

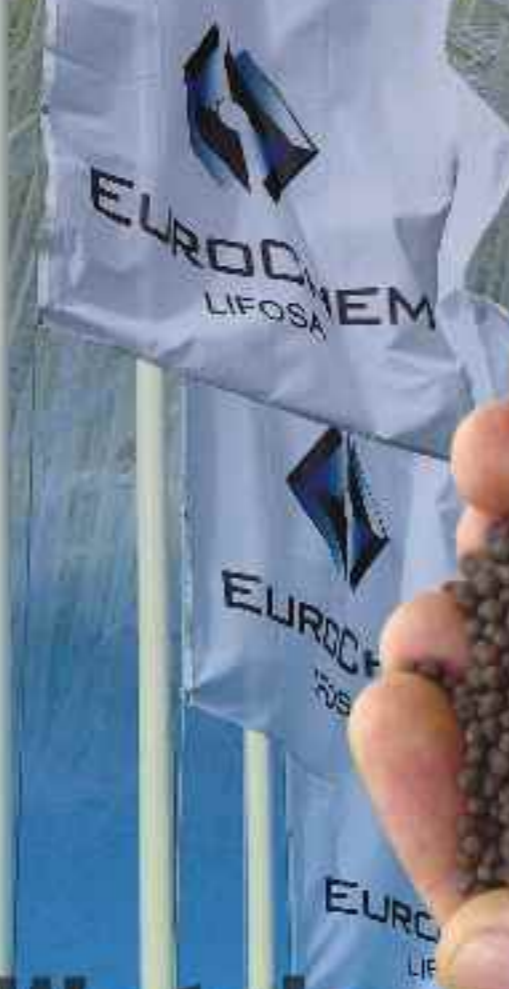
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EUROCHEM
LIFOSA

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**We take care of our land –
our land takes care of us**





Director General's Address

With the beginning of development of the chemical industry our activities has got great value on Lithuanian and later on the world markets. It became one of the major factors forming the urban matrix of Kedainiai and determining its prominence.

Most likely, many of those who observe our successful long activities may ask one day: „For how long this enterprise will still exist?“. I can only assure, that if one constructs the new enterprise of similar type and does not modernize it, in 15 years it would be necessary to close it as dangerous to environment and obsolete. But AB "Lifosa" shall not see such destiny.

Invested funds only "rejuvenate" the enterprise. I can assure that now its technical and technological status is several times better than 20 or 10 years ago. We are going to adhere to this tendency also in the future: old ways to replace with new ones and try to be guided by our motto – “Let us save the nature for the future generations”.

Today having in mind long and successful activities of AB "Lifosa", we deserve to be glad that together with other enterprises our company, using social funds, helps to create a current image of city, beautiful and comfortable. It is pleasant to know that AB "Lifosa" activities form both the international character of the market and the important details of daily life actual for everyone.

AB "Lifosa" Director General
Jonas Dastikas

History

AB "Lifosa" established in 1963 in Kedainiai is a part of the world phosphate industry, the first enterprise in Lithuania producing mineral fertilizers.

When a number of new enterprises are established and closed roundabout, only permanent values and openness to innovations can guarantee a long, stable activities of the enterprise. The employees of AB "Lifosa" can be deservedly proud of their company's strong positions in the chemical industry for more than 45 years.

In the middle of the last century the soil productivity in Lithuania has reached a minimum level and therefore the building of phosphoric fertilizer factory became inevitable necessity. It was started in the geographical center of Lithuania, the most convenient place of crossing of internal and international ways – the town Kedainiai.

On January 18, 1963 first tons of technical sulfuric acid were produced. This day is officially considered to be the date of enterprise establishment.

Activities of the factory can be divided into two periods - before reorganization, or the Soviet period, and after reorganization. During the first stage of activities the powdered and granulated superphosphate, aluminium fluoride producing plants, three additional sulfuric acid producing plants, an ammophos producing plant (then it was reorganized into separate ammophos and phosphoric acid producing plants) came into operation. Reconstruction and modernization of the enterprise was permanently carried out: some plants were closed and were replaced with new ones.

