</u>

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- (i) Ordinary lawsuit with preliminary injunction related to the deductibility of social contribution in income tax calculation basis and at its own calculation basis (Law 9316/96) and declaratory action related to the extinguishment of balance sheet monetary correction. The Parent company, at January 2006, settled the liability related to this obligation, using the accumulated credits of PIS and COFINS, maintaining the lawsuit under judicial discussion.
- (ii) Related to the introduced method by Law 9718/98, which enlarged the tax calculation basis. The provision was reverted due to the Supreme Court (STF) decision. The Parent company obtained on April 19, 2006 a final judgment for this lawsuit, and its wholly-owned subsidiary on November 9, 2006.
- (iii) Injunction in opposition to the defined criteria of risk degree of labor accident insurance - SAT.
- (iv) Divergence of monetary actualization index used to the FINSOCIAL credit balance which was compensated with COFINS. The over compensation difference is being discussed in a tax foreclosure lawsuit.
- (v) In the State level, these claims are related to the incidence of valued-added tax - ICMS.

Other lawsuits

There are other proceedings assessed by the company's legal counsel as being a possible risk which in the amount of R\$ 17,883 (R\$ 4,272 in 2005), in consolidated R\$ 116,033 (R\$ 45,781), for which no provision was recorded considering that accounting practices adopted in Brazil do not require it to be recorded in the accounting.

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19 Pension plans and post-retirement benefits to employees

By intermediation of PETROBRAS Social Security Foundation - PETROS, the wholly-owned subsidiary Ultrafertil maintains a supplemental defined benefit plan for the benefits provided by the Government Social Security, for employees hired before September 1993. This plan has 1,718 members from the subsidiary, where 1,402 of them are currently receiving retirement or pension supplements. During the year, Ultrafertil contributed to PETROS in the amount of R\$ 2,761 (2005 - R\$ 2,754).

Since October 2001, the company and its wholly-owned subsidiary Ultrafertil implemented a supplemental defined contribution plan for the benefits provided by the official social security. This plan is managed by Bradesco Previdência e Seguros S.A. In 2006, the contributions to the Bradesco Previdência e Seguros S.A. amounted to R\$ 1,384 (2005 - R\$ 1,881), where R\$ 356 (2005 - R\$ 501) refers to the Parent company and R\$ 1,028 (2005 - R\$ 1,380) to the wholly-owned subsidiary. In the wholly-owned subsidiary, this plan just includes the non attended employees by PETROS plan.

The payroll contribution rate for the Bradesco plan is 2.7% and 2.0%, Parent company and the wholly-owned subsidiary, respectively, over affiliated employees wages to this plan, and 12.93% over affiliated employees wages of the wholly-owned subsidiary to the PETROS plan.

For part of the retired employees, who are eligible, the company and its wholly-owned subsidiary offer benefits related to medical assistance.

The position of the actuarial liabilities as of December 31, 2006, calculated based on an independent actuarial report, is as follows:

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	Parent company	Consolidated
Actuarial liability		
Present value of actuarial obligations	(21,985)	(592,123)
Fair value of the plan's assets	<u>590</u>	<u>532,736</u>
	(21,395)	(59,387)
Unrecognized actuarial gains (losses)	5,660	2,691
Unrecognized past service cost	<u>12,448</u>	<u>39,923</u>
Net liability in the balance sheet	(3,287)	(16,773)
Amounts in the balance sheet:		
Liabilities	(5,282)	(20,084)

The company and its wholly-owned subsidiary Ultrafertil S.A. do not recognize assets originated from part of its plans in amount of R\$ 1,995 related to the Parent company and R\$ 1,316 related to the wholly-owned subsidiary. According to CVM Deliberation 371, when the result of the actuarial calculation is an asset, it will be only recognized when reduce the sponsor's contributions or it will be reimbursable in the future.

