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NSEL

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CONTENTS

<i>Macroeconomic review</i>	6
<i>Market trends</i>	8
<i>Trading statistics</i>	10
<i>Main market events</i>	11
<i>Indices</i>	12
<i>Turnover</i>	14
<i>Notes</i>	15
<i>Dairy products</i>	17
Dairy products	18
Beverages	32
<i>Beer</i>	41
Beer	42
Oil and Petroleum Products	50
<i>Textiles and Leather</i>	54
Textiles and Leather	56
Paper and Paper Products	70
Pharmaceuticals	76
Chemicals	80
Building Materials	84
Construction	90
Engineering	94
Electricity and Gas Supply	102
Transport	108
Shipyards	114
Communication	118
Informatics	120
Trade	122
Furniture	124
<i>Banking</i>	127
Banking	128
<i>Insurance</i>	149
Insurance	150
Holding Companies	152
List of Members	154

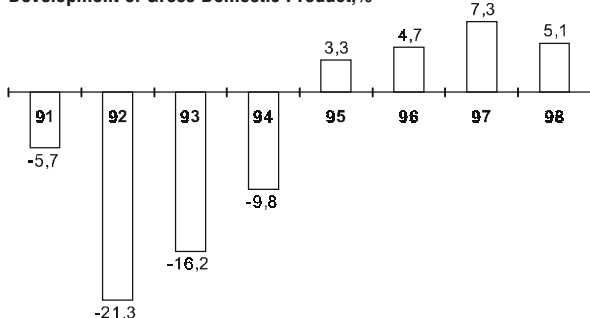
CONTENTS

Akmenės Cementas	84	Lietuvos Energija	106
Alita	32	Lietuvos Jūrų Laivyninkystė (LISCO)	112
Alna	120	Lietuvos Kuras	50
Alytaus Tekstilė	56	Lietuvos Taupomasis Bankas	134
Anykščių Vynas	34	Lietuvos Telekomas	118
Apranga	122	Lietuvos Žemės Ūkio Bankas	137
Baltijos Laivų Statykla	114	Lifosa	82
Bankas Hermis	128	Linas	60
Bankas Snoras	131	Lithun	90
Biržų Akcinė Pieno Bendrovė	18	Marijampolės Pieno Konservai	20
Dirbtinis Pluoštas	80	Mažeikių Nafta	52
Dvarčionių Keramika	86	Panevėžio Pienas	22
Ekranas	94	Panevėžio Statybos Trestas	92
Endokrininiai Preparatai	76	Pieno Žvaigždės	24
Grafobal Vilnius	70	Ragutis	46
Grigiškės	72	Rokiškio Sūris	26
Gubernija	42	Sanitas	78
Hidrostatyba	88	Sema	36
Invalda	152	Snaigė	98
Jonavos Grūdai	30	Stumbras	38
Kalnapilis	44	Šiaulių Bankas	140
Kauno Audiniai	58	Šiaulių Stumbras	62
Kauno Energija	102	Švyturys	48
Kausta	89	Trinyčiai	64
Klaipėdos Baldai	124	Ūkio Bankas	143
Klaipėdos Jūrų Krovinių Kompanija (KLASCO)	108	Utenos Trikotažas	66
Klaipėdos Mediena	74	Vakarų Laivų Remontas	116
Klaipėdos Nafta	110	Vilkas	68
Lietkabelis	96	Vilniaus Bankas	146
Lietuvos Draudimas	150	Vilniaus Vingis	100
Lietuvos Dujos	104	Žemaitijos Pienas	28

MACROECONOMIC REVIEW

In 1998, Lithuania, though hindered by financial problems on neighbouring Russia's market, maintained its economic dynamism and remained the country with the one of the strongest rate of growth in Eastern and Central Europe. Real GDP expanded by 5.1 per cent, after having grown 7.3 per cent in 1997, nominal GDP amounted to US\$ 10.7 bn. Brisk investment activity is the driving force behind economic output – gross fixed capital formation grew about 7.1 per cent in real terms. Real wages and salaries increased by 14.7 per cent in 1998; thus private consumption was providing an impetus for growth, especially for service sector and food industry.

Development of Gross Domestic Product, %



Industrial output experienced growth of 7.0 per cent due to expansion of export to EU countries, which in 1998 went up by 12.2 per cent. However, decline in merchandise export to Russia by 45.8 per cent in the second half of 1998 dragged down total country's export by 5.5 per cent. Exports to EU countries comprised 38 per cent and exports to FSU 35.7 per cent of total exports.

Imports of goods rose by 2.6 per cent driven by an inflow of FDI. Therefore, negative trade balance compared to 1997 went up by 32 per cent and stipulated the current account deficit, which by stood at 12.1 per cent of GDP. This deficit, though remained a matter of concern for investors, didn't cause external liquidity problems as was easily financed by FDI inflows, which in 1998 covered two thirds of the

current account deficit. As January 1, 1999 cumulative FDI into Lithuania's economy amounted to US\$ 1.63 bn and comprised US\$ 439 per capita. In 1998 FDI inflow increased by 2.6 times against the previous year. Behind the substantial growth of FDI was the Government effort to accelerate privatization making Lithuania more attractive for foreign investors and reforming the country's state owned utilities. The biggest deal registered in 1998 was sell off 60 per cent of Telecom shares for US\$ 510 mn to Swedish and Finish investors. The main foreign investors into economy were from the USA (19 per cent), Sweden (17 per cent), Finland (11 per cent) and Germany (8 per cent). The largest share of investments was allocated to trade (25 per cent), telecommunications (14 per cent), food industry (11 per cent) and financial intermediation (9 per cent).

Various special factors such as low prices for crude oil and food products on international markets and the strong currency litas, strengthened together with dollar to which it is fixed at rate 4 to 1, were responsible for the much lower than expected rate of inflation, which stood at 2.4 per cent year-on-year and was significantly down from 8.4 per cent in 1997. While the unemployment rate climbed from 5.9 per cent in 1997 to 6.4 per cent in 1998.

The consolidated 1998 budget thanks to stable tax revenues netted modest fiscal deficit at 2 per cent of GDP (excluding privatisation revenues). Though the Russian crisis hit hard country's exports, it had very small and short - term impact on country's financial system. The banking system benefited from strict banking regulations in accounting and management of investments, as the direct Russian exposure of Lithuanian banks was at around 1.8% of sector assets, while indirect exposure was estimated at around 5% of total assets. The problems in Russian banks haven't diminished the confidence of the population in local banks and local currency. Lithuania's currency protected by the currency board arrangements was well positioned to resist any external pressure as by the end of 1998 forex coverage of monetary base stood at 130 per cent.

An official reserve though decreased throughout the half of the year after Russian shock, but was up by 40 per cent year- on -year basis. The country's foreign indebtedness was very modest and by the end of 1998 made 15.8 per cent of GDP or 33.2 per cent of exports.

AVERAGE ANNUAL INTEREST RATES ON RESIDENT DEPOSITS, %

	1993	1994	1995	1996	1997	1998
Total time deposits in Litass	79,90	19,73	16,81	11,04	6,03	6,06
up to 1 month	85,52	21,94	14,78	11,39	5,27	4,37
1-3 months	77,64	19,39	17,56	10,62	6,18	7,05
3-6 months	76,69	20,9	16,69	11,17	6,40	7,39
6-12 months	86,76	25,03	16,98	13,49	7,16	7,88
1-2 years	61,12	16,81	11,94	12,27	7,05	8,45
over 2 years	-	-	-	-	7,62	7,18
Demand deposits in Litass	19,68	7,61	7,38	4,25	1,94	2,43
Total time deposits in foreign currencies	32,72	14,21	13,09	7,85	4,75	4,53
up to 1 month	42,58	10,92	12,18	6,07	3,36	3,70
1-3 months	32,97	16,14	13,06	7,11	4,74	4,29
3-6 months	27,46	16,03	13,26	8,84	4,76	4,69
6-12 months	36,29	15,82	15,10	14,64	5,82	5,17
1-2 years	30,62	16,84	12,69	8,65	5,98	5,89
over 2 years	-	-	-	-	5,00	5,13
Demand deposits in foreign currencies	2,50	2,38	2,72	1,39	1,25	1,95
The average yield on the T-bills, %						
1 month		13,92	26,24	20,49	6,7	8,8
3 months		21,38	27,12	20,53	8,97	10,62
6 months		-	27,56	17,1	9,18	11,46
12 months		-	20,15	-	9,25	12,44

KEY STATISTICS

	1993	1994	1995	1996	1997	1998
GDP at current prices, LTL mill.	11590,0	16904,0	24103,0	31569,0	38340,3	42767,9
As compared to corresponding period of previous year						
at constant prices of 1993, %	-16,2	-9,8	3,3	4,7	7,3	5,1
GDP in private sector, %		60	65	68	70	
Inflation, % (y/y)		45,1	35,7	13,1	8,4	2,4
Population (beginning of period), thous.	3730	3721	3715	3710	3706	3703
GDP per capita at current prices, LTL	3107	4543	6488	8510	10347	11546
Unemployment (annual) rate, %	4,4	3,8	6,1	7,1	5,9	6,4
Structure of GDP by production approach (at current price), %						
Agriculture, fishing, hunting and forestry	13,8	10,1	10,8	12,3	11,7	10,1
Manufacturing, mining and quarrying	29,4	22,8	20,6	22,3	21,0	19,0
Electricity, gas and water supply	4,0	2,7	3,5	3,5	4,2	4,6
Construction	5,0	6,8	7,1	7,1	7,7	7,9
Wholesale and retail trade	13,7	16,6	17,7	16,8	16,5	16,1
Restaurants and hotels	1,3	1,3	1,6	1,7	1,8	1,7
Transport, storage and communications	9,5	9,5	9,4	9,5	9,6	9,6
Financial intermediation	7,2	4,7	3,4	2,8	2,4	2,6
Real estate	4,1	6,4	7,1	7,6	7,2	8,4
Public administration and defence	2,9	4,8	5,6	6,2	5,9	6,7
Education	2,7	4,0	4,8	5,0	5,5	6,2
Health and social work	1,8	2,4	2,8	2,8	3,6	3,8
Other community, social and personal service activities	2,3	2,4	2,6	2,5	3,0	3,4
Foreign trade						
Goods, LTL mill.						
Trade balance	-665,00	-802,04	-2791,73	-3584,81	-4589,95	-6073,43
Merchandise exports (f.o.b.prices)	8711,00	8078,98	10824,38	13652,40	16769,65	15846,30
As compared to previous period, %		92,7	134,0	126,1	122,8	94,5
Merchandise imports (f.o.b.prices)	9376,00	8881,02	13616,11	17237,21	21359,60	21919,73
As compared to previous period, %		94,7	153,3	126,6	123,9	102,6
Services, LTL mill.						
Balance	-240,45	-215,52	-51,65	483,4	537,91	962,84
Credit	855,77	1281,86	1940,87	3190,13	4127,39	4436,15
As compared to previous period, %		149,79	151,41	164,37	129,38	107,5
Debit	1096,22	1497,38	1992,52	2706,73	3589,48	3473,31
As compared to previous period, %		136,59	133,07	135,84	132,61	96,76
Balance of goods (f.o.b.prices) and services, LTL mill.	-905,4	-1017,6	-2843,3	-3101,4	-4052,1	-5110,5
Exports of goods (f.o.b.prices) and services, LTL mill.	9566,8	9360,8	12765,3	16842,5	20897,0	20282,5
As compared to previous period, %		97,8	136,4	131,9	124,1	97,1
Imports of goods (f.o.b.prices) and services, LTL mill.	10472,2	10378,4	15608,6	19943,9	24949,1	25393,0
As compared to previous period, %		99,1	150,4	127,8	125,1	101,8
Foreign trade balance compared with GDP, %	-7,81	-6,02	-11,80	-9,82	-10,57	-11,95
Current account balance, LTL mill.	-362,8	-359,7	-2457,5	-2890,3	-3925,41	-5192,48
Current account balance compared with GDP, %	-3,1	-2,1	-10,2	-9,2	-10,2	-12,1
Gross saving, LTL mill.	1858,7	2753,4	3501,5	4841,1	6250,9	6894,0
Gross saving compared with GDP, %	16	16,3	14,5	15,3	16,3	16,1
Gross domestic investment, LTL mill.	2221,4	3113,4	5958,7	7731,3	10176,3	12086,7
As compared to previous period, %		140,15	191,39	129,75	131,62	118,78
Lithuania's investment abroad, mill.USD	-94,37	26,6	47,53	197,29	238,62	38,33
As compared to previous period, %			178,62	415,09	120,95	16,06
Foreign investment in Lithuania, mill.USD	207,22	334,91	645,01	700,3	1040,6	1625,3
As compared to previous period, %		161,62	192,59	108,57	148,59	156,19
Foreign investment in Lithuania per capita, mill.USD	55,6	90,0	173,6	235,9	338,9	392,2
Reserves assets, USD mill.	412,3	587,2	819,0	834,3	1062,7	1460,0
Reserves assets compared with GDP, %	13,87	13,90	13,59	10,57	11,09	13,66
Foreign debt, USD mill.	352,6	481,1	826,3	1206,6	1401,8	1684,5
Foreign debt compared with GDP, %	13,2	11,4	13,7	15,3	14,6	15,8
Foreign debt per capita, USD	94,52	129,30	222,42	325,26	378,26	454,90
Foreign debt compared with exports of goods and services, %	16,0	20,4	25,9	28,7	26,8	33,2
Internal debt, LTL mill.	*	*	*	2499,1	2470,1	2876,1
National budget surplus (deficit) compared with GDP, %	0,3	-2,0	-2,1	-2,2	-1,0	-1,3

MARKET TRENDS

LISTING

On 1 June 1998, the new Listing Rules of the NSEL, which ultimately approximated admission requirements to the Official List to the EU directives, came into force. At present, the Stock Exchange maintains three market boards: the Official List, the Current List and Unlisted Securities. Securities are admitted to the listing based on the issuer's free will and admission requirements of the Exchange.

The Official List comprises blue chips. In order to qualify for the Official List, market capitalisation of the share issue must not be less than one million Euro; no less than 25% of the issue must be in the hands of public and at least 200 shareholders should hold the issue. The issuer seeking admission to the Official List must present to the Exchange annual financial statements for the three preceding years prepared in accordance with the IAS and audited in compliance with the generally accepted audit principles. In addition, the company must be profitable for the past two years.

The Official List was created in April 1997. At the same time its benchmark, the LITIN index, was launched to track the performance of shares. On 1 July 1999, seven companies comprised the elite list. Two of them were banks – Vilniaus Bankas and Bankas Hermis, and five production companies – Rokiskio Suris (cheese-maker), Birzu Akcine Pieno Bendrove (dairy), Snaige (producer of refrigerators), Kalnapilis (brewery), and Utenos Trikotazas (textiles). They account for over 19% of the listed share capitalisation and constitute about 30% of the total equity turnover.

The requirements for the Current List are less stringent. While deciding upon admission, the NSEL Board considers size of the company, stock ownership distribution and liquidity of shares. At present, this list contains 47 stock issues, which make up 80% of the listed share cap and 62% of the equity trading volume.

Listed companies must file with the Exchange quarterly, interim and annual financial statements. They are also obliged to disclose information about any stock event within 24 hours.

Unlisted Securities comprise shares available for public trading that failed to comply with the admission requirements of the NSEL or the issuers of which did not wish to list on the Official or Current markets. On 1 July 1999, there were 1055 unlisted securities available for trading.

The Lithuanian securities market is well diversified across industries. Companies listed on the Exchange represent a wide range of economic sectors: food industry, beverages, banking, textiles, transport, energy, chemicals, electronics and engineering, insurance, construction, etc. In 1998, 40% of trading on the NSEL was done in bank shares, 23% in energy stocks, 11% in shares of food producers, beverages industry and insurance sector accounted for 6% of turnover each, while 3% of trading occurred in chemical shares.

Price/earning ratios of Lithuanian companies are often another attractive factor to investors. The average P/E of the Official and Current List shares on 1 July 1999 was 4.6.

On 31 June 1999, total capitalisation of the equity market stood at US\$ 2.95 billion. Capitalisation of listed shares (Official and Current Lists only) amounted to US\$ 1.51bn. The top three largest companies by market cap were Lietuvos Energija (electricity supplier, US\$ 229.56M), Vilniaus Bankas (US\$ 100.95M), and Mazeikiu Nafta (oil refinery, US\$ 78.01M). The ten largest companies accounted for over 67% of the listed share cap.

In addition to shares, treasury bills issued by the Lithuanian Government are traded at the Exchange. Their maturities range from 1 to 12 months. In February 1999, the first two-year bond issue was listed on the NSEL. In the first half of 1999, T-bills accounted for more than 50% of total trading volume at the Stock Exchange.

MARKET INTERMEDIARIES

Due to the stiffening competition and growing capital adequacy requirements, in 1997-1999 the number of brokerage firms authorised to trade at the NSEL decreased from 50 to 39. Further consolidation of the securities industry is anticipated in the near future.

On 1 July 1999, 30 brokerage firms and 9 banks had the right to trade at the Exchange. This number is sufficient in order to guarantee sound competition and high level of service. Another positive factor is that banks have not monopolised services related to securities: brokerage departments of banks accounted for 46% of the share turnover on the NSEL in 1999, and brokerage firms constituted 54%. The top three brokerages by the stock market share are VB Vilfima, Balticum Management and Bankas Hermis.

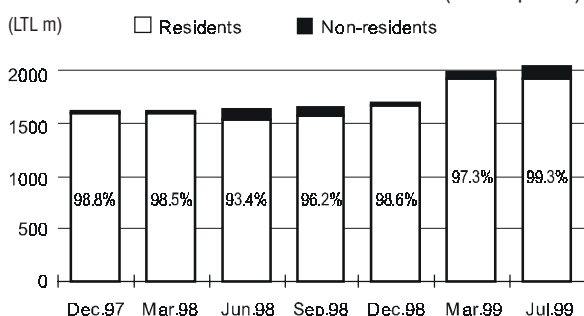
Talking about risk management, capital adequacy and initial capital requirements have been enforced. All brokerage firms, with the exception of bank brokers' departments, are divided into three categories, A, B and C, pursuant to the size of their own capital and the type of operations they intend to engage in. Category A firms may perform a full range of operations. Category B firms are prohibited from engaging in underwriting and trading of securities on their own account. The license limits the activities of a category C brokerage firm to investment advising. The initial own capital requirements were introduced with the view that by the year 2000 the required amount should comply with the amount set by the relevant EU directives (i.e., ECU 730,000 for category A firms, ECU 125,000 for category B and ECU 50,000 for category C brokerages).

TRADING, CLEARING AND SETTLEMENT

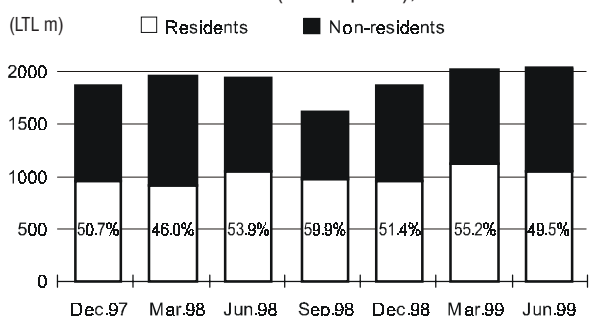
Trading on the NSEL is order-driven and screen based. The trading system was installed with the assistance of the SBF-Bourse de Paris and SICOVAM (French Depository) to meet international standards and G30 recommendations.

Since April 1998, trading on the central market starts with the single-price auction at the opening and continues in the way of continuous trading. Blocks of securities may be negotiated off-session without influencing prices on the central market. Market data are available through information vendors, including Reuters, Bridge Telerate and Bloomberg, quotes are daily e-mailed to domestic news agencies, newspapers, a list of subscribers and other interested parties. In addition, information including real-time quotes is displayed on the NSEL web site at www.nse.lt.

INVESTORS INTO GOVERNMENT SECURITIES (end-of-period)



INVESTORS INTO EQUITIES (end-of-period)



Settlement of trades with shares is done on a T+3 rolling settlement schedule. T-bills are settled on a T+1 cycle. The Bank of Lithuania and the CSDL execute delivery versus payment transfers. The Guarantee Fund ensures settlement of central market trades.

The depository system is fully dematerialised, and securities movements are recorded by relevant book entries in the securities accounts. Each issue is granted an ID code according to ISIN standards. Clearing and settlement procedures in general comply with G30 recommendations.

MARKET TRENDS AND INVESTORS

Having become part of the world capital markets, the Lithuanian securities market proved its sensitivity to the events on foreign markets as well as to domestic events. Trading statistics of the Exchange show a two-year cycle. After a steep rise in trading volumes in 1995 (6.4 times), in 1996 turnover increased by mere 1.9%. Similarly, in 1997 volumes augmented three-fold, while last year they rose by 1.7% only. However, factors driving the market were different. If in 1996 market growth was impeded by a domestic banking crisis and its after-effects, in 1998 external factors, namely the Asian and Russian financial crises, negatively affected the overall level of stock prices.

The all-share index LITIN-G lost 41.6% of its value during 1998. Likewise, the blue chip benchmark LITIN plunged by 40.6%. In Russia, Latvia and Estonia slump in stock prices was even greater, however Hungarian, Czech and Polish markets proved more crisis-resistant.

In 1998, the total turnover of the Exchange amounted to US\$372M – slightly up from US\$ 366M in 1997. Number of trades increased by 18.69% from 71.000 in 1997 to 84.000 last year. Even though general trend of falling prices persisted (LITIN-G eased 6.91% and LITIN 4.53% since year-end), trading volumes on the Exchange reached US\$292M in the first half of 1999.

The market had expected higher activity of investors in 1998. Unfortunately, the crises in Southeast Asia and, in particular, in neighbouring Russia adjusted investors' sentiment. According to the CSDL, the value of equity portfolios (in the accounts of financial intermediaries) diminished from US\$488M on 30 September 1997 to US\$464.5M on 31 December 1998.

The year start of 1999, however, saw a promising increase of portfolios to US\$507.5M. The bulk of foreign investments in equities came from the USA (10.4% of the total investments), Denmark (8.6%), the UK (4.8%), Sweden and Estonia (3.4% each). In general, non-residents accounted for 44.8% of all stock portfolio holdings.

The structure of resident investors into equities reveals one of the main sore points of the Lithuanian securities market – absence of domestic institutional investors. Private companies account for 29.6% and individuals for 16.3% of all equity investments. Whereas banks hold only 3%, brokerage firms 0.5%, and insurance companies 0.1% of total equity portfolio. Due to lack of regulation or proper legislation, no investment funds, private pension funds, nor investment banks have been established in Lithuania yet. Addressing this problem, the Parliament passed the Law on Pension Funds on 3 June 1999, and amendments to the Law on Investment Companies are expected later this year.

INTERNATIONAL INVOLVEMENT AND PROSPECTS FOR THE FUTURE

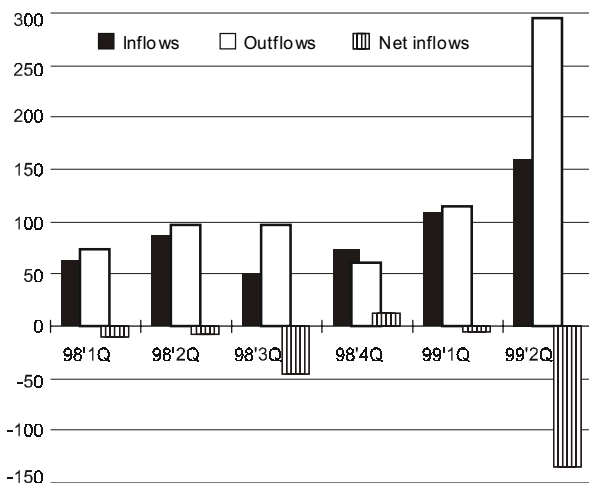
The National Stock Exchange of Lithuania actively participates in the European Stock Exchanges Forum of the Federation of European Stock Exchanges. During 22-24 April 1999, the NSEL hosted a biannual meeting of the Forum in Vilnius. In August 1998, the NSEL joined the International Federation of Stock Exchanges as a corresponding market.

The Exchange will be seeking affiliated membership in this organisation in the near future. Involvement with both the organisations opens international perspective to the NSEL and enables to feel the pulse of the European and world capital markets development.

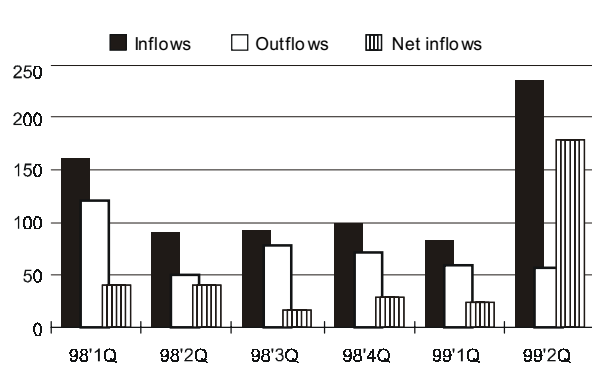
On 23 April 1999, the National Stock Exchange of Lithuania, the Riga Stock Exchange, and the Tallinn Stock Exchange, seeking to further promote and expand mutually beneficial co-operation between the Exchanges, signed the Memorandum of Understanding in Vilnius. The Memorandum states the intention of the three Exchanges to create a common market access through cross membership, maintaining a single point of liquidity on the home exchange. The Exchanges also agreed to join their efforts to promote the Baltic capital markets as a common investment area.

The three Baltic Exchanges do not view their integration as an end in itself, it is rather a window to wider alliances. Northwest, co-operation with the Scandinavian counterparts is gaining momentum. In the beginning of August 1999, the OM Stockholm Stock Exchange, the Copenhagen Stock Exchange and the three Baltic exchanges intend to meet in Tallinn and discuss the goals of Nordic-Baltic co-operation. The exchanges will consider creation of a common securities market through cross membership and a single trading platform, harmonisation of rules and regulations, as well as exchange of information and joint market promotion. All this aims at increasing international competitiveness of the regional marketplace.