In the second stage of activities privatisation of the state property was carried out, and the enterprise was reorganized into company AB "Lifosa". At the same time, using a part of capacities – the powdered and granulated superphosphate producing plants – together with the Finnish fertilizer group company “Kemira OY” the joint venture, which was separated later, was established and became autonomous. 240 million LTL has been invested into AB “Lifosa” modernization after privatisation. Most problems of manufacturing, logistic and manufactured goods salesmanship have been solved, there has been started the production of the fodder additives – calcium phosphates. In 1999-2002 Cargill B. V. an international provider of food, agricultural and industrial products was the exclusive distributor of AB “Lifosa” production.

Since 2002 “EuroChem” - Russian Mineral-Chemical Company holds control block of shares of AB “Lifosa”. For 6 years LTL 1184 million has already been invested into enterprise modernization.



Presentation of Production

«We take care of our land – our land takes care of us» is a basic principle of AB "Lifosa" activities. The enterprise is one of the largest manufacturers of mineral fertilizers in Europe. Due to the use of advanced technologies and efforts of qualified specialists AB "Lifosa" annually produces hundred thousand tons of diammonium phosphate, phosphoric acid, sulfuric acid, fodder phosphates and aluminium fluoride. Manufactured goods are realized not only as fertilizers and fodder additives, but also as industrial raw material in some areas of production.



AB "Lifosa" quality control system is certificated and meets the ISO 9001 Standard requirements.

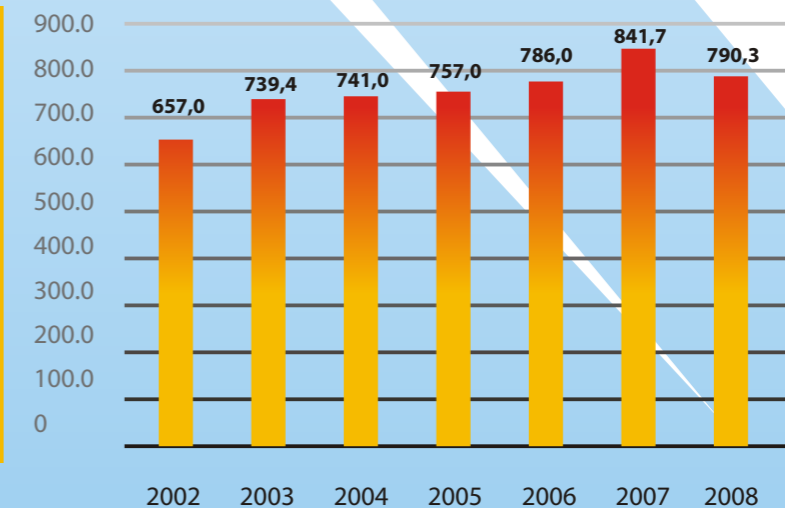
Diammonium Phosphate

Diammonium Phosphate is the basic product manufactured by AB "Lifosa". Diammonium Phosphate (the concentrated nitric-phosphoric fertilizers) dissolves well in water, raises effectively productivity of the soil and is convenient, easy-to-use in the form of unstable granules. Due to its practicality the product is widely used as a fertilizer for different types of the soil layers. It is used as a fertilizer for the soil of the fields, gardens, vegetable gardens and flower gardens.