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The composition of the actuarial liability is as follows:

	<u>2006</u>	
	<u>Parent company</u>	<u>Consolidated</u>
Accumulated service cost		
Actuarial liability		
Interest on obligation	1,550	61,943
Expected return on the plan's assets	(73)	(75,555)
Loss amortization	190	678
Service cost amortization	256	706
Current service cost	1,022	6,042
Employees' contribution	<u>-</u>	<u>(1,716)</u>
Total	<u>2,945</u>	<u>(7,902)</u>
Actual return on the plan's assets	25	61,973

Changes in the net liability recognized in the balance sheet are as follows:

Net liability at beginning of year	(3,889)	(35,075)
Net (expense) income recognized in the statement of income	(4,940)	4,591
Contributions paid	<u>3,547</u>	<u>10,400</u>
Net liability at end of year	<u>(5,282)</u>	<u>(20,084)</u>

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The main actuarial assumptions used by actuary are presented below:

Actuarial evaluation method:	Nominal rates
Discount rate	10.77% p.a.
Expected return on the plan's assets	13.91% p.a.
Future inflation rate	4.50% p.a.
Projected increase rate of employees' salary – until 47 years	6.59% p.a.
Projected increase rate of employees' salary – after 48 years	4.50% p.a.
Projected increase of medical costs	7.64% p.a.
Mortality ratio	AT-2000

The PETROS plan's assets are basically made of fixed rate investments (45.05%), variable rate investments (40.72%), real estate (6.75%) and loans to participant (7.48%).

The amounts recorded by the company and its wholly-owned subsidiary were calculated by independent actuary, and its actuarial report is dated on January 5, 2007.

20 Shareholders' Equity (Parent company)

a. Capital

Subscribed and paid-in capital is represented by 106,606,367 shares, with no par value, of which 36,080,022 are common shares and 70,526,345 are preferred shares, where the preferred shares have no voting rights.

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On April 28, 2006, the 83rd Ordinary and Extraordinary Shareholders General Meeting approved the Management proposals to perform the capital increase in amount of R\$ 180,000, from R\$ 540,000 to R\$ 720,000, without new shares issued through the transfer of profit retention reserves and shares reverse split, attributing for each class of share 1 (one) new share to substitute each group of 1,000 (thousand) shares. The reverse split did not affect the company's capital value and its purpose was to standardize the negotiation to the São Paulo Stock Exchange - Bovespa parameters.

The preferred shares are entitled to a dividend per share, which is 10% higher than the dividend per common share, provided that the dividends are paid from earnings derived after the effective date of Law 9457/97. Preferred shares have priority for the return of capital, without premium, if the company is to be liquidated.

b. Revaluation reserves

During the year, through reversal of retained earnings, the balance of this reserve was realized in the proportion to the depreciation of the revalued assets. Out of the balance of this reserve, R\$ 24,913 correspond to revaluation of land, which can only be reversed to retained earnings upon the eventual sale of the revalued land.

As described in CVM Instruction 197/93, tax charges on the revaluation reserve, which amounts to R\$ 9,945 at December 31, 2006 (2005 - R\$ 11,073), are recognized in the statements of income proportionally to the realization of the revaluation reserve.

c. Treasury shares

The Supervisory Board approved, on May 2006, the acquisition of until 2,300,000 preferred shares that it has issued, to maintain as treasury shares and for future sale or cancellation, which its position as of December 31, 2006 is presented below:

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Class	Acquired quantity (unit)	Acquisition cost			Market value as of 12/31/2006		
		Minimum	Average	Maximum	Minimum	Average	Maximum
PN	347,800	21.09	22.13	22.19	34.00	34.35	34.20

d. Dividends

The shareholders are guaranteed a minimum obligatory dividend of 25% of the net income for the year, after constitution of the legal reserve.

Minimum obligatory dividend calculation

Net income for the year	226,874
Legal reserve constitution	(11,344)
Prior-year adjustment (CVM Deliberation 489/05 – See Note 3j)	49,957
Realization of revaluation reserve	<u>3,317</u>
Calculation basis	<u>268,804</u>
Minimum obligatory dividend - 25%	<u>67,201</u>

Dividends paid in 2006

	Per shares		Total
	Common shares	Preferred shares	
Interest on shareholders' equity as part of the minimum obligatory dividend for 2006 (See Note 21)	0.73	0.80	82,481

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e. Profit retention reserves

Management will be proposing, to the Ordinary General Meeting, the increase of company's capital from R\$ 720,000 to R\$ 905,000, without new shares issued through the transfer of part of profit retention reserves, in the amount of R\$ 185,000.

In observance to article 196 of the Brazilian Corporation Law, it will also be proposing the withholding of the remaining net income for the year, in the amount of R\$ 223,000, to attend the capital budget for 2007, as well as the company's working capital, considering the seasonableness of the fertilizer market.

f. Prior-year adjustments

Management decided to change the accounting criteria to record provision for programmed maintenance costs of its production facilities in accordance to Directive release CVM/SEP 2/2006 of March 14, 2006, CVM Deliberation 489/05 and item 13 of NPC 22 of the Brazilian Institute of Independent Auditors (IBRACON).