RESIDENT INVESTMENT FLOWS INTO LITHUANIAN SHARE MARKET (LTL m)



NON-RESIDENT INVESTMENT FLOWS INTO LITHUANIAN SHARE MARKET (LTL m)



TRADING STATISTICS

NAME OF RATIO	1993			1994		1995		1996		1997		1998	
	Value	Value	Change %	Value	Change %	Value	Change %	Value	Change %	Value	Change %	Value	Change %
Total NSEL capitalisation (LTL m)	71	635	794,37	2160	240,16	6100	182,41	10202	67,25	13424	31,58		
Equity capitalisation (LTL m)	71	417	487,32	1518	264,03	5012	230,17	8691	73,40	11834	36,16		
Quoted equity capitalisation (LTL m)	39	246	530,77	630	156,10	3604	472,06	6824	89,35	4297	-37,03		
Non-quoted equity capitalisation (LTL m)	32	171	434,38	888	419,30	1408	58,56	1867	32,60	7537	303,70		
T-bills capitalisation (LTL m)	-	218		642	194,50	1088	69,47	1511	38,88	1590	5,23		
Total capitalisation as % of GDP	0,64	3,74		9,06		19,40		26,60		30,70			
Trading sessions	14	50		148		255		255		255			
Equity trading sessions	14	50		66		117		255		255			
Number of transactions	36	2307	6308,33	6289	172,61	12059	91,75	71118	489,75	84409	18,69		
Equity supply-demand ratio	1,3	1,6	23,08	5,7	256,25	3,28	-42,46	8,21	150,30	12,30	49,87		
Total turnover (units, m)	0,16	18,4	11400,00	81,9	345,11	60,5	-26,13	220,4	264,30	233,2	5,79		
Average turnover per session (units, m)	0,01	0,37	3600,00	0,50	35,14	0,20	-60,00	0,98	390,00	0,91	-6,69		
Equity turnover (units, m)	0,16	18,2	11275,00	78,3	330,22	57,4	-26,69	215,3	275,09	227,0	5,44		
T-bills turnover (units, m)	-	0,1		3,6	3500,00	3,1	-13,89	5,1	64,52	6,2	20,59		
Total turnover value (LTL m)	1,2	77,8	6383,33	499,9	542,54	509,6	1,94	1463,4	187,17	1487,7	1,66		
Average turnover value per session (LTL m)	0,08	1,6	1900,00	3,4	112,50	2,0	-41,18	5,7	185,00	5,83	2,35		
Average transaction value (LTL th)	33,1	33,7	1,81	79,5	135,91	42,3	-46,79	20,6	-51,30	17,6	-14,44		
Turnover CM (LTL m)	0,005	11,1	221900,00	16,8	51,35	154,2	817,86	653,5	323,80	287,2	-56,05		
Number of CM transactions	26	1932	7330,77	4378	126,60	10250	134,13	62116	506,01	71208	14,64		
Average CM transaction value (LTL th)	0,2	5,8	2800,00	3,9	-32,76	15,1	287,18	10,5	-30,33	4,0	-61,66		
Average CM turnover per session (LTL m)	0,00	0,22		0,26	18,18	0,60	130,77	2,60	333,33	1,13	-56,68		
CM turnover as % of total (%)	0,43	14,3		3,4		30,3		44,7		19,3			
Turnover BT (LTL m)	1,2	66,7	5458,33	483,1	624,29	355,4	-26,43	809,9	127,88	1200,5	48,23		
Number of BT transactions	10	375	3650	1911	409,60	1809	-5,34	9002	397,62	13201	46,65		
Average BT transaction value (LTL th)	0,12	177,76	148034,36	261,61	47,17	196,46	-24,90	90,00	-54,21	90,94	1,08		
Average BT turnover per session (LTL m)	0,08	1,33	1469,98	3,26	145,11	1,40	-57,36	3,20	130,22	4,71	47,12		
BT turnover as % of total (%)	99,5	85,7		96,6		69,7		55,3		80,7			
Equity turnover value (LTL m)	1,2	65,5	5358,33	148,3	126,41	188,9	27,38	959,1	407,73	891,1	-7,09		
Equity turnover on CM (LTL m)	0,005	8,5	169900,00	11,8	38,82	40,2	240,68	262,9	553,98	217,3	-17,34		
Equity turnover by BT (LTL m)	1,19	56,9	4681,51	136,5	139,89	148,7	8,94	696,1	368,12	673,8	-3,20		
Number of share transactions	36	2297	6280,56	4893	113,02	10137	107,17	70567	596,13	83412	18,20		
Average share transaction value (LTL th)	33,1	28,5	-13,90	30,3	6,39	18,6	-38,65	13,6	-26,88	10,7	-21,45		
Average share turnover per session (LTL m)	0,085	1,3	1429,41	2,2	69,23	1,6	-27,27	3,8	137,50	3,5	-8,04		
Share turnover as % of total turnover (%)	100	84,19		29,67		37,07		65,54		59,9			
Share turnover on CM as % of total share turnover	0,42	12,98		7,96		21,28		27,41		24,4			
T-bills turnover value (LTL m)	-	12,3		351,6	2758,54	320,7	-8,79	504,3	57,25	596,6	18,30		
T-bills turnover on CM (LTL m)	-	2,6		4,9	88,46	114,0	2226,53	390,5	242,54	70,0	-82,07		
T-bills turnover by BT (LTL m)	-	9,7		346,6	3473,20	206,7	-40,36	113,8	-44,94	526,6	362,74		
Number of T-bills transactions	-	10		1396	13860,00	1922	37,68	551	-71,33	997	80,94		
Average T-bills transaction value (LTL th)	-	1232,6		251,8	-79,57	166,9	-33,75	915,3	448,59	598,4	-34,62		
Average T-bills turnover per session (LTL m)	-	0,60		2,38	295,95	1,26	-47,06	1,90	51,08	2,34	23,14		
T-bills turnover as % of total turnover (%)	-	15,81		70,33		62,93		34,46		40,1			
T-bills turnover on CM as % of total T-bills turnover	-	21,14		1,39		35,55		77,43		11,73			
Indices													
LITIN	-	-		-				903,48	-9,65	535,28	-40,75		
LITIN-A	-	-		-		1660,68	66,1	1930,85	16,27	1133,63	-41,29		
LITIN-G	-	-		-		1327,47	32,8	1862,89	40,33	1088,75	-41,56		
LITIN-VVP	-	-		-		1235,36	23,5	1368,43	10,77	1513,23	10,58		

MAIN MARKET EVENTS

A new wording of the Rules on Fees and Dues of the Stock Exchange was adopted in January 1998.

A new wording of the Rules on Block Transactions was adopted in February 1998. The Rules provided for an automated execution of block trades and created a possibility for market intermediaries to publicise their offers to buy or sell securities on the electronic bulletin board.

The new procedure of suspension and resumption of trading in securities listed on the Official and Current Trading Lists, as well as removal of securities from the above mentioned lists, entered into force on 2 March 1998 and provided for the minimisation of suspensions.

On 19 March 1998, the Seimas passed amendments to the Law on Public Trading in Securities. Harmonised with the requirements of the European Union Directives which regulate public trading of securities, the amendments in principle changed the status of the National Stock Exchange of Lithuania (NSEL) and the Central Securities Depository of Lithuania (CSDL).

A new Procedure on Settlement of Transactions at the NSEL which regulates clearing and settlement transactions both in shares and in Government securities was adopted in March 1998.

The Rules on Continuous Trading at Variable Price were adopted in March 1998.

On 1 April 1998, continuous trading at variable price was launched at the NSEL.

On April 17, 1998 the Securities Commission of Lithuania (LSC) approved the Listing Rules of the National Stock Exchange of Lithuania. They were prepared in compliance with the European Council Directive on co-ordinating the conditions for the admission of securities to official stock exchange listing (79/279/EEC). The amendments to the Securities Law adopted in March 1998 changed the concept of listing on the Stock Exchange which now provide for the voluntary entry of shares onto the NSEL trading lists. New listing requirements were worked out, on the basis of which three trading lists (Official, Current and Tier of Unlisted Securities) were made on 1 June 1998.

In May 1998, the Rules on Execution of Tender Offer at the Stock Exchange were adopted as a follow up of the LSC Rules on Submission, Registration and Execution of Tender Offer. In June 1998, the Tender Offer Rules approved by the LSC came into effect. All tender offers are executed at the NSEL.

On July 10, 1998 the Rules on Acceptance and Execution of the Clients' Orders were passed. They regulate the procedure of acceptance of the clients orders to perform operations with securities in FBFs and FBDs of commercial banks and the obligations of account operators when carrying out the orders of their clients.

The Rules on Public Sale of State and Municipal Shares at the NSEL were adopted in July 1998.

In August 1998, the NSEL joined the International Federation of Stock Exchanges as a corresponding market.

In August 1998, the NSEL, a not-for-profit organisation, was reorganised into a public company.

In September 1998, the Stock Exchange celebrated its 5th anniversary.

A new wording of the Rules on Placement and Execution of Brokers' Orders was adopted in March 1998 and later modified several times. The last amendment introduced in September established that the information contained in the market intermediaries' orders is not disclosed publicly till the securities price is fixed.

On October 16, 1998 Resolution 31 was passed to adopt the Rules on Agreements between the Finance Brokerage Firm and its Clients which set forth general and special requirements for the agreements made between a FBF or FBD and their clients, according to which the clients' securities are held, orders for transactions accepted and portfolios managed.

On December 22, 1998 the LSC approved the new Trading Rules of the NSEL. These rules cover all important aspects of the Stock Exchange activity that had been previously regulated by the Exchange Regulations and separate instructions. The rules came into force on 1 February 1999.

In October 1998, an overall testing of the Stock Exchange Trading system, the Settlement Centre of the Bank of Lithuania, the Central Securities Depository and the Exchange traders was carried out, which did not identify any change-of-the-millennium related problems. While exchanging the information, the IT systems of institutions and companies interpreted the date of Year 2000 correctly. The detected minor irregularities are currently being rectified.

On December 22, 1998 the Rules on Registration and Offering of Securities of a new wording was passed by Resolution 36, the Rules were fully harmonised with the European Union Directive co-ordinating the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when transferable securities are offered to the public (89/298/EEC)

In 1998, the Rules on Capital Adequacy Calculation of Brokerage Firms came into effect. It was set that a FBF have always to maintain the adequate amount of liquid own capital to meet its liabilities. This made firms constantly monitor, analyse and manage the risks of the securities market and apply principles of prudential supervision to their activities.

The year 1998 is the year of emergence of first investment holding companies (IHC) and, concurrently, the year of liquidation of investment stock companies (ISC) which appeared during the privatisation of the state-owned property. Investment stock companies which were not reorganised into IHC, had to liquidate the company by the decision of the general meeting of shareholders, or following the procedure stipulated by the Government of the Republic of Lithuania.

In February 1999, the NSEL carried out a 1000th trading session. From February 1999, the Government of Lithuania started issuing debt securities with the two-year maturity.

After more than a year's break, the NSEL Official List was expanded on 1 June 1999. AB Utenos trikotažas was inscribed onto the List.

In the 2nd quarter of 1999 the NSEL started computing a new share price index LITIN-10 (the initial index value was fixed at 1000 points on 5 January 1999). 10 most liquid companies are included into the index base.

In September 1999 trading in corporate bonds was launched on the Exchange.

From 4 January to 6 October the NSEL share turnover exceeded LTL 1 billion. It is the first time in the history of the NSEL when the annual share turnover is above one billion litas.

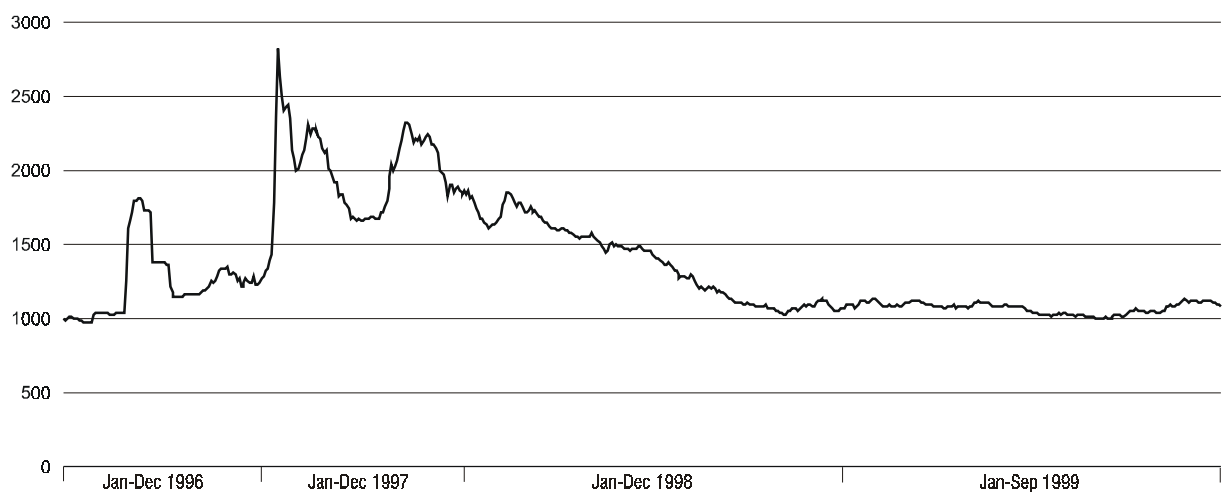
NSEL INDICES (Official List)



NSEL INDICES (Current List)



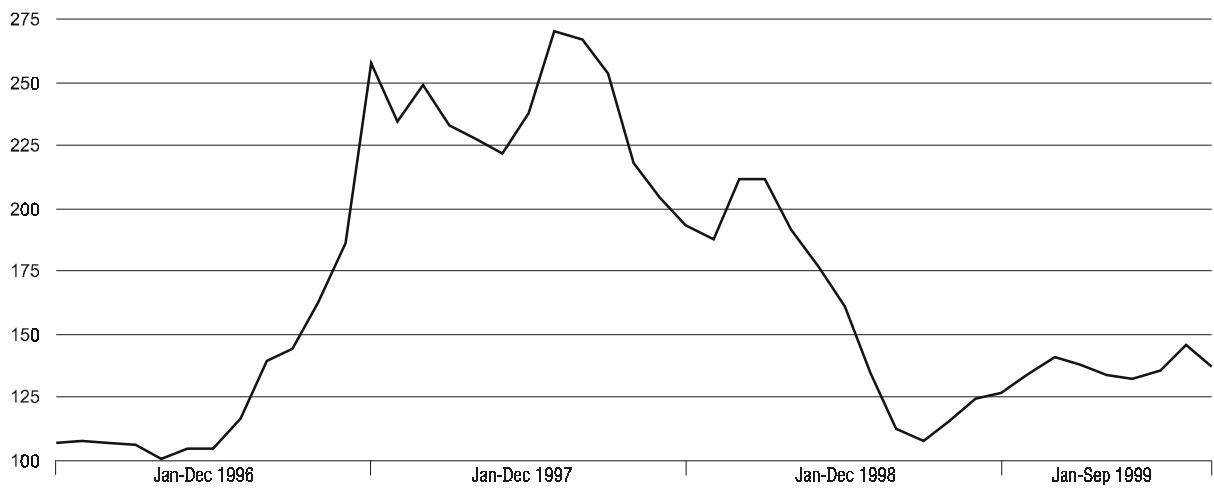
NSEL INDICES (All quoted Shares)



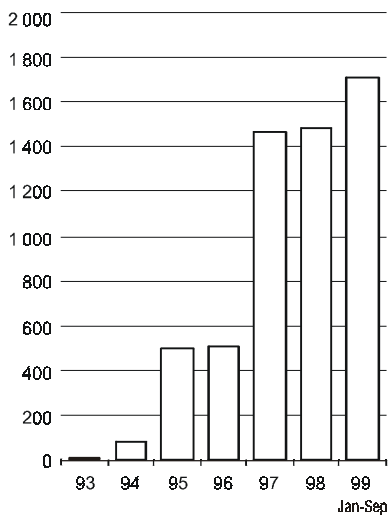
NSEL INDICES (TOP-10 Shares)



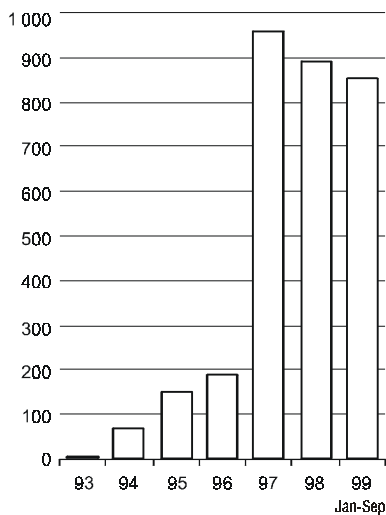
International Finance Corporation (IFC) Total Return Index (Lithuania)



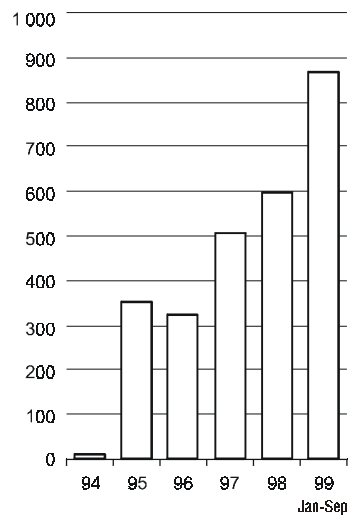
TOTAL TURNOVER (LTL m)



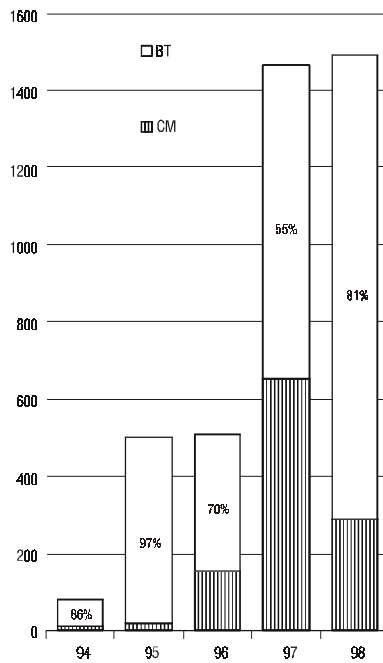
EQUITY TURNOVER (LTL m)



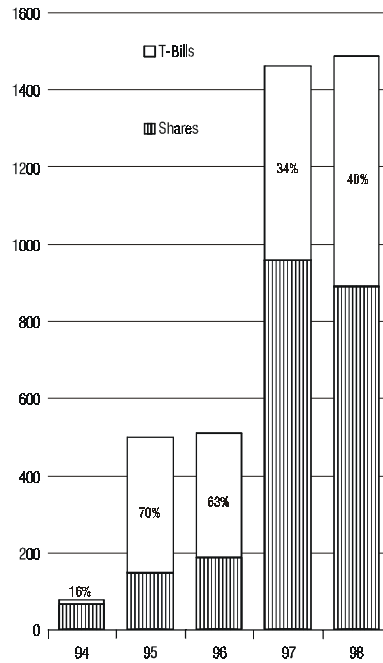
T-BILLS TURNOVER (LTL m)



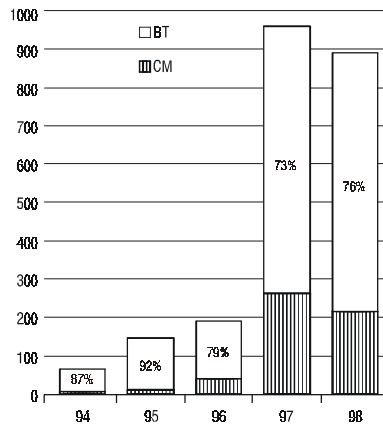
TURNOVER (LTL m)



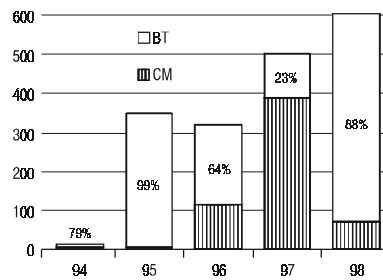
TURNOVER (LTL m)



SHARE TURNOVER (LTL m)



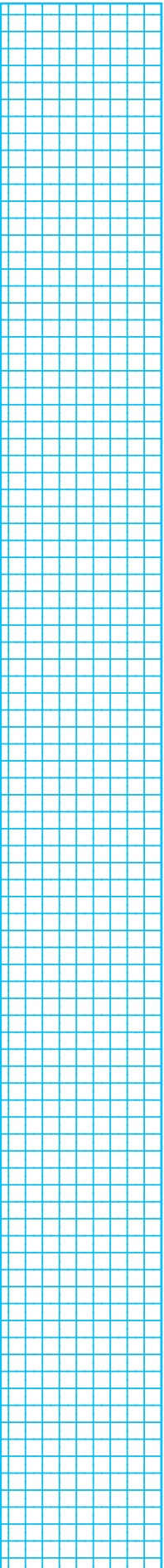
T-BILLS TURNOVER (LTL m)



NOTES

- The macroeconomic review was written by financial analyst Margarita Starkevičiūtė. Sector analyses have been kindly provided by Viktorija Babičienė from Suprema, Sigitas Petraitis and Jurgis Rubaževičius from VB Vifima.
- Data appearing in the publication were supplied by issuers, brokerage houses, the Department of Statistics, the Ministry of Finance and the Bank of Lithuania.
- Under the headings of the elected bodies and management, we have given the situation as of July 1999. Lists of shareholders reflect the situation on the date of the annual general shareholders' meeting of each company.
- Under the heading capitalisation, the figures were calculated from the average price of the shares on 30 June 1999. (Capitalisation = the number of listed shares times the average price of the share as of June 30).
- In the financial statements and ratios, we have specified as to which accounting system the data is applicable. LAS refers to data compiled according to Lithuanian accounting standards, IAS applies to data prepared according to international accounting standards.
- The Lithuanian monetary unit is Litas (LTL). It is pegged to the US Dollar at a fixed exchange rate of 4 to 1.
- Acronym CM refers to the trading activity on the central market of the NSEL, BT stands for block (direct) trades.
- Price trend

Name of Security (Face value, LTL)	
Market Price (LTL)	Turnover CM (units)



DAIRY PRODUCTS

SHORT HISTORY

The Lithuanian dairy industry has its old traditions. In the mid-war period, the independent Lithuania exported a lot of products to the European countries. There were strong dairies in Lithuania. The Lithuanian dairy products (especially butter) were well known in Europe during the mid-war period. The Soviet Union disrupted growing exports and quality-oriented development with the occupation of Lithuania in 1940, with subsequent nationalisation of the agro-business. The milk industry was heavily consolidated during the Soviet occupation resulting in only 7 large regional milk processors and four specialised dairies. Exports to Western Europe were stopped and replaced by shipments of butter, cheese and condensed milk to the huge Soviet market. Lithuania was one of the most important suppliers of dairy and meat products in the former Soviet Union. The milk industry, like agriculture in general, faced another major restructuring with the regaining of independence in 1990. The fast privatisation process caused large milk processing enterprises to split into small and medium size companies, also a number of new private ones was set up. During eight years the structure of raw milk supply changed. The former collective farms regressed, meanwhile, farmers' milk supply rapidly increased.

The agriculture reform caused the decrease in milk product output. In 1998, it fell nearly 50% compared to 1990. Milk output hit its bottom in 1994-1995. The milk industry started to show signs of recovery already in 1995 due to improvement of the general economic conditions and support from government. In 1997 production increase reached 6 percent, while in 1998 it equaled to 1.5 percent.

Production of dairy products in Lithuania shrank even faster in early nineties. The main reasons of such dramatic changes were collapse of Soviet bloc, already saturated local market and decrease in purchasing power of population. The slight growth that started in 1995 came from export recovery and moderate increase in domestic consumption.

MILK SUPPLY

Lithuanian dairy industry depends upon high seasonal fluctuations of output and milk quality. The raw milk supply greatly increases in summer and thrice excels winter supply. Many dairies operate at 100 per cent capacity utilisation level in summer, while in winter, when sales are the most profitable, only at 30-50 per cent. Milk processors and milk suppliers make long term agreements, where processors oblige to buy milk throughout the year.

Prices for raw milk are subject to the Government regulation. The frequent price changes make negative influence on dairy industry. It is difficult for dairies to forecast and control their costs, about 70% of which is made up of costs for raw milk.

Lithuanian milk processors do not pay for milk suppliers in time. In 1998, dairies were owing LTL 93.7 million for the farmers. In 1999, the Government is going to initiate the bankrupt procedures for dairies, which have large debts for farmers.

PRODUCTION

In 1998 the total output of dairy products in terms of unskimmed milk increased by 22% year-on-year after unexpected slump in production by 12% in 1997. The total output in terms of unskimmed milk accounted for 336 thous tons in 1998. The production of aged cheese, ice cream and yoghurt posted highest growth. The output of yoghurt soared to 3,800 tons in 1998, which is 1.4 times more than year ago. The upward trend should continue. In first quarter of 1999 yoghurt amounted to 1,600 tons, i.e. doubled compared to January-March 1998. Also the most profitable export products – cheese and ice cream – showed substantial increase in output, 20% and 28% respectively. However, most of the growth came from first half of 1998 while second half posted doubtful results due to shrink of CIS markets.

EXPORT AND IMPORT

The increasing competition in the local market forced many dairies to search for opportunities elsewhere. From 1990 the export share was constantly increasing: in 1990, export accounted for 30% of the dairy production, in 1993, 48%, last year about 50%.

The support for exporters is necessary, for it is detrimental to sell Lithuanian dairy products in foreign markets. In the end of 1998, the subsidy for milk products exported to the East (mostly Russia) is 2400 litas per ton, to the West - 1000 litas per ton. The Government policy for dairy products' export is not stable.

The major export potential is related with butter, cheese and condensed milk with sugar. The biggest profit is related with export of fat cheese.

There are only few Lithuanian dairies' trading agencies in the foreign markets. Exported milk products are sold without trademarks in the neighboring markets. Lithuanian companies do not control retail trading.

The dairy products' import into Lithuania is small. Mostly yogurt and ice cream are imported.

COMPANIES

Few years ago there were more than 60 dairies operating in Lithuania. Usually, most dairies were covering its own small region without any specialisation. However, increasing competition and need to secure supply of raw milk initiated consolidation process, which resulted in 10-12 companies controlling roughly 80% of the market last year. Large dairies merge with small regional dairies that are working non-efficiently. Most of the subsidiaries do not produce dairy products, but develop raw milk buying up. Year by year, the leading companies increase in production and in total sales. Only state-owned Marijampolės pieno konservai (Marijampolė dairy) from the largest companies works non-efficiently. It is to be privatised in the nearest future.

Last year saw merger of Mažeikių pieninė (Mažeikiai dairy) and Pasvalio sūriai (Pasvalys cheese) creating second largest dairy in Lithuania - Pieno žvaigždės (Milk stars). Biržų akcinė pieno bendrovė (Biržai dairy) acquired majority stake in Vilniaus Pienas (Vilnius dairy). This year Biržų akcinė pieno bendrovė has announced it controls over 50% of Panevėžio pienas (Panevėžys dairy). The largest companies Rokiškio sūris (Rokiškis cheese) and Žemaitijos pienas (Žemaitija dairy) have announced their plans about partnership. There is possibility that companies will merge in future.

It is clear, that Rokiškio sūris, Biržų akcinė pieno bendrovė, Pieno žvaigždės and Žemaitijos pienas became market leaders due to economy of scale, reorganised brand name and reliable supply of raw milk.

The further consolidation in the sector should result in 5 to 6 main dairies and few small companies specialising in particular products.

BIRŽŲ AKCINĖ PIENO BENDROVĖ

DAIRY PRODUCTS

Address: Parodos g. 21, 5280 Biržai
 Phone: (370-20) 31251
 Fax: (370-20) 31747

Registration date: 31.03.1992
 Registration code: 5474961
 Established: 1926
 Privatised: 1992
 Number of employees: 791
 Authorised capital: LTL 44.3m
 Capitalisation (30.06.99): LTL 17.3m

Auditor: PricewaterhouseCoopers
 Trading List: Official

Supervisory Board (participation in the company):
 Janina Krūminienė, Chairwoman (0.007%),
 Vaidotas Bagdonas (0.006%), Feliksas Grunskis (0.01%),
 Egidijus Karpavičius (0.03%), Algirdas Antanas Tauras (0.05%)

Management Board: Vladas Songaila, Chairman (0.18%),
 Raimonda Ajutienė (0.02%), Genovaitė Gabriūnienė (0.03%)

Managing Director: Vladas Songaila

Investment Relations: Audronė Kairienė, tel. (370-20) 31251

CORPORATE HISTORY

The company's predecessor was established in 1926 as a joint stock company. In 1945, it was nationalised and subsequently integrated into a group of dairies under the name of PANEVĖŽIO PIENO KOMBINATAS. However, in 1991, the company split from this group and became a milk-processing state enterprise BIRŽŲ PIENO PERDIRBIMO ĮMONĖ.

In March 1992, the company underwent privatisation and got registered in the Register of Enterprises as a joint stock company with the authorised capital of LTL 180,285 (36,057 shares at LTL 5 par). Later the size of the share capital multiply changed, mainly by issuing new shares out of the company's reserves (profit or revaluation reserves) and distributing them among shareholders in proportion with their holdings. In December 1996, BIRŽŲ AKCINĖ PIENO BENDROVĖ issued 4.8m shares out of additional contributions and sold them for LTL 24m to foreign investors.

In 1997, BIRŽŲ AKCINĖ PIENO BENDROVĖ acquired Kauno Sūrinė (cheese-maker) and increased share capital from LTL 42.25m to LTL 43.29 million.

In 1999 the company increased its authorised capital out of supplementary contributions to LTL 44.3m by issuing 206,333 ORS at LTL 5par.