Parameter name	Norm
Nitrogen (N), %	18
Total Phosphates (P ₂ O ₅), %	46
Water, %, not more than	1,8
Magnesium (Mg), %	1,2
Sulfur (S), %	3
Granulometry: - 2-5 mm granules, %, not less than	95
Granules static stability, Mpa, not less than	3

Production dynamics of Diammonium Phosphate, thousand tons

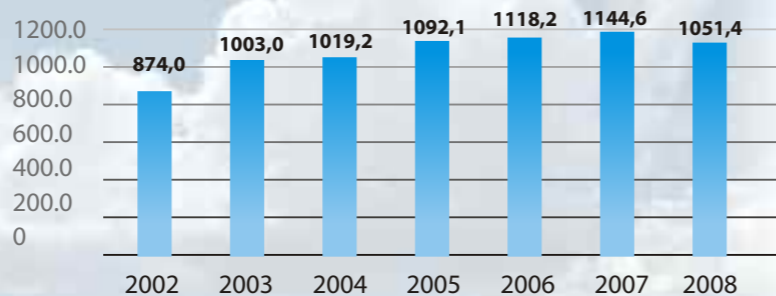


Sulfuric Acid

AB "LIFOSA" manufactures technical and accumulator acids as well as electrolyte for the acid accumulators. The technical sulfuric acid is also used to produce wet-process phosphoric acid and mineral fertilizers at the enterprises manufacturing synthetic and natural fibre, foodstuff, paints, products from leather and other industrial enterprises.

Parameter name	Norm
Monohydrate (H ₂ SO ₄), %, not less than	92.5
Iron (F), %, not more than	0.02
Residue after heating, % not more than	0.05
Color on the basis of comparative solution, cc, not more than	6

Production dynamics of Sulfuric Acid, thousand tons

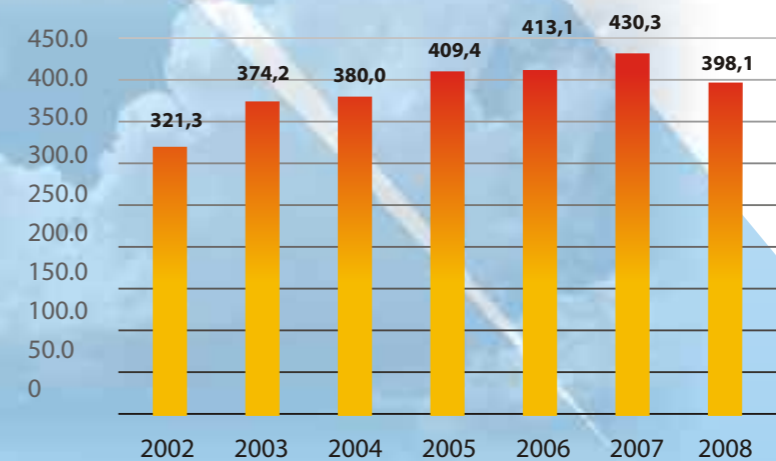


Wet-process Phosphoric Acid

Wet-process Phosphoric Acid is used as a raw material for Phosphates of ammonium and feed Phosphates manufacturing. Some quantity of this acid is sold to the enterprises of the chemical industry and the leather processing enterprises.

Parameter name	Norm
H ₃ PO ₄ recalculated into P ₂ O ₅ , %, not less than	55
H ₂ SO ₄ , %, not more than	1,5
Residue, %, not more than	1
Fluorine (F), %, not more than	0,2

