

PANEVĖŽIO STATYBOS TRESTAS AB

**Consolidated and Company Financial Statements for Three Month
Accountability Ending March 31, 2008**

Unaudited

Company register given code 147732969


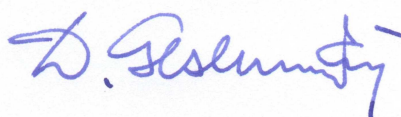
Domicile address P. Puzino g. 1, LT-35173 Panevėžys, Lithuania

CONFIRMING RESPONSIBLE PERSONS OF THE COMPANY

This is to confirm that on the basis of information we have, the Financial Consolidated Interim Statement for Three Months of 2008, prepared according to international standards of financial accountability is true and shows estates, liabilities, financial situation, and profit or losses of *Panevėžio statybos trestas AB* and companies of *Panevėžio statybos trestas* Company Group.

Dalius Gesevičius, Managing Director
Panevėžio statybos trestas AB

Dalė Bernotaitienė, Finance Director
Panevėžio statybos trestas AB



BALANCE SHEET

In Litas	Group		Company	
	31 Mar 2008	2007	31 Mar 2008	2007
ASSETS				
Non-current assets	33549859	31519095	49882483	48083577
Intangible assets	1476307	1495343	268738	300137
Tangible non-current assets	28819278	27197687	24177602	22355648
Financial assets	770727	748505	23796158	23787807
Other intangible assets	2483547	2077560	1639985	1639985
Current assets	254236852	247649072	163938681	167057755
Inventories	15369524	15248424	10779901	10846700
Advance payments	1773726	2581874	1544053	2881764
Contracts in progress	66550960	65496361		
Accounts receivable in one year	127790230	117378072	124555836	113523585
Other current assets	12527054	2334829	501925	764988
Cash and cash equivalents	30225358	44609512	26556966	39040718
TOTAL ASSETS	287786711	279168167	213821164	215141332

In Litas	Group		Company	
	31 Mar 2008	2007	31 Mar 2008	2007
EQUITY AND LIABILITIES				
Equity	79063652	75571978	73439989	69477727
Share capital	16350000	16350000	16350000	16350000
Reserves	5225972	5279017	4892026	4931791
Retained profit (loss)	57271461	53820670	52197963	48195936
Translation reserve	216219	122291		
<i>Minority share</i>	<i>12704806</i>	<i>7869553</i>		
Amounts payable and liabilities	196018253	195726636	140381175	145663605
Amounts payable in one year and long term liabilities	54894073	51749181	6376068	6845001
Loans and borrowings	52937432	49841995	4510624	5107725
Warranty provision	1311915	1265486	1283663	1155495
Deferred tax liabilities	644726	641700	581781	581781
Amounts payable in one year and short term liabilities	141124180	143977455	134005107	138818604
Loans and borrowings	5341411	3323435	4879871	2650805
Trade payables	66134603	66260161	62869482	64738369
Prepayments received	46782611	45928684	46978119	45762542
Current tax payable	4316754	4502537	3392873	3652237
Other liabilities	18548801	23962638	15884762	22014651
TOTAL EQUITY AND LIABILITIES	287786711	279168167	213821164	215141332

Income Statement

IN LITAS	Group		Company	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
SALES	93217292	127338827	90203771	124106119
COST OF SALES	81908688	115951047	80036082	114276825
GROSS PROFIT (LOSS)	11308604	11387780	10167689	9829294
OPERATING COSTS	7339366	6404949	5552850	4733411
Sales	172362	95496	157655	95496
General and administrative	7167004	6309453	5395195	4637915
PROFIT (LOSS) FROM TYPICAL ACTIVITIES	3969238	4982831	4614839	5095883
OTHER ACTIVITIES	-263354	-95510	97505	37606
Revenue	161990	57143	149942	93183
Expenses	425344	152653	52437	55577
FINANCIAL AND INVESTING ACTIVITIES	-268908	-569098	-67702	26559
Revenue	903189	285518	236112	227150
Expenses	1172097	854616	303814	200591
PROFIT (LOSS) FROM ORDINARY ACTIVITIES	3436976	4318223	4644642	5160048
EXTRAORDINARY INCOME				
EXTRAORDINARY EXPENSES				
PROFIT BEFORE TAXATION	3436976	4318223	4644642	5160048
TAX ON PROFIT	404477	1081904	682380	995725
NET PROFIT (LOSS)	3032499	3236319	3962262	4164323
FALLING TO SHAREHOLDERS OF THE COMPANY	3397746	3626749		
FALLING TO MINORITY SHARE	-365247	-390430		