Year after year, the company invested substantial amounts into production and know-how seeking to enrich the assortment. As a result, annual output of dairy products kept growing: in 1992, the company produced and realised its production for LTL 10.28m, in 1993, this figure tripled to LTL 35.90m, in 1994 and 1995, sales totalled LTL 51.60m and 83.7m respectively, in 1996, the company generated LTL 99.40m revenue, while in 1997, sales reached LTL 128.7 million.

In summer 1997, the International Economic Forum granted BIRŽŲ AKCINĖ PIENO BENDROVĖ certificate of The Most Rapidly Growing Manufacturer in Central and Eastern Europe.

BUSINESS ACTIVITY

The principal company's activity is manufacture of dairy products. BIRŽŲ AKCINĖ PIENO BENDROVĖ produces dry milk powder (4276 t in 1996, 4513 t in 1997, 3601 t in 1998), sour cream and cream (3332 t in 1996, 2837 t in 1997, 2575 t in 1998), butter (2362 t in 1996, 2483 t in 1997, 2858 t in 1998), curd with trimmings (936 t in 1996, 809 t in 1997, 905 t in 1998), curd and curd cheese (902 t in 1996, 920 t in 1997, 943 t in 1998), milk (2254 t in 1996, 8743 t in 1997, 16,689 t in 1998), aged cheese - Feta (123 t in 1996, 134 t in 1997, 207 t in 1998), cottage cheese (384 t in 1996, 357 t in 1997, 207 t in 1998), sour milk products (1740 t in 1996, 2493 t in 1997, 1909 t in 1998), yoghurt (257 t in 1996, 706 t in 1997, 491 t in 1998).

The company's production constitutes about 17% of the Lithuanian dairy market. The share of production sold in Lithuania was constantly growing from 45% in 1993 to 74% in 1998. The production is delivered to over 3000 shops in Lithuania.

About 36% of the company's income comes from the large buyers in the main Lithuanian cities: Vilnius, Kaunas, Klaipėda, and Šiauliai. Milk, yoghurt and curd with fruit are the most profitable products of the company.

6% of the BIRŽŲ AKCINĖ PIENO BENDROVĖ products are exported to the CIS countries, 17% - to Western Europe, 3% of the production is realized in other countries (Latin America, Asia).

During 1998 the company bought up 116thou t of milk. The company strives to get the highest quality milk. Therefore, milk buying centres are provided with refrigerators - having milk keeping conditions improved, the amount of the collected highest quality milk was increasing rapidly during the last year.

DEVELOPMENTS IN 1998

In 1998 BIRŽŲ AKCINĖ PIENO BENDROVĖ won AB Vilniaus Pienas privatisation competition and acquired 70% of the company's shares for LTL 16m. One of the privatisation conditions was the investment of LTL 10.9m into the company's long term assets. The biggest part (LTL 8.35m) is already invested. In order to perform the AB Vilniaus Pienas buying and investment transaction, BIRŽŲ AKCINĖ PIENO BENDROVĖ took a long term credit of LTL 27m from Bankas Hermis.

At the end of 1998 the company bought up 10% of AB Panevėžio Pienas share capital. The long term credit of LTL 7.5m was taken for acquisition of the block of shares.

The long time partner of BIRŽŲ AKCINĖ PIENO BENDROVĖ Molkereigesellschaft Lauingen mbH was granted 206,333 ORS for the casein production equipment provided for the company. The authorised capital was increased from LTL 43.29m to LTL 44.3m. The investor will assist in realisation of the produced casein. The production capacity of the line is 1440 tons of casein per year.

In total the company took LTL 46.6m of long term credits in 1998. BIRŽŲ AKCINĖ PIENO BENDROVĖ paid out LTL 886thou of dividends for 1998 (2% per share).

The number of employees grew from 512 to 718 during 1998, the average wage augmented by 26%. In 1998 the company gained LTL 1.9m of net profit.

PLANS, PROSPECTS FOR 1999

About 1000 t of casein are to be produced and sold in 1999. Proceeds from sales of casein are to exceed LTL 16m, and the total profit of its production is projected to average at LTL 1.2m.

At the beginning of 1999 the advanced crisis in Brazil exercised a negative impact on the world milk prices and diminished the profitable export possibilities of finished milk products. Due to the crises in Russia, Brazil, and the CIS, the competition on the domestic market is to strengthen significantly in the near future.

In January 1999 the State Price and Competition Service granted the company permission to acquire 30% of AB Panevėžio Pienas authorised capital.

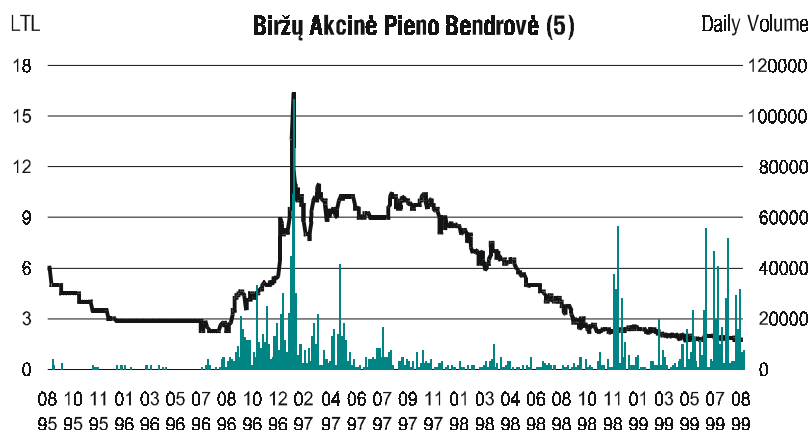
In 1999 BIRŽŲ AKCINĖ PIENO BENDROVĖ will prioritise its activities in the following directions: enter the cheese market (attempts will be made to fully exploit cheese production capacities in Kaunas); increase casein production after the production line is assembled; expand production; raise efficiency of AB Vilniaus Pienas; enhance efficiency in using the equipment.

The strategy of the company will not change in 1999. The production will concentrate on the same product groups. No new products are planned to be launched.

In the middle of 1999 BIRŽŲ AKCINĖ PIENO BENDROVĖ plans to distribute a new share issue. Part of the attracted funds will be used to reduce the company's debt that was incurred during the active participation in the consolidation process of the milk sector by acquiring AB Vilniaus Pienas shares; the funds will be also used to advance the company's development - to increase the working capital as well as invest into new markets.

STRUCTURE OF SHARE CAPITAL

Share capital: LTL 44 323 330
 Ordinary shares: - 8864666 registered shares at LTL 5 par (security code 10923) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 24.07.95, listed on the Official List on 12.05.97).



STRUCTURE OF OWNERSHIP
 Bankers Trust Company (New York) 60.96%
 Bank of Bermuda (Iceland) 7.40%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	36055000	58368000	90054149	101213211	LIQUIDITY RATIOS			
SHORT TERM ASSETS	36137000	28884000	53706911	54066715	Current ratio	2.04	1.02	1.09
Stock	9519000	7439000	20157003	12463874	Quick ratio	1.50	0.76	0.68
Amounts receivable					Net working capital (LTL thou)	18381000	569000	4256274
within one year	9035000	20198000	32981254	38207119	Net working capital to total assets	0.25	0.01	0.03
TRANSFER ACCOUNTS	0	0	97477	178083	PROFITABILITY RATIOS			
TOTAL ASSETS	72192000	87252000	143858537	155458009	Profit margin (%)	0.02	0.02	0.02
CAPITAL AND RESERVES	47236000	51453000	52396790	53774208	Return on assets (%)	0.03	0.03	0.01
Capital	42251000	43292000	43291665	44323330	Return on equity (%)	0.05	0.05	0.04
Subscribed capital	42251000	43292000	43291665	44323330	FINANCIAL LEVERAGE RATIOS			
Share premium account	165000	894000	164886	371219	Total debt ratio	0.35	0.41	0.64
Revaluation reserve	0	0	447470	447470	Debt / equity ratio	0.53	0.70	1.75
Reserves	3592000	5486000	6567285	7606302	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	1228000	1781000	1925484	1025887	Inventory turnover	10.94	13.18	8.24
Amounts payable after one year					Receivables turnover	13.42	8.81	4.83
and long-term liabilities	7200000	7484000	41913628	35922328	Net working capital turnover	5.41	226.23	30.16
Amounts payable within year					Long-term assets turnover	2.76	2.21	1.43
and long-term liabilities	17237000	25709000	49171960	65473427	Total assets turnover	1.38	1.48	0.89
ACCRUED CHARGES								
AND DEFERRED INCOME	519000	2606000	376154	288046				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	72192000	87252000	143858537	155458009				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	99402000	128726000	128362307	69824118				
COST OF GOODS SOLD								
AND SERVICES RENDERED	86789000	111711000	113655426	62548405				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	2202000	2447000	1925485	1025887				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	29932	72249	21819 16045
First	3.00	8.20	8.55	2.52	Share book value (LTL)	5.64	5.57	6.05 6.07
Max	9.00 (12 20)	16.41 (01 20)	8.55 (01 05)	2.60 (01 13)	Price / book value ratio (P/BV)	1.45	1.54	0.42 0.30
Min	2.20 (08 13)	7.60 (02 21)	2.17 (11 23)	1.68 (05 03)	Earnings per share (LTL)	0.22	0.28	0.22 0.09
Last	8.20	8.55	2.52	1.95	Price / earnings ratio (P/E)	36.60	30.25	11.33 20.06
Change (%)	173.33	4.27	-70.53	-22.62	Dividend per share (LTL)	0.00	0.00	0.10 -
Number of transactions (CM)	607	1836	1117	764	Dividend yield	-	-	0.04 -
Turnover CM (units)	439091	1139576	434165	373564	Dividend payout ratio	-	-	0.45 -
Turnover CM (LTL)	2295214	11811814	1424664	735525				
Turnover BT (units)	658167	228034	140768	153648				
Turnover BT (LTL)	2665905	2192085	475907	297029				
CM turnover as % in total	40.02	83.33	75.52	70.86				
Total turnover (units)	1097258	1367610	574933	527212				
Total turnover (LTL)	4961119	14003899	1900572	1032554				
Turnover ratio (%)	30.06	16.18	6.64	5.95				
As % in the total share turnover	2.63	1.46	0.21	0.19				

SUBSIDIARIES
 AB Vilniaus pienas

Authorised capital
 LTL 14 114 538

Participating interest
 70%

MARIJAMPOLĖS PIENO KONSERVAI

(CANNED) DAIRY PRODUCTS

Address: Kauno g. 114, 4520 Marijampolė
 Phone: (370-43) 71620
 Fax: (370-43) 73731

Registration date: 22.11.1990
 Registration code: 5100463
 Established: 1978
 Privatised: 1995
 Number of employees: 1627
 Authorised capital: LTL 63.9m
 Capitalisation (30.06.99): LTL 23.8m

Auditor: TŪB J. Kabašinskas ir Partneriai
 Trading List: Current

Supervisory Board (no participation in the company):
 Regina Motiejūnienė, Chairwoman,
 Raimondas Sedlevičius, Monika Kerzienė,
 Giedrė Alelnaitė, Henrikas Braškys, Marytė Svetojienė.

Managing Director (no participation in the company): Zenonas Skibinauskas

Investment Relations: Teresė Kirejeva, tel. (370-43) 71744

CORPORATE HISTORY

MARIJAMPOLĖS PIENO KONSERVAI, a milk processing plant, was built in 1978. It specialised in production of canned milk, butter and whole milk products. In 1995 the state company was reorganised into a public limited company with the authorised capital of LTL 56.8m, out of which 84% belonged to the state, 15.7% to employees and 0.3% to farmers. In March 1996, the authorised capital was increased to LTL 63m (74.69% belonged to the state).

With the acquisition of Prienų Dairy in 1997, the company's share capital augmented by LTL 0.9 million. Today, the company's share capital constitutes LTL 63.9m, including 48.86% held by the state, 36.6% by farmers and 14.54% by other individuals.

BUSINESS ACTIVITY

MARIJAMPOLĖS PIENO KONSERVAI is the largest manufacturer of dairy products in the Baltic region. The company produces canned milk of 6 types, butter, ice-cream, whole milk products, powdered skim milk, casein, ultra heat treated milk, natural instant coffee, dry soluble products, aged cheese LILIPUTAS, juice and non-alcoholic beverages.

The company encompasses 7 dairies, 3 sections, 7 separation divisions and 253 purchase centres for buying raw milk. The main administrative unit is in Marijampolė

There are some types of production, namely, all types of canned milk, instant coffee, various dry soluble products to which the company has no rivals among Lithuanian companies.

The bulk (80%) of MARIJAMPOLĖS PIENO KONSERVAI production is for export. Sales to the CIS, where the biggest part of the export was realised, has considerably diminished due to the crisis in Russia, which had exercised a great negative influence on the company's financial status. Therefore, the company is seeking for a better position on the Lithuanian market, attempts are made at entering the western market. Skim milk powder, casein, canned milk are already realised in Denmark, Germany, the Netherlands, Belgium, Japan, the USA, Latvia, Estonia, Russia and other countries of the CIS. Instant coffee is realised only on the local market.

In 1998, the company bought up 172thou t of base milk from 9 regions of south-western Lithuania. Average fat level of bought up milk is of 3.96%. There are 55 agricultural companies and about 22,000 individual suppliers that deliver milk for MARIJAMPOLĖS PIENO KONSERVAI.

DEVELOPMENTS IN 1998

In 1998, the company produced 30.9m milk cans (38.7m in 1997), 5446 t of butter (5403 t in 1997), 4881 t of skim milk powder (5574 t in 1997), 12350 t of whole milk products (12592 t in 1997), 182 t of casein (409 t in 1997), 695 t of ultra heat treated milk (1139 t in 1997), 4614 t of skim milk products (4583 t in 1997), 2511 t of other products (ice-cream, aged cheese, etc). The total production of the company accounted for LTL 173.6m (by 9.5% less than in 1997).

The company generated sales and services of LTL 162.5m (cf. LTL 193.8m in 1997) In 1998, the company suffered a loss of LTL 8m (the net profit of LTL 6.9m in 1997).

In March 1998 MARIJAMPOLĖS PIENO KONSERVAI decided to increase the authorised capital by LTL 28m to LTL 91.9m by issuing 28 million ORS at LTL 1 par. The funds from the issue are planned to be used for the company's modernisation. Due to the crisis in Russia, the company lost part of its market in a few months, the realisation was suspended. As a result, the issue was not distributed.

PLANS, PROSPECTS FOR 1999

In April 1999, the shareholders' meeting decided to reduce the authorised capital by LTL 19.78m in order to eliminate the difference between own and authorised capital.

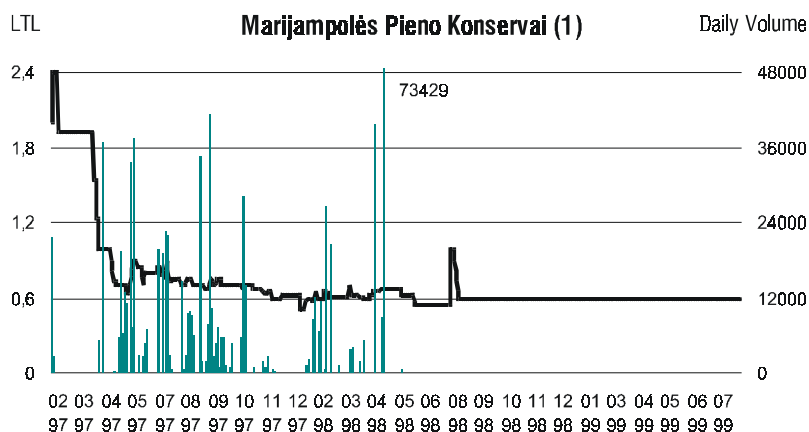
Having suspended trading with the CIS, the company seeks to re-establish former and create new contacts with the clients in Lithuania. The company also attempts at gaining income from other activities, such as rent of means of transport and unused premises, storekeeping services, providing thermal energy to the town of Marijampolė.

The juice bottling bar is expected to expand after the TETRA PAK machine is launched, which would yield quite a considerable amount of additional income. Currently the financial status of MARIJAMPOLĖS PIENO KONSERVAI is rather complicated. However, the management of the company hopes to solve the problems and meet the new millennium as a modern dairy company.

SUBSIDIARIES (Branch offices)	Date of establishment (acquisition)
Marijampolė Diary	1978
Virbalio Diary	1981
Jurbarko Diary	1986
Lukšių Diary	1981
Lazdijų Diary	1981
Prienų Diary	1996

STRUCTURE OF SHARE CAPITAL

Share capital:	LTL 63 926 843
Ordinary shares:	– 40389165 registered shares at LTL 1 par (security code 11474) accounting for 63.18% of the auth. capital (admitted to trading at the NSEL on 10.02.97)
Preference shares:	– 120857 registered shares at LTL 1 par with 5% non-cumulative dividend (security code 12277) accounting for 0.19% of the auth. capital (admitted to trading at the NSEL on 01.06.1998)
Shares of agricultural producers:	– 23416821 shares at LTL 1 par (security code 11475) accounting for 36.63% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP
State Property Fund

48.86%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	81482547	88502306	88801860	88637042	LIQUIDITY RATIOS			
SHORT TERM ASSETS	46909555	50042127	45896916	47803515	Current ratio	6.63	2.79	0.99
Stock	25407424	29762747	21496509	19162422	Quick ratio	3.04	1.13	0.53
Amounts receivable					Net working capital (LTL thou)	39834747	32121376	-611852
within one year	17501883	18125536	23558818	25888728	Net working capital to total assets	0.31	0.23	0.00
TRANSFER ACCOUNTS	0	0	72651	21606	PROFITABILITY RATIOS			
TOTAL ASSETS	128392102	138544433	134771427	136462163	Profit margin (%)	0.04	0.04	-0.05
CAPITAL AND RESERVES	44617741	52454255	44141731	36785437	Return on assets (%)	0.05	0.05	-0.06
Capital	63017725	63926843	63926843	63926843	Return on equity (%)	0.14	0.13	-0.19
Subscribed capital	63017725	63926843	63926843	63926843	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.65	0.62	0.67
Revaluation reserve	12438245	12438245	12391543	12389776	Debt / equity ratio	1.88	1.64	2.05
Reserves	810782	810782	810782	810782	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-31649011	-24721615	-32987437	-40341964	Inventory turnover	6.61	6.52	6.69
Amounts payable after one year					Receivables turnover	9.86	10.88	7.80
and long-term liabilities	74750159	66655348	44048277	54900872	Net working capital turnover	4.17	6.03	-265.55
Amounts payable within year					Long-term assets turnover	2.04	2.19	1.83
and long-term liabilities	7074808	17920751	46581419	44775854	Total assets turnover	1.29	1.40	1.21
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	128392102	138544433	134771427	136462163				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	166216503	193816219	162479605	42787942				
COST OF GOODS SOLD								
AND SERVICES RENDERED	161255924	179733351	171554660	54082738				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	6466859	6927396	-8265822	-7354527				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	2.00	0.63	0.60
Max	2.40 (02 19)	1.00 (08 10)	0.60 (04 27)
Min	0.60 (12 15)	0.52 (01 19)	0.59 (04 29)
Last	0.63	0.60	0.59
Change (%)	-68.50	-4.76	-1.67
Number of transactions (CM)	423	116	2
Turnover CM (units)	636548	322321	10
Turnover CM (LTL)	516663	207340	6
Turnover BT (units)	149701	539625	44345
Turnover BT (LTL)	123559	330794	33287
CM turnover as % in total	80.96	37.39	0.02
Total turnover (units)	786249	861946	44355
Total turnover (LTL)	640222	538134	33293
Turnover ratio (%)	2.27	2.13	0.11
As % in the total share turnover	0.07	0.06	0.01

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	21817	24233	23830
Share book value (LTL)	0.71	0.82	0.69	0.57
Price / book value ratio (P/BV)	-	0.77	0.87	1.03
Earnings per share (LTL)	0.10	0.11	-0.13	-0.16
Price / earnings ratio (P/E)	-	5.81	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

PANEVĖŽIO PIENAS

DAIRY PRODUCTS

Address: Tinklų g. 9, 5319 Panevėžys
 Phone: (370-5) 462483
 Fax: (370-5) 461073

Management Board (participation in the company):
 Vl.Songaila (0%), J.Simutis (0.25%), J.Kvaraciejus (0%), E.Gustainis (0%),
 V.Sliesoraitis (0.03%), Vl.Navikas (0%)

Registration date: 22.06.1995
 Registration code: 4702212
 Established: 1942
 Privatised: 1996
 Number of employees: 759
 Authorised capital: LTL 28m
 Capitalisation (30.06.99): LTL 21.4m

Managing Director: Jonas Simutis

Investment Relations: Jonas Simutis, tel. (370-5) 462483

Auditor: Pačiolis UAB
 Trading List: Current

CORPORATE HISTORY

The dairy was established in 1942 as a state-owned company. By 1996 it was fully transformed into a public limited company with no residual holdings retained by the state.

In March 1997 the general shareholders' meeting decided to raise the share capital out of the company's reserves by LTL 10 million. In December, 103,960 ordinary registered shares (ORS) acquired by farmers were converted into shares of agricultural producers.

In March 1998 the authorised capital of the company was increased by LTL 8m out of the company's funds by additionally issuing 4,033,074 ORS at LTL 2 par. At present, the authorised capital of the company equals LTL 28m. It is split into 9,104,840 ORS at LTL 2 par and 5,010,920 shares of agricultural producers at LTL 2 par.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The company produces butter (17.5%), aged cheese (11.9%), ice-cream (17.3%), whole milk products (38.1%), skim-milk cheese, peptide (11.3%) and casein (0.7%). During 1998 PANEVĖŽIO PIENAS produced 1872t of butter, 966t of aged cheese, 32413t of whole milk products, 2205t of ice-cream, 1642t of peptide and skimmed cheese, 46t of casein. The company exports 36.5% of ice-cream, 63.1% of cheese, 76.2% of butter, 0.05% of whole milk products, 0.01% of skim-milk products to Russia, France, Estonia, Armenia, Uzbekistan, Latvia. 1549.8t of peptide was exported to the Netherlands and Hungary in 1998, all the produced casein (46t) - to France.

The main raw material used in production is bought in Lithuania. Various labels, package, peanuts, ice-cream filling are the main imported materials. They are brought in from Finland, Poland, Germany, Latvia, Greece, Sweden.

The company patented on the technology of milk products (granular curds, caramel ice-cream) and package design of those products.

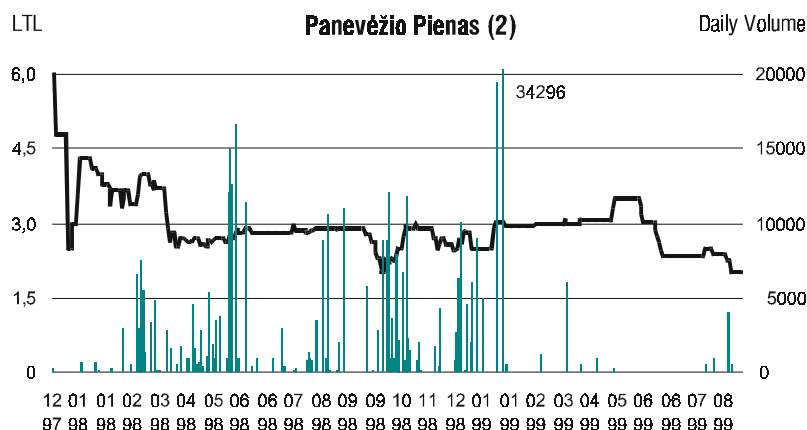
In 1998, the company's net profit amounted to LTL 7.8 million, although compared to 1997 it saw a 7% decrease. PANEVĖŽIO PIENAS paid out LTL 0.99m in dividends (7% of the share face value) for the financial year of 1998.

PLANS, PROSPECTS FOR 1999

In the near future PANEVĖŽIO PIENAS hopes to retain a similar efficiency level. The company is committed to its main goal of being an equal competitor on a really tough market of today.

STRUCTURE OF SHARE CAPITAL

Share capital: LTL 28 231 520
 Ordinary shares: - 9104840 registered shares at LTL 2 par (security code 11311) accounting for 64.5% of the auth. capital (admitted to trading at the NSEL on 08.12.97)
 Shares of agricultural producers: - 5010920 shares at LTL 2 par (security code 11312) accounting for 35.5% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP

Zigmantas Juškys	24.24%
Pemco invest A/S	8.10%
AB Pieno žvaigždės	6.95%
AB Biržų akcinė pieno bendrovė	5.92%
Kristina Januškevičienė	5.37%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	14755615	17646492	23749905	27406221	LIQUIDITY RATIOS			
SHORT TERM ASSETS	15417756	18746334	20030760	21955810	Current ratio	3.74	4.82	3.40
Stock	8357064	13236200	12876493	9133011	Quick ratio	1.72	1.43	1.22
Amounts receivable					Net working capital (LTL thou)	11309156	14905362	14150723
within one year	5277837	4255785	6491962	9269544	Net working capital to total assets	0.37	0.41	0.32
TRANSFER ACCOUNTS	12722	63304	15322	14466	PROFITABILITY RATIOS			
TOTAL ASSETS	30186093	36456130	43795987	49376497	Profit margin (%)	0.11	0.10	0.08
CAPITAL AND RESERVES	26064771	32551854	37900628	40402828	Return on assets (%)	0.27	0.23	0.18
Capital	10144267	20165372	28231520	28231520	Return on equity (%)	0.31	0.26	0.21
Subscribed capital	10144267	20165372	28231520	28231520	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.14	0.11	0.13
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.16	0.12	0.16
Reserves	12099223	2016537	9106879	9106879	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	3821281	10369945	562229	3064429	Inventory turnover	8.23	6.51	6.45
Amounts payable after one year					Receivables turnover	15.97	18.05	18.76
and long-term liabilities	0	0	0	0	Net working capital turnover	6.78	5.77	7.13
Amounts payable within year					Long-term assets turnover	5.19	4.88	4.25
and long-term liabilities	4121322	3904276	5895359	8973669	Total assets turnover	2.54	2.36	2.30
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	30186093	36456130	43795987	49376497				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	76630669	86027537	100824909	34906325				
COST OF GOODS SOLD								
AND SERVICES RENDERED	61971727	70303779	84265060	27330719				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	8042851	8430558	7801111	2502199				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	6.00	3.00	2.50
Max	6.00 (12 10)	4.30 (01 14)	3.50 (05 28)
Min	2.50 (12 29)	2.00 (10 08)	2.35 (06 30)
Last	3.00	2.50	2.35
Change (%)	-50.00	-16.67	-6.00
Number of transactions (CM)	11	489	67
Turnover CM (units)	330	333739	68223
Turnover CM (LTL)	1875	935056	203403
Turnover BT (units)	4866	3573235	5895903
Turnover BT (LTL)	15231	13063522	23029383
CM turnover as % in total	6.35	8.54	1.14
Total turnover (units)	5196	3906974	5964126
Total turnover (LTL)	17106	13998578	23232786
Turnover ratio (%)	0.10	42.91	65.51
As % in the total share turnover	0.00	1.57	4.25

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	15215	22762	21396
Share book value (LTL)	2.57	3.23	2.68	2.86
Price / book value ratio (P/BV)	-	0.93	0.93	0.82
Earnings per share (LTL)	0.79	0.84	0.55	0.33
Price / earnings ratio (P/E)	-	3.59	4.52	7.09
Dividend per share (LTL)	0.10	0.10	0.14	-
Dividend yield	-	0.03	0.06	-
Dividend payout ratio	0.13	0.12	0.25	-

PIENO ŽVAIGŽDĖS

DAIRY

Address: Laisvės pr. 125, Vilnius
 Phone: (370-2) 481528
 Fax: (370-2) 481434

Registration Date: 23.12.1998
 Registration code: 41774105
 Established: 1998
 Number of employees: 1346
 Authorised capital: LTL 41.7m
 Capitalisation (30.06.99): LTL 17.3m

Auditor: J.Kabašinskas ir partneriai TŪB
 Trading List: Current

Management Board: Voldemaras Klovas, Chairman (0%),
 Virginijus Jankauskas (2.7%), Aušrys Baravykas (0.08%),
 Petras Bertulis (0.29%), Juozas Jarašiūnas (0%),
 Edvardas Karečka (0%), Julius Kvaraciejus (7.48%),
 Violeta Rasiukevičienė (0.27%), Nerijus Eidukevičius (0%),
 Aleksandras Smaginas (0%)

Managing Director (participation in the company): Julius Kvaraciejus (7.48%)

Investment Relations: Aleksandras Smaginas, tel. (370-2) 481432

CORPORATE HISTORY

PIENO ŽVAIGŽDĖS was founded in 1998 by merging MAŽEIKIŲ PIENINĖ and PASVALIO SŪRIAI. MAŽEIKIŲ PIENINĖ was registered at the municipality of Mažeikiai region in 1990, the amended by-laws were re-registered in 1997.