Production dynamics of Wet-process Phosphoric Acid, thousand tons

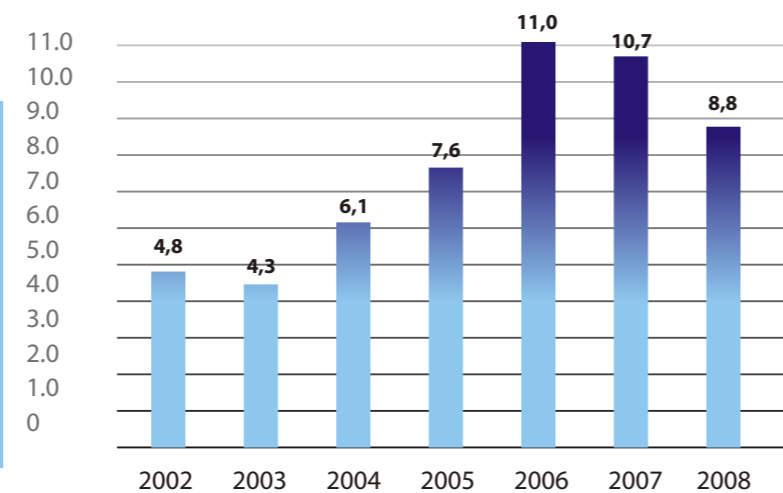


Aluminium Fluoride

During the manufacturing of Wet-process Phosphoric Acid silicofluoric acid – a secondary raw material – is obtained. When this acid is neutralized by aluminium hydroxide, aluminium fluoride is obtained. It is used to manufacture aluminium.

Parameter name	Norm
Aluminium Fluoride (AlF ₃), %, not less than	96
Free Aluminium Hydroxide (Al ₂ O ₃), %, not more than	2
Drying losses %, not more than	1
Silicon Dioxide (SiO ₂), %, not more than	0,18
Iron Oxide (Fe ₂ O ₃), %, not more than	0,02
Sulfates (SO ₄), %, not more than	0,02
Phosphorus Pentoxide (P ₂ O ₅), %, not more than	0,01

Production dynamics of Aluminium Fluoride, thousand tons

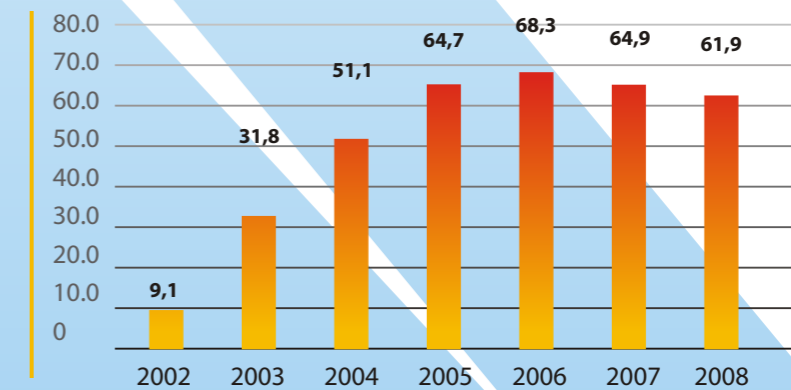


Monocalcium Phosphate

High-quality feed grade Monocalcium Phosphate produced by AB "Lifosa" is an extra marketable product both on Lithuanian and international market. It is used to fortify animal feeds and bird seeds by phosphorus and calcium and to manufacture mineral mixes, premixes and combined feed. These elements stimulate improvement of the energy and albumin metabolism, functioning of nervous, immune and reproductive systems as well as formation of firm skeleton and a bone tissue in organisms of animals, especially herbivorous animals.

Parameter name	Lifosa MCP 22,7 (0,2-1,4)	Lifosa MCP 22,7 (0,5-2)
Phosphorus (P), %, not less than	22,7	22,7
Calcium (Ca), %, not less than	16	16
Relative solubility of Phosphorus (P) in 0,4 % Hydrochloric Acid, %	98	98
Parameter of activity of Hydrogen ions pH, not less than	3,3	3,3
Water, %, no more than	3	3
Insoluble ashes in Hydrochloric Acid, %, no more than	10	10
Granulometry:		
- 0,2 - 1,4 mm granules, %, not less than	95	-
- 0,5 - 2,0 mm granules, %, not less than	-	95

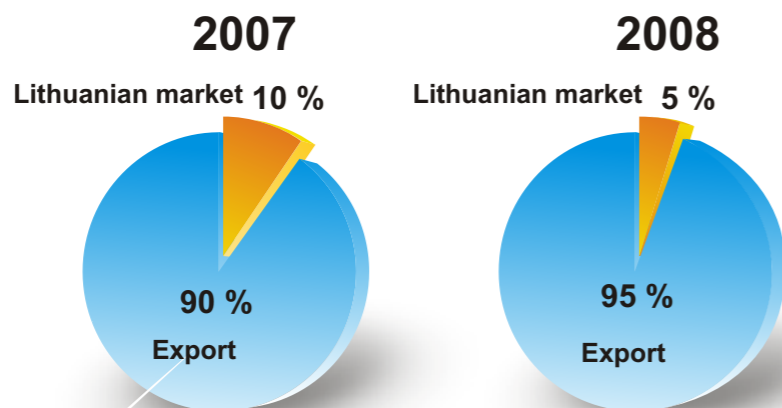
Production dynamics of Monocalcium Phosphate, thousand tons



