

**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	
	2008	2007	2008	2007
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>41916429</b>	<b>31519095</b>	<b>59691985</b>	<b>48083577</b>
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
<b>Current assets</b>	<b>244233873</b>	<b>247649072</b>	<b>173136049</b>	<b>167057755</b>
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
<b>TOTAL ASSETS</b>	<b>286150302</b>	<b>279168167</b>	<b>232828034</b>	<b>215141332</b>

In Litas	Group		Company	
	2008	2007	2008	2007
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>113256962</b>	<b>75571978</b>	<b>120638784</b>	<b>69477727</b>
Share capital	16350000	16350000	16350000	16350000
Reserves	11880705	5279017	10666114	4931791
Retained profit (loss)	84109449	53820670	93622670	48195936
Translation reserve	916808	122291		
<b>Minority share</b>	<b>4606444</b>	<b>7869553</b>		
<b>Amounts payable and liabilities</b>	<b>168286896</b>	<b>195726636</b>	<b>112189250</b>	<b>145663605</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>26895573</b>	<b>51749181</b>	<b>11210530</b>	<b>6845001</b>
Loans and borrowings	20884019	49841995	7148115	5107725
Warranty provision	3142536	1265486	1804644	1155495
Deferred tax liabilities	2869018	641700	2257771	581781
<b>Amounts payable in one year and short term liabilities</b>	<b>141391323</b>	<b>143977455</b>	<b>100978720</b>	<b>138818604</b>
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
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>286150302</b>	<b>279168167</b>	<b>232828034</b>	<b>215141332</b>

**PROFIT (LOSS) STATEMENT**

<b>Group</b>					
<b>Litas</b>	<b>ITEM</b>	<b>2008 01-12</b>	<b>2007 01-12</b>	<b>2008 10-12</b>	<b>2007 10-12</b>
	SALE	586086434	516975858	114569272	123140297
	COST OF SALE	485421845	445027091	90600236	102823607
	<b>GROSS PROFIT (LOSS)</b>	<b>100664589</b>	<b>71948767</b>	<b>23969036</b>	<b>20316690</b>
	OPERATING EXPENSES	59200361	30731910	9518632	10091995
	Sale	814882	673455	194218	261281
	General and administration	58385479	30058455	9324414	9830714
	<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>41464228</b>	<b>41216857</b>	<b>14450404</b>	<b>10224695</b>
	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
	<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>36025815</b>	<b>38421449</b>	<b>11783196</b>	<b>8766544</b>
	WINDFALL PROFIT				
	LOSSES				
	<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>36025815</b>	<b>38421449</b>	<b>11783196</b>	<b>8766544</b>
	PROFIT TAX	9897459	7890817	1950566	1277277
	<b>NET PROFIT (LOSS)</b>	<b>26128356</b>	<b>30530632</b>	<b>9832630</b>	<b>7489267</b>
	ATTRIBUTABLE TO SHAREHOLDERS	34661732	29103015	10705953	7444955
	ATTRIBUTABLE TO MINORITY INTEREST	-8533376	1427617	-873323	44312

Company				
<b>EQUITY AND LIABILITIES</b> Litas	<b>2008 01-12</b>	<b>2007 01-12</b>	<b>2008 10-12</b>	<b>2007 10-12</b>
SALE	558902531	487260957	100576866	117275112
COST OF SALE	469762064	432724699	82186648	99780019
<b>GROSS PROFIT (LOSS)</b>	<b>89140467</b>	<b>54536258</b>	<b>18390218</b>	<b>17495093</b>
OPERATING EXPENSES	31174105	23226480	5585208	8313285
Sale	614888	486021	140724	156145
General and administration	30559217	22740459	5444484	8157140
<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>57966362</b>	<b>31309778</b>	<b>12805010</b>	<b>9181808</b>
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
<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>58214791</b>	<b>30597311</b>	<b>12849716</b>	<b>8347305</b>
WINDFALL PROFIT				
LOSSES				
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>58214791</b>	<b>30597311</b>	<b>12849716</b>	<b>8347305</b>
PROFIT TAX	9348732	5751993	1592424	1297171
<b>NET PROFIT (LOSS)</b>	<b>48866059</b>	<b>24845318</b>	<b>11257292</b>	<b>7050134</b>

