



## 1. Accounting period for which the Report has been prepared:

Interim Report prepared for the first half-year of 2007.

## 2. Main data about the Issuer:

Name of the Issuer	Public Limited Company „Lifosa“, hereinafter AB “Lifosa”
Legal state	Public Limited Company, a private legal entity of limited liability
Date and place of registration	October 30, 1996, Register of Legal Entities of the Republic of Lithuania
Enterprise code	161110455
Address	Juodkiskio str. 50, LT-57502 Kedainiai
Phone	(8~347) 66 483
Fax	(8~347) 66 166
E-mail	<a href="mailto:info@lifosa.com">info@lifosa.com</a>
Web site	<a href="http://www.lifosa.com">www.lifosa.com</a>

## 3. The nature of the Issuer's principal activities

Main activities of the company – production of phosphate fertilizers.

## 4. Information about the agreements with the Intermediaries of public trading in securities

AB „Lifosa“ has concluded an agreement with Financial Brokerage Firm „Finasta“ AB (Konstitucijos av. 23, Vilnius) with regard to management of accounts of the company's securities.

## 5. The Issuer's authorized capital structure

Table 5.1. : Structure of the authorized capital

Type of shares	Number of shares in units	Nominal value in LTL	Total nominal value in LTL	Weight in the authorized capital in percentage
Ordinary registered shares	21 020 564	10	210 205 640	100,00

There are no any restrictions regarding transfer of the shares.

### *Rights and Responsibilities*

The shareholders have no other liabilities against the company except for the obligation to pay for all the signed shares at the emission price.

In case the General shareholders' meeting takes a resolution to cover the company's losses by extra shareholders' contributions, those who voted “for” are obliged to pay. The shareholders who were not present in the General shareholders' meeting or voted against such a resolution, they have the right not to pay for the extra contributions.

The shareholder is obliged to reimburse for the dividends if they were paid by violating the imperative regulations of the Law on Companies of the Republic of Lithuania and if the company proves, that the shareholder knew about this or had to know.

### **The shareholders of the company have the following property rights:**

- 1) get the share of company's profit (dividends);
- 2) obtain the company's assets as a pay out to shareholders when the company's authorized capital is reduced;
- 3) obtain the share of company's assets in case the company is liquidated;
- 4) bequeath by will all or some portion of shares to one or some persons;
- 5) sell or otherwise transfer all or some portion of shares under other persons' ownership;



- 6) priority to obtain the shares issued by the company or the converted bonds, except for the case when the General meeting of the shareholders, following the regulations of the Law on Companies of the Republic of Lithuania, resolves to withdraw the priority rights for all the shareholders;
- 7) obtain the unpaid shares, when the authorized capital is increased out of the company's funds, except for the exceptions according to the regulations of the Law on Companies of the Republic of Lithuania;
- 8) loan capital to the company observing the existing laws, however the company, taking loans from its own shareholders, has no right to put in pledge its property to the shareholders;
- 9) claim the reimbursement of their contributions following the terms and conditions foreseen by the regulations of the Law on Companies of the Republic of Lithuania.

**The shareholders have the following non-property rights:**

- 1) participate in the General shareholders' meetings;
- 2) vote in the General shareholders' meetings according to the rights available;
- 3) receive the information on the company following the regulations of the Law on Companies of the Republic of Lithuania;
- 4) to bring a lawsuit, requiring to cover the company's loss, incurred due to non-fulfilment or improper fulfilment of the responsibilities on the side of company's manager or on the side of Board members, following the regulations of the Law on Companies of the Republic of Lithuania or other relevant existing laws;
- 5) authorize the other person to vote in the shareholders' meeting or execute other legal actions;
- 6) the shareholders with the shares, the nominal value of which is not less than 1/10 of the authorized capital, have the right to require the court to assign an expert or the group of experts to audit the company's activities and the accounting documents;
- 7) other miscellaneous non-property rights according to the existing laws and the Articles of Association.

## 6. Shareholders

The total number of the shareholders for the date of June 30, 2007 amounts to 924.

Table 6.1. Shareholders, who had the right of ownership or controlled more than 5 percent of the company's authorized capital

Name, registered office and enterprise register code of the shareholder	Number of shares owned by the shareholder, in units	Share of the authorized capital in percentage	Share of the votes granted in percentage
EUROCHEM, MINERAL AND CHEMICAL COMPANY JOINT STOCK Kozhevnichecky Proyezd 4, Buildings 1,2, 115114 Moscow, Russia 102770002659	19 160 229	91,15	91,15

No shareholders with the specific control rights.