In 2005 Monocalcium Phosphate, the product of AB "Lifosa", was awarded a gold medal in the contest "Product of the year 2005".

AB "Lifosa" successfully develops a policy of international sales, which is based on major principles of its market formation strategy, and constantly aspires to increase the volume of direct sales. Manufactured production is exported to more than 60 countries in all continents, except Australia.

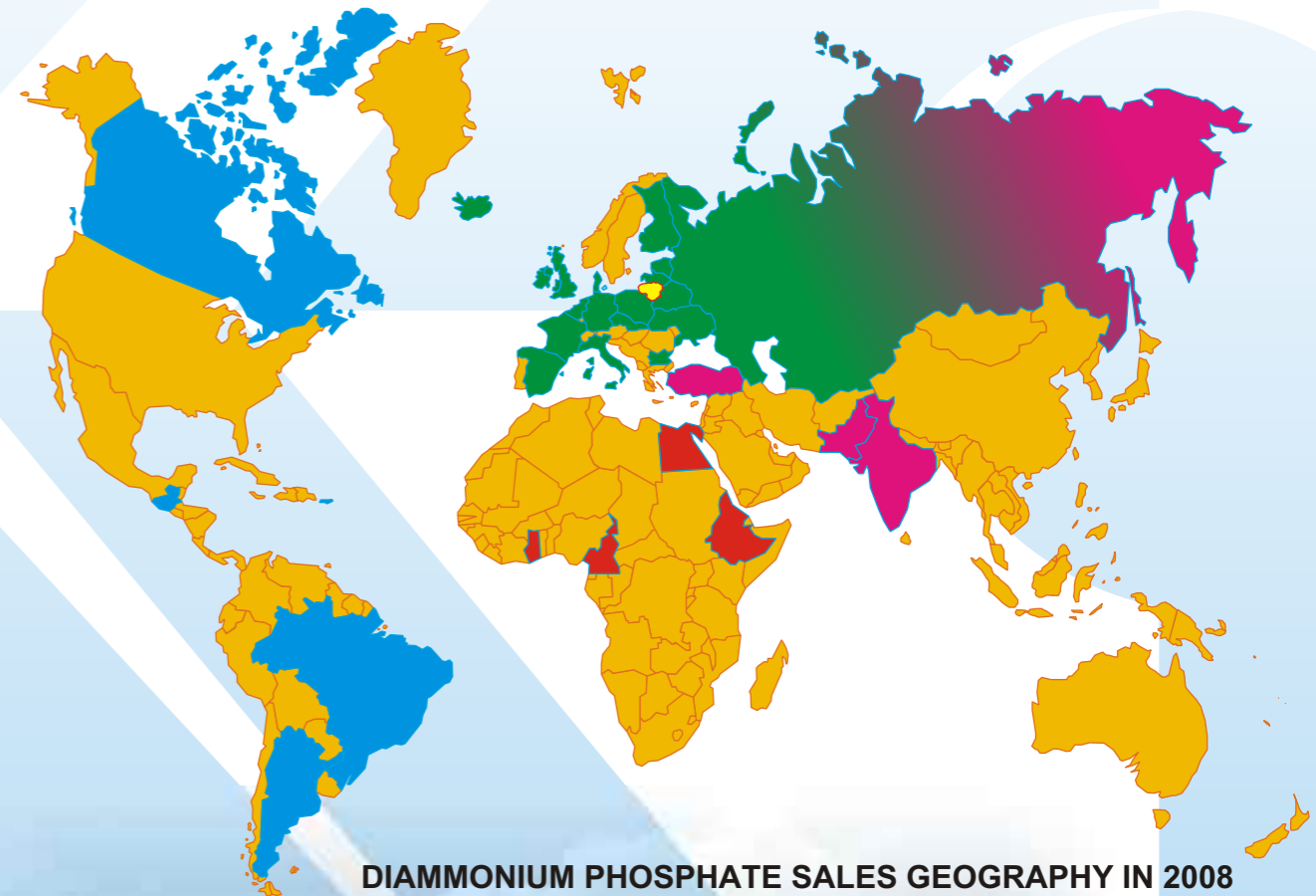
SALES ON THE MARKETS 2007-2008



In 2004, 2005 and 2007 AB "Lifosa" was awarded the title of "Lithuanian Exporter of the Year".