The authorised capital of the company constituted LTL 14.8m.

PASVALIO SŪRIAI was registered at the municipality of Pasvalys region in 1994. The amended by-laws were re-registered in May 1998. The authorised capital of the company amounted to LTL 15.87m. The authorised capital of PIENO ŽVAIGŽDĖS makes up LTL 41.77m, it is divided into 31,431,502 ordinary registered shares at LTL 1 par and 10,342,603 shares of agricultural producers (at LTL 1 par). The company was registered at the municipality of Vilnius in December 1998.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The main activity of the company is milk processing and production of dairy products. In 1998 PIENO ŽVAIGŽDĖS produced butter for LTL 5.7m (LTL 4.7m in 1997), skimmed cheese for LTL 392thou (LTL 352thou in 1997), aged cheese for LTL 4.2m (LTL 3.1m in 1997), whole milk products for LTL 39.7m (LTL 33.9m in 1997), technical casein for LTL 144thou (LTL 76thou in 1997), skim milk powder for LTL 5.4m (LTL 5.2 in 1997) and peptide for LTL 192thou (LTL 343thou in 1997).

The company's production is sold in Lithuania (48.1%) and abroad (51.9%). Dairy products are exported to the CIS and neighbouring Baltic states, milk powder - to Japan, the Netherlands, Germany, butter - to Russia. The realisation of the production is carried out on the basis of long term contracts.

Agricultural companies and farmers of North Lithuania are main milk suppliers. Packing articles are imported from Finland, Poland, and Latvia, yoghurt trimming additives are imported from Latvia. Long term contracts are concluded with all main suppliers.

In 1998 the income from the main activity of the company amounted to LTL 183.8m, the sales of the finished products yielded 95.7% of the revenue.

In 1998 PIENO ŽVAIGŽDĖS gained LTL 6.8m profit before taxes. Net profit was LTL 6.6m.

In 1998 fixed assets acquired by the company and construction works accounted for LTL 14.7m. At present a shop of dry whey powder in Pasvalys is undergoing reconstruction, while the aged cheese shop in Tauragė is in operation after reconstruction.

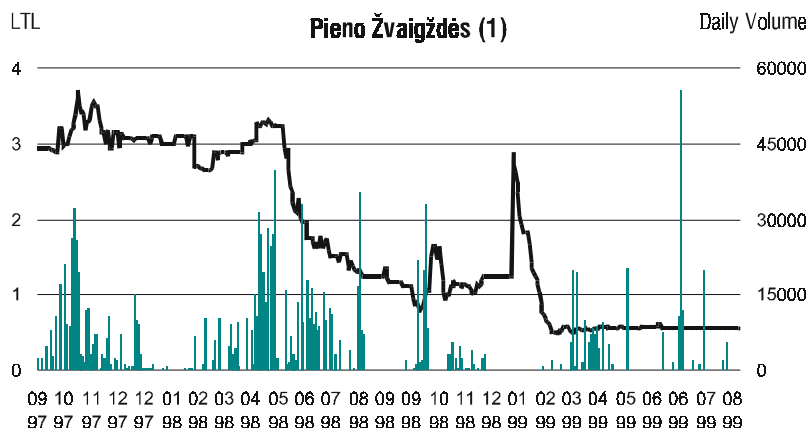
In 1998 the received long term loans constituted LTL 10.79m, short term loans amounted to LTL 10m. The sum of LTL 13.38m has to be returned in 1999.

PLANS, PROSPECTS FOR 1999

The company plans to continue improving the production quality that would result in greater demand than other companies' products. It is also projected to broaden the assortment by introducing new dairy products as well as to perfect the recipes of the products which are in great demand.

STRUCTURE OF SHARE CAPITAL

Share capital: LTL 41 774 105
 Ordinary shares: – 31431502 registered shares at LTL 1 par (security code 11167) accounting for 75.24% of the auth. capital (admitted to trading at the NSEL on)
 Shares of agricultural producers: – 10342603 registered shares at LTL 1 par (security code 11168) accounting for 24.76% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 5385.	
ŽŪKB Smilgelė	8.57%
Julius Kvaraciejus	7.48%
UAB Agrolitas Imeks Lesma	7.36%
AS Hansa Investments	6.68%
Voldemaras Klovas	5.20%

BALANCE SHEET (LTL)

1-2Q1999

LONG TERM ASSETS	52391931
SHORT TERM ASSETS	42575906
Stock	17172131
Amounts receivable	
within one year	20414530
TRANSFER ACCOUNTS	272654
TOTAL ASSETS	95240491

CAPITAL AND RESERVES

CAPITAL AND RESERVES	52330831
Capital	41774105
Subscribed capital	41774105
Share premium account	0
Revaluation reserve	0
Reserves	9278826
Profit (loss) brought forward	1277900
Amounts payable after one year	
and long-term liabilities	10557050
Amounts payable within year	
and long-term liabilities	32348574
ACCRUED CHARGES	
AND DEFERRED INCOME	4036
TOTAL LIABILITIES	
AND SHAREHOLDERS' EQUITY	95240491

PROFIT (LOSS) ACCOUNT (LTL)

1-2Q1999

SALES AND SERVICES	69828811
COST OF GOODS SOLD	
AND SERVICES RENDERED	65011672
NET PROFIT OF THE CURRENT YEAR	
FOR APPROPRIATION (LOSS)	1425287

TRADING STATISTICS

	1997	1998	1-2Q 1999
PRICE (LTL)			
First	2.95	3.07	1.25
Max	3.70 (10 22)	3.30 (05 07)	2.88 (01 11)
Min	2.90 (10 01)	0.78 (10 07)	0.48 (03 15)
Last	3.07	1.25	0.55
Change (%)	4.07	-59.28	-56.00
Number of transactions (CM)	480	794	239
Turnover CM (units)	366157	901647	245864
Turnover CM (LTL)	1173794	2090302	133230
Turnover BT (units)	567637	2384571	1043399
Turnover BT (LTL)	1872024	3707914	594329
CM turnover as % in total	39.21	27.44	19.07
Total turnover (units)	933794	3286218	1289263
Total turnover (LTL)	3045818	5798216	727559
Turnover ratio (%)	21.20	31.59	4.10
As % in the total share turnover	0.32	0.65	0.13

MARKET VALUE RATIOS

	1-2Q1999
Capitalisation (LTL thou)	17287
Share book value (LTL)	1.29
Price / book value ratio (P/BV)	0.43
Earnings per share (LTL)	0.16
Price / earnings ratio (P/E)	3.47
Dividend per share (LTL)	-
Dividend yield	-
Dividend payout ratio	-

ROKIŠKIO SŪRIS

DAIRY PRODUCTS

Address: Pramonės g. 3, 4820 Rokiškis
 Phone: (370-78) 51130, 54070
 Fax: (370-78) 53370

Registration date: 28.02.1992
 Registration code: 7305751
 Established: 1966
 Privatised: 1992
 Number of employees: 1130
 Authorised capital: LTL 47.46m
 Capitalisation (30.06.99): LTL 64.8m

Auditor: PricewaterhouseCoopers
 Trading List: Official

Management Board (participation in the company):
 Kaj Forssell, Chairman (0%),
 Vytautas Legas (0.004%), Inga Skisaker (0%),
 Antanas Trumpa (21.26%), Gary D. Leibowitz (0%),
 Toby Moore (0%), William Crewdson (0%),
 Paul Pegden Smith (0%), Aldona Tursienė (0.26%),
 Dalius Trumpa (2.36%), Stasė Jasinevičienė (0.01%)

Managing Director: Antanas Trumpa

Investment Relations: Antanas Trumpa, tel. (370-78) 51130

CORPORATE HISTORY

The company's predecessor, a specialised state enterprise ROKIŠKIO SŪRIS, established in February 1966 was the largest cheese manufacturing company in the Baltics. In 1991, ROKIŠKIO SŪRIS was partially privatised through an initial public offering and registered as a public limited company. The nominal value of an ordinary registered share equalled LTL 1. In 1993, the remainder of the state's stake was sold and converted to shares with the face value of LTL 5. In 1994, following Government decrees the company carried out revaluation of its property. The authorised capital after indexation came to LTL 11.23 million. Within 1993-1998, the share capital was raised 7 times out of supplementary contributions, twice out of the company's reserves and 3 times due to reorganisation. In November 1997, the company issued 300 thou shares, 150 thou of them represented by GDRs.

In order to ensure constant supply of raw milk and strengthen positions in the domestic market, ROKIŠKIO SŪRIS acquired two milk processing companies - Zarasų and Ukmergės dairies and obtained a controlling interest (51%) in the dairy Utenos Pienas during 1994-1996. In 1998, ROKIŠKIO SŪRIS acquired AB Šalčininkų pieninė. The authorised capital was increased out of supplementary contributions of Šalčininkų pieninė by issuing 11314 ordinary registered shares and 11314 shares of agricultural producers.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

ROKIŠKIO SŪRIS is the leading Lithuanian dairy specialising in the production of aged cheese and one of the largest food processing companies in Lithuania. Besides aged cheese, ROKIŠKIO SŪRIS produces skimmed cheese, butter, whey protein concentrate (WPC), milk sugar, cheese spreads, and whole milk products - milk, butter milk, curds. It is the only producer of milk sugar and WPC. As a cheese-maker, ROKIŠKIO SŪRIS is a modern company that meets European quality standards. In January 1998, ROKIŠKIO SŪRIS was granted a European Union certificate (EU veterinary code) to export its products to EU countries. The certificate is issued to the companies whose dairy products answer EU veterinary control and quality requirements.

In 1998 the company produced 15thou. tons of aged cheese, 82 tons of cheese spread, 12thou. tons of whole milk products, 2.8thou. tons of butter, 1.6thou tons of milk sugar, 24.9thou. tons of WPC.

In figure terms ROKIŠKIO SŪRIS accounts for about 38% of the aged cheese production in Lithuania, 7.9% of the butter market, 6.6% of cheese spread, 3.7% of whole milk products and covers the whole market of milk sugar and WPC. In 1998, sales of aged cheese saw a 46% increase compared to 1997.

In 1998, 84% of cheese were exported, including 43% to Western Europe, the remaining part was exported to Russia. The cheese Goja finds all its market in the west. ROKIŠKIO SŪRIS sold 2481t of aged cheese in Lithuania, 6187t were realized in the CIS. 6565t of the cheese Goja and Parmasan were sold to the Netherlands. This constituted 41% of all cheese realization. 195t were sold to Cyprus, 38t - to Italy, 20t - to Denmark. Milk sugar export constituted 90%. 115t of skimmed cheese were realized in Cyprus. 1995t of butter were exported to Russia, 368t - to the Netherlands.

In 1998, a contract concerning the sales of 4500t of the cheese Goja was signed with the constant partner from the Netherlands - the company Vonk Dairy Products.

The scope of services (rent of transport means, etc) provided by the company augmented by 3.3% in 1998 compared to 1997.

The main raw material - milk - is supplied by farmers, agricultural companies and other dairies. The company and its branches buy milk from 248 milk centres, 46 agricultural companies. During 1998 ROKIŠKIO SŪRIS bought up and processed 218thou tons of milk. 60% of supplementary materials are imported from the western states, 30% are supplied by Lithuanian companies, 10% are received from the CIS.

Having invested LTL 20m into production during 1998, ROKIŠKIO SŪRIS generated net profit of LTL 22 million (cf. LTL 21.59m) and became the most profitable Lithuanian dairy. Since foreign capital investment has reached the amount of US\$ 2m in the company, beginning with January 1997, ROKIŠKIO SŪRIS enjoys a tax holiday (exemption from corporate profit tax). The profit margin of 13.3% remained the same as in 1997.

In order to increase its domestic market share and more importantly ensure continuous supply of milk - a critical factor determining the industry's development - the company has acquired smaller competitors. Having merged with the Šalčininkai dairy, the number of employees augmented from 1045 in 1997 to 1130 in 1998. The wages lifted by 17% compared to 1997.

In 1998 the cheese Gojaus was awarded the Agrobalt'98 medal, Rokiškio Sūris (similar to the Swedish Sveciaost, to the Russian cheese, and to the cheese Cheddar) was granted the medal at the exhibition "Choose the Lithuanian Good". The highest award of the company was the honour diploma granted in 1998 for modernisation of production lines, enhancement of work conditions, expansion of assortment, and market development.

PROSPECTS FOR 1999

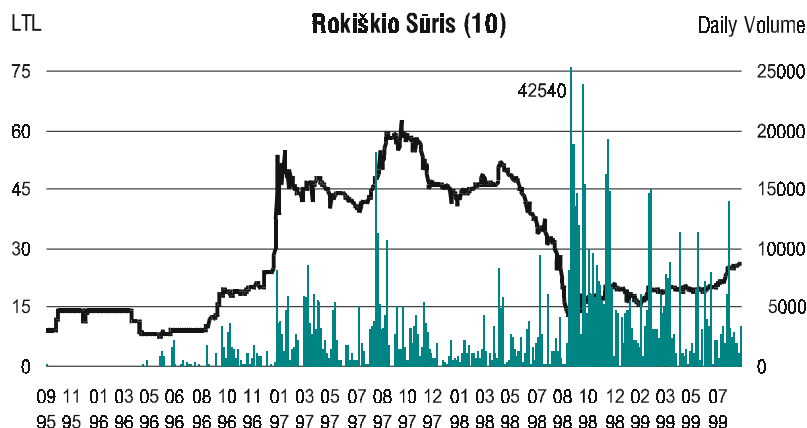
The shareholders' meeting of ROKIŠKIO SŪRIS held on 18 December 1998 took a decision to issue 1.4m ordinary registered shares at LTL 10 par. The shares were sold to the European Bank for Reconstruction and Development and Bank of Bermuda (Luxembourg). The received investment amounting to LTL 40m will be used to expand cheese production by 10%, promote food lactose production, and build the waste water treatment plant.

Specialisation and integration will play an important role in further development of the plant.

The company will induce farmers to increase the number of cows in the herds to 50-60, the annual productivity not being less than 4000 litres of milk per cow. Only such farms can ensure high milk quality and small production input. ROKIŠKIO SŪRIS will rationalise milk collection by joining milk centres, conclude subcontracts, and search for milk suppliers in the neighbouring regions. The company will be constantly concerned with sanitation and quality

Structure OF SHARE CAPITAL

Share capital: LTL 47 462 700
 Ordinary shares: - 4617047 registered shares at LTL 10 par (security code 10037) accounting for 97.3% of the auth. capital (admitted to trading at the NSEL on 24.07.95, listed on the Official List on 07.04.97)
 - 122771 shares at LTL 10 par (sec. code 11667) accounting for 2.6% of the auth. capital (not admitted to trading at the NSEL)
 Shares of agricultural producers:
 Preference shares: - 6452 registered shares at LTL 10 par with 11% cumulative dividend (sec. code 12179) account for 0.1% of the auth. capital (admitted to trading at the NSEL on 01.06.1998)



STRUCTURE OF OWNERSHIP

EBRD	24.99%
Antanas Trumpa	21.26%
Bank of Bermuda (Luxembourg)	7.83%
Bankers Trust Company (UK)	5.70%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	35877000	54263000	56293487	65784058	LIQUIDITY RATIOS			
SHORT TERM ASSETS	39793000	100449000	92626532	107699117	Current ratio	3.64	4.66	3.56
Stock	20162000	53635000	37900844	38583502	Quick ratio	1.80	2.17	2.11
Amounts receivable					Net working capital (LTL thou)	28867000	78911000	66692661
within one year	8970000	31791000	39015898	56325529	Net working capital to total assets	0.38	0.51	0.45
TRANSFER ACCOUNTS	0	0	70351	86073	PROFITABILITY RATIOS			
TOTAL ASSETS	75670000	154712000	148990370	173569248	Profit margin (%)	0.08	0.09	0.11
CAPITAL AND RESERVES	58120000	108428000	113557497	125784530	Return on assets (%)	0.14	0.13	0.15
Capital	18236000	33235000	33462700	33462700	Return on equity (%)	0.18	0.18	0.19
Subscribed capital	18236000	33235000	33462700	33462700	FINANCIAL LEVERAGE RATIOS			
Share premium account	2237000	13599000	16803427	16803427	Total debt ratio	0.23	0.30	0.24
Revaluation reserve	3593000	4963000	3592773	3592773	Debt / equity ratio	0.30	0.43	0.31
Reserves	8400000	20349000	37402197	35903572	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	25654000	26964000	22296400	36022058	Inventory turnover	5.96	4.76	3.81
Amounts payable after one year and long-term liabilities	6624000	24746000	9428651	21056727	Receivables turnover	14.57	10.39	5.79
Amounts payable within year and long-term liabilities	10498000	21538000	26004222	26727991	Net working capital turnover	4.28	2.68	3.07
ACCRUED CHARGES AND DEFERRED INCOME	428000	0	0	0	Long-term assets turnover	3.44	3.90	3.64
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	75670000	154712000	148990370	173569248	Total assets turnover	1.63	1.37	1.38
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	123457000	211685000	204949258	78509614				
COST OF GOODS SOLD AND SERVICES RENDERED	104097000	175733000	174174164	73436817				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	10463000	19601000	22038278	13725656				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	14.00	24.06	46.00	19.23
Max	24.06 (12 19)	62.68 (09 29)	52.05 (04 27)	20.66 (05 10)
Min	7.50 (05 21)	24.00 (01 06)	12.62 (09 21)	15.60 (02 02)
Last	24.06	46.00	19.23	20.16
Change (%)	71.86	91.19	-58.2	4.84
Number of transactions (CM)	236	2598	5492	1429
Turnover CM (units)	42216	415778	691182	281500
Turnover CM (LTL)	674285	20157258	15913226	5387775
Turnover BT (units)	27505	1171344	1035932	336875
Turnover BT (LTL)	502629	44801117	34089061	12445398
CM turnover as % in total	60.55	26.20	40.02	45.52
Total turnover (units)	69721	1587122	1727114	618375
Total turnover (LTL)	1176914	64958375	50002287	17833173
Turnover ratio (%)	4.47	93.05	52.99	19.22
As % in the total share turnover	0.62	6.77	5.61	3.265

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	37531	78464	61864	64856
Share book value (LTL)	33.98	29.86	33.98	26.52
Price / book value ratio (P/BV)	0.71	1.54	0.57	0.76
Earnings per share (LTL)	6.71	5.91	6.60	6.96
Price / earnings ratio (P/E)	3.58	7.78	2.92	2.90
Dividend per share (LTL)	1.00	1.00	1.41	-
Dividend yield	0.04	0.02	0.07	-
Dividend payout ratio	0.17	0.17	0.21	-

SUBSIDIARIES	Date of establishment	Participating interest
Zarasų pieninė (dairy)	1995	100%
Ukmergės pieninė (dairy)	1996	100%
Šalčininkų pieninė (dairy)	1998	100%

ŽEMAITIJOS PIENAS

DAIRY PRODUCTS

Address: Sedos g. 35, 5610 Telšiai
 Phone: (370-94) 22201
 Fax: (370-94) 74897

Registration date: 23.06.1993
 Registration code: 8024075
 Established: 1924
 Privatisation: 1993
 Number of employees: 1297
 Authorised capital: LTL 37m
 Capitalisation (30.06.99): LTL 52.9m

Auditor: Deloitte & Touche
 Trading List: Current

Supervisory Board (participation in the company):
 Asta Kiguolienė, Chairwoman (1.86%),
 Gražina Norkevičienė (0.15%), Zita Vaitkuvienė (0.12%),
 Algis Stulpinas (0.18%), Algirdas Mika (0.05%), Vincas Rupšlaukis (0.05%)

Management Board (participation in the company):
 Algirdas Pažemeckas, Chairman (26.34%),
 Romusas Jarulaitis (2.53%), Irena Baltrušaitienė (0.23%),
 Dalia Gecienė (1.15%), Gediminas Vaitkevičius (0.24%),
 Veronika Masiliauskienė (0.007%), Borisas Seminogovas (0.006%)

Managing Director: Algirdas Pažemeckas

Investment Relations: Algirdas Pažemeckas, tel. (370-94) 22201

CORPORATE HISTORY

The company began its activity in 1924. For a number of decades, the company was known as a Telšiai cheese maker. On 23 June 1993 the company was registered as a public company ŽEMAITIJOS PIENAS.

In 1994, 144,522 state-held shares were sold to farmers at a discount. In March 1995 a general shareholders' meeting decided to raise the company's authorised capital by LTL 3.46m out of supplementary contributions.

In September 1995, ŽEMAITIJOS PIENAS registered share capital of LTL 7.77 million. The capital was divided into 632,159 ordinary registered shares (ORS) (81.4%) and 144,522 shares of agricultural producers (18.6%). In March 1996 the general meeting resolved to increase authorised capital out of company reserves by LTL 6m and issue 504,408 ORS and 115,316 shares of agricultural producers. The shares were successfully placed and the stock capital increased to LTL 13.96 million.

With the acquisition of UAB Ūta in February 1997, authorised capital of ŽEMAITIJOS PIENAS reached LTL 14.75 million. The general shareholders' meeting that followed in March decided to increase the share capital by LTL 8.32m out of reserves and supplementary contributions to LTL 23.52 million.

In 1997 the company acquired substantial holdings in two Lithuanian dairies: Klaipėdos Pienas (85%) and Šilutės Rambynas (59%). In 1997 the authorised capital of the company was increased to LTL 27,371,790 out of supplementary contributions by issuing an additional issue of ORS.

The general shareholders' meeting of ŽEMAITIJOS PIENAS held in April 1999 decided to deepen the authorised capital of the company by LTL 7.6m out of reserves available for distribution. The reserve was formed while distributing the 1997 profit by additionally issuing 762,821 ORS at LTL 10 par. In May 1999 the authorised capital of LTL 37m was registered at the Ministry of Economy.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

ŽEMAITIJOS PIENAS specialises in production of various dairy products: butter, milk, sour milk products, cream, sour cream, cottage cheese, aged cheese, curds and dry milk products. Along with the main products the company's confectionary shop produces a broad assortment of confectionery (from rolls to cakes).

In 1998, the company produced 3.4thou tons of aged cheese (29.7% of the total output in value terms), 3thou tons of butter (23%), 14.7thou tons of milk (17%), 7.2thou tons of sour milk products (10.8%), etc. Total production volume accounted for 31.6thou tons or LTL 113 thousand.

In December 1998, ŽEMAITIJOS PIENAS launched the production of youghurt.

ŽEMAITIJOS PIENAS sells its products in Lithuania (73.3%), CIS (10.9%) and other countries (15.8%). On 5 February 1998, the company was granted EU certificate, which allows to deliver dairy products to EU countries. The main production realisation area consists of the major Lithuanian cities - Vilnius, Kaunas, Klaipėda. Due to the financial crisis in Russia sales of the production were cancelled in Kaliningrad region and Latvia from September 1998.

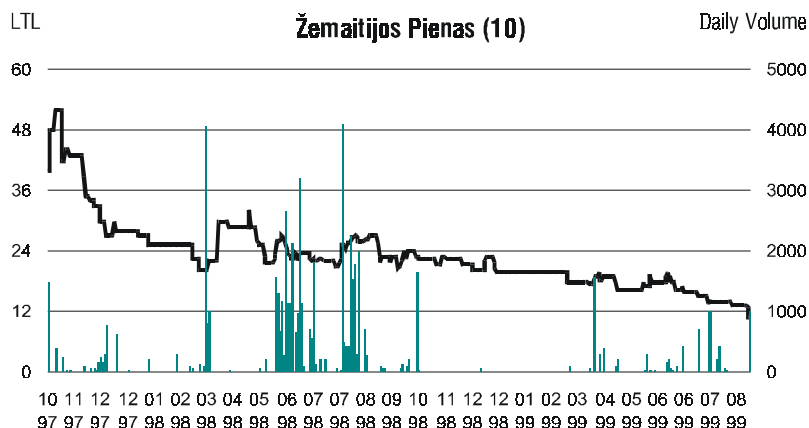
The biggest part of the main raw material - milk - is bought up from small milk producers (91,315 tons in 1998). 27,200 tons were bought up from farmers in 1998, and 3,913 tons from agricultural companies. In 1998 the company's collection of raw milk went up by 10%, compared to 1997.

The pre-tax profit for the year 1998 constituted LTL 16.8m, after-tax profit came to LTL 14.5 million, i.e. slightly increased in comparison with the previous year.

In 1998, ŽEMAITIJOS PIENAS additionally acquired shares of Šilutės Rambynas and Telšių Autoservisas, and consequently, increased the held share in the companies to 59.02% and 67.37%, respectively.

Structure OF SHARE CAPITAL

Share capital: LTL 37 000 000
 Share Structure: – 3297983 registered shares at LTL 10 par (security code 12186) accounting for 89.14% of the auth. capital (admitted to trading at the NSEL on 13.10.97)
 Shares of agriculture producers: – 402017 shares at LTL 10 par (security code 12187) accounting for 10.86% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP

Algirdas Pažemeckas	26.34%
Williams de Broe	6.32%
UAB FMĮ VB Vilima (brokerage)	6.26%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	31967017	47744000	71601099	75823587	LIQUIDITY RATIOS			
SHORT TERM ASSETS	20183450	44218632	54619871	53982492	Current ratio	0.73	0.90	1.45
Stock	8117089	25552416	17466676	23624515	Quick ratio	0.43	0.38	0.99
Amounts receivable					Net working capital (LTL thou)	-7613396	-4687893	17076518
within one year	8827957	18046217	33796088	28914963	Net working capital to total assets	-0.15	-0.05	0.13
TRANSFER ACCOUNTS	0	87350	360730	249407	PROFITABILITY RATIOS			
TOTAL ASSETS	52150467	92049982	126581700	130055486	Profit margin (%)	0.07	0.09	0.07
CAPITAL AND RESERVES	23989461	37539094	60694042	60543335	Return on assets (%)	0.15	0.14	0.11
Capital	13964050	23517890	29371790	37000000	Return on equity (%)	0.32	0.35	0.24
Subscribed capital	13964050	23517890	29371790	37000000	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	2760000	2760000	Total debt ratio	0.54	0.59	0.52
Revaluation reserve	0	0	0	0	Debt / equity ratio	1.17	1.45	1.09
Reserves	10025411	14021204	14021205	20134042	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	0	14541047	649293	Inventory turnover	11.56	6.96	8.78
Amounts payable after one year and long-term liabilities	364160	5517013	27983575	37350729	Receivables turnover	15.62	10.48	8.23
Amounts payable within year and long-term liabilities	27796846	48993875	37904083	32161422	Net working capital turnover	-15.29	-30.03	12.50
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	0	Long-term assets turnover	3.64	2.95	2.98
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	52150467	92049982	126581700	130055486	Total assets turnover	2.23	1.53	1.69
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	116410308	140769545	213452668	65434653				
COST OF GOODS SOLD AND SERVICES RENDERED	102959127	117192683	188780864	55035157				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	7690022	13262505	14541047	649293				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	40.00	28.00	19.56
Max	52.00 (10 27)	32.00 (05 01)	19.84 (04 07)
Min	27.00 (12 15)	19.56 (12 31)	16.04 (06 30)
Last	28.00	19.56	16.04
Change (%)	-30.00	-30.14	-18.00
Number of transactions (CM)	72	777	76
Turnover CM (units)	4958	54849	4047
Turnover CM (LTL)	173508	1306849	72462
Turnover BT (units)	21888	267165	100286
Turnover BT (LTL)	927284	5921737	2385657
CM turnover as % in total	18.47	17.03	3.88
Total turnover (units)	26846	322014	104333
Total turnover (LTL)	1100792	7228587	2458118
Turnover ratio (%)	1.38	13.79	3.16
As % in the total share turnover	0.12	0.81	0.45

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	54594	45676	52900
Share book value (LTL)	17.18	15.96	20.66	16.36
Price / book value ratio (P/BV)	-	1.75	0.95	0.98
Earnings per share (LTL)	5.51	5.64	4.95	2.44
Price / earnings ratio (P/E)	-	4.97	3.95	6.58
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
AB Klaipėdos pienas	30.12.92	LTL 21,900thou	85%
ABF Šilutės Rambynas	09.12.92	LTL 10,600thou	59%
AB Telšių autoservisas	16.03.92	LTL 1,200thou	67%
UAB Žemaitijos prekyba	29.01.96	LTL 25thou	68%
SIA Žemaitijos piens	29.10.97	LTL 2thou	99%

JONAVOS GRŪDAI

GRAIN MILLING, STORAGE, PROCESSING

Address: Darbininkų g. 21, 5000 Jonava
 Phone: (370-19) 52998
 Fax: (370-19) 52462

Registration date: 16.11.1990
 Registration code: 5651141
 Established: 1974
 Privatised: 1992
 Number of employees: 158
 Authorised capital: LTL 10.8m

Auditor: Auditas UAB
 Trading List: Unlisted

Supervisory Board (participation in the company):
 Irena Adomaitytė (0%), Evaldas Čijauskas (0%),
 Genė Dirmienė (0.34%), Zigmas Gavinavičius (0%),
 Algirdas Jurkonis (0%)

Management Board (participation in the company):
 Alfredas Čekanavičius (0.62%), Saulius Čepas (0%),
 Ona Kolosovskienė (0.004%), Feodoras Konošenko (0.34%),
 Konstantas Paškevičius (0.23%)

Managing Director: Feodoras Konošenko

Investment Relations: Feodoras Konošenko, tel. (370-219) 52236

CORPORATE HISTORY

The state company JONAVOS GRŪDAI started functioning in 1974. During the primary privatisation in 1991 - 1992, natural persons acquired 30% of the company's authorised capital. In 1995, the state company was reorganised into a special purpose public company JONAVOS GRŪDAI with the authorised capital of LTL 7.59m. In 1996, the authorised capital of the company was deepened to LTL 10.8m by raising the face value per share from LTL 102 to LTL 145. The authorised capital was increased from the company's funds (operating surplus and revaluation reserve). The authorised capital remained unchanged to the present.