No restrictions of the voting rights.

No information available to the company about the settlements between the shareholders resulting in restrictions to transfer the securities and (or) restrictions of voting rights.

## 7. Data about trading in the Issuer's securities within the regulated markets

The ordinary registered shares of AB „Lifosa“ are in the extra trading list at AB "Vilnius Stock Exchange".

Table 7.1. : Main characteristics of the shares

Type of shares	ISIN code	Abbreviation	Number of shares in units	Nominal value in LTL	Total nominal value in LTL
Ordinary registered shares	LT0000116691	LFO1L	21 020 564	10	210 205 640



Table 7.2.: Trading in the company's shares

Accounting period	Price in LTL			Turnover in LTL			Closing date of trading session	Total turnover	
	max	min	as of the last session	max	min	as of the last session		units	of LTL
The 1 <sup>st</sup> quarter of 2007	31,50	21,50	28,70	719 478,30	0	125 626,10	2007-03-30	528 134	14 500 260,81
The 2 <sup>nd</sup> quarter of 2007	33,00	25,00	32,88	413 308,27	0	173 399,14	2007-06-29	174 315	5 020 369,91

## Trading in securities 01-07- 2006 - 29-06-2007



Table 7.3.: Capitalization

Date of the last session	Capitalization in LTL
2007-03-30	603 290 186,80
2007-06-29	691 156 144,32

## 8. Personnel

Table 8.1.: The average number of personnel

	2004	2005	2006	The 1 <sup>st</sup> half-year of 2007
Managers	101	106	116	115
Specialists	92	92	80	79
Workers	859	851	843	828
<b>Total:</b>	<b>1 052</b>	<b>1 049</b>	<b>1 039</b>	<b>1 022</b>

Table 8.2.: The average monthly salary in LTL

	2004	2005	2006	The 1 <sup>st</sup> half-year of 2007
Managers	4 114	4 816	4 669	6 539
Specialists	2 068	2 917	3 005	3 567
Workers	1 469	1 762	2 087	2 697
<b>Total:</b>	<b>1 776</b>	<b>2 213</b>	<b>2 444</b>	<b>3 232</b>

Table 8.3.: Grouping of the personnel according to the educational background

	2004	2005	2006	The 1 <sup>st</sup> half-year of 2007
Personnel having university education	161	163	170	173
Personnel having vocational education	235	222	213	202
Having the secondary education	514	538	526	500
other	142	126	130	147
<b>Total:</b>	<b>1 052</b>	<b>1 049</b>	<b>1 039</b>	<b>1 022</b>



## 9. The order of amending the Issuer's Articles of Association

The Articles of Association can be amended in accordance with the Law on Companies of the Republic of Lithuania. The Articles of Association can be amended only by the resolution of the General shareholders' meeting, taken under the majority of votes – more than 2/3 of votes. The amended Articles of Association are valid only after they are registered under the existing laws in the Register of Legal Entities.

## 10. The Bodies of the Issuer

The principal Body of the company – the General shareholders' meeting. The company's management bodies are as follows: the Board and the Manager of the company (General director). No Supervisors' Council is formed.

The Board members are elected by the General shareholders' meeting for 4 years cadence. The Board of the company consists of 5 members.

The General director is assigned, recalled and released by the company's Board. The Board may select the General director through the contest.

Table 10.1.: The Board members and the members of the administration

Name	Position	Share of the capital / votes available in percentage
<b>THE BOARD</b>		
Aleksandr Tugolukov, passport 3269613	The Chairman (since 27-04-2007)	-
Since 20-04-2007 Valerij Rogalskij passport 51 No. 0949088	Member	-
Stanislav Duriagin, passport 2902539821	Member	-
Jonas Dastikas, personal ID 34803170202	Member	0,134
Regvita Ivanoviene, ID 46611080915	Member	0,005
Till 05-04-2007 Kiril Kravcenka, passport 51 No. 2289913	The Chairman	-
<b>ADMINISTRATION</b>		
Jonas Dastikas, ID 34803170202	The General director	0,134
Regvita Ivanoviene, ID 46611080915	The Chief Financial Officer	0,005