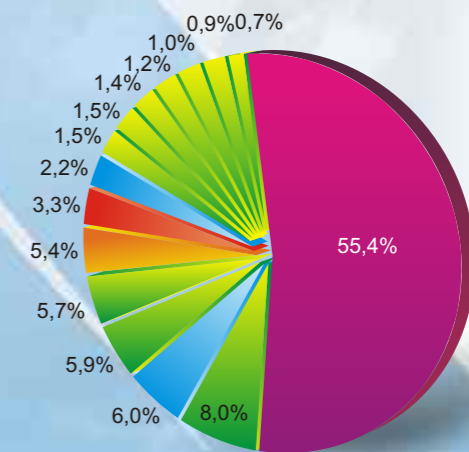
The strongest position in the international market

COUNTRIES OF EXPORT OF AB "LIFOSA" PRODUCTION



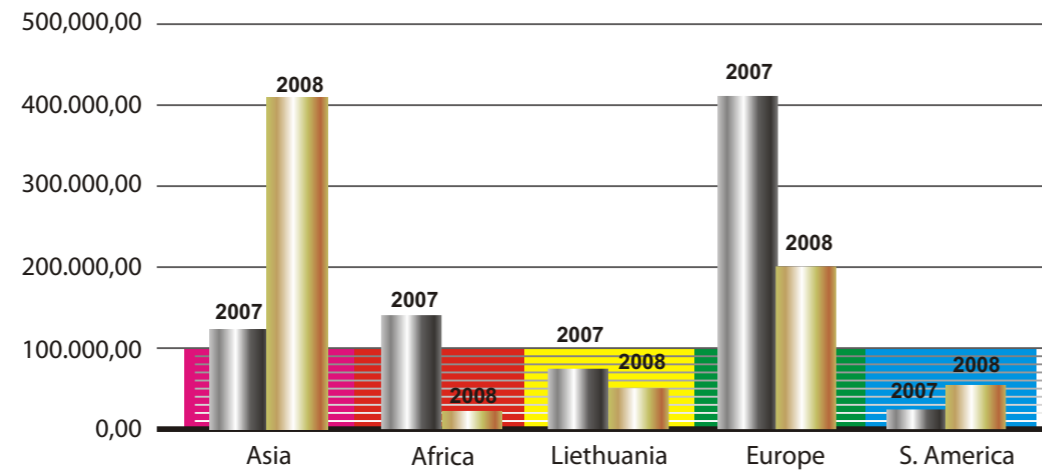
DIAMMONIUM PHOSPHATE SALES GEOGRAPHY IN 2008

Ireland	10312	1,4%
Belgium	7123	0,9%
Denmark	10971	1,5%
United Kingdom	5467	0,7%
India	417972	55,4%
Spain	8871	1,2%
Holland	42921	5,7%
France	60367	8,0%
Portugal	11035	1,5%
Ethiopia	25000	3,3%
Hungary	7610	1,0%
Germany	44642	5,9%
Argentina	16500	2,2%
Brazil	45100	6,0%
Lithuania	40962	5,4%