In 1996, JONAVOS GRŪDAI acquired Kybartai mill, the geographical location of which is convenient for trading with Kaliningrad region (Russia). The company produces wheat and rye flour, the mill's bakery bakes bread and other baked products.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

JONAVOS GRŪDAI specialises in grain milling, storage, and processing, wholesale and retail trade in grains and their products (flour, groat, combined feed for animals). The company fulfils state orders of the Ministry of Agriculture, carries out wholesale and retail trading at the company stores, which can be found at every production unit, provides grain milling, drying, storing, and transportation services for farmers and agricultural companies, produces combined feed for animals from own and clients' raw material.

JONAVOS GRŪDAI has 4 units. The company's office and main unit - the elevator with the capacity of 113thou t - are located in Jonava. The unit has grain cleaning equipment and a drying room, a convenient railway communication with other grain milling companies and with foreign countries. There are also underground storehouses built in 1967. Their capacity is of 4.5thou t, the constant temperature hovers at about -5° to +5°. The storekeeping conditions in the underground warehouses comply with all the requirements for the quality. Grain storehouses, the capacities of which are of 6thou t, the drying room and the shop of combined feed for animals are located in Ukmergė.

In 1998, JONAVOS GRŪDAI took 46thou t of various grains for storage. The company bought up 1.2thou t of grains for its own needs (for the production of combined feed for animals and flour) and produced 975t of different kinds of flour and 617t of combined feed for animals. During the year the company gained LTL 9m revenue, the sold grain and production on the local market constituted LTL 136m, exports generated LTL 2.5m. The bulk of the export falls to Kaliningrad region.

In 1998, JONAVOS GRŪDAI profit before taxes equalled LTL 983thou (LTL 597thou of net profit). Having added the 1997 profit brought forward, the appropriated profit of 1998 amounted to LTL 1m, LTL 648.7thou of which were distributed as dividends.

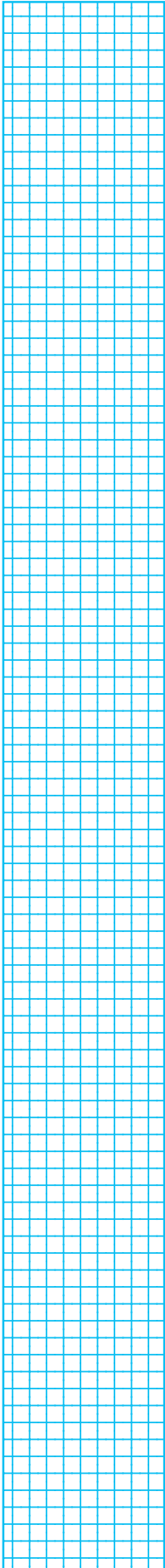
STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 299.
 State 70.13%

BALANCE SHEET (LTL)	1996	1997	1998
LONG TERM ASSETS	11080448	11816189	11750794
SHORT TERM ASSETS	15302442	103802457	20130966
Stock	10243919	88642262	2253769
Amounts receivable			
within one year	4895518	14244779	17550370
TRANSFER ACCOUNTS	239498	1371901	0
TOTAL ASSETS	26622388	116990547	31881760
CAPITAL AND RESERVES			
Capital	14624440	14505527	14347023
Subscribed capital	10797570	10797570	10797570
Share premium account	18750	18750	18750
Revaluation reserve	0	0	0
Reserves	2908120	2989207	3530703
Profit (loss) brought forward	900000	700000	0
Amounts payable after one year and long-term liabilities	791381	771381	97381
Amounts payable within year and long-term liabilities	11206567	101206758	17437356
ACCRUED CHARGES			
AND DEFERRED INCOME	0	506881	0
TOTAL LIABILITIES			
AND SHAREHOLDERS' EQUITY	26622388	116990547	31881760
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998
SALES AND SERVICES	8456284	24185458	144718105
COST OF GOODS SOLD			
AND SERVICES RENDERED	7403067	20764296	120846587
NET PROFIT OF THE CURRENT YEAR			
FOR APPROPRIATION (LOSS)	690328	855602	597325

Structure OF SHARE CAPITAL

Share capital: LTL 10 797 570
 Ordinary shares: - 74466 registered shares at LTL 145 par (security code 11645) accounting for 100% of the authorised capital



ALITA

SPARKLING WINE

Address: Miškininkų g. 17, Alytus
 Phone: (370-35) 79243
 Fax: (370-35) 79467

Registration Date: 10.12.1990
 Registration code: 4951989
 Established: 1963
 Privatised: 1991
 Number of employees: 539
 Authorised capital: LTL 73.09m
 Capitalisation (30.06.99): LTL 48.97m

Auditor: Arthur Andersen
 Trading List: Current

Management Board (no participation in the company):
 Pranas Jaciunkas, Chairman,
 Rūta Bilkštytė, Ona Vitartienė, Mindaugas Kuklierius

Managing Director: Vytautas Junevičius (0.62%)

Investment Relations: Arvydas Stankevičius, tel. (370-35) 79054

CORPORATE HISTORY

ALITA's predecessor, Alytus wine plant, was established in 1963. In 1964, the reconstruction was carried out and the following year 169 thou dal of grape wine were bottled. The company started processing local raw material - apples. The second reconstruction of the wine plant started in 1969 and was completed by 1975. A new juice section was launched into operation. After the reconstruction, the production volume increased to 1800 thou dal of wine including 1000 thou dal of fruit-berry wine. The range of products was growing together with the company: aromatic wines were introduced in 1968, natural fruit-berry wine in 1975, semi-dry wine appeared in 1976.

Year 1980 was the most significant in the company's history. The construction of a new section was completed and sparkling wine was produced for the first time. The projected capacity of the section amounted to 3m bottles per year. However, in 1985 the company produced 5.6m bottles of sparkling wine and 10m bottles in 1990.

In 1981, ALITA introduced new brand Auksinis and in 1983 Muskatinis joined the product line. In 1990, first bottles of sparkling wine Dainava appeared on the market; sparkling wines Karalius Mindaugas and leva were introduced in 1994 and 1996 accordingly. The section of sparkling wines was designed on the most update technical and technological achievements and most progressive production methods. The company makes all sorts of sparkling wine Alita: brute, semi dry, dry, semi sweet and sweet. In 1995, 11.7m bottles of these wines were produced.

In 1989, the Italian line Manzini designed for the production of juice concentrate was mounted. The capacity of this line amounts to 400t of apples per 24 hours. With the help of this equipment, 25 thou tons of apples are processed per season, 2000t of concentrate are produced, and about 400 thou dal of juice are fermented.

In 1991, the company was reorganised into the state enterprise ALITA. In 1994, it was divided into two separate companies: state enterprise ALITA and Alytus soft drinks maker. On 16 March 1995, the company was registered as a special purpose public company ALITA.

In 1997, the authorised capital of the company was increased by LTL 24.6m out of profit reserves to LTL 73m and remained the same until present. The state (Ministry of Agriculture) holds 83.77% of the stock, while the remaining 16.23% are in private hands.

BUSINESS ACTIVITY

Currently, grape and fruit-berry wines are the most popular ALITA's products among consumers; they comprise about 49% of the sales revenue. The company makes 13 brands of sparkling grape wine. In 1997, the latest brand of sparkling wine Siurprizas was offered to the market. Now sparkling wine accounts for 40% of the company's total sales.

During 1996-1998, in addition to wine, ALITA started to produce strong alcoholic drinks: brandy Alita from French raw materials, Giminių Traukinė made out of natural apple juice and aromatic herbs mix, Samanė from wheat-rye. Strong drinks account just for 6% of ALITA's total sales, however their production volume has been constantly growing from 41 thou bottles in 1995 to 397 thou bottles in 1998.

The company also produces concentrated apple juice (546t in 1996, 2118t in 1997, 30t in 1998) and dried apple-cake (288t in 1996, 780t in 1997, 0t in 1998). The production volumes heavily rely on the apple harvest.

Alcohol, sugar and apples are secured from local resources. The company used to import raw materials for grape wines from Moldova, however since 1996 supplies have been delivered from France. Natural corks are purchased in Spain and Germany, bottles in Estonia, Germany and Czech Republic, ferments in Switzerland. Labels are printed not only in Lithuania, but also in Italy, Denmark, Sweden, and Poland. From 1986 the company exports wines to Hungary, Czech Republic, the UK, Panama and Poland, from 1988 - to Germany, from 1995 - to Denmark.

DEVELOPMENTS IN 1998

In 1998, reconstruction and modernisation of the wine section was completed. The company focused on marketing of products and expansion of the assortment. New products were introduced in 1998: natural grape wines made from quality French wine - white and red wines Bon-Ton, Bon-Ami, Muskatinis, also Korida, Kalėdinis, red and white vermouth; fruit wine Takas. Last year 3m bottles of new wine brands were produced. Samanė, a strong drink from wheat-rye, also joined the family of ALITA's products in 1998.

During 1998 production volumes grew in all product lines except sparkling wine, which showed a decrease of 34.8% from 7.7m bottles in 1997 to 5m bottles in 1998. The wine production increased by 12.7% in comparison with 1997, and output of brandy products rose by 31 per cent. However, total sales dropped from LTL 92.65m in 1997 to LTL 81.15m in 1998.

Last year all ALITA's production except for concentrated apple juice was sold on the domestic market. In 1998, the company concluded a contract on export of sparkling wine to Russia for LTL 1.9m, however the contract was not carried out due to the crisis in Russia.

As in previous years, ALITA's wines were recognised internationally. At the exhibition VINMOLDOVA '98 (Kishenov) sparkling grape wine leva was granted gold medal, Alita wines (brut, semi-dry and semi-sweet) were awarded bronze medals. Sparkling wines Karalius Mindaugas and Alita semi-dry were honoured with gold medals, Dainava and Alita brut were awarded silver medals, and leva received bronze medal at the international sparkling wines competition in Moscow. At the international wine and soft drinks competition INTERDRINK'98 in St. Petersburg gold medals were conferred on sparkling wines Karalius Mindaugas and Alita brut and semi-dry, wine Muskatinis and brandy Alita were granted silver medals. Sparkling wines Auksinis and Siurprizas, white vermouth, brandy Alita and Samanė were awarded gold medals, sparkling grape wine Alita semi-sweet and red vermouth were accorded silver medals, and Šelmių wine was distinguished with the diploma at the international fair Gurman'98 in Moscow. The diploma was also granted to sparkling wine Karalius Mindaugas at the world competition International Challenge'98 that was held in London.

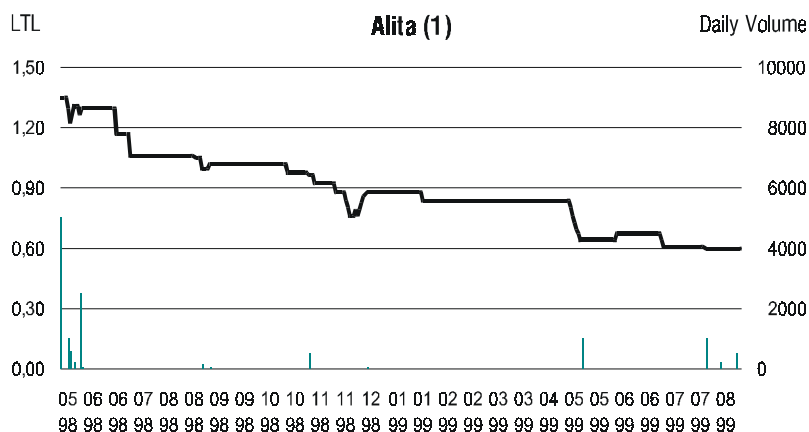
The pre-tax profit in 1998 constituted LTL 10.3m (cf. LTL 17.2m in 1997), and net profit amounted to LTL 8m (in 1997 LTL 16.4m). An almost double decrease in net profit from the previous year was, among other things, effected by the Russian crisis, currency and price volatility in foreign markets, as well as intensified competition on the domestic beverages market.

PLANS, PROSPECTS FOR 1999

Next year ALITA will be introducing new products, modernising technologies, searching for new partners abroad. In 1999, the company intends to allot LTL 1.4m for the reconstruction of Samanė production unit. ALITA will pay more attention to the market research and development of its distribution network. Broadening of the range of wine products and improvement of product design will be given particular consideration.

At the end of March 1999, ALITA was the first in Lithuania to start bottling whiskey and introduce it to the market. In May 1999, on the occasion of Vilnius 2000 festival ALITA will offer a new brand of sparkling wine Alita2000.

In 1999, the company foresees to produce 6m bottles of sparkling wine, 15m bottles of various wines, 676 thou bottles of strong alcoholic drinks and 2000 thou tonnes of apple juice concentrate.



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 599.
Ministry of Agriculture 83.77%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	52300941	58389658	60284266	60218842	LIQUIDITY RATIOS			
SHORT TERM ASSETS	73260890	75022560	62932714	65338472	Current ratio	2.15	2.30	2.78
Stock	41372826	47097998	40176319	41006223	Quick ratio	0.97	0.86	1.02
Amounts receivable					Net working capital (LTL thou)	40399747	42499480	40714899
within one year	24466816	22486643	17902178	15022438	Net working capital to total assets	0.32	0.32	0.33
TRANSFER ACCOUNTS	2190446	266715	627819	1155651	PROFITABILITY RATIOS			
TOTAL ASSETS	127752277	133678933	123844799	126712965	Profit margin (%)	0.23	0.17	0.10
CAPITAL AND RESERVES	92700688	100889138	100999165	102616511	Return on assets (%)	0.17	0.12	0.07
Capital	48519628	73088135	73088135	73088135	Return on equity (%)	0.24	0.16	0.09
Subscribed capital	48519628	73088135	73088135	73088135	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.27	0.25	0.18
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.38	0.33	0.23
Reserves	44181060	27801003	22021030	22021030	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	0	5890000	7507346	Inventory turnover	1.40	1.33	1.35
Amounts payable after one year					Receivables turnover	4.71	4.08	4.27
and long-term liabilities	0	0	0	0	Net working capital turnover	2.39	2.25	2.12
Amounts payable within year					Long-term assets turnover	1.85	1.64	1.43
and long-term liabilities	35051589	32733795	22730308	24084311	Total assets turnover	0.76	0.72	0.70
ACCRUED CHARGES								
AND DEFERRED INCOME	0	56000	115326	12143				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	127752277	133678933	123844799	126712965				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	96617552	95688889	86180190	34019545				
COST OF GOODS SOLD								
AND SERVICES RENDERED	51348225	58637572	59041331	25014175				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	22103889	16431991	8807856	2521136				

TRADING STATISTICS	1998	1-2Q 1999
PRICE (LTL)		
First	1.35	0.88
Max	1.35 (05 29)	0.88 (01 25)
Min	0.76 (12 10)	0.64 (06 07)
Last	0.88	0.67
Change (%)	-34.81	-23.86
Number of transactions (CM)	32	4
Turnover CM (units)	10143	1000
Turnover CM (LTL)	13013	640
Turnover BT (units)	2269357	453875
Turnover BT (LTL)	2727953	1572802
CM turnover as % in total	0.44	0.22
Total turnover (units)	2279500	454875
Total turnover (LTL)	2740967	1573442
Turnover ratio (%)	3.12	0.62
As % in the total share turnover	0.31	0.29

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	-	64318	48969
Share book value (LTL)	1.91	1.38	1.38	1.40
Price / book value ratio (P/BV)	-	-	0.64	0.48
Earnings per share (LTL)	0.46	0.22	0.12	0.12
Price / earnings ratio (P/E)	-	-	7.30	5.39
Dividend per share (LTL)	0.07	0.07	0.07	-
Dividend yield	-	-	0.08	-
Dividend payout ratio	0.15	0.31	0.58	-

Structure OF SHARE CAPITAL

Share capital: LTL 73 088 135
Ordinary shares: - 73088135 registered shares at LTL 1 par (security code 11865) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 25.05.98)

ANYKŠČIŲ VYNAS

MANUFACTURE AND BOTTLING OF WINE

Address: Dariaus ir Girėno g. 8, 4930 Anykščiai
 Phone: (370-51) 50399, 50299
 Fax: (370-51) 52868

Management Board (no participation in the company):
 Gražina Belian, Virginija Žoštautienė,
 Nerijus Čepauskas, Angelė Zadeikaitė

Registration date: 21.11.1990
 Registration code: 5411165
 Established: 1926
 Privatised: -
 Number of employees: 715
 Authorised capital: LTL 33.4m
 Capitalisation (30.06.99): LTL 22.06m

Managing Director: J. Makštelė (0.17%)

Investment Relations: Arnolfas Reisas, tel. (370-51) 51251

Auditor: Arthur Andersen
 Trading List: Current

CORPORATE HISTORY

In 1926, Balyš Karazija started producing excellent, fragrant fruit and berry wine in Anykščiai region. Soon his wine gained international recognition. In 1938, wine Birutė won the first prize in the international fair in Paris, while wines Senasis and Banga were awarded gold medals.

After World War II ANYKŠČIŲ VYNAS became the leading wine-maker and laboratory for research and development. Natural wines received a quality mark and were displayed in international exhibitions in New York, Leipzig and London. The company's wines were a great success in London exhibition in 1969.

From 1965 to 1995 the company had undergone a number of changes in its status from an experimental wine plant to the state enterprise and finally joint stock company ANYKŠČIŲ VYNAS.

BUSINESS ACTIVITY

ANYKŠČIŲ VYNAS is the oldest and largest wine-maker not just in Lithuania, but in the whole Baltic region. The company produces fruit and berry wine, vodka-liqueur products, brandies, juice concentrate and sweets.

The latest ANYKŠČIŲ VYNAS technologies enable within 24 hours to process 400t of apples and 100t of berries and produce 3000t of concentrated juice as well as raw material for 1.2m dal of fruit-berry and sparkling wines, 200thou dal of liqueur and brandies during the season. Modern technologies and know-how of the main wine producing and bottling sections allow to produce 3m bottles of sparkling wines and 1.5m dal of fruit-berry and grape wines.

The company sells its produce through wholesalers and its own outlets in Lithuania, Latvia, CIS, Czech Republic, and Germany. Local growers of fruits and berries are the main suppliers of raw materials. Other material supplies and complementary parts are acquired in Lithuania and imported from foreign countries (Germany, France, Italy, Switzerland, Argentina, Spain).

DEVELOPMENTS IN 1998

In 1998, ANYKŠČIŲ VYNAS bottled 1366thou dal of alcoholic drinks (51thou dal less than in 1997). 1108thou dal of fruit and berry semi-product (1.3 times more than in 1997) was prepared. Since the apple harvest was poor in 1998, concentrated apple juice, apple aroma and dried apple cake were not produced. Toffees Karvutė are also no longer produced due to the decreased demand in this type of sweets. With the drop in sales of sweet brandies, liqueurs, grape wine, the production volume of these drinks was reduced. 53thou dal of sweet brandies (60% less than in 1997) and 21thou dal of liqueurs (72.7% less than in 1997) were manufactured in 1998. Fruit and berry wine production accounted for 1144thou dal, whereas cognac and brandy output amounted to 6thou dal. Production of bitter brandies increased almost 3.2 times: from 9thou dal in the previous year to 29thou dal in 1998. This increase was mostly effected by introduction of new products (e.g. Joninių Degtinė) to the market. By total, there were 28 new products launched into production (wines Jara, Rubinas, semi sweet grape wines Charantes, Ugni Blanc, Muscat, Karmen, Torontes, sweet brandy Bobelinė), which had a positive effect on sales, e.g. the amounts of bitter brandies sold in 1998 exceeded the 1997 volumes 2.7 times.

In 1998, ANYKŠČIŲ VYNAS participated in exhibitions in Moscow, Riga, Kaliningrad, attended specialised exhibitions in Poznan, Paris, Birmingham. In Lithuania the company took part in the exhibition Agrobalt-98, as well as in the Easter and Christmas Fairs, where the latest products were successfully presented. Sparkling wine Muskatinis was awarded gold medal at the exhibition "Choose the Lithuanian Good" held in 1998. Wine Anykšta, the Christmas wine, sparkling wines Black Currants and Cranberries, Chocolate Prune Liqueur were accorded gold medals at the first international fruit-berry competition Jalta-98. Dessert wine Aronija was distinguished with the Grand Prix of the competition.

Thanks to the aggressive advertising campaign and adequate price policy, the sales and services increased by 3.9% in value terms by comparison to the 1997 figures and amounted to LTL 78.2 million. The net profit of the company constituted LTL 10.6m in 1998 (LTL 12.9m in 1997).

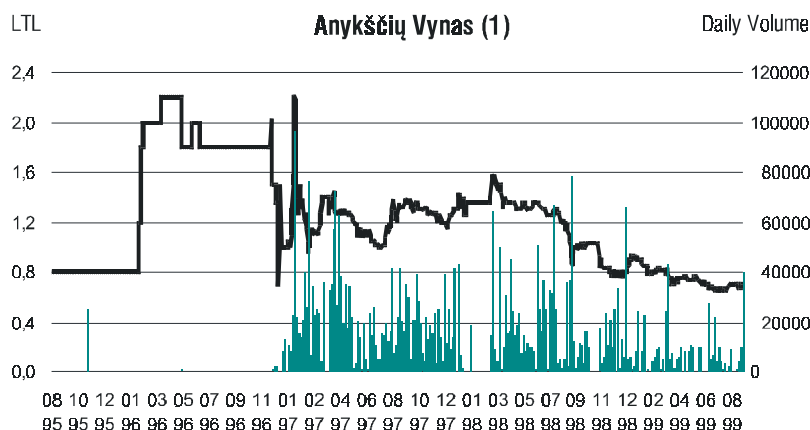
PLANS, PROSPECTS FOR 1999

The company's objectives for the near future are to enhance production quality, reduce costs, expand and modify the range of products based on the carried-out market research, improve the ecological status of the company moving to the wasteless technology, create better conditions for the company's employees. The optimisation of the filtration process remains the pressing issue at the company.

In 1999, ANYKŠČIŲ VYNAS plans to more actively use the press as one of the means for increasing public awareness about the company and its products. Having hired sales agents, the company will pay more attention to the production of brand advertising articles and design of the outlets.

Structure OF SHARE CAPITAL

Share capital: LTL 33 429 005
 Ordinary shares: – 33429005 registered shares at LTL 1 par (security code 11277) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 10.07.95)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 869.
 State (Ministry of Agriculture) 73.50%
 Employees 16.61%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	55087356	65320609	46016510	48857553	LIQUIDITY RATIOS			
SHORT TERM ASSETS	35468372	43928695	46568788	37410797	Current ratio	2.76	2.10	1.69
Stock	22423729	29856608	34138415	23715727	Quick ratio	1.02	0.69	0.47
Amounts receivable					Net working capital (LTL thou)	22626355	23249596	19334086
within one year	12110485	10909089	11290420	11039530	Net working capital to total assets	0.25	0.21	0.21
TRANSFER ACCOUNTS	0	469780	725106	2916492	PROFITABILITY RATIOS			
TOTAL ASSETS	90555728	109719084	93310404	89184842	Profit margin (%)	0.22	0.17	0.14
CAPITAL AND RESERVES	74058604	81290113	63428096	65152648	Return on assets (%)	0.15	0.12	0.11
Capital	57039646	57039646	33429005	33429005	Return on equity (%)	0.18	0.16	0.17
Subscribed capital	57039646	57039646	33429005	33429005	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.18	0.26	0.32
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.22	0.35	0.47
Reserves	17018958	9661121	15497007	24067674	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	14589346	14502084	7655969	Inventory turnover	1.81	1.78	1.62
Amounts payable after one year and long-term liabilities	2595107	5962551	1822500	3755840	Receivables turnover	5.33	6.54	7.04
Amounts payable within year and long-term liabilities	12842017	20891684	27724162	19947765	Net working capital turnover	2.67	3.24	4.04
ACCRUED CHARGES AND DEFERRED INCOME	0	257195	235646	227906	Long-term assets turnover	1.10	1.15	1.70
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	90555728	109719084	93310404	89184842	Total assets turnover	0.67	0.69	0.84
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	60437559	75251957	78157909	39609774				
COST OF GOODS SOLD AND SERVICES RENDERED	37705950	46412595	51959963	26043126				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	13383619	12968055	10606147	5391446				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	0.80	1.00	1.42	0.89
Max	2.20 (05 16)	2.22 (01 17)	1.58 (03 20)	0.93 (01 18)
Min	0.68 (12 11)	0.95 (02 14)	0.75 (12 18)	0.66 (06 30)
Last	1.00	1.42	0.89	0.66
Change (%)	25.00	42.00	-37.32	-25.84
Number of transactions (CM)	58	1891	1255	248
Turnover CM (units)	42185	3091774	1850906	378803
Turnover CM (LTL)	46698	3988306	2234792	298067
Turnover BT (units)	22770	626979	545538	81727
Turnover BT (LTL)	20038	753840	556439	143740
CM turnover as % in total	64.94	83.14	77.24	82.25
Total turnover (units)	64955	3718753	2396444	460530
Total turnover (LTL)	66736	4742146	2791231	441807
Turnover ratio (%)	0.11	6.52	7.17	1.38
As % in the total share turnover	0.04	0.49	0.31	0.08

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	57040	80996	29752	22063
Share book value (LTL)	1.30	1.43	1.90	1.95
Price / book value ratio (P/BV)	0.77	1.00	0.47	0.34
Earnings per share (LTL)	0.23	0.23	0.32	0.33
Price / earnings ratio (P/E)	4.26	6.24	2.81	2.00
Dividend per share (LTL)	0.07	0.04	0.07	-
Dividend yield	0.07	0.03	0.08	-
Dividend payout ratio	0.30	0.18	0.22	-

SEMA

ALCOHOLIC DRINKS

Address: Respublikos g. 82, 5319 Panevėžys
 Phone: (370-5) 461327, 466566
 Fax: (370-5) 465793

Registration date: 28.03.1995
 Registration code: 4702413
 Established: 1891
 Privatised: 1992
 Number of employees: 361
 Authorised capital: LTL 29.2m
 Capitalisation (30.06.99): LTL 10m

Auditor: Coopers & Lybrand
 Trading List: Current

Supervisory Board (no participation in the company):
 Benas Gudelis, Chairman,
 Rimvydas Jasinavičius, Leonas Pobedonoscevas,
 Alma Grigalienė, Rimas Jakučionis, Nijolė Bieliauskienė

Management Board (participation in the company):
 Gediminas Sargūnas, Chairman (3.53%),
 Remigijus Rutkauskas (0.16%), Elvyra Juzėnienė (0.02%)

Managing Director: Gediminas Sargūnas

Investment Relations: Gediminas Sargūnas, tel. (370-5) 461327

CORPORATE HISTORY

SEMA is one of the oldest companies operating in Lithuania. Its history tracks dates as far back as 1891, when S.MONTVILA'S DISTILLERY was founded. During World War I the plant was destroyed, equipment dismantled and transported to Germany. In 1921 re-established distillery S.MONTVILA'S SUCCESSORS & CO started producing yeast, alcohol and vodka. With the occupation of Lithuania by the Soviet Army in 1940, the company was nationalised.