**CASH FLOW STATEMENT**

	<b>Group</b>		<b>Company</b>	
	<b>31 12 2008</b>	<b>31 12 2007</b>	<b>31 12 2008</b>	<b>31 12 2007</b>
<b>Cash flow from operating activities</b>				
Net profit (loss)	26.128.356	30.530.632	48.866.059	24.845.318
Elimination of other non-monetary items				
Depreciation and amortisation costs	6.632.142	5.197.308	5.673.904	4.319.578
Profit (loss) from transfer of non-current assets			-26.513	53.898
Income tax expense	9.934.163	7.890.817	9.348.732	5.751.993
	<b>42.694.661</b>	<b>43.618.757</b>	<b>63.862.182</b>	<b>34.970.787</b>
Change in inventories	2.890.404	857.340	2.461.581	-3.795.026
Change in amounts receivable	8.190.685	-56.376.984	8.474.435	-55.201.722
Change in prepayments	-3.384.258	30.855.115	-530.615	33.297.570
Change in amounts receivable after one year			58.236	89.567
Change in other assets	8.282.003	-188.661	-753.776	-651.519
Change in amounts payable to suppliers	-6.460.901	15.813.291	-3.906.646	17.044.278
Change in prepayments received	-37.548.541	-663.709	-38.237.286	-69.615
Change in deferred and other liabilities	4.928.332	7.957.041	2.759.375	8.409.515
	<b>19.592.385</b>	<b>41.872.190</b>	<b>34.187.486</b>	<b>34.093.835</b>
Income tax paid	-8.903.797	-7.364.664	-7.853.202	-5.977.415
Elimination of results from financial and investing activities	4.256.358	-1.194.114		
<b>Net cash from operating activities</b>	<b>14.944.946</b>	<b>33.313.412</b>	<b>26.334.284</b>	<b>28.116.420</b>
<b>Cash flow from investing activities</b>				
Acquisition of long term assets (excl. investment)	-1.370.515	-4.189.106	-2.325.594	-3.148.638
Transfer of long term assets (excl. investment)	158.230	78.480	108.687	77.780
Acquisition of investments	9.999	0		0
Loans issued	-400.147	-8.117.437	-6.000	-769.682
Loans recovered	515.216	7.679.670	95.216	679.670
Dividends and interest received	1.300.929	605.877	1.053.422	0
<b>Net cash flow from investing activities</b>	<b>213.712</b>	<b>-3.942.516</b>	<b>-1.074.269</b>	<b>-3.160.870</b>
<b>Cash flow from financial activities</b>				
Cash paid by minority interest	5.249.400	1.749.800		
Dividends paid	-4.380.103	-2.964.131	-4.040.103	-2.964.131
Proceeds from loans and borrowings	6.688.346	10.210.723		8.447.699
Repayments from loans and borrowings	-1.147.524	-20.029.442	-506.732	-19.916.314
Leasing (financial lease) payments	-4.913.367	-3.367.217	-4.145.110	-2.827.934
Interest paid	-4.121.515	-3.252.154	-838.151	-485.093
<b>Net cash flow from financing activities</b>	<b>-2.624.763</b>	<b>-17.652.421</b>	<b>-9.530.096</b>	<b>-17.745.773</b>
<b>Increase (decrease) in net cash flow</b>	<b>12.533.895</b>	<b>11.718.475</b>	<b>15.729.919</b>	<b>7.209.777</b>
Cash and its equivalent at the beginning of the period	44.609.512	32.891.037	39.040.718	31.830.941
<b>Cash and its equivalent at the end of the period</b>	<b>57.143.407</b>	<b>44.609.512</b>	<b>54.770.637</b>	<b>39.040.718</b>