Table 10.2. : The beginning and the end of cadence of each member of the Board

Name	The beginning of the cadence	The end of the cadence
Jonas Dastikas	23-04-2004	2008
Aleksandr Tugolukov	03-11-2004	2008
Regvita Ivanoviene	21-12-2004	2008
Stanislav Duriagin	22-04-2005	2008
Kiril Kravcenka	25-04-2006	25-04-2007
Valerij Rogalskij	13-04-2007	2008

Table 10.3.: Payments made to the members of administration and to the Board members

	Salaries paid during the 1 <sup>st</sup> half-year of 2007 in LTL
To the members of administration ( General director, Administrative director, Technical director, Chief Financial Officer, and Accountant general)	1 679 175
Average amount per member of administration, per month	55 973
To the Board members	1 017 744
Average amount per member of the Board per month	84 812

The payments, related to the working relations, were made to the following Board members - the General director of the company and the Chief Financial Officer. No payments for the other Board members. No bonuses nor other payments were paid to the Board members as well as to the administration members.

No loans, guarantees and warranties to the members of Board and to the members of administration were granted during the 1<sup>st</sup> half-year of 2007.



## 11. Review on the Issuer's activities

Table 11.1.: Sales figure of the main company's products

Products	2004		2005		2006		The 1 <sup>st</sup> half-year of 2007	
	quantity in thou.of t.	Amount in thou.of LTL	quantity in thou.of t.	Amount in thou.of LTL	quantity in thou.of t.	Amount in thou.of LTL	quantity in thou.of t.	Amount in thou.of LTL
Diamonium phosphate (DAP)	737,5	448 460	726,0	487 516	818,9	558 162	344,1	279 721
Aluminium Fluoride	7,6	11 963	7,9	14 702	11,6	25 145	4,3	10 622
Sulphuric acid trade gr.	18,5	1 713	19,6	1 821	17,4	1 829	11,2	1 125
Phosphoric acid trade gr.	11,6	10 870	25,3	26 917	14,8	17 317	4,1	5 185
Feed phosphates	52,0	38 031	64,1	52 040	70,7	62 288	31,7	31 547
<b>Total:</b>	-	<b>511 037</b>	-	<b>582 996</b>	-	<b>664 741</b>	-	<b>328 200</b>

Table 11.2. I: Sales prices of the main products in LTL/t

Product	2004	2005	2006	The 1 <sup>st</sup> half-year of 2007
Diamonium phosphate (DAP)	609,75	672,27	681,02	812,87
Aluminium Fluoride	1 565,12	1 851,37	2 223,33	2 491,94
Sulphuric acid trade gr.	92,39	92,81	105,19	100,46
Phosphoric acid trade gr.	939,91	1 065,87	1 169,29	1 277,77

Table 11.3. : Key performance indicators of the company's activities

Indicator	Unit of measuring	2005	2006	The 1 <sup>st</sup> half-year of 2007
Sales of products and services	m LTL	603,9	682,5	335,9
Gross profit	m LTL	148,5	107,7	86,3
Gross return ( gross profit/sales)	%	24,6	15,8	25,7
Profit from operations	m LTL	95,1	44,3	62,0
Return from operations ( profit from operations/sales)	%	15,7	6,5	18,5
EBIT	m LTL	95,2	45,5	60,0
Return of EBIT	%	15,8	6,7	17,9
Net profit	m LTL	81,5	37,2	49,2
Net return (net profit/sales)	%	13,5	5,5	14,6
Profit per share	ln LTL	3,9	1,8	2,3
Net book share value	ln LTL	16,9	18,6	21,0
EBITDA	m LTL	116,9	80,4	73,4
Return of EBITDA	%	19,4	11,8	21,9
Total assets (at the end of the period)	m LTL	411,9	436,2	490,5
Return on assets (profit from operations/ assets)	%	23,1	10,2	12,6
Return on assets ROA (net profit/assets)	%	19,8	8,5	10,0
Assets turnover (sales/assets)	times	1,5	1,6	0,7
Equity (at the end of the period)	m LTL	354,6	391,8	441,0
Return on equity (net profit/equity)	%	23,0	9,5	11,2
Cover (current) ratio	times	3,3	4,2	4,9
Immediate cover ratio	times	2,1	3,1	3,4
Debt ratio (liabilities /assets)	times	0,1	0,1	0,1
Debt-equity ratio ( liabilities/equity)	times	0,2	0,1	0,1
Dividends per share	in LTL	-	-	-
Price per share (at the end of the period)	in LTL	45,71	21,40	32,88
The lowest price ( during the accounting period)	in LTL	8,90	13,00	21,50
The highest price (during the accounting period)	in LTL	68,20	54,00	33,00



The plans and prospects of the company as per the Annual Report 2006 have not changed till the end of the accounting period.