In 1992 PANEVĖŽYS STATE DISTILLERY underwent partial privatisation (22% of the enterprise's capital were privatised) and was transformed into a public company with state capital SEMA. When part of the 1992 profit was capitalised in 1993, state holdings fell to 27 percent.

From 1993 the authorised capital of the company was increased 4 times. In 1995 - from LTL 1.65m to LTL 12.19m, in 1996 - to LTL 15.5m, in 1997 - to LTL 20.69m. In December 1997 the company issued convertible bonds for LTL 8.5 million. Hermis Bank was chosen to underwrite the issue. In May 1998, having converted bonds into shares, the authorised capital of SEMA increased by LTL 8.5m to LTL 29.19m.

On 12 November 1997, the shareholders approved the issue of 17,000 convertible bonds amounting to LTL 8.5m. On 15 January 1998, the distribution of this issue was successfully completed. In May 1998, having converted bonds into 1.7m ordinary registered shares at LTL 5 par, the authorised capital was increased by 8.5m.

In November 1998, the Lithuanian and USA joint venture UAB Bennet Distributors acquired a 35.6% block of SEMA's shares.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

The company offers diversified products. Rectified spirit constitutes 57% of total production, baking yeast accounts for 30%, the remainder of production is represented by carbonic acid, brandies, alcoholic cocktails, wines and perfumes.

In 1998, SEMA produced 532thou dal of rectified spirit, 3514 t of baking yeast, 410 t of carbonic acid, 6.4thou bottles of brandies (up to 22% alcohol), 95.2thou bottles of alcoholic cocktails, 523.4thou bottles of wines (16-18% alcohol), 29.2thou units of perfume products.

27.6% (127thou dal) of the rectified ethyl alcohol were exported to Kazakhstan, the remaining part was realised in Lithuania for medical and pharmaceutical purposes, manufacture of alcoholic drinks and food products. The domestic market consumes the bulk of baking yeast (3161 tons). The company strives to expand export of pressed baking yeast. Especially great increase in the yeast realisation volume was achieved in the region of Kaliningrad (Russia) (from 16 tons in 1997 to 333 tons in 1998). The whole production of carbonic acid was realised in Lithuania in 1998.

The supplies of raw materials - molasses, sulfuric acid, homogenous yeast culture, potassium chloride, etc - come from Lithuanian sugar factories and other domestic companies, also Polish, German and Latvian partners.

The company fully implemented the quality control system according to ISO 9002 and was awarded an international quality certificate. During 15-17 December 1997, the German agency TÜV-CERT carried out Certified Quality System audit and concluded that the quality system in the company was operational.

SEMA patented many inventions for the production of vodka and liqueur. Those are mainly components of bitter brandies.

Despite the companies efforts to strengthen its position on the market, the year 1998 was concluded at a loss that constituted LTL 386thou.

PLANS, PROSPECTS FOR 1999

In 1999 the company plans to launch manufacturing of new products oriented towards light and strong wine markets. Having lost some of the sales markets in the territory of the former USSR due to the crisis in Russia, the company changed its policy and is working to conclude contracts with traders in the West.

Structure OF SHARE CAPITAL

Share capital: LTL 29 195 565
 Ordinary shares: - 5839113 registered shares at LTL 5 par (security code 11069) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 17.07.95)

STUMBRAS

ALCOHOLIC DRINKS

Address: K. Būgos g. 7, 3000 Kaunas
 Phone: (370-7) 226165
 Fax: (370-7) 222939

Management Board (no participation in the company):
 Juozas Yla, Chairman,
 Alfonsas Rutkauskas, V. Verseckienė, V. Katkevičius

Registration date: 04.10.1995
 Registration code: 3208278
 Established: 1906
 Number of employees: 859
 Authorised capital: LTL 76m
 Capitalisation (30.06.99): LTL 13.98m

Managing Director: Jonas Žukauskas

Investment Relations: Daiva Gurevičienė, tel. (370-7) 207767

Auditor: Finansinis Auditas UAB
 Trading List: Unlisted

CORPORATE HISTORY

The company was established in 1906. In 1991, STUMBRAS was transformed into a public company. In 1995, it was reregistered as a specific purpose company. At the time the authorised capital of the company constituted LTL 25.4m. In 1996 the authorised capital was increased to LTL 50.8m. In 1998 the company increased its authorised capital by lifting the face value per share from LTL 2 to LTL 3. At present the company's authorised capital equals LTL 76m, with 92% in the hands of the state.

BUSINESS ACTIVITY

Chiefly, STUMBRAS specialises in manufacture of vodka-liqueur products (1026thou dal in 1998). The company also produces rectified ethyl alcohol (602thou dal in 1998), raw spirit (663thou dal in 1998), carbonic acid (878 t in 1998) and nonpasteurised beer (144thou l in 1998). The company has 4 spirit plants in Kaunas, Antanava, Balbieriškis, and Šilutė.

In 1998 STUMBRAS sold 612.8thou dal of vodka, 367.4thou dal of special kind brandy, 40.5thou dal of liqueur, 2.8thou dal of gin, 13.9thou dal of brandy. The bulk of production (97.74%) was sold in Lithuania, the remainder was exported.

DEVELOPMENTS IN 1998

For the year 1998 the company paid out LTL 5.3m, or 7% of the authorised capital, as dividends. Each share was allocated LTL 0.21.

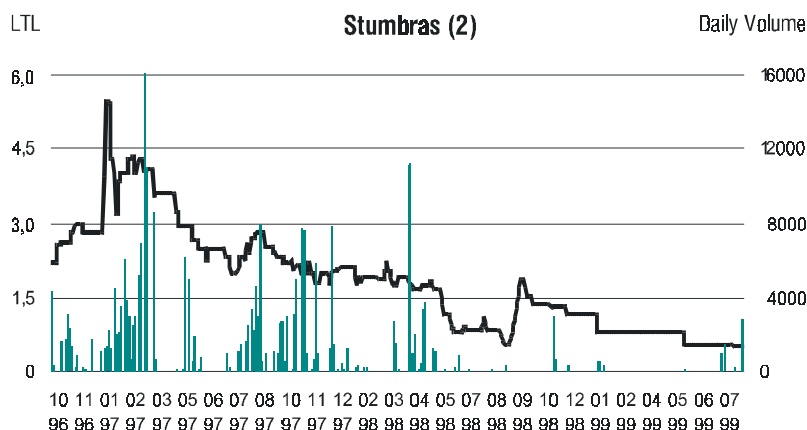
In 1998, sales revenue precipitated from LTL 122.8m to LTL 85.47m. The decline was caused by a sharp change in the business environment, mainly effected by a jump in the alcohol excise. The pre-tax profit of the accountable period comprised LTL 10m, net profit totalled LTL 9.2 million.

PLANS, PROSPECTS FOR 1999

Today STUMBRAS is undergoing a period of adjustment to the changing market conditions. The production capacity of the company is exploited only partially, therefore search for new markets is a priority.

Structure OF SHARE CAPITAL

Share capital: LTL 76 268 826
 Ordinary shares: – 25422942 registered shares at LTL 3 par (security code 11943) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 30.09.96)

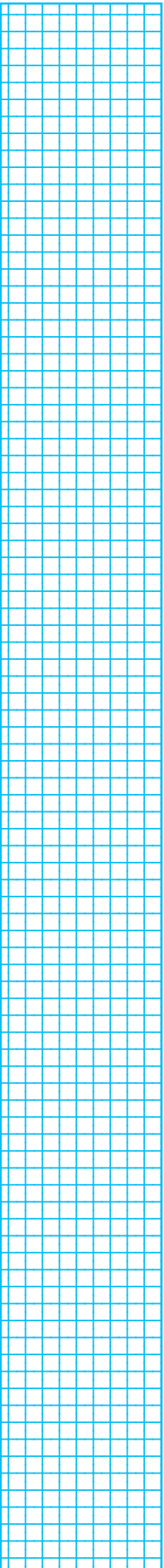


STRUCTURE OF OWNERSHIP
Ministry of Agriculture

91.95%

BALANCE SHEET (LTL)				FINANCIAL RATIOS			
	1996	1997	1998		1996	1997	1998
LONG TERM ASSETS	59134126	61774843	65272802	LIQUIDITY RATIOS			
SHORT TERM ASSETS	97680143	105110321	89309596	Current ratio	4.18	4.08	7.05
Stock	27756021	36328033	27818355	Quick ratio	2.99	2.68	4.85
Amounts receivable				Net working capital (LTL thou)	74425248	79538457	76732802
within one year	59882786	51866618	44576270	Net working capital to total assets	0.47	0.48	0.50
TRANSFER ACCOUNTS	164346	218827	116664	PROFITABILITY RATIOS			
TOTAL ASSETS	156978615	167103991	154699062	Profit margin (%)	0.21	0.11	0.11
CAPITAL AND RESERVES	133559374	141313300	142005604	Return on assets (%)	0.21	0.09	0.06
Capital	50845884	50845884	50845884	Return on equity (%)	0.24	0.11	0.06
Subscribed capital	50845884	50845884	50845884	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	Total debt ratio	0.15	0.15	0.08
Revaluation reserve	0	0	0	Debt / equity ratio	0.18	0.18	0.09
Reserves	82713490	83986575	89050760	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	6480841	2108960	Inventory turnover	4.00	3.29	1.99
Amounts payable after one year				Receivables turnover	3.05	2.49	1.77
and long-term liabilities	0	0	0	Net working capital turnover	2.11	1.75	1.11
Amounts payable within year				Long-term assets turnover	2.65	2.25	1.31
and long-term liabilities	23419241	25790691	12693458	Total assets turnover	1.00	0.83	0.55
ACCRUED CHARGES							
AND DEFERRED INCOME	0	0	0				
TOTAL LIABILITIES							
AND SHAREHOLDERS' EQUITY	156978615	167103991	154699062				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998				
SALES AND SERVICES	156867034	139011889	85474129				
COST OF GOODS SOLD							
AND SERVICES RENDERED	109139584	105331857	63922766				
NET PROFIT OF THE CURRENT YEAR							
FOR APPROPRIATION (LOSS)	32391530	15840086	9201551				

TRADING STATISTICS					MARKET VALUE RATIOS			
	1996	1997	1998	1-2Q 1999		1996	1997	1998
PRICE (LTL)					Capitalisation (LTL thou)	71184	52116	28982
First	2.20	2.80	2.05	1.14	Share book value (LTL)	5.25	5.56	5.59
Max	3.00 (12 09)	5.48 (01 20)	2.23 (03 16)	1.14 (01 21)	Price / book value ratio (P/BV)	0.53	0.37	0.20
Min	2.20 (10 29)	1.73 (12 12)	0.55 (09 11)	0.55 (06 30)	Earnings per share (LTL)	1.27	0.62	0.36
Last	2.80	2.05	1.14	0.55	Price / earnings ratio (P/E)	2.20	3.29	3.15
Change (%)	27.27	-26.79	-44.39	-51.75	Dividend per share (LTL)	0.14	0.14	0.21
Number of transactions (CM)	83	381	131	8	Dividend yield	0.05	0.07	0.18
Turnover CM (units)	18053	210607	54197	1519	Dividend payout ratio	0.11	0.22	0.58
Turnover CM (LTL)	46252	647081	93303	1175				
Turnover BT (units)	0	28703	20139	0				
Turnover BT (LTL)	0	81940	11234	0				
CM turnover as % in total	100.00	88.01	72.91	100.00				
Total turnover (units)	18053	239310	74336	1519				
Total turnover (LTL)	46252	729021	104537	1175				
Turnover ratio (%)	0.07	0.94	0.29	0.01				
As % in the total share turnover	0.02	0.08	0.01	0.00				



BEER

Despite a cool summer and economical slowdown by the end of 1998, Lithuanian beer manufacturers have experienced another good year. According to the Lithuania's Association of Beer Makers data, 10 largest breweries manufactured 14.7m decalitres (dal) of beer last year, up by 8.4% from 13.6m dal in 1997. Free market mechanisms woke up the potential of the Lithuanian brewing sector. Private ownership could be named as the main factor behind fast capitalisation and modernisation of breweries. Although growth rate was a bit lower in 1998 than during the previous years, production and consumption of on Lithuanian market continues to rise, making the brewery sector one of the most profitable segments of the food industry.

Beside the ten major companies (members of Association of Beer Makers) there are 11 small regional breweries in the country, but their capacities are very low and they serve particular customers or operate for a particular region. Since 1994 brewing sector has made considerable technological progress and at present, the leading Lithuanian companies have the same technologies as their western competitors. In early nineties smaller breweries were running at only 50% capacity, while the larger companies were operating at around 70%. This was due to severe economic conditions that hit demand. In 1994, the production levels had recovered. However the tripling of excise tax in December 1994, pushed the production down by 19% again. The output grew moderately by 4% in 1996 and then soared by impressive 21% in 1997. Beer sector grew by 8.4%, last year.

Lithuanian market is rather dependent on seasonal factors, related to the climatic conditions. Over the course of a year, the majority of breweries operate at full capacities only at warm months of the year. Competition on the market is intensifying and the battle for the consumer that is being fought by means of advertising is increasing. According to experts, high profit margins in the sector could suggest the prices for beer decreasing.

10 largest beer producers controlled 84.6% of the market in 1998. Regional beer makers accounted for 12.1% of the market, while imports made up 3.3%. Estonia stood behind the bulk of imports last year.

Concentration on the local market is rather high as top 3 companies controlled nearly 57% of the market and top 6 companies accounted for 78%. The main breweries are Kalnapilis, Švyturys, Utenos Alus, Ragutis, Vilniaus Taurus, and Gubernija. Kalnapilis, owned by Baltic Beverages Holding (established by Swedish/Norwegian Pripps Ringnes and Finnish Hartwall), was the market leader with nearly 25% of the market in 1998, while Švyturys, recently bought by Danish Carlsberg was the second largest brewery with market share of 19%. Next in the ranking are Utenos Alus (13%), owned by BBH, Ragutis (9%), owned by Czech Plzenskyj Prazdroj, Vilniaus Taurus (7%) and Gubernija (7%).

The beer sector in Lithuania is one of the most profitable branches of the food industry. The financial results of the largest beer manufacturers could be considered good. Five out of six largest breweries posted net profit, and only Utenos Alus, which was facing huge investments and reconstruction last year registered losses. Five breweries earned almost LTL 62m. However, it should be noted that Kalnapilis and Švyturys earnings accounted for 80% of the sector's profit, while their turnover accounted for 56% of sector's sales. Kalnapilis and Švyturys with net profits of LTL 25.3m and LTL 24.5m respectively were among ten most profitable Lithuanian public companies in 1998. The third largest brewery Utenos Alus faced losses but this was due to the reconstruction process. Three smaller breweries earned LTL 12.2m in 1998.

Beer consumption in Lithuania was on a steady decline, starting from 1989 when it stood at 48 litres per capita. Demand for beer recovered in 1994 but the tripling of excise tax in December of the same year, pushed it down from 36 to 29 liters per capita in 1995. However, consumption has been rising steadily from 1995.

Lithuanian market is protected by 30% import tariffs and special license required for importers. Imported beer accounts for insignificant share of total sales and is not expected to rise in the nearest future due to such tariffs policy. Imports decreased in 1998 to 3.3% of total beer sales in Lithuania, while it stood at 7% last year.

Free trade agreement among the Baltic States seems not to threaten local brewers, as it appeared that Lithuanian consumers are not eager to switch from local to imported beer. The fact that BBH owns the largest breweries in Estonia, Latvia and Lithuania could be regarded as one more factor, which hinders inter-Baltic competition.

Lithuanian breweries almost cut their exports due to low capacities and growing local demand. Situation is expected to change as Carlsberg has declared about its plans to expand through Švyturys to Kaliningrad region, Estonia and Latvia.

Foreign investors held 55% of domestic output in 1998, while the rest part was under private local shareholders control. This balance was hit in the beginning of 1999, when Carlsberg acquired the largest at that time brewery Švyturys. Foreign investors were controlling up to 78% of the market by the end of April 1999. Each of the top six brewers has got foreign participation now. BBH could be regarded as the largest foreign investor in to brewing industry of Lithuania. It controls 86% in Kalnapilis since 1994 and together with Hansa Investments has majority stake in Utenos Gėrimai. One of the largest Czech brewers Plzenskyj Prazdroj acquired 51% in Ragutis in the beginning of 1997. Foreign financial investors control Vilniaus Taurus and Gubernija.

Lithuanian beer market is foreseen to expand by approximately 30% during two coming years and to reach 60 liters of beer per capita in 2001. The market growth of 15% is expected in 1999 and nearly the same in 2000. This would be almost 7 times as much as in the Western Europe (approx. 2.2%). This increase could be partially attributed to the low initial beer consumption in Lithuania. A level close or a little bit lower than the European average of 80 litres per head could be regarded as a target of Lithuanian market growth.

GUBERNIJA

BREWERY

Address: Dvaro g. 179, 5402 Šiauliai
 Phone: (370-1) 440250
 Fax: (370-1) 421944

Registration date: 05.05.1993
 Registration code: 4471576
 Established: 1786
 Number of employees: 290
 Authorised capital: LTL 17m
 Capitalisation (30.06.99): LTL 7.2m

Auditor: UAB Investiciju auditas
 Trading List: Unlisted

Management Board (participation in the company):
 Tachiras Šabajevas, Chairman (0%),
 Romualdas Dunauskas, (2.17%), Irena Gabrielaitienė (0%),
 Vitalija Ramanauskienė (0%), Šarūnas Janavičius (0%)

Managing Director: Romualdas Dunauskas

Investment Relations: Romualdas Dunauskas, tel. (370-1) 440250

CORPORATE HISTORY

Established in 1786 in Šiauliai, the company is one of the oldest breweries in Lithuania. In 1993, when GUBERNIJA was reorganised from closed stock company to a public company, its authorised capital was LTL 651,972 with the state's share of 48.7 per cent.

In 1994 the authorised capital was increased from operating surplus by one million litas, to LTL 1,651,972. The authorised capital was increased again during the same year, to LTL 4,391,780.

In 1996 having additionally issued 439,178 ordinary registered shares (ORS) at LTL 10 par, the authorised capital of the company increased to LTL 8,600,000. In 1997 and 1998, the authorised capital of GUBERNIJA was increased out of supplementary contributions by LTL 4m and LTL 4.4m respectively. The latter issue of 440,000 ORS at LTL 10 par was fully subscribed by the Panama company Tower Capital Reserve Corporation. Currently, the authorised capital of GUBERNIJA constitutes LTL 17 million. It is divided into 1.7m ORS at LTL 10 par.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The main products are beer, soft drinks (kvass), mineral water and alcoholic beverages (cocktails). In 1998 the company produced 867thou. dal of beer, 263thou. dal of kvass, 0.2thou. dal of alcoholic cocktails, 20thou. dal of mineral water. The company's production is realized in the north-west region of Lithuania and in major cities.

1998 was a very successful year for the company which gained LTL 2.6m of net profit (cf. LTL 0.75m in 1997). The production and sales nearly doubled. The company's market share has grown to about eight per cent.

In order to improve the quality of the production and to reduce costs, the company is undergoing reconstruction: premises for a new beer bottling bar are being prepared, new beer reservoirs assembled, preparatory work for assembling a new kvass bottling line performed, etc.

On 30 September 1998, the registered authorised capital amounted to LTL 17m. The capital was increased by an additional ORS issue.

PLANS, PROSPECTS FOR 1999

In 1999 GUBERNIJA projects to produce 1.1m dal of beer, 500thou dal of kvass, 20thou dal of mineral water. The anticipated net profit amounts to LTL 3 million.

Structure OF SHARE CAPITAL

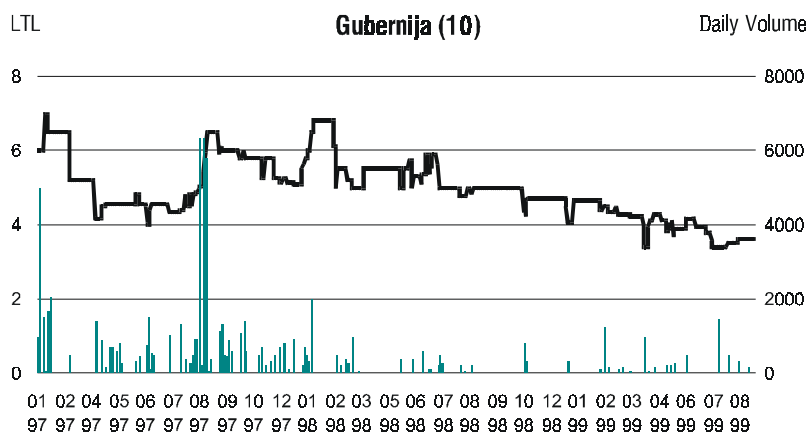
Structure of Share Capital

Share capital:

LTL 17 000 000

Ordinary shares:

– 1700000 registered shares at LTL 10 par (security code 11435) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 24.04.97)



STRUCTURE OF OWNERSHIP

Tower Capital Reserve Corporation (Panama)	49.90%
Javelin Finance (Ireland)	12.37%
Wind Song	11.89%
Ministry of Agriculture	10.84%

BALANCE SHEET (LTL)	1996	1997	1998	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	5210163	10211092	12761775	LIQUIDITY RATIOS			
SHORT TERM ASSETS	5175419	7143662	12379708	Current ratio	5.93	3.44	3.07
Stock	3418714	4381530	9233692	Quick ratio	2.03	1.35	0.79
Amounts receivable				Net working capital (LTL thou)	4318539	5122531	8381190
within one year	1365941	1772935	2706168	Net working capital to total assets	0.42	0.29	0.33
TRANSFER ACCOUNTS	19292	81257	43579	PROFITABILITY RATIOS			
TOTAL ASSETS	10404874	17436011	25185062	Profit margin (%)	0.02	0.06	0.14
CAPITAL AND RESERVES	9528702	14133623	21142965	Return on assets (%)	0.01	0.04	0.10
Capital	8600000	12600000	17000000	Return on equity (%)	0.01	0.05	0.12
Subscribed capital	8600000	12600000	17000000	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	Total debt ratio	0.08	0.19	0.16
Revaluation reserve	0	0	0	Debt / equity ratio	0.09	0.23	0.19
Reserves	923751	1533623	4142965	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	4951	0	0	Inventory turnover	1.51	2.25	1.47
Amounts payable after one year and long-term liabilities	0	1200000	0	Receivables turnover	5.83	8.56	8.31
Amounts payable within year and long-term liabilities	876172	2102388	4042097	Net working capital turnover	1.46	2.62	2.22
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	Long-term assets turnover	1.21	1.32	1.46
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10404874	17436011	25185062	Total assets turnover	0.61	0.77	0.74
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998				
SALES AND SERVICES	6305156	13431612	18606528				
COST OF GOODS SOLD AND SERVICES RENDERED	4442952	8771013	10023202				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	99913	747097	2609342				

TRADING STATISTICS	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998
PRICE (LTL)				Capitalisation (LTL thou)	-	6426	5859
First	6.00	5.10	4.65	Share book value (LTL)	11.08	11.22	12.44
Max	7.00 (02 03)	6.80 (02 17)	4.65 (02 03)	Price / book value ratio (P/BV)	-	0.45	0.37
Min	4.00 (06 18)	4.03 (12 29)	3.42 (04 12)	Earnings per share (LTL)	0.12	0.59	1.53
Last	5.10	4.65	3.76	Price / earnings ratio (P/E)	-	8.60	3.03
Change (%)	-15.00	-8.82	-19.14	Dividend per share (LTL)	0.00	0.00	0.00
Number of transactions (CM)	238	112	50	Dividend yield	-	-	-
Turnover CM (units)	63501	12397	4527	Dividend payout ratio	-	-	-
Turnover CM (LTL)	342356	67894	18418				
Turnover BT (units)	20553	6338	20211				
Turnover BT (LTL)	120416	37062	404222				
CM turnover as % in total	75.55	66.17	2.19				
Total turnover (units)	84054	18735	206638				
Total turnover (LTL)	462772	104956	422640				
Turnover ratio (%)	6.67	1.49	12.16				
As % in the total share turnover	0.05	0.01	0.08				

KALNAPILIS

BREWERY

Address: Taikos al. 1, 5319 Panevėžys
 Phone: (370-25) 505249
 Fax: (370-25) 464667

Registration date: 19.04.1995
 Registration code: 4767199
 Established: 1902
 Privatised: 1992
 Number of employees: 373
 Authorised capital: LTL 25.42m
 Capitalisation (30.06.99): LTL 118.2m

Auditor: KPMG Lietuva
 Trading List: Official

Management Board (participation in the company):
 Andres Erm, Chairman (0.03%),
 Ake Carlsson(0%), Lina Markevičiūtė (0.18%),
 Remigijus Šydeikis (0.013%), Vesa Isohanni (0%)

Managing Director (participation in the company):
 Lionginas Romualdas Mackevičius (0.14%)

Investment Relations: Lionginas Romualdas Mackevičius, tel. (370-5) 461645

CORPORATE HISTORY

KALNAPILIS brewery is one of the oldest companies in Panevėžys, situated 130 km north-west of Vilnius. Its history began in 1902, when Albert Foight started producing beer at the BERGSCLOSSCHEN ("A small castle on a hill") BREWERS. In 1926, operations were expanded to include production of soft drinks. Although production volumes were fairly modest at first, in early 1940s annual volume increased to 1.4m litres.

After a drastic fall during World War II, production revived and, in the beginning of the 1960s, stood at 4m litres of beer and nearly 1m litres of soft drinks per year. A new bottling plant, installed in the mid-1960s, doubled bottling capacity to 6,000 bottles per hour. KALNAPILIS brewery has always been self-sufficient in malt for brewing. A new malt-house, with a capacity of 10000t per year, was constructed in 1970. The Biržai Brewery, located about 60 km from Panevėžys, was established in 1973. KALNAPILIS was privatised in 1992, the Lithuanian-Swedish public company KALNAPILIS was registered in 1995.

In June 1994, Baltic Beverages Holding acquired the controlling interest (86%) in KALNAPILIS.

LITMALT company was established (50% of shares are under control of the Finnish concern OY Lahden Polttimo AB and 50% are held by KALNAPILIS) for the production of malt.

The fundamental modernisation of KALNAPILIS was completed in 1997.