The effect value of this change of the accounting criteria is demonstrated in the Statements of changes in shareholders' equity as "Prior-year adjustment".

21 Interest on shareholders' equity

In accordance with the option provided in Law 9249/95, the company computed interest on shareholders' equity of R\$ 82,481 (R\$ 87,176 in 2005) by using the benchmark interest rate (TJLP) in effect for the year. This interest was recorded under financial expenses, as required by tax legislation. For the purposes of these financial statements, this interest was eliminated from the financial expenses for the year and was charged to retained earnings and credited to current liabilities.

Income and social contribution taxes for the year decreased by approximately R\$ 28,044 (R\$ 29,640 in 2005) as a result of the deduction of these taxes on interest on shareholders' equity.

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22 Financial result, net

	<u>Parent Company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Financial income:				
Interest earning bank deposits	4,266	6,267	9,289	21,377
Exchange rate variation	1,352	64	1,821	160
Interest	1,019	480	2,923	1,900
Other	<u>9,751</u>	<u>3,326</u>	<u>12,321</u>	<u>4,520</u>
	<u>16,388</u>	<u>10,137</u>	<u>26,354</u>	<u>27,957</u>
Financial expense:				
Interest	(15,024)	(23,246)	(20,132)	(29,132)
Negative monetary variation	(5,358)	(4,352)	(5,357)	(4,377)
Exchange rate variation	(440)	3,180	3,959	11,171
Other	<u>(12,219)</u>	<u>(17,524)</u>	<u>(25,868)</u>	<u>(29,332)</u>
	<u>(33,041)</u>	<u>(41,942)</u>	<u>(47,398)</u>	<u>(51,670)</u>
Financial result, net	<u>(16,653)</u>	<u>(31,805)</u>	<u>(21,044)</u>	<u>(23,713)</u>

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23 Other operating expenses, net

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Expenses with contingencies 6,824)	(33,576)	(7,927)	(26,175)	(
Programmed maintenance (i)	(2,603)	-	(8,514)	-
Cost of unscheduled stoppage	(9,820)	(10,413)	(22,088)	
	(26,782)			
Reversion (provision) for realization of credit balance of ICMS (ii)	2,095	(12,994)		1,243)
	(15,898)			
Pension plans and post-retirement benefits to employees	(1,393)	(3,889)	14,991	(5,296)
Restructuring expenses (iii)	(4,949)	-	(12,675)	-
Others	(3,929)	(3,175)	(3,500)	(
<u>5,284)</u>				
	(54,175)	(38,398)	(59,204)	
	<u>(60,084)</u>			

- (i) Programmed maintenance costs, related to fixed structural costs and non permitted capitalized costs in accordance to Directive release CVM/SEP 2/2006, CVM Deliberation 489/05 and item 13 of NPC 22 of the Brazilian Institute of Independent Auditors (IBRACON).
- (ii) Provision constituted and/or reverted to adjust the value of ICMS accumulated credits, stated in the long-term, to its probable recoverable value.
- (iii) Expenses originated from performed alterations of the company's management and financial reorganization plan to optimize its personnel.

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24 Income and social contribution taxes

The reconciliation between the nominal and effective income tax and social contribution can be shown as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Income before income and social contribution taxes	<u>217,027</u>	<u>257,092</u>	<u>309,303</u>	<u>359,577</u>
Income and social contribution taxes at the rate of 34%	(73,789)	(87,411)	(105,163)	(122,255)
Reconciliation:				
Equity in earnings	58,557	79,366	-	-
Effect of the exclusion of the interest on shareholders' equity	28,044	13,320	28,044	29,640
Exclusion of revaluated items depreciation	(1,128)	(1,128)	(1,128)	(1,128)
Permanent additions (exclusions)	(1,837)	245	(2,254)	(1,239)
Benefits of income tax	<u>-</u>	<u>45</u>	<u>200</u>	<u>228</u>
Income and social contribution taxes	<u>9,847</u>	<u>4,437</u>	<u>(80,301)</u>	<u>(94,754)</u>
Income and social contribution taxes				
Current	(310)	(2,563)	(84,354)	(105,909)
Deferred	<u>10,157</u>	<u>7,000</u>	<u>4,053</u>	<u>11,155</u>
	<u>9,847</u>	<u>4,437</u>	<u>(80,301)</u>	<u>(94,754)</u>

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25 Financial instruments

a. General consideration

The company and its wholly-owned subsidiary performed swap and forward operations with the objective of hedging itself against exposure in foreign currency. Additionally, temporary cash excesses are applied in line with treasury policies which were periodically revalued.