## 12. Essential events of the first six fiscal months

The essential events of the 1<sup>st</sup> half-year of 2007 :

- On February 15, 2007 the audit company DET NORSKE VERITAS handed in the Certificate to AB „Lifosa“, certifying that the company's management system for occupational health and safety is in compliance with the Standard OHSAS 18001:1999 requirements. After receiving the Occupational Health and Safety Management System Certificate, AB „Lifosa“ is considered as one of the biggest enterprises in Lithuania, having all the three essential international certificates: Quality Management System Standard ISO 9001:2000, Environmental Management System Standard ISO 14001:2004 and personnel Occupational Health and Safety Management System Standard OHSAS 18001:1999.
- On March 22, 2007 the Board Chairman of AB „Lifosa“ Kiril Kravcenka presented the notice – before 14 days as per requirements of the Law on Companies – informing about his resignation from the Chairman of the Board and from the members of the Board.
- On April 4, 2007 the agreement was signed between Kedainiai Municipality, mineral and chemistry company “EuroChem” and its affiliate company AB “Lifosa” regarding the social-economic cooperation. In 2007 AB „Lifosa“ is going to invest no less than 1,165 m LTL for implementation of Kedainiai sports, health and educational programmes.
- The resolutions taken at the General shareholders' meeting on April 25, 2007:
  1. Take into consideration the Auditor's conclusions and comments while approving the Company's annual financial statements for 2006.
  2. Approve the Company's Annual Report for 2006 and the Annual Financial Statements.
  3. Approve the Company's net audited profit for 2006 (acc.to IFAS) appropriation as follows:
 

1) not distributed profit at the end of the financial year –	133 402 thou. LTL;
2) net profit of the fiscal year –	37 220 thou.LTL;
3) profit (loss) of the fiscal year not recognized in the profit (loss) account -	0 LTL;
4) transfers from the reserves -	0 LTL;
5) shareholders' contributions to cover the loss -	0 LTL;
6) total profit available for distribution –	170 623 thou.LTL;
7) profit allocation to the required reserves –	1 861 thou. LTL ;
8) portion of the profit allocated to the reserves to acquire the own shares –	0 LTL;
9) portion of the profit forwarded to the other reserves –	0 LTL;
10) portion of the profit allocated for the dividends -	0 LTL;
11) portion of the profit for the annual tantieme, for the board members, bonuses for the employees, etc. -	0 LTL;
12) not distributed profit brought forward to the next year –	168 762 thou. LTL.
  4. Approve the firm UAB “PricewaterhouseCoopers” as auditing company for the year 2007 and get approved the authorized auditors (persons) by the Securities Commission of the LR. Authorize the General Director of the Company to enter into the Service Agreement with the auditing company under the following remuneration terms for the services offered: the payment amount agreed between the Parties should not exceed 120.000 LTL VAT excluded.
  5. To approve the resignation of the Board Chairman Mr. Kiril Kravchenka. To elect Mr. Valeryj Rogalskyj, the Sales Director of the Russian Company “EuroChem” as a Board Member. To assign that authorization of a new Board Member Mr. V. Rogalskyj validates after the General Shareholders Meeting.
  6. Amend the paragraphs of the Articles as proposed by the Board, include the new wording and approve the amendments. Taking into consideration the amendments of the Company's Articles, approve the new edition of the Company's Articles. Authorize and commission Mr. Jonas Dastikas, the General Director of the Company and/or some other person authorized by him to sign the amended reading of the Company's Articles, also to sign all the other relevant documents and take all the necessary actions related to the



amendments made in the Company's Articles and related to the registration of the amended Articles into the Register of the Legal Entities of the Republic of Lithuania.

- On April 27, 2007 the Board of AB „Lifosa“ elected the Board member Aleksandr Tugolukov as a Board Chairman.
- On May 25, 2007 AB „Lifosa“ was certified with the first certificate in Lithuania, granting the right to apply and use the “White Wave” logo. This logo indicates the society that the salary payment policy in the enterprise is transparent.

### **13. Information about more significant transactions with the interested parties**

The information about the transactions with the interested parties is disclosed in the Explanatory note of Financial Statement for the first half-year 2007.