STATEMENT of CHANGES IN SHAREHOLDERS' EQUITY

<u>Group</u>	Authorised capital	Share bonus	Revaluation reserve	Legal reserve	Influence of change in exchange rate	Accumulated profit	Losses per parent company share	Minority part	Total
<b>Balance as of 1 January 2007</b>	16,350,000		3,780,063	1,619,155	10,906	27,376,954	49,137,078	4,692,136	53,829,214
Decrease in value of revaluated assets									0
Decrease in reappraisal reserve			-143,764			143,764			0
Increase of minority share								1,749,800	1,749,800
Net profit (loss) for 2007						29,103,015	29,103,015	1,427,617	30,530,632
Dividend						-2,779,500	-2,779,500		-2,779,500
Legal reserves formed				23,563		-23,563			0
Currency rate change					111,385		111,385		111,385
<b>Balance as of 31 December 2007</b>	16,350,000	0	3,636,299	1,642,718	122,291	53,820,670	75,571,978	7,869,553	83,441,531
Decrease in reappraisal reserve			-206,289			206,289			0
Fixed assets revaluation			8,166,011				8,166,011	18,788	8,184,799
Postponed tax related liability			-1,817,189				-1,817,189		-1,817,189
Paid up capital								5,249,400	5,249,400
Net profit (loss) 2008						34,821,770	34,821,770	-8,531,297	26,290,473
Dividend						-3,760,500	-3,760,500		-3,760,500
Influence of currency rate change					794,517		794,517		794,517
Minority share gain									0
Minority share loss									0
Reserves formed				459,155		-459,155			0
Company transfer						-519,625	-519,625		-519,625
Company addition			-206,289			206,289			0
<b>Balance as of 31 December 2008</b>	16,350,000	0	9,778,832	2,101,873	916,808	84,109,449	113,256,962	4,606,444	117,863,406

*Panevėžio statybos trestas AB Interim Financial Statement for 2008*

**Company**

<b>In Litas</b>	<b>Authorised capital</b>	<b>Share premium</b>	<b>FA revaluation</b>	<b>Financial reserve</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Deferred result</b>	<b>Total</b>
<b>Balance as for December 31, 2006</b>	16.350.000		3.396.968		1.619.155		26.045.786	<b>47.411.909</b>
Revaluation of fixed assets								0
Postponed tax related liability								0
Decrease in reappraisal reserve			-100.207				100.207	0
Net profit (loss) 2007							24.845.318	<b>24.845.318</b>
Reserves formed					15.875		-15.875	0
Increase (decrease) of authorised capital							-2.779.500	<b>-2.779.500</b>
<b>Balance as for December 31, 2007</b>	<b>16.350.000</b>	<b>0</b>	<b>3.296.761</b>	<b>0</b>	<b>1.635.030</b>	<b>0</b>	<b>48.195.936</b>	<b>69.477.727</b>
Revaluation of fixed assets			7.569.372				159.059	<b>7.569.372</b>
Decrease in reappraisal reserve			-159.059				162.116	<b>0</b>
Postponed profit tax related to revaluation of FA			-1.675.990				48.866.059	<b>-1.513.874</b>
Net profit (loss) 2008 unrecognised							-3.760.500	<b>48.866.059</b>
Dividend								<b>-3.760.500</b>
Reserves formed								0
Reserves used								0
Increase (decrease) of authorised capital								0
<b>Balance as of December 31, 2008</b>	<b>16.350.000</b>	<b>0</b>	<b>9.031.084</b>	<b>0</b>	<b>1.635.030</b>	<b>0</b>	<b>93.622.670</b>	<b>120.638.784</b>

## 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 Čerepovec 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
Baltlitstroj 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 sales	100	Konstitucijos Ave. 7, Vilnius



<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:

<b>Currency</b>	<b>31 Dec. 2008</b>	<b>31 Dec. 2007</b>
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) <b>(ROE)</b>	23.07	40.40	40.51	35,76
Return on assets <b>(ROA)</b>	9.13	10.94	20.99	11,55
Return on investment <b>(ROI)</b>	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 <b>(P/BV)</b>	0.21	3.06	0.20	3,67