At the time the public company AB KALNAPILIS was established in 1992, the registered authorised capital amounted to LTL 626thou. In 1993, it was deepened to LTL 1.06m out of the company's profit reserves and dividends. In 1994, the authorised capital was increased twice: to LTL 2.69m out of the company's profit reserves and to 8.47m by supplementary contributions. In 1997 the authorised capital was increased to LTL 25.4m from share premiums and remained unchanged until present.

Leading premeditated and efficient investment policy, KALNAPILIS became a modern "world-class" brewery during the last four years. With the implementation of advanced production technologies that ensure the highest quality beer, creation of wide direct distribution and client services network, leading the innovative marketing, the company not only fully established itself on the market, but also ensured its stable growth in future.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

Beer is the main KALNAPILIS product (89.4% in 1996, 87.4% in 1997, 88.4% in 1998). In 1998, the company produced 4.29m dal of beer. The year 1998 is the second year that the company holds the position of the leading brewery in Lithuania. Although unfavourable for brewers summer of 1998 resulted in just a modest rise of the total beer consumption in Lithuania in comparison to 1997, KALNAPILIS accounted for 58% of the rise. The beer sales of KALNAPILIS lifted by 18% in 1998, the sales of bottled beer augmented by 17%. In 1998, KALNAPILIS accounted for 29% of the domestic beer market and for 35% of bottled beer market.

Carbonized mineral water Vichy Classique, which was launched into production in 1997, constituted 9% of the market in 1998.

KALNAPILIS concluded a five-year purchase agreement regarding chemicals and filtration material used in the beer production. The total value of the contract constitutes LTL 1m in 1999. Another contract worth LTL 11m was concluded with UAB Litmalt for acquisition of malt. The company concluded contracts with Italian and Finnish companies regarding corks and labels.

In 1998, KALNAPILIS invested over LTL 14m into production.

A new beer bottle and a box of KALNAPILIS was the most significant innovation on the Lithuanian beer market in 1998. KALNAPILIS beer in the new bottle looks exclusive, consumers easily recognise it. After the new packing project had been launched, the company formed a credit line of LTL 7m in Vilniaus Bankas to increase the working capital.

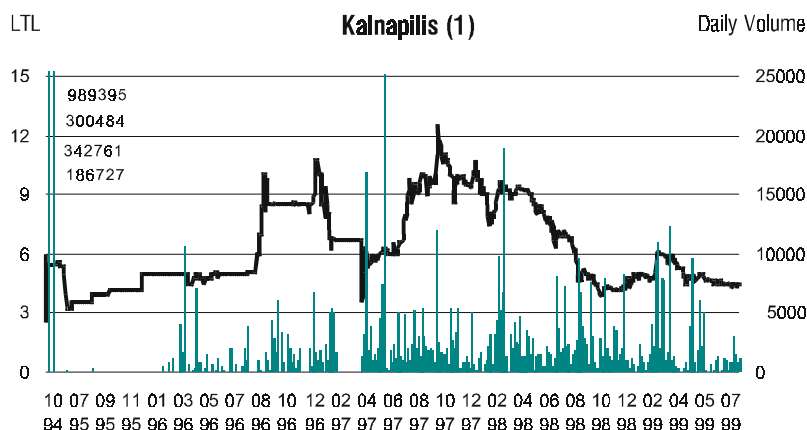
The company's sales revenue constituted LTL 106m during the year, the net profit in 1998 exceeded LTL 25m.

PLANS AND PROSPECTS FOR 1999

In 1999, the company intends to retain the share of the market it holds. From June 1999, beer is distributed into the retail trading net through UAB Jungtinis Alaus Centras.

Structure OF SHARE CAPITAL

Share capital: LTL 25 424 031
 Ordinary shares: – 25424031 registered shares at LTL 1 par (security code 10545) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 04.10.94)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to	2292.
Baltic Beverages Holding AB (Sweden)	86.37%
State (Ministry of Agriculture)	3.26%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	60090571	85312254	111967505	119955936	LIQUIDITY RATIOS			
SHORT TERM ASSETS	24035868	34261418	24600951	23942208	Current ratio	2.08	1.50	0.94
Stock	15786261	5979843	13545073	11726566	Quick ratio	0.72	1.24	0.43
Amounts receivable					Net working capital (LTL thou)	12554370	11508477	-1515156
within one year	7388489	24049505	8794881	11215135	Net working capital to total assets	0.15	0.10	-0.01
TRANSFER ACCOUNTS	125557	103631	152347	109251	PROFITABILITY RATIOS			
TOTAL ASSETS	84251996	119677303	136720803	144007395	Profit margin (%)	0.18	0.33	0.24
CAPITAL AND RESERVES	53194518	82915985	98452349	102011995	Return on assets (%)	0.12	0.25	0.19
Capital	8474677	25424031	25424031	25424031	Return on equity (%)	0.20	0.36	0.26
Subscribed capital	8474677	25424031	25424031	25424031	FINANCIAL LEVERAGE RATIOS			
Share premium account	24491460	7542106	7542106	7542106	Total debt ratio	0.37	0.31	0.28
Revaluation reserve	7260884	7260884	7260884	7260884	Debt / equity ratio	0.58	0.44	0.39
Reserves	978040	978040	2464113	2464113	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	11989457	41710924	55761215	59320861	Inventory turnover	2.15	3.50	4.58
Amounts payable after one year					Receivables turnover	9.45	5.71	6.47
and long-term liabilities	19371844	13623241	12000000	12000000	Net working capital turnover	4.60	7.80	-70.09
Amounts payable within year					Long-term assets turnover	0.96	1.05	0.95
and long-term liabilities	9230167	22635128	25422114	29582725	Total assets turnover	0.69	0.75	0.78
ACCRUED CHARGES								
AND DEFERRED INCOME	2376888	221444	846340	412675				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	84251996	119677303	136720803	144007395				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	57804020	89781960	106190404	44881255				
COST OF GOODS SOLD								
AND SERVICES RENDERED	27723409	38110635	44693723	27454922				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	10430101	29721467	25287788	3559646				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	71950	240003	116442 118222
First	5.00	8.49	9.44	4.58	Share book value (LTL)	6.28	3.23	3.87 4.01
Max	10.08 (09 19)	12.55 (10 20)	10.75 (01 13)	6.15 (03 03)	Price / book value ratio (P/BV)	1.35	2.92	1.18 1.16
Min	4.50 (04 11)	3.50 (05 06)	3.90 (10 23)	4.41 (05 03)	Earnings per share (LTL)	1.23	1.17	0.99 0.60
Last	8.49	9.44	4.58	4.65	Price / earnings ratio (P/E)	6.90	8.08	4.60 7.72
Change (%)	69.80	11.19	-51.48	1.53	Dividend per share (LTL)	0.25	0.16	0.1599 -
Number of transactions (CM)	308	1246	1612	493	Dividend yield	0.03	0.02	0.03 -
Turnover CM (units)	82960	308334	335713	137771	Dividend payout ratio	0.20	0.14	0.16 -
Turnover CM (LTL)	539558	2501606	2405828	737080				
Turnover BT (units)	5300	208157	156987	43362				
Turnover BT (LTL)	46345	1479422	1194060	255836				
CM turnover as % in total	94.00	59.70	68.14	76.06				
Total turnover (units)	88260	516491	492700	181133				
Total turnover (LTL)	585903	3981027	3599888	992916				
Turnover ratio (%)	1.04	2.03	1.94	0.71				
As % in the total share turnover	0.31	0.42	0.40	0.18				

SUBSIDIARIES

UAB Litmalt

Date of establishment
1997

Authorised capital
LTL 20m

Participating interest
100%

RAGUTIS

BREWERY

Address: Kaunakiemio g. 2, 3000 Kaunas
 Phone: (370-7) 200909
 Fax: (370-7) 200909

Registration date: 08.03.1994
 Registration code: 3399058
 Established: 1863
 Privatised: 1994
 Number of employees: 316
 Authorised capital: LTL 21.8m
 Capitalisation (30.06.99): LTL 9.3m

Auditor: Arthur Andersen
 Trading List: Current

Supervisory Board (participation in the company):
 Heikki Hortling, Markku Ronkko, Timo Hortling,
 Danutė Kietienė, Edvardas Rudzevičius

Management Board (participation in the company):
 Kęstutis Paplauskas, Chairman (1.25%),
 Miroslav Sekora (0%), Martin Klouda (0%)

Managing Director: Kęstutis Paplauskas

Investment Relations: Kęstutis Paplauskas, tel. (370-7) 228495

CORPORATE HISTORY

The legal predecessor of Kaunas brewery RAGUTIS was established in 1863 and had undergone a number of changes in its name and status ever since. Before World War II, WOLF ENGELMAN BREWERY was famous in Lithuania.

In 1940, the brewery was nationalised and transformed into a state enterprise called RED GLOW. In 1959, several beer-making plants were united under the name of RAGUTIS. The company was privatised in 1994 and was registered as a public limited company with the share capital of LTL 2.2 million. The capital was divided into 227,473 ordinary registered shares at LTL 10 par.

In 1997, Plezensky Prazdroj a.s. acquired 51% of RAGUTIS share capital. Plezensky Prazdroj a.s. began renovation of RAGUTIS' main equipment and reorganisation of the company's management and marketing strategy immediately after the acquisition. In 1997, the company brewed a new brand of beer, Gambrinus, in accordance with Plezensky Prazdroj a.s. technology. At present, the company is the fourth largest brewery in Lithuania in terms of production volume.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

Traditionally, the company manufactured beer and soft drinks as well as malt. Sales of soft drinks were going down year by year. In 1998 the company stopped making soft drinks. Last year RAGUTIS produced 1578thou dal of beer and 479.9t of malt. Malt is used for the company's own needs in brewing the beer.

Besides malt of its own production, RAGUTIS uses light and caramel malt of Czech production. Sugar is purchased from the Lithuanian sugar companies; hop extract and granules are imported from Germany. The beer produced by the company is bottled only in dark bottles. Sales revenue from bottled beer and kegs is steadily increasing.

RAGUTIS carries out wholesale and retail trade of its products. The production realisation in 1998 accounted for LTL 34m (LTL 30m in 1997). Comparing with 1997, the sales augmented by 6.34%. The company sells its produce mainly in the domestic market.

The reorganisation and modernisation of the production lines was carried out in 1998. RAGUTIS invested LTL 13m into the construction of a new beer boiling shop and a new fermentation unit.

During 1998 the number of employees went up from 309 to 316 due to the expansion of the sales division and creation of an independent distribution system.

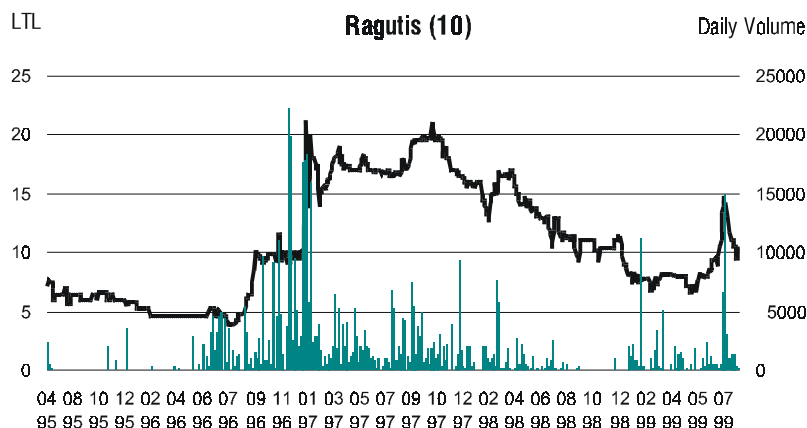
In 1998 RAGUTIS gained LTL 6m of net profit.

PLANS, PROSPECTS FOR 1999

In future the company plans to expand the sales market for its products in Latvia.

Structure OF SHARE CAPITAL

Share capital: LTL 21 807 040
 Ordinary shares:
 – 1068545 registered shares at LTL 10 par (security code 11029) accounting for 49% of the auth. capital (admitted to trading at the NSEL on 04.04.95)
 – 1112159 registered shares at LTL 10 par (security code 12196) accounting for 51% of the auth. capital (admitted to trading at the NSEL on 20.08.99)



STRUCTURE OF OWNERSHIP

Pizensky Prazdroj a.s. (Czech Rep.)	44.8%
Prvni Vychodni (Czech Rep.)	6.6%
Bank of Bermuda (Guernsey) Ltd	6.4%
State (Ministry of Agriculture)	5.5%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	10338050	20547935	37722828	19416456	LIQUIDITY RATIOS			
SHORT TERM ASSETS	11024512	13684076	14812555	12838695	Current ratio	2.40	3.68	2.55
Stock	4411684	6343935	6092392	5513514	Quick ratio	1.44	1.98	1.50
Amounts receivable					Net working capital (LTL thou)	6435889	9980513	9038484
within one year	3332547	5675638	7692530	4282436	Net working capital to total assets	0.30	0.29	0.17
TRANSFER ACCOUNTS	0	24447	68318	50	PROFITABILITY RATIOS			
TOTAL ASSETS	21362562	34256458	52603701	32255201	Profit margin (%)	0.17	0.13	0.15
CAPITAL AND RESERVES	16773939	30339043	36079994	30257111	Return on assets (%)	0.17	0.14	0.12
Capital	10685450	21807040	21807040	21807040	Return on equity (%)	0.21	0.16	0.17
Subscribed capital	10685450	21807040	21807040	21807040	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.21	0.11	0.31
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.27	0.13	0.46
Reserves	3127252	8532003	12896345	6099967	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	2961237	0	1376609	2350104	Inventory turnover	4.50	4.85	3.74
Amounts payable after one year and long-term liabilities	0	0	10491913	0	Receivables turnover	3.49	8.08	6.06
Amounts payable within year and long-term liabilities	4588623	3728010	5862730	1998090	Net working capital turnover	3.32	3.65	4.48
ACCRUED CHARGES AND DEFERRED INCOME	0	0	-20341	0	Long-term assets turnover	2.07	1.77	1.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21362562	34256458	52603701	32255201	Total assets turnover	1.00	1.06	0.77
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	21359457	36384708	40494118	16028086				
COST OF GOODS SOLD AND SERVICES RENDERED	16610857	26094567	23247309	12713916				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	3527151	4802263	6188304	2877194				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	5.80	9.59	16.25	8.10
Max	11.64 (11 14)	21.20 (01 17)	17.00 (04 17)	8.75 (06 30)
Min	3.85 (08 08)	9.59 (01 02)	7.92 (12 24)	6.56 (05 18)
Last	9.59	16.25	8.10	8.75
Change (%)	65.34	69.45	-50.15	8.02
Number of transactions (CM)	529	1413	538	341
Turnover CM (units)	217261	383496	78637	55954
Turnover CM (LTL)	1828793	6407826	1116928	438860
Turnover BT (units)	143821	183669	136280	47584
Turnover BT (LTL)	1245221	3113129	1494840	497578
CM turnover as % in total	60.17	67.62	36.59	54.04
Total turnover (units)	361082	567165	214917	103538
Total turnover (LTL)	3074014	9520955	2611768	936438
Turnover ratio (%)	33.79	53.08	20.11	9.69
As % in the total share turnover	1.63	0.99	0.29	0.17

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	10247	17364	8655	9937
Share book value (LTL)	15.70	13.91	16.55	17.16
Price / book value ratio (P/BV)	0.61	1.17	0.49	0.54
Earnings per share (LTL)	3.30	2.20	2.84	2.19
Price / earnings ratio (P/E)	2.91	7.38	2.85	4.25
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

ŠVYTURYS

BREWERY

Address: Kulių Vartų g. 7, 5799 Klaipėda
 Phone: (370-6) 314284
 Fax: (370-6) 314283

Registration date: 16.03.1993
 Registration code: 4065901
 Established: 1784
 Privatised: 1993
 Number of employees: 273
 Authorised capital: LTL 18m
 Capitalisation (30.06.99) LTL 189m

Auditor: Arthur Andersen
 Trading List: Current

Management Board:
 Nils Smedegaard Andersen, Chairman,
 Ole Ferge, Lars Fellman, Claudia Lindby Laursen,
 Egidijus Bernotas, Algimantas Stanaitis

The Acting Managing Director (participation in the company):
 Tomas Kučinskis (3000 shares)

Investment Relations:
 Tomas Kučinskis, tel. (370-6) 314284

CORPORATE HISTORY

The history of the company dates as far back as 1748 when the German businessman J.V. Reinecke founded Klaipėda Brewery based on the joint capital. Since then the company had changed its name several times and was multiply reconstructed, however ŠVYTURYS is proud of having the oldest roots among the Lithuanian breweries.

Since the beginning of the privatisation, ŠVYTURYS has made capital investment fully upgrading its technological process to produce beer of the highest quality. In 1995 the company introduced the pasteurisation process increasing the self life of the bottled beer. In 1996 modern beer filtration equipment was installed. During these years, the company mounted necessary equipment to start the distribution of beer in kegs for bars and restaurants.

The company modernised its labelling machines and equipped its transport division with new vehicles. In 1997 the company was ready to deliver the beer nationally. In 1998 the company's capital investment amounted to LTL 19.7m.

On 28 April 1999 Carlsberg A/S acquired 95% of the shares of ŠVYTURYS for LTL 180.5 million. On July 15, 1999 Carlsberg A/S sold 19.9% of ŠVYTURYS shares to the European Bank for Reconstruction and Development. In August, 1999 Carlsberg A/S sold one more block of ŠVYTURYS shares (20.60%) to the Investment Fund of Denmark.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The company chiefly engages in manufacturing and realisation of beer and soft drinks. The company sells its production in the north-west of Lithuania and in all major cities and regional centres of Lithuania. During last year the sales especially augmented in the main Lithuanian cities - Vilnius, Kaunas, Klaipėda. 3.3m dal of beer and 36thou dal of soft drinks were produced and realised in 1998. The beer production in comparison with 1997 increased by 543thou dal or 19%. According to the kind of beer, the Baltic Original and the Gintarinis were the most popular beers, whereas the Baltic Porter was the least popular.

ŠVYTURYS was the second most popular company in the Lithuanian beer market according to sales volumes in 1998. The market share was constantly increasing. Only the limited production capacities hindered to achieve an even bigger growth.

LTL 19.187m were invested into modernisation and renovation of the production in 1998. 4 big objects were concluded in the company during 1998: water mixing equipment, the tanks of washing station, the yeast storage tanks, and the tanks of yeast reproduction.

During 1998 the production capacity of the company was increased to 400thou hectolitres. Tanks speeding the brewing process will be installed before the second quarter of 1999.

From 1997 the number of employees remained almost the same, the average wage augmented by 17%.

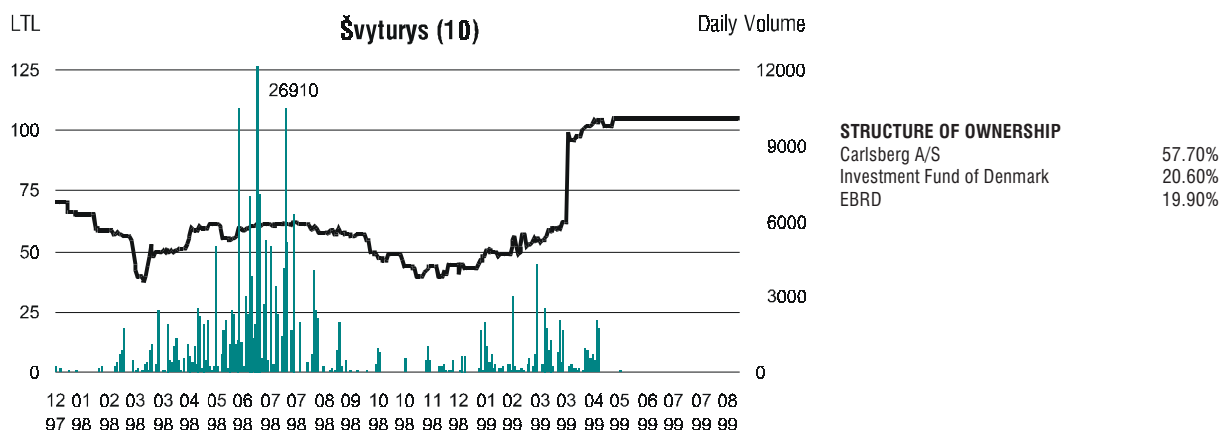
In 1998 ŠYTURYS generated net profit of LTL 8.6 million.

PLANS, PROSPECTS FOR 1999

The estimated investment sum in 1999 comes to LTL 4-8m, while using the 1998-1999 profit. The company will continue expanding its production capacities as even running at full capacity as it is today, the brewery fails to satisfy the domestic demand. Contracts (the value of LTL 4m) with suppliers regarding acquisition of equipment in 1999 have been already signed.

Structure OF SHARE CAPITAL

Share capital: LTL 18 000 000
 Ordinary shares: – 1800000 registered shares at LTL 10 par (security code 11790) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 15.12.97)



STRUCTURE OF OWNERSHIP

Carlsberg A/S	57.70%
Investment Fund of Denmark	20.60%
EBRD	19.90%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	10807680	16467923	34245885	43937646	LIQUIDITY RATIOS			
SHORT TERM ASSETS	9612633	15592244	18437390	21494275	Current ratio	1.88	2.54	6.03
Stock	7119960	6963818	9711416	6330993	Quick ratio	0.50	1.42	2.89
Amounts receivable					Net working capital (LTL thou)	4536366	9560887	15549778
within one year	1540106	2638504	6180548	4512875	Net working capital to total assets	0.22	0.30	0.29
TRANSFER ACCOUNTS	99819	181106	201044	284747	PROFITABILITY RATIOS			
TOTAL ASSETS	20520132	32241273	52884319	65716668	Profit margin (%)	0.30	0.31	0.40
CAPITAL AND RESERVES	15344046	26028810	49795663	60745370	Return on assets (%)	0.42	0.47	0.46
Capital	7074820	11347600	18000000	18000000	Return on equity (%)	0.56	0.58	0.49
Subscribed capital	7074820	11347600	18000000	18000000	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.25	0.19	0.06
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.34	0.24	0.06
Reserves	3996446	7918545	20853300	20965243	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	6762665	10942363	21780127	Inventory turnover	1.78	3.92	3.88
Amounts payable after one year					Receivables turnover	24.98	23.17	13.99
and long-term liabilities	0	0	0	0	Net working capital turnover	6.44	5.06	3.97
Amounts payable within year					Long-term assets turnover	2.70	2.94	1.80
and long-term liabilities	5176086	6206718	3088656	4970558	Total assets turnover	1.42	1.50	1.17
ACCRUED CHARGES								
AND DEFERRED INCOME	0	5745	0	740				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	20520132	32241273	52884319	65716668				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	29201164	48401137	61704177	37023084				
COST OF GOODS SOLD								
AND SERVICES RENDERED	17456106	27584469	32347546	18715996				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	8625751	15075117	24507139	13864118				

TRADING STATISTICS	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)				Capitalisation (LTL thou)	-	74894	77886 189000
First	70.00	66.00	43.27	Share book value (LTL)	26.93	22.94	27.66 33.75
Max	70.00 (12 29)	66.00 (01 07)	105.00 (05 31)	Price / book value ratio (P/BV)	-	2.88	1.56 3.11
Min	66.00 (12 31)	37.02 (03 10)	43.27 (01 05)	Earnings per share (LTL)	12.19	13.28	13.62 18.61
Last	66.00	43.27	105	Price / earnings ratio (P/E)	-	4.97	3.18 5.64
Change (%)	-5.71	-34.44	142.66	Dividend per share (LTL)	5.00	3.00	1.41 -
Number of transactions (CM)	15	1308	646	Dividend yield	-	0.05	0.03 -
Turnover CM (units)	463	199475	43148	Dividend payout ratio	0.41	0.23	0.10 -
Turnover CM (LTL)	32210	11654969	2850866				
Turnover BT (units)	2091	176642	1775611				
Turnover BT (LTL)	135915	10008179	187851290				
CM turnover as % in total	18.13	53.04	2.37				
Total turnover (units)	2554	376117	1818759				
Total turnover (LTL)	168125	21663149	190702156				
Turnover ratio (%)	0.23	33.15	101.04				
As % in the total share turnover	0.02	2.43	34.92				

LIETUVOS KURAS

WHOLESALE AND RETAIL TRADE IN FUEL

Address: Aguonų g. 24, 2600 Vilnius
 Phone: (370-2) 687422
 Fax: (370-2) 624847

Registration date: 19.07.1995
 Registration code: 2005933
 Established: 1946
 Privatised: 1995, due in 1999
 Number of employees: 1476
 Authorised capital: LTL 147.7m
 Capitalisation (30.06.99): LTL 48.2m

Auditor: PricewaterhouseCoopers
 Trading list: Current

Management Board (participation in the company):
 Regina Motiejūnienė, Chairwoman (0%),
 Raimundas Barcevičius (0%), Rimantas Žiemelis (0%),
 Rymantas Kulbokas (0%)

Managing Director: Raimundas Barcevičius

Investment Relations: Raimundas Barcevičius, tel. (370-2) 687422

CORPORATE HISTORY

The history of LIETUVOS KURAS dates from 1946, when the Lithuanian Board of Oil Products Provision was established. In 1980, the State Oil Products Committee replaced the Board. Throughout the decades the name of the company was changed a number of times.

The state company LIETUVOS KURAS was registered in 1990. The company's authorised capital amounted to RBL 31 million. In 1993, LIETUVOS KURAS had the authorised capital in excess of LTL 56.2 million. The state holdings accounted for 61%, and the share capital made up 39%. On 5 November 1994, the authorised capital was raised out of the revaluation reserve and reached LTL 127 million.

In 1995, the state enterprise was reorganised into a public limited company. With the changes made in the company's fixed capital during 1994 and 1995, LIETUVOS KURAS' authorised capital amounted to LTL 178.6 million. The state participating interest constituted 73.35%. The state block in LIETUVOS KURAS' was reduced by 6.2m shares or LTL 30.9m, and the authorised capital amounting to LTL 147,679,710 was registered on 7 July 1999. The state controls 67.76% of the stock.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

LIETUVOS KURAS engages in wholesale and retail trade of non-ethyl gasoline, diesel fuel and coal. In 1997, the company sold 139.6thou tons (169.1thou t in 1997) of oil products and 13.9thou tons (34.8thou t in 1997) of coal. Revenue generated from the sale of oil products accounted for 99% of the total proceeds in 1998. The rest of the revenue was derived from the coal business. The company took a decision not to develop trading in coal, since it has no future. Therefore, the remainder of the coal was sold in 1998. In comparison with 1997 the amount of the sold oil products was by 17.5% less than in 1998, whereas income decreased by 16.6%. The shortage of working capital was the main cause for the drop in sales.

Lithuanian residents and entities constitute the realisation market of the company. Oil products are distributed through LIETUVOS KURAS warehouses and a number of gas-filling stations scattered across the country. The company has 92 stationary and 40 container petrol stations, 50 warehouses of solid fuel. The main part of oil products was sold through the retail network (93%). Lithuanian oil refinery Mažeikių Nafta is the company's main supplier of oil products. In 1998 oil products of Mažeikių Nafta constituted 53.8% of all purchased light oil products, import (mainly from Russia) accounted for 26.3%, other Lithuanian entities - for 17.9% of all purchased light oil products.

In 1998, while optimising the company's management and operating costs, the Vilnius and Kaunas branches were reorganised by merger with Panevėžys, Utena and Klaipėda branches. As a result, the number of employees diminished to 1227. Warehouses of oil products not used in the company's activity, economically inefficient petrol stations and 25 (out of 50) warehouses of solid fuel were leased out.

