

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and company financial statements for the year 2008

Unaudited

Company register given code 147732969

Address of registered office P. Puzino Str. 1, LT-35173 Panevėžys, Lithuania

STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that on the basis of information available to us, the Consolidated Interim Financial Statement for the year 2008 prepared in accordance with the International Standards of Financial Accountability is true and shows assets, liabilities, financial situation, and profit or losses of *Panevėžio statybos trestas AB* and the companies of *Panevėžio statybos trestas* Company Group in a correct manner.

Dalius Gesevičius
Managing Director
Panevėžio statybos trestas AB

Dalė Bernotaitienė
Finance Director
Panevėžio statybos trestas AB

BALANCE SHEET

In Litas	Group		Company	
ASSETS	2008	2007	2008	2007
Non-current assets	41916429	31519095	59691985	48083577
Intangible assets	486123	1495343	287261	300137
Tangible non-current assets	38377775	27197687	33898666	22355648
Financial assets	381788	748505	23618121	23787807
Other intangible assets	2670743	2077560	1887937	1639985
Current assets	244233873	247649072	173136049	167057755
Inventories	12358020	15248424	8385119	10846700
Advance payments	5966132	2581874	3412379	2881764
Contracts in progress	53458084	65496361		
Accounts receivable in one year	109244090	117378072	105049150	113523585
Other current assets	46064140	2334829	41518764	764988
Cash and cash equivalents	17143407	44609512	14770637	39040718
TOTAL ASSETS	286150302	279168167	232828034	215141332

In Litas	Group		Company	
EQUITY AND LIABILITIES	2008	2007	2008	2007
Equity	113256962	75571978	120638784	69477727
Share capital	16350000	16350000	16350000	16350000
Reserves	11880705	5279017	10666114	4931791
Retained profit (loss)	84109449	53820670	93622670	48195936
Translation reserve	916808	122291		
Minority share	4606444	7869553		
Amounts payable and liabilities	168286896	195726636	112189250	145663605
Amounts payable in one year and long term liabilities	26895573	51749181	11210530	6845001
Loans and borrowings	20884019	49841995	7148115	5107725
Warranty provision	3142536	1265486	1804644	1155495
Deferred tax liabilities	2869018	641700	2257771	581781
Amounts payable in one year and short term liabilities	141391323	143977455	100978720	138818604
Loans and borrowings	40805984	3323435	3522594	2650805
Trade payables	59799260	66260161	60831723	64738369
Prepayments received	8380143	45928684	7525256	45762542
Current tax payable	5599097	4502537	5416795	3652237
Other liabilities	26806839	23962638	23682352	22014651
TOTAL EQUITY AND LIABILITIES	286150302	279168167	232828034	215141332

PROFIT (LOSS) STATEMENT

Group				
ITEM	2008 01-12	2007 01-12	2008 10-12	2007 10-12
Litas				
SALE	586086434	516975858	114569272	123140297
COST OF SALE	485421845	445027091	90600236	102823607
GROSS PROFIT (LOSS)	100664589	71948767	23969036	20316690
OPERATING EXPENSES	59200361	30731910	9518632	10091995
Sale	814882	673455	194218	261281
General and administration	58385479	30058455	9324414	9830714
TYPICAL OPERATING PROFIT (LOSS)	41464228	41216857	14450404	10224695
OTHER ACTIVITIES	-177105	-175352	-14863	-133268
Income	282079	563604	115447	184617
Expenses	459184	738956	130310	317885
FINANCIAL AND INVESTMENT ACTIVITIES	-5261308	-2620056	-2652345	-1324883
Income	1477877	772941	607202	-545941
Expenses	6739185	3392997	3259547	778942
USUAL ACTIVITY PROFIT (LOSS)	36025815	38421449	11783196	8766544
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	36025815	38421449	11783196	8766544
PROFIT TAX	9897459	7890817	1950566	1277277
NET PROFIT (LOSS)	26128356	30530632	9832630	7489267
ATTRIBUTABLE TO SHAREHOLDERS	34661732	29103015	10705953	7444955
ATTRIBUTABLE TO MINORITY INTEREST	-8533376	1427617	-873323	44312

Company				
EQUITY AND LIABILITIES				
Litas	2008 01-12	2007 01-12	2008 10-12	2007 10-12
SALE	558902531	487260957	100576866	117275112
COST OF SALE	469762064	432724699	82186648	99780019
GROSS PROFIT (LOSS)	89140467	54536258	18390218	17495093
OPERATING EXPENSES	31174105	23226480	5585208	8313285
Sale	614888	486021	140724	156145
General and administration	30559217	22740459	5444484	8157140
TYPICAL OPERATING PROFIT (LOSS)	57966362	31309778	12805010	9181808
OTHER ACTIVITIES	272522	270463	91015	113932
Income	547529	493879	173609	167358
Expenses	275007	223416	82594	53426
FINANCIAL AND INVESTMENT ACTIVITIES	-24093	-982930	-46309	-948435
Income	1186712	541462	581755	30566
Expenses	1210805	1524392	628064	979001
USUAL ACTIVITY PROFIT (LOSS)	58214791	30597311	12849716	8347305
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	58214791	30597311	12849716	8347305
PROFIT TAX	9348732	5751993	1592424	1297171
NET PROFIT (LOSS)	48866059	24845318	11257292	7050134

EXPLANATORY NOTE

General Information

Panevėžio statybos trestas AB (hereinafter “the Company”) was established in 1957 and for a long time was known as the North Lithuania Construction Trust (*Šiaurės Lietuvos statybos trestas*). In 1991 the Company was registered as a State Capital Company. On 30 October 1993 the State Capital Company was reorganized to a Public Limited Liability Company. Company code 147732969, VAT code LT477329610. Registration certificate No. 013732, issued on 27 September 2004 by the State Register Centre Panevėžys Branch.