CASH FLOW STATEMENT

	Group		Company	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
Cash flow from operating activities				
Net profit (loss)	3,032,499	3,236,319	3,962,262	4,164,323
Elimination of other non-monetary items				
Depreciation and amortisation costs	1,488,735	1,162,535	1,245,737	931,618
Profit (loss) from transfer of non-current assets	-94,407	-1,779	-48,344	-1,779
Other non-cash items	-399,577	7,001,677	3,384	2,177
	4,027,250	11,398,752	5,163,039	5,096,339
Changes in operating capital:				
Decrease (increase) in inventories	-121,100	992,361	520,655	165,554
Change in long-term receivables	-15,489	-34,241	-10,288	-34,241
Decrease (increase) in trade receivables	-10,412,028	-7,699,970	-11,032,251	-8,392,730
Decrease (increase) in prepayments	808,148	28,966,583	883,855	22,118,129
Decrease (increase) in contracts in progress	-1,054,599	-7,531,715		
Decrease (increase) in amounts receivable and other assets	-10,192,355	-6,120,692	263,063	9,226
Increase (decrease) in trade payables	-95,558	10,050,842	-1,413,310	4,052,888
Increase (decrease) in provisions	133,429	307,116	888,169	341,616
Increase (decrease) in prepayments received	853,927	-1,837,497		3,350,536
Increase (decrease) in profit tax obligations	-185,783	980,594	-259,364	895,720
Increase (decrease) in employment related liabilities	-1,443,011	-217,528	-2,093,946	-450,193
Increase (decrease) in other payables and liabilities	-4,057,525	-2,312,652	-4,035,643	-2,424,791
	-21,754,694	26,941,953	-11,126,021	24,728,053
Elimination of results of financial and investing activities	1,085,423	569,098	-89,317	-23,609
Net cash flow from operating activities	-20,669,271	27,511,051	-11,215,338	24,704,444
Cash flow from investing activities				
Acquisition of long term assets (excl. investment)	-320,674	-632,909	-108,236	-263,497
Transfer of long term assets (excl. investment)	94,412	1,779	48,349	1,778
Acquisition of investments				
Transfer of investment				
Loans issued	-14,670	-99,480	-6,000	
Loans recovered	-6,733		236,112	-599,480
Dividends and interest received	269,047	120,166		201,040
Other increase in cash flow from investing activities				
Other decrease in cash flow from investment activities				
Net cash flow from investing activities	21,382	-610,444	170,225	-660,159
Cash flow from financial activities				
Cash flow related to owners of the company	5,200,199	-63	-301	-63
Increase in financial liabilities	4,589,607			
Decrease in financial liabilities	-1,540,082	-11,573,975	-506,732	-11,975,347
Interest paid	-1,002,930	-793,132	-136,624	-141,225
Leasing (financial lease) payments	-1,043,478	-872,097	-792,748	-742,527
Increase in other cash flow from financial activities		26,110		26,110
Decrease in other cash flow from financial activities	-3,509	-2,038	-2,234	-549
Net cash flow from financing activities	6,199,807	-13,215,195	-1,438,639	-12,833,601
Increase (decrease) in net cash flow	-14,448,082	13,685,412	-12,483,752	11,210,684
Result of changes in currency rate on the balance of cash and its equivalents	93,928	-790		
Cash and its equivalent at the beginning of the period	44,609,512	32,891,037	39,040,718	31,830,941
Cash and its equivalent at the end of the period	30,255,358	46,575,659	26,556,966	43,041,625

STATEMENT of CHANGES IN SHAREHOLDERS' EQUITY

Group							Equity share		
In Lit	Authorised capital	Share premium	Revaluation reserve	Legal reserve	Currency fluctuation impact	Accrued profit	falling to Parent c.sh	Minority share	Total
Balance as for December 31, 2006	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 and postponed tax liability			-53,043			53,045	53,045		0
Change in postponed tax									2
Net profit (loss) for 2007						3,626,749	3,626,749	-390,431	0
Loss previous year restated									3,236,318
Legal reserves formed									0
Currency rate change					-790		-790		0
Increase of minority share								6,999,200	-790
Decrease of minority share									6,999,200
Balance as for March 31, 2007	16,350,000	0	3,727,020	1,619,155	10,116	31,056,748	52,816,082	11,300,905	64,063,944
Balance as for December 31, 2006	16,350,000	0	3,636,299	1,642,718	122,291	53,820,670	75,571,978	7,869,553	83,441,531
Fixed assets revaluation			-53,045			5,045		-611	-611
Depreciation of revaluated part of FA									0
Postponed tax related liability									0
Paid up capital								5,200,500	5,200,500
Other unrecogn profit (loss) 2008								611	611
Net profit (loss) 2008						3,397,746	3,397,746	-365,247	0
Dividend									3,032,499
Influence of currency rate change					93,928		93,928		0
Minority share gain									93,928
Minority share loss									0
Reserves formed									0
Balance as of 31 March 2008	16,350,000	0	3,583,254	1,642,718	216,219	57,271,461	79,063,652	12,704,806	91,768,458

