

LSB INDUSTRIES INC  
Form 5  
January 31, 2006

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
JAYHAWK CAPITAL  
MANAGEMENT LLC  
(Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol  
LSB INDUSTRIES INC [LXU]

5. Relationship of Reporting Person(s) to Issuer  
(Check all applicable)

8201 MISSION ROAD, SUITE 110  
(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2005

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

PRAIRIE VILLAGE, KS 66208  
(City) (State) (Zip)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Reporting  
(check applicable line)

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) (A) or (D) Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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	Derivative Security		or Disposed of (D) (Instr. 3, 4, and 5)	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
	Class C Preferred Series 2	\$ 0 <sup>(1)</sup>	04/01/2005	Â	J4 <sup>(2)</sup>	20,000	Â	04/01/2005	Â <sup>(3)</sup>	Common Stock	86,580

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JAYHAWK CAPITAL MANAGEMENT LLC 8201 MISSION ROAD SUITE 110 PRAIRIE VILLAGE, KS 66208	Â	Â X	Â	Â

## Signatures

Kent C. McCarthy 01/31/2006

<sup>\*\*</sup>Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each share of Class C Preferred Series 2 stock is convertible into 4.329 shares of Common Stock.
- (2) On April 1, 2005, Jayhawk Investments acquired 20,000 shares of Class C Preferred Stock from Primarius Focus, a fund in which Jayhawk Investments invests.
- (3) Does not expire.
- (4) Market price of the security on the date of distribution.  
As of December 31, 2005, the reporting person is the indirect beneficial owner of 168,250 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Institutional Partners, L.P. and 132,200 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Investments, L.P. Jayhawk Capital Management, L.L.C., is the general partner of Jayhawk Institutional Partners, L.P. and Jayhawk Investments, L.P.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.