THE INTERNATIONAL PARTNERSHIP

DAP sales by regions 2007/2008



1 812 tons of the sulfuric acid were sold in 2008. 96 % of this quantity was sold in Lithuania, the rest part was exported to Latvia. The phosphoric acid was also sold on the Lithuanian (122 tons) and Latvian market (21 tons). The total quantity (8 299 tons) of the aluminium fluoride sold in 2008 was exported. The greatest amount of this production was delivered to Romania's (3 744 tons) and Tajikistan's (3 136 tons) customers, the smaller amount of the aluminium fluoride was exported to Sweden (794 tons), Poland (533 tons), Czechia (72 tons) and Ukraine (20 tons).

THE INTERNATIONAL PARTNERSHIP



MONOCALCIUM PHOSPHATE SALES IN 2008

Lithuanian market 6%



MONOCALCIUM PHOSPHATE SALES GEOGRAPHY IN 2008

Austria	124
Czechia	6.907
Estonia	72
Latvia	664
Poland	32.087
Romania	1.026
Serbia	748
Slovakia	2.370
Ukraine	5.200
Hungary	4.138
Croatia	484
Germany	2.864
Total:	60.191
Export	56.683
Lithuania	3.508



Ecology

“Let us save the nature for the future generations”. It is a basic principle of AB “Lifosa” environmental management. In compliance with European Community and Lithuanian Republic environmental safety requirements, AB "Lifosa " responsibly develops and improves environmental activities and undertakes the following obligations:

- apply the most advanced technologies and aspire to achieve high level of environmental protection;
- use only qualitative raw material and materials for producing mineral phosphoric fertilizers;
- seek to prevent pollution and permanently improve environmental conditions and environmental management;
- execute the requirements of legal acts and other undertaken legal obligations;
- efficiently and sparingly utilize nature and energy resources;
- cooperate with all the parties interested in the environmental protection;
- introduce to all employees the policy of environmental protection;
- cooperate with suppliers and contractors in order to reduce negative influence of their activities upon the environment.

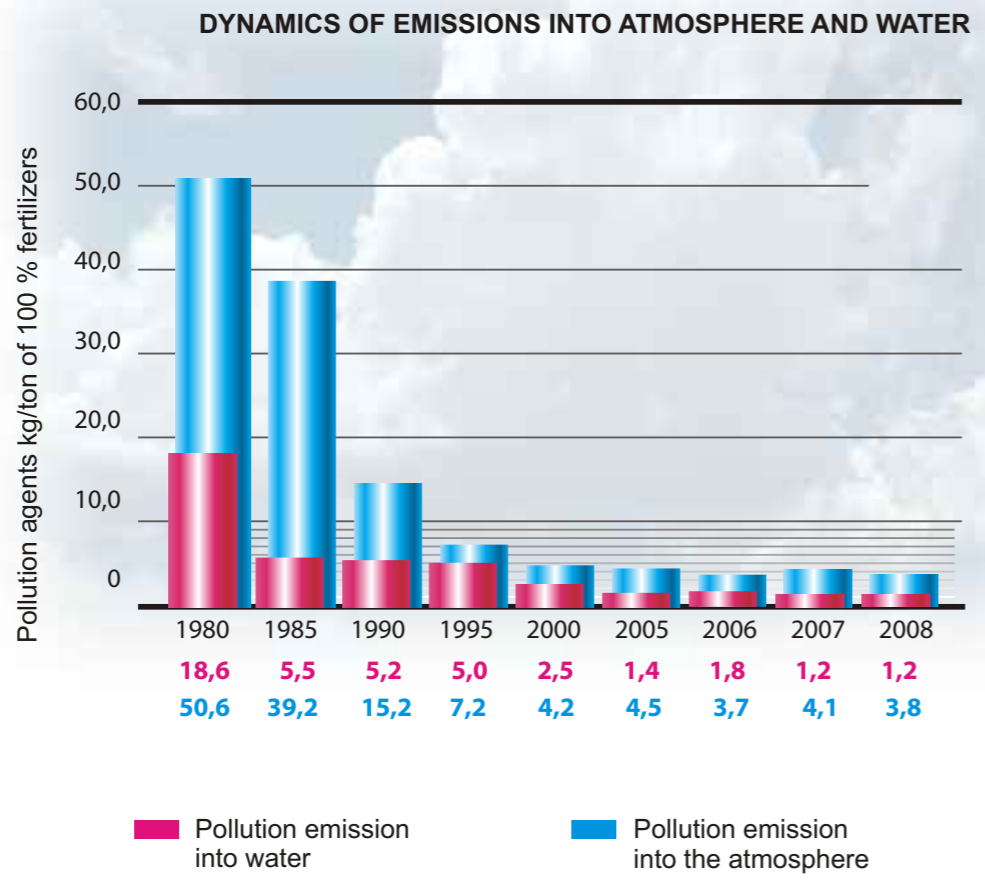
Certificated control system for environmental protection ISO 14001 has been in operation in AB “Lifosa” since 2005.