Management of these instruments is performed through operating strategies, aiming at marketability, profitability and security. The control policy consists of permanently accompanying the agreed rates versus those in force on the market. The company and its wholly-owned subsidiary do not invest in derivatives or any other risk assets on a speculative basis.

b. Market value

The book values of company and its wholly-owned subsidiary's financial instruments reflect their market values. The market values of these financial instruments were obtained through calculating their current value, considering the interest rates practiced on the market for operations of similar terms and risks. In relation to the financing, the characteristics of which are disclosed in Note 16, the book value is equivalent to their market value.

c. Foreign exchange exposure

The company and its wholly-owned subsidiary have contracted financial operations with derivatives, aiming to protect its exposure to foreign currencies, arising from the acquisition of raw materials and financing contracts, for the purpose of expansion of its industrial activities.

At December 31, 2006, swap and forward contracts aimed at hedging obligations with suppliers and financing amounted to R\$ 44,314 (2005 - R\$ 76,459) and consolidated R\$ 53,356 (2005 - R\$ 76,459), and have various maturities up till February 5th, 2009.

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The abovementioned operations, if settled at December 31, 2006, would present losses of R\$ 25,883 in parent company (consolidated - R\$ 25,921) and in 2005 losses of R\$ 23,285 in parent company and consolidated, which were already considered in the financial statements as of these dates.

The foreign exchange exposure is predominantly indexed to US dollars as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Assets:				
Interest earning bank deposits in US\$	-	-	-	18,593
Inventories, net of contracted sales	114,485	166,572	222,004	306,914
Liabilities:				
Loans and financing	79,671	145,663	88,457	175,233
Suppliers	<u>41,937</u>	<u>71,329</u>	<u>82,536</u>	<u>154,823</u>
Foreign exchange exposure	<u>(7,123)</u>	<u>(50,420)</u>	<u>51,011</u>	<u>(4,549)</u>

d. Interest earning bank deposits

Performed in financial institutions indicated by specialized evaluation companies (See Note 5).

e. Investments

The wholly-owned subsidiary Ultrafertil S.A. is a private-held company and, therefore, there is no available information on its market value.

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26 Insurance coverage

The company maintains insurance coverage according to the “all risks” modality, including property and operating assets, civil responsibilities and breaks in future profits, in amounts considered to be sufficient to cover eventual risks.

At December 31, 2006, insurance coverage amounts are demonstrated as follows:

Modality	<u>Parent company</u>	<u>Consolidated</u>
Civil responsibilities (i)	21,380	21,380
Operating risks/ material damages	1,525,928	3,471,188
Break in future profits	<u>292,363</u>	<u>824,345</u>
	<u>1,839,671</u>	<u>4,316,913</u>

(i) The insurance covers the Parent company as well as its wholly-owned subsidiary Ultrafertil S.A.

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27 Statement of EBITDA (earnings before interest, taxes, depreciation and amortization)

The company uses the EBITDA as an economic and financial performance index. This index is not included in Brazilian accounting rules. The company uses the EBITDA due to the fact that it is a standard financial measurement and frequently used by the financial community. The index can not be analyzed in an isolated item, and must be evaluated jointly with operational profit and net income for the year, which were calculated in accordance with accounting practices derived from the Brazilian Corporation Law.

	<u>Parent company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Net sales and services rendered	831,076	720,683	2,060,798	2,025,222
Operating profit	213,553	257,567	306,760	361,312
(+) Depreciation, amortization and depletion	64,259	34,602	122,825	85,997
(+) Financial expenses	33,041	41,942	47,398	51,670
(-) Financial income	16,388	10,137	26,354	27,957
(-) Equity in earnings	<u>172,227</u>	<u>233,428</u>	-	-
EBITDA amount	<u>122,238</u>	<u>90,546</u>	<u>450,629</u>	<u>471,022</u>
% EBITDA over net sales	14.71%	12.56%	21.87%	23.26%

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Supplementary information - Annex I Statements of cash flows - Indirect method