In January through December 2008 the following subsidiaries were functioning in the company: *Gerbusta*, *Pastatų apdaila* and *Genranga*. These subsidiaries keep separate records, but their assets, liabilities and financial results are included when preparing financial accountability of the Company. The Company has its representative offices in Čerėpovec and a subsidiary in Kaliningrad. Financial year of the Company is calendar year. The period of commercial-economic activities of the Company is unlimited.

The main activity of the Company and its subsidiaries (hereinafter “the Group”) is designing and construction of various buildings, structures, facilities, communications and other similar objects in Lithuania and abroad, real estate development. In addition to the listed activities the Company rents out premises and equipment, resells utility and communication services.

As of 31 December 2008 the Group includes the parent company and 8 subsidiaries:

Subsidiaries	Type of activities	Share controlled (per cent)	Headquarter address
<i>Skydmedis</i> UAB	Production of wood constructions	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai</i> UAB	Production of metal constructions	100	Tinklų Str. 7, Panevėžys
<i>Vekada</i> UAB	Electrical installation works	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Vilniaus papėdė</i> TŪB	Construction works	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita</i> UAB	Air conditioning equipment	100	Dubysos Str. 31, Klaipėda Tel.: +370 46 340363
PS Trests SIA	Construction	100	Vietalvas Str. 5, Riga
Baltlitstroij OOO	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
<i>PST Investicijos</i> UAB	Real estate development	67	Konstitucijos Ave. 7, Vilnius Tel.: +370 5 2728213
<u>Subsidiaries of <i>PST investicijos</i> UAB:</u>			
<i>Ateities projektai</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Sakališkės</i> UAB	Real estate development and	100	Konstitucijos Ave. 7, Vilnius

	sales		
<i>Kauno erdvė</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Gėlužės projektai</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Verkių projektas</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Realtus</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
OOO ISK Baltevro market	Construction investment company	100	Sovetskij Lane 43, Kaliningrad
<i>Smiltynių kalvos</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius

Basis of Interim Financial Statement Preparation

The figures in the interim financial statement are presented in the national currency of Lithuania - the Litas which is also the Company's functional currency.

The same accounting principles were applicable to the interim financial statement as to the annual financial statement.

The following currency rates were used when preparing the interim financial statement:

Currency	31 Dec. 2008	31 Dec. 2007
1 EUR	3,4528	3,4528
10 SEK	3,1505	3,6437
10 RUB	0,83337	0,96085

Principles of Consolidation

The consolidated financial statement incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to manage the financial and operating policies of the entity where the capital has been invested so as to obtain benefits from its activity.

The financial results of the subsidiary companies, acquired or sold during the year, are included in the consolidated operating statement covering the period from the subsidiary company acquisition date till the subsidiary company selling date. The financial statements of the subsidiary companies are revised so that they comply with the accounting policies applicable by the group in case they were different.

For consolidation purposes all significant remaining balance, transactions and unrealized profit (loss) of the operations between the companies the Group were eliminated from the financial statement.

Investments in Non-Current Assets

The investments of the Group for the acquisition of long-term assets in January through December 2008 were 9,899,111 Lt.: the Company acquired long-term assets for the amount of 9,032,780 Lt.

Loans

On 31 December 2008 *PST investicijos* UAB Company Group had bank loans for 45,632,415 Lt. The interest rate of the loans is 6 months Vilibor + 1.1 – 1.55 % .

Guarantees, Sureties

On 31 December 2008 the warranty deeds granted by credit institutions for the liabilities of *Panevėžio statybos trestas AB* amounted 24,277,232 Lt.

Panevėžio statybos trestas AB guarantees the fulfillment of liabilities undertaken by *PST investicijos* UAB based on the Credit Agreement with *DnB NORD AB* for the amount of 4,164,124 USD and on Surety Agreement with *DnB NORD AB* for the amount of 980,000 EUR.

Dividends

The annual General Meeting of the Shareholders of *Panevėžio statybos trestas AB* that took place on 25 April 2008 took the decision to pay dividends in the amount of 3,760,500 Lt. (0.23 Lt. per share) and bonuses in the amount of 326,000 Lt.

Significant Changes in the Interim Financial Statement during the Reporting Period

Referring to the unaudited data the group of one of the largest construction companies in the country, *Panevėžio statybos trestas AB (PST)*, was on the income of 586 mln. Litas (170 mln. EUR) in 2008 – by 13.4 percents more than in 2007 and made the unaudited before tax profit in the amount of the 36 mln. Litas (10.4 mln EUR), that is by 6.2 percents less than in 2007 when the before tax profit was 38 mln. Litas (11 mln. EUR).

Key Indicators of *Panevėžio statybos trestas* AB Company Group (thou. Lt):

	Group		Company	
	2008	2007	2008	2007
Revenue	586.086	516.976	558.903	487.261
Cost price	485.422	445.027	469.762	432.725
Gross profit	100.665	71.949	89.140	54.536
Gross profit margin (per cent)	17.18	13.92	15.95	11.19
Net profit margin (per cent)	4.46	5.91	8.74	5.10
Profit per one share (Litas)	1.60	1.87	2.99	1,52
Return on equity (per cent) (ROE)	23.07	40.40	40.51	35,76
Return on assets (ROA)	9.13	10.94	20.99	11,55
Return on investment (ROI)	18.05	22.58	37.06	32.55
Current liquidity ratio	1.73	1.72	1.71	1.20
Book value of a share	7.21	5.10	7.78	4,25
Share price/book value ratio (P/BV)	0.21	3.06	0.20	3,67