AB “Lifosa” seeking to save natural resources and keep the environment safe uses the heat, which is released during sulphuric acid production process to generate power and heat energy. Released heat satisfies the needs of the enterprise and is also used to heat residential buildings in Kedainiai. Surplus of the produced electric power is sold to AB “Lietuvos energija”.

To produce such amount of energy in power stations and boiler-houses of Lithuania, about 60 million m³ of natural gas should be burnt out. Moreover, different pollution agents would be thrown into environment, including gases causing hotbed effect. AB “Lifosa” reduces the Carbon Dioxide emissions to environment and effectively contributes to implementation of Kyoto Protocol.





Attention to employee, policy of safety and health protection

AB "Lifosa" Human Resources policy aims to show the importance and high value of every employee.

The Collective Agreement between the Employer and the Employees provides their mutual obligations and additional social guarantees. Enterprise executes the preventive projects of health strengthening and increasing of working ability; besides, there is a functioning health station in the enterprise. Ambition for learning and search of professional perfection are highly encouraged: advanced training courses, seminars and trainings are organized.

Certified safety and health control system has been functioning since 2007. It meets requirements of standard OHSAS 18001.

AB "Lifosa" twice became a winner of Republican contest "Achievements in the Field of Environment Protection". In 2004 it won the nomination «Most optimal Process of production» and in 2008 – "Most optimal Process for Environment".



AB "Lifosa" pays a lot of attention to the social responsibility and warrants inherent human rights and freedoms and respect for all employees. The responsibility for society is based on principles of the balanced development declared in the United Nations Global Compact.

The enterprise follows transparent business principles and is one of the first enterprises that have joined to «White wave» initiative. In 2007 AB "Lifosa" was the first enterprise that was awarded "White wave" initiative sign.



The enterprise and public activities

The enterprise develops the policy of high-quality, protection of environment, labour and employee's health, constantly tries to encourage the motivation of employees and to take active position as a member of region community.

AB "Lifosa" supported the following cultural projects: the opening of the cultural center of Nobel laureate poet Cheslav Milosh, restoration of the Duke's Radzivil's XVII century sarcophagi in the mausoleum of Evangelist Reformators Church in Kedainiai. Now it supports the activities of J. Monkutės – Marks Museum-Gallery.

AB "Lifosa" gives financial support to the projects realized by Kedainiai Municipality and its institutions: health promotion, children and youth sports clubs, Kaunas University of Technology and region's development programs.

The enterprise also supports Lithuanian athletes and was the main sponsor of a Basketball Club Zalgiris Kaunas in 1998-1999. In 2008 AB "Lifosa" also gave financial support to Lithuanian national basketball teams.

Since 2005 AB "Lifosa" annually signs the social and economic partnership agreement with regional Municipality and undertakes to renovate manufacturing, to maintain high economic potential, to execute nature protection projects, to support the projects of Municipality and its institutions.