Panevėžio statybos trestas AB Interim Financial Statement for 3 months of 2008

Company

In Litas	Authorised capital	Share premium	FA revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as for December 31, 2006	16,350,000		3,396,968		1,619,155		26,045,786	47,411,909
Revaluation of fixed assets								0
Postponed tax related liability								0
Postp. tax liability related to revaluation of FA								0
Net profit (loss) 2007			-39,765				4,204,088	4,164,323
Reserves formed								0
Increase (decrease) of authorised capital								0
Balance as for March 31, 2007	16,350,000	0	3,357,203	0	1,619,155	0	30,249,874	51,576,232
Balance as for December 31, 2007	16,350,000	0	3,296,761	0	1,635,030	0	48,195,936	69,477,727
Revaluation of fixed assets								0
Related postponed tax liability								0
Postponed profit tax related to revaluation of FA								0
Net profit (loss) 2008 unrecognised			-39,765				39,765	0
Net profit (loss) 2008							3,962,262	3,962,262
Dividend								0
Reserves formed								0
Reserves used								0
Increase (decrease) of authorised capital								0
Balance as of March 31, 2008	16,350,000	0	3,256,996	0	1,635,030	0	52,197,963	73,439,989

EXPLANATORY NOTE

General Information

Panevėžio statybos trestas AB (hereinafter „the Company“) was established in 1957 and for a long time was known as 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 March 2008 the following subsidiaries were functioning in the company: *Gerbusta*, *Pastatų apdaila* and *Genranga*. These subsidiaries keep separate records, but their estate, liabilities and financial results are included into preparing financial accountability of the Company. The Company has its quarters in Čerėpovec and its branch 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 Group rents out premises and equipment, resells utility and communication services.

As for 31 March 2008 the Group includes the parent company and 8 subsidiaries:

Name	Country	Address	Shares held	Activities
<i>Skydmedis</i> UAB	Lithuania	Pramonės Str. 5, Panevėžys	100 per cent	Construction of prefabricated panel houses
<i>Metalo meistrai</i> UAB	Lithuania	Tinklų Str. 7, Panevėžys	100 per cent	Fabrication of metal constructions
<i>Vekada</i> UAB	Lithuania	Marijonų Str. 36, Panevėžys	96 per cent	Electrical installation works
<i>Vilniaus papėdė</i> TŪB	Lithuania	Švitrigailos Str. 8/14, Vilnius	69 per cent	Construction works
<i>PST investicijos</i> UAB	Lithuania	Konstitucijos Str. 7, Vilnius	67 per cent	Real estate development
<i>Alinita</i> UAB	Lithuania	Dubysos Str. 31, Klaipėda	100 per cent	Air conditioning equipment
PS Trests SIA	Latvia	Vietalvas 5, Riga	100 per cent	Construction
Baltilstroj OOO	Russia	Sovetskij Ave. 43, Kaliningrad	100 per cent	Construction

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 March 2008	31 December 2007	31 March 2007
1 EUR	3.4528	3.4528	3.4528
10 SEK	3.6755	3.6437	3.6965
10 RUB	0.93119	0.96085	0.99623

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 where the Company has the power to govern the financial and operating policies of the entity 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 balance, dealings and unrealized profit (loss) of the operations between the companies the companies of the Group were eliminated from the financial statement.

Investments in Non-current Assets

Group investments for long-term assets in January through March 2008 were 3 219 779 Lt.: the Company acquired long-term assets for the amount of 3 030 919 Lt.

Loans

On 31 March 2008 *PST investicijos* UAB Company Group had long-term bank loans for 47 102 534 Lt. All the loans must be paid back in May - September, 2008. The interest rate of the loans is 6 months Vilibor + 1.05 – 1.55 % .

Guarantees, Sureties

On 31 March 2008 guarantee credit institutions granted liabilities to the Company for the Environmental Project Management Agency of the Ministry of Environment of the Republic of Lithuania and *Lietuvos geležinkeliai* AB had 22 023 164 Lt. of the Company guarantees *PST investicijos* UAB dispensation of duties on Credit Agreement with NORD/LB for the amount of 4 164 124 USD.

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

Based on the unaudited data the turnover of the PST Company Group for January through March of this year amounted to 93.2 mln. Litas, however it was lower by 34.1 mln. Litas compared to the corresponding period of the last year (some equipment at the Panevėžys Power Plant was installed in the first quarter of 2007. The unaudited profit of the Group before taxes was 3.4 mln. Litas, whereas last year it was 4.3 mln. for the same period. Though the turnover of the first quarter of 2008 decreased, the total profitability of the Group increased by 3.4 percent (from 7.9 % to 11.3 %) compared to the first quarter of 2008.

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

	Group		Company	
	2008 03 31	2007 03 31	2008 03 31	2007 03 31
Revenue	93217	127339	90204	124106
Cost price	81909	115951	80036	114277
Gross profit	11308	11388	10168	9829
Gross profit margin (per cent)	12.13	8.94	11.27	7.92
Net profit margin (per cent)	3.25	2.54	4.39	3.36
Profit per one share (Litas)	0.19	0.20	0.24	0.25
Return on equity (per cent) (ROE)	3.84	6.13	5.40	8.07
Return on assets (ROA)	1.05	1.32	1.85	2.35
Return on investment (ROI)	2.07	2.74	4.96	7.31
Current liquidity ratio	1.80	1.70	1.22	1.09
Book value of a share	5.61	3.92	4.49	3.15
Share price/book value ratio (P/BV)	2.12	4.35	2.65	5.40