Despite a positive trend in diminishing the company's operating costs (operating costs decreased from LTL 61.6m in 1997 to LTL 58.7m in 1998), the company remained unprofitable. It suffered a loss of LTL 30m in 1998 (LTL 21.9m in 1997). This was influenced by the costs related with maintenance of the surplus property not used in commercial activity (LTL 7.1m). Part of the property was taken over from the military base and could not be used in the company's activities to yield income. After the import duties were introduced, the structure of oil product suppliers and conditions of supply changed, the excise duty and, consequently, VAT increased. Due to all these reasons and coverage of part of uncommercial loan extended by the World Bank (amounting to LTL 2.3m) the shortage of the working capital was badly felt at the company. Therefore, LTL 6.1m of income was not gained. LTL 1.1m of the income was lost due to the crisis in Russia. Financial liabilities that formed after 1993-1995 because of the Government's decisions regarding the supply of oil products for agricultural companies and municipalities, i.e. the liabilities of the World Bank loan of LTL 15.2m, the European Economic Community Bank loan of LTL 34.9m, and the Lithuanian Savings Bank loan of LTL 3.75m and interest on the loans, were enforced on LIETUVOS KURAS.

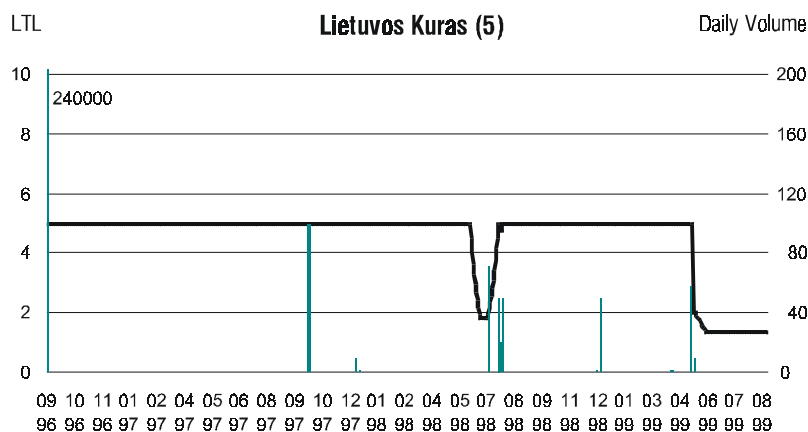
PLANS, PROSPECTS FOR 1999

The extraordinary general shareholders' meeting held on 10 May 1999 decided to reduce the authorised capital of the company by LTL 85.6m in order to eliminate the difference, which resulted from the losses, between the own funds and the authorised capital.

Having failed to carry out the company's privatisation that was due in March 1999, the repeat privatisation tender will be announced at the end of the 2nd quarter and at the beginning of the 3rd quarter of 1999.

Structure OF SHARE CAPITAL

Share capital: LTL 147 679 710
 Ordinary shares: – 29535942 registered shares at LTL 5 par (security code 11436) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 12.02.96)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to	2624.
State Property Fund	67.76%
IAB Šviesus Rytojus (holding)	7.57%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	166868129	164840892	157316547	153520916	LIQUIDITY RATIOS			
SHORT TERM ASSETS	125269209	116778914	38874966	36342386	Current ratio	1.74	1.03	0.33
Stock	51195541	42387025	26298930	22683004	Quick ratio	1.04	0.66	0.11
Amounts receivable					Net working capital (LTL thou)	54496681	3672989	-81261153
within one year	63598395	52303342	8667323	11274223	Net working capital to total assets	0.18	0.01	-0.41
TRANSFER ACCOUNTS	3058218	2068501	1284021	1464707	PROFITABILITY RATIOS			
TOTAL ASSETS	295195556	283688307	197475534	191328009	Profit margin (%)	-0.03	-0.07	-0.12
CAPITAL AND RESERVES	171358962	142768720	62045978	46924853	Return on assets (%)	-0.04	-0.08	-0.15
Capital	178622700	178622700	178622700	178622700	Return on equity (%)	-0.06	-0.15	-0.48
Subscribed capital	178622700	178622700	178622700	178622700	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.42	0.50	0.69
Revaluation reserve	51009699	46181392	26436512	26363682	Debt / equity ratio	0.72	0.99	2.18
Reserves	190436	190436	190436	190310	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-58463873	-82225808	-112260680	-127308849	Inventory turnover	3.74	5.59	6.25
Amounts payable after one year					Receivables turnover	4.77	5.41	8.45
and long-term liabilities	50005848	25745161	14009416	14009416	Net working capital turnover	5.87	85.31	-3.17
Amounts payable within year					Long-term assets turnover	1.92	1.90	1.64
and long-term liabilities	73829793	114824462	119960078	129398277	Total assets turnover	1.08	1.10	1.30
ACCRUED CHARGES								
AND DEFERRED INCOME	953	349964	1460062	995463				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	295195556	283688307	197475534	191328009				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	319731134	313353484	257488932	91352597				
COST OF GOODS SOLD								
AND SERVICES RENDERED	264942483	261370379	214631393	79234688				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	-10413701	-21887030	-30034872	-15048169				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	5.00 (09 03)	5.00	5.00	4.94
Max	5.00	5.00	5.00 (12 10)	4.95 (05 05)
Min	5.00	5.00	1.78 (07 03)	1.35 (06 23)
Last	5.00	5.00	4.94	1.35
Change (%)	-	-	-1.20	-72.67
Number of transactions (CM)	2	8	21	8
Turnover CM (units)	240000	211	303	70
Turnover CM (LTL)	1200000	1055	1255	317
Turnover BT (units)	0	0	1383409	50000
Turnover BT (LTL)	0	0	2532340	250000
CM turnover as % in total	1.04	100.00	0.02	0.14
Total turnover (units)	240000	211	1383712	50070
Total turnover (LTL)	1200000	1055	2533596	250317
Turnover ratio (%)	0.67	0.00	3.87	0.14
As % in the total share turnover	0.64	0.00	0.28	0.05

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	178623	178623	176479	41773
Share book value (LTL)	4.80	4.00	1.74	1.59
Price / book value ratio (P/BV)	1.04	1.25	2.84	0.85
Earnings per share (LTL)	-0.29	-0.61	-0.84	-1.06
Price / earnings ratio (P/E)	-	-	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

MAŽEIKIŲ NAFTA

OIL AND CRUDE OIL REFINING

Address: Juodeikiai, 5526 Mažeikių r.
Phone: (370-93) 92286
Fax: (370-93) 92525

Registration date: 24.01.1991
Registration code: 6645172
Established: 1980
Privatisation: 1999
Number of employees: 3723
Authorised capital): LTL 693.4m
Capitalisation (30.06.99): LTL 312m

Auditor: Arthur Andersen UAB
Trading List: Current

Management Board (participation in company):

Jonas Kazlauskas, Chairman (0%),
Rimantas Žiemelis (0%), Giedrė Glinskienė (0%),
Gediminas Kiesus (0.0001%), Ivan Dološickij (0.0643%)

Managing Director: Vidmantas Macevičius

Investment Relations: Vidmantas Macevičius, tel. (370-93) 92286

CORPORATE HISTORY

The decision to build a crude oil processing plant in Lithuania was made by the authorities of the former Soviet Government at the beginning of the sixth decade. The main objective of the plant was to supply the Baltic Region with oil products and export part of the production abroad. The location for the refinery was chosen in the western part of Lithuania, 18 km to the north-west of the town of Mažeikiai and in approximately 90 km from the Baltic Sea. The construction of the crude oil processing plant started in 1972.

On 31 March 1980, the act was issued for commissioning and start-up of the first processing line and the first refined product obtained was fuel oil. On 25 September 1980, the first hydro-skimming unit LK-6 was put into operation.

In 1982, a bitumen production unit was built to achieve higher grade fuel and to meet the shift in demand from winter to summer. The refinery started the production of road and roofing bitumen. In 1984, a second hydro-skimming unit was added and in 1989, FCC based conversion unit KT-1/1 was installed.

This unit added to the conversion capacity and increased yields of high value light products. FCC complex included vacuum distillation and visbreaking units with vacuum gasoil HDT, FCC, LPG and MTBE units together with a hydrogen plant and a new sulphur recovery plant. Total processing capacity of the refinery has reached 15 million MT per year.

In 1995, the crude oil processing plant NAFTA was transformed into a joint stock company with 90% state ownership, the remaining 10% held by the company's employees and other legal and natural persons. In February 1996, the first gas-filling station owned by MAŽEIKIŲ NAFTA was opened, and the company started to develop its own service network in the local market.

The company succeeded in raising funds to finance its activities. In February 1997, corporate Eurobonds were issued with the face value of US\$ 40m and maturity of 7 months. In September, the debt was refinanced, and a new issue of corporate Eurobonds of total face value of US\$ 89m was arranged with the average maturity of 3 years. All funds are used to purchase feedstock and fulfil new short pay-back projects.

From 1995 the authorised capital of the company was reduced once and increased four times.

In the 4th quarter of 1998 public companies MAŽEIKIŲ NAFTA, NAFTOTIEKIS and BŪTINGĖS NAFTA merged into one entity MAŽEIKIŲ NAFTA, whose authorised capital after the reorganisation reached LTL 693.4m. After the companies had merged, MAŽEIKIŲ NAFTA reduced its share capital by the held shares of UAB Ventus-Nafta, UAB Plinkšių Viešbutis and UAB Tvoklė at the par value. The shares of those companies were distributed among MAŽEIKIŲ NAFTA shareholders in proportion to shares of MAŽEIKIŲ NAFTA and Naftotiekis held by them. Before the merger, Būtingės Nafta's shares held by MAŽEIKIŲ NAFTA and Naftotiekis were annulled.

BUSINESS ACTIVITY

The company's main activity is to process crude oil and other feedstock. In addition, MAŽEIKIŲ NAFTA renders processing services, produces light oil products, engages in wholesale and retail trade of oil products and their transportation. The present product range includes unleaded gasoline A-98 E, A-95 E, A-92 E and A-80 E, gasoline with multifunctional additives VENTUS A-98 E, VENTUS A-95 E, VENTUS A-92 E, summer DLEC grade diesel and winter diesel fuel with sulphur content 0.05, heavy fuel oil, jet fuel JET A-1, LPG, road, roofing and construction bitumen, sulphur, MTBE.

The main buyers of oil products in Lithuania are Lietuvos kuras, Lietuvos energija, Lietuvos geležinkeliai (railway company), UAB Lietuva Statoil, UAB Vaizga, etc. The products are exported to Western Europe via Klaipėda and Ventspils terminals, to the East (Ukraine, Russia) and neighbouring countries: Latvia, Estonia, Poland.

After AB Naftotiekis merged with MAŽEIKIŲ NAFTA, the company transports crude oil by Polock - Birzai - Mažeikiai pipeline to MAŽEIKIŲ NAFTA and by Polock - Birzai - Ventspils pipeline to Ventspils terminal (Latvia) It also transports oil products (diesel fuel) to Ventspils terminal by the product-line Samara - Ventspils crossing the territory of Lithuania. Lukoil, Orako Tupeks, Sidanko, Poliarņoje Sijanije and some others are the main oil transporting clients.

In June 1993, the Government of Lithuania passed a decision to construct crude oil/refined products pipelines and import-export terminal on the Baltic coast in Būtingė to secure an alternative way for crude oil supply. After the construction of the Būtingė Terminal is completed, import of crude oil is planned to reach 8m MT per year.

MAŽEIKIŲ NAFTA purchases the basic raw material - oil and fuel oil - from the Lithuanian companies, from Russia, the USA, Ireland, Switzerland, Panama, etc.

DEVELOPMENTS IN 1998

In 1998 MAŽEIKIŲ NAFTA (Naftotiekis and Būtingės Nafta excluding) provided services for LTL 696.9thou: 91.7% constituted oil refining, 8% - refining of vacuum distillation, 0.3% - refining of fuel oil. The company's production totalled LTL 5.6m: petrol accounted for 34%, diesel fuel - for 32%, fuel oil - for 21%, kerosene - for 7%, heating oil, liquid gas, oil bitumen, and sulphur constituted the remaining part.

Construction of the terminal of Būtingės Nafta that was merged during the reorganisation made up the lion's share of the company's expenses. They totalled USD 186.7m. By January 1999, 97.4% of building works of the main pipeline, 51.7% of those of the terminal, 53.8% of building of the pumping station were completed. All supplementary tanks and three oil tanks (50,000 m3 each) were built too. Assembly of the marine pipelines network and the buoy was carried out by 94.9% and the electric substation was built by 91.2%.

Naftotiekis, that was merged during the reorganisation, transported 3.7 tons of oil to Mažeikiai, 14m tons of oil to Ventspils; on the whole there were 20.7m tons of diesel fuel transported in 1998.

With the start of the financial crisis in Russia in August 1998, Citibank N.A.London, acting as the main agent for payment of bonds issued in 1997-1998, demanded that MAŽEIKIŲ NAFTA redeem the bonds for USD 73m by 11 September 1998. The Lithuanian Savings Bank extended the company a loan of USD 9.9m guaranteed by the Lithuanian government for the purpose of redemption of the bonds. The annual interest rate of the loan is 10.4%, the rate being adjusted every six months. MAŽEIKIŲ NAFTA paid a single charge of 1% of the loan for the guarantee of the state. Another loan of USD 63.1m was granted from the Privatisation Fund for the same purpose, with maturity prolonged until 10 May 1999. The annual interest rate of the loan is 9%.

For all these reasons the loss of MAŽEIKIŲ NAFTA in 1998 amounted to LTL 93m.

The shareholders' meeting held on 9 December 1998 decided to sell a new issue of 341,546,650 ordinary registered shares at LTL 1 par, which made up 33% of the company's share capital, to Williams International Company.

In July 1998 the Ministry of Economy and Williams International Company signed a protocol of intent, where the structure and the value of the sale of shares was defined. The subscription price for the shares equals USD 150m. Part of the share price (USD 75m) shall be paid in cash, the other part shall be paid by issuing securities worth USD 75m. No interest will be paid on those securities to be redeemed by 1 March 2002. Those shares have not been issued yet.

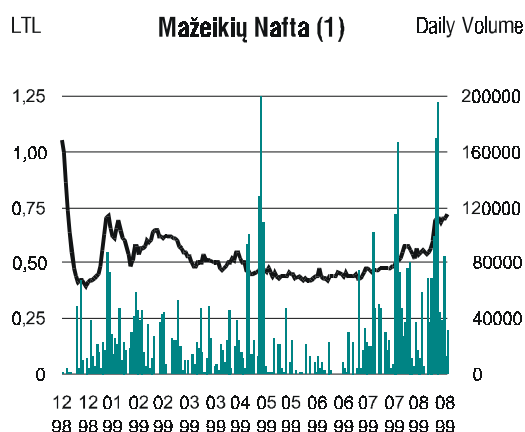
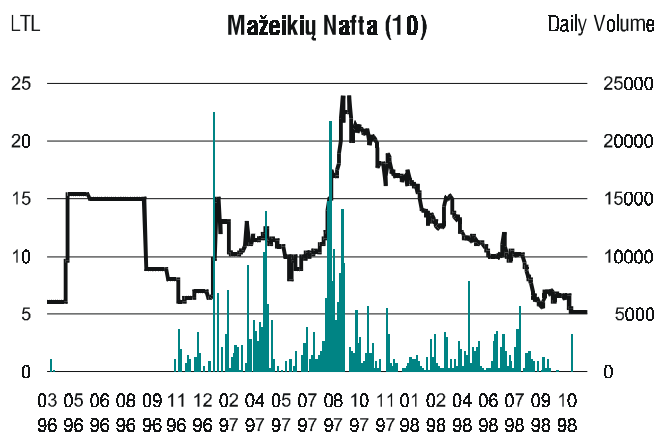
PLANS, PROSPECTS FOR 1999

Construction of the main pipeline network that will link the pumping station of the oil refinery with the oil terminal is to be completed in 1999. The total length of the main pipeline will be 92 km.

Completion of the terminal at the Baltic Sea is planned for October 1999. The terminal is a link between the main pipeline network and the sea buoy.

The sea buoy and the marine pipeline network that will make it possible to export and import oil through the terminal will be completed this year too. The estimated capacity of the whole network is 4,932 m3 per hour, or up to 80,000 DWT tons per 30 hours.

The government of Lithuania has agreed to sell additional 33% of MAŽEIKIŲ NAFTA shares to Williams International Company (all in all, 66%) and has granted the right to acquire additional shares of each new issue at the value not exceeding 16.5% of the registered authorised capital of the company any time during the 5 years following Williams International Company's acquisition of the 33% as well as purchase from the state additional 16.5% of MAŽEIKIŲ NAFTA's shares.



BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999
LONG TERM ASSETS	579043922	700468351	1585639425	1689890997
SHORT TERM ASSETS	272552148	593517937	530944284	497317846
Stock	139056558	328258414	148501907	197902205
Amounts receivable				
within one year	78123760	197532603	250992470	271346265
TRANSFER ACCOUNTS	1246828	15585157	50044409	51237397
TOTAL ASSETS	852842898	1309571445	2166628118	2238446240

CAPITAL AND RESERVES	563459734	597491715	521547757	474306950
Capital	580734080	584634390	693443200	693443200
Subscribed capital	580734080	584634390	693443200	693443200
Share premium account	1623	3424	17	17
Revaluation reserve	0	0	436994	436994
Reserves	518890	12853901	41503626	32728242
Profit (loss) brought forward	-17794859	0	-213836080	-252301503
Amounts payable after one year and long-term liabilities	41600000	433335785	475117486	499677787
Amounts payable within year and long-term liabilities	238383164	266093945	956299584	1068350861
ACCRUED CHARGES AND DEFERRED INCOME	0	0	166166734	148933615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	852842898	1309571445	2166628118	2238446240

PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999
SALES AND SERVICES	998129078	2427765829	2800168737	1081378132
COST OF GOODS SOLD AND SERVICES RENDERED	803074545	2141881375	2462126169	1008839582
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	-17794859	39129870	-93171419	-47240806

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	6.00	6.90	16.99	0.42
Max	15.36 (04 25)	24.00 (09 19)	17.50 (01 08)	0.71 (01 14)
Min	6.00 (03 28)	6.50 (01 13)	0.40 (12 29)	0.42 (06 11)
Last	6.90	16.99	0.42	0.45
Change (%)	15.00	146.23	-75.29*	7.14
Number of transactions (CM)	63	1631	1510	1387
Turnover CM (units)	18012	350794	353480	2640077
Turnover CM (LTL)	119312	5351405	1912869	1401206
Turnover BT (units)	2324	300426	3958104	794636
Turnover BT (LTL)	15816	4821306	9650253	375102
CM turnover as % in total	88.57	53.87	8.20	76.86
Total turnover (units)	20336	651220	4311584	3434713
Total turnover (LTL)	135128	10172711	11563122	1776307
Turnover ratio (%)	0.04	1.11	0.62	0.50
As % in the total share turnover	0.07	1.06	1.30	0.33

STRUCTURE OF OWNERSHIP

Total number of shareholders amount to 2453.
State (Ministry of Economy) 88.5%

FINANCIAL RATIOS

	1996	1997	1998
LIQUIDITY RATIOS			
Current ratio	1.15	2.29	0.52
Quick ratio	0.57	1.06	0.39
Net working capital (LTL thou)	35415812	343009149	-541477625
Net working capital to total assets	0.04	0.26	-0.25

PROFITABILITY RATIOS

Profit margin (%)	-0.02	0.02	-0.03
Return on assets (%)	-0.02	0.03	-0.04
Return on equity (%)	-0.03	0.07	-0.18

FINANCIAL LEVERAGE RATIOS

Total debt ratio	0.34	0.54	0.76
Debt / equity ratio	0.51	1.19	3.15

ASSETS UTILISATION RATIOS

Inventory turnover	5.62	9.17	10.79
Receivables turnover	10.15	17.61	11.33
Net working capital turnover	28.18	7.08	-5.17
Long-term assets turnover	1.72	3.47	1.77
Total assets turnover	1.17	1.85	1.29

MARKET VALUE RATIOS

	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	400707	993294	291246	298181
Share book value (LTL)	9.70	10.22	0.75	0.75
Price / book value ratio (P/BV)	0.71	1.66	0.56	0.57
Earnings per share (LTL)	-0.31	0.67	-0.09	-0.13
Price / earnings ratio (P/E)	-	25.38	-	-
Dividend per share (LTL)	0.00	0.1539	0.00	-
Dividend yield	-	0.01	-	-
Dividend payout ratio	-	0.23	-	-

Structure OF SHARE CAPITAL

Share capital: LTL 693 443 200
Ordinary shares: - 693443200 registered shares at LTL 1 par (security code 11555) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 05.02.96)

SUBSIDIARIES

	Date of establishment	Authorised capital	Participating interest
MN Saugos Tarnyba	1998	LTL 1.2m	100%
UAB Juodeikiu Nafta	1993	LTL 2.39m	60%
UAB Biržietiška aibė		LTL 4.5m	100%
UAB Energetikos naujienos		LTL 11thou	62%

TEXTILES AND LEATHER

HISTORICAL BACKGROUND OF THE LITHUANIAN LIGHT INDUSTRY

Lithuanians used to be very good spinners, weavers and tailors as well as they were famous for their diligence and scrupulousness long time ago.

These were the roots of main light industry branches. There were linen and clothing factories established in Vilnius in 1810, wool fabric factories in Lentvaris and Eišiškės in 1840. Sewing and knitwear industries were flourishing at the end of the 19th century. Sewing company that had 79 employees was established in Vilnius in 1870. First sock knitting companies began to operate. The company in Vilnius that was established by I. Bruno in 1882 used to be the biggest sock producer in Lithuania.

Rather active development of the light industry of the country was during the period between World War I and World War II. Kaunas became the biggest textile center of the country. Big textile companies corresponding to European requirements such as wool fabric factories Drobė and Liteksas, silk fabric producer Kauno audiniai, knitting company Silva made Lithuanian temporary capital famous all around Europe. All these companies are successfully functioning today as well. Sock factory Koton was established in 1930 and used to be one of the biggest and the most successfully operating knitwear companies in the Baltic States. There were 256 light industry companies employing 9 thousand people in Lithuania in 1940.

During the Soviet times light industry of Lithuania used to be also one of the main ones as it was producing almost quarter of total industry production of the country. One of the biggest sewing companies Lelija began to operate already in 1951 and four years later there were another two big sewing companies established in Raseiniai and Vilkaviškis (now joint-stock companies Šatrija and Žemkalnija). Vilnius cotton weaving and spinning company Audėjas as well as Alytus sewing factory (now joint-stock company Dainava) produced its first garments in 1957. This year was also famous for establishing Lentvaris wool carpets weaving factory, the only one in Lithuania and the Baltic States. Alytus cotton factory, which was the biggest cotton processing company in Lithuania, began to function in 1969.

Two main knitwear industry companies were established during this period as well. Those were Utenos trikotažas and Klaipėda sock factory Kintenė. Many textile, sewing and knitwear companies were technically renovated.

After Lithuanian independence was restored, many new modern companies were established. For instance, textile companies Eurotextil, Filana, A Grupė, Bremunas Textil, ladies' tights producers Dana and Julvita, sewing companies Brelytus Textil, Šarka, Audronė fashion parlor, fur production company Nijolė. Foreign capital was efficiently used in order to establish some of these and other textile companies.

SOME FACTS ABOUT LIGHT INDUSTRY OF LITHUANIA TODAY

Light industry of Lithuania is one of the most developed industry branches in the country. Textile, knitwear, sewing, fur, footwear and leather industries are defined as a light industry in Lithuania.

At present, 18% of all operating companies are stated as light industry companies. There are 61 thousand employees engaged in this industry. They produce about 16% of the total output of the country.

Light industry of Lithuania is export-oriented industry. The value of exported textile, knitwear, sewing, fur, leather and footwear products has reached 3.1 billion Lit. This made up 20.4% of the total export volume of the country, where textile and textile articles constituted 18.6%, leather, fur and fur products - 1.3%, footwear - 0.5% of the total export size of the country.

Textile and knitwear companies export 77.4% of their production, clothes sewing and fur processing companies - 89.9%, leather and leather articles producing companies - 51.2%. European Union countries are the main partners for the light industry companies of Lithuania. About 70% of the total light industry articles are exported to the above mentioned companies. The main and the biggest trade partner of light industry companies is Germany - 23.3% of the total light industry branch export size of Lithuania. 10.9% of light industry production are exported to Denmark, 9% - to United Kingdom. Russia used to be one of the main export partners, but due to the economic crisis export size to this country has decreased more than twice and now makes just 6.8%.

INDUSTRIAL POTENTIAL

Textile industry

The oldest and biggest textile (wool, cotton, linen, silk yarn and fabrics, home textile, upholstery fabrics, other) companies like Drobė, Liteksas, Kauno audiniai did not change their company names since the first day of their establishment. Tradition of both high quality level and work culture were developed in those companies during the period between World War I and World War II. But after the Lithuanian economy is market-oriented, textile companies faced more difficulties than other light industry companies when adapting their activities to market economy requirements. The production of heavy woven one colour fabrics that were produced in big quantities for the former Soviet Union market had to be changed into the production of light fashionable coloured fabrics for Western market.

State share of one of the biggest Lithuanian textile companies AB Alytaus tekstilė was sold to foreign investor in 1998. Privatisation process of Kaunas wool company AB Drobė was started in 1999.

When trying to produce according to the latest Western technologies, companies have purchased new equipment from Krantz, Staubli (Germany), Stalom, Laster, Minoko, Biancalani (Italy), Vandewill (Belgium), SSM (Switzerland), IRO (Sweden) and from number of other world famous equipment producers.

Sewing and knitwear industry

Sewing and knitwear industry has met fewer difficulties on its transition way from planned to the market economy. Therefore sewing and knitwear companies are the most stable not just in the light industry sector, but in the whole industry of the country as well.

Due to the short technological production cycle these companies had an opportunity to operate with smaller turnover sources, make quicker decisions when changing the assortment, satisfy customers' needs according to the particular season. These are the reasons why production volumes of knitwear and clothing industries are increasing year by year.

Sewing and knitwear companies make products with Lithuanian trade mark and provides services on CMT and OPT basis. Those companies have rather good equipment, but in order to increase the efficiency of labor-intensive and competitive products for the foreign markets, the prioritative and strategic aim for most Lithuanian companies is purchase of new modern equipment. When trying to produce according to the latest Western technologies, companies have purchased new equipment from Lindauer Dornier, Drkopp Adler AS, Weit (Germany), Santoni, Sangiacomo, Macpi, Rimoldi (Italy), Chirano Kinzoku, Juki, Brother (Japan) and from number of other world famous European, US and Japanese brand name equipment producing companies. Both, own financial funds and foreign investment were used in order to purchase the equipment.

FORMATION OF THE ATTRACTIVE INVESTMENT CLIMATE

Foreign investment in the light industry is one of the main factors influencing purchase of the very modern production equipment, production technology development, creation of high quality and perfect design products that could satisfy customers' needs. Direct foreign investment (DFI) into light industry constitutes 14.8% of the total DFI to the Lithuanian industry.

Laws of the Republic of Lithuania regulating business activities of Lithuanian light industry companies and foreign investors are applied with the reference to the requirements defined by the mutual and multinational agreements that Lithuania signed with foreign countries.

Lithuania has signed free-trade agreement with the European Union, Free Trade Association, tripartite agreement with Latvia and Estonia as well as bilateral agreements with 27 countries.

There are mutual promotion and protection agreements signed with 27 countries and the agreement with Multinational Investment Promotion Agency regarding use of local currency and legal protection of investments.

Lithuania has also concluded agreements with 22 countries regarding income, double capital taxation and avoiding of fiscal violations.

If there are any disagreements regarding investment-related questions, investors do have a right to apply directly to the International Investment Problems Solution Center.

Lithuania has ratified the New York convention. According to this convention all the decisions that were approved by the Arbitration in a foreign country are recognised and executed in Lithuania.

Lithuania has a competitive advantage in textiles due to its high labor intensity and wage rate ratio, closeness of the Eastern Markets, high labor culture, meeting the terms and liabilities, good geopolitical situation, stable macroeconomics situation of the country.

HUMAN RESOURCES

Managers and specialists that are employed in textile industry are real specialists of their work, most often highly educated, skilled people capable to solve problematic situations emerging daily as all companies are operating on the market economy conditions.

At present, there are 17,820 employees including 15,000 "blue collar" and 2,820 "white collar" employees working in textile companies. Workers operating in textile companies have enough skills required to produce the high quality production. There are 