	Parent Company		Consolidated	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income for the year	226,874	261,529	229,001	264,823
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	64,259	34,602	122,825	85,997
Result on sale of fixed assets	(4,788)	132	(4,748)	87
Equity in earnings	(172,227)	(233,428)	-	-
Monetary and exchange rate variation and interest	10,176	1,673	8,265	1,703
Dividends received from subsidiary	177,574	371,590	-	-
Changes in assets and liabilities				
Decrease (increase) in accounts receivable	523	(31,637)	55	(11,139)
Decrease (increase) in inventories	71,346	(41,979)	123,874	(92,920)
Increase in other credits	(69,727)	(43,653)	(86,321)	(67,129)
(Decrease) increase in suppliers	(42,198)	52,129	(80,923)	99,915
Decrease in other accounts payable and provisions	(29,586)	(10,854)	(85,993)	(10,994)
Increase (decrease) in income and social contribution taxes	2,414	(26,577)	(5,262)	(71,729)
Increase in other liabilities	67,181	21,236	76,411	42,895
Net cash provided by operating activities	<u>301,821</u>	<u>354,763</u>	<u>297,184</u>	<u>241,509</u>
Cash flows from investment activities				
Purchases of property, plant and equipment	(33,792)	(95,023)	(98,605)	(160,891)
Purchases of shares	(7,699)	-	(7,699)	-
Proceeds from sale of fixed assets	5,271	1,307	5,613	1,729
Net cash used in investment activities	<u>(36,220)</u>	<u>(93,716)</u>	<u>(100,691)</u>	<u>(159,162)</u>
Cash flows from financing activities				
Dividends and interest on shareholders' equity paid	(144,993)	(241,755)	(144,993)	(241,755)
Proceeds from loans	155,985	95,000	340,997	95,000
Principal payments on loans	(300,200)	(212,197)	(506,179)	(244,521)
Interest paid on loans	(18,678)	(19,716)	(23,806)	(25,362)
Net cash used in financing activities	<u>(307,886)</u>	<u>(378,668)</u>	<u>(333,981)</u>	<u>(416,638)</u>
Changes in cash and cash equivalents	<u>(42,285)</u>	<u>(117,621)</u>	<u>(137,488)</u>	<u>(334,291)</u>
(Decrease) increase in cash and cash equivalents				
At beginning of year	109,342	226,963	242,154	576,445
At end of year	<u>67,057</u>	<u>109,342</u>	<u>104,666</u>	<u>242,154</u>
Changes in cash and cash equivalents	<u>(42,285)</u>	<u>(117,621)</u>	<u>(137,488)</u>	<u>(334,291)</u>

Fertilizantes Fosfatados S.A. Fosfertil

(Publicly-held company)

Notes to the financial statements

(In thousands of Reais)

Supplementary information -Annex II Statements of added value

	<u>Parent Company</u>		<u>Consolidated</u>	
	2006	2005	2006	2005
Revenues:				
Gross Sale and rendered	882,427	754,166	2,274,606	2,240,738
Provision for doubtful accounts	(4)	-	(96)	-
Non-operating result	3,474	(475)	2,543	(1,735)
	<u>885,897</u>	<u>753,691</u>	<u>2,277,053</u>	<u>2,239,003</u>
Inputs acquired from third parties:				
Raw materials consumed	269,413	256,294	628,011	555,789
Cost of goods and services sold	180,845	191,911	566,399	556,333
Material, power, third party services and others	224,874	135,043	360,577	383,860
	<u>675,132</u>	<u>583,248</u>	<u>1,554,987</u>	<u>1,495,982</u>
Gross added value	210,765	170,443	722,066	743,021
Retentions:				
Depreciation, amortization and depletion	64,259	34,602	122,825	85,997
Added value produced by the Company	146,506	135,841	599,241	657,024
Transferred added value				
Equity in earnings	172,227	233,428	-	-
Financial income	16,388	10,137	26,354	27,957
	<u>188,615</u>	<u>243,565</u>	<u>26,354</u>	<u>27,957</u>
Added value to be distributed	<u>335,121</u>	<u>379,406</u>	<u>625,595</u>	<u>684,981</u>
Distribution of added value:				
Payroll and related charges	51,101	51,839	180,001	187,926
Taxes and contributions	20,104	20,174	153,293	163,041
Interest and rents	37,042	45,864	63,300	69,191
Interest on equity and dividends	82,481	149,688	82,481	149,688
Retained earnings	144,393	111,841	146,520	115,135
	<u>335,121</u>	<u>379,406</u>	<u>625,595</u>	<u>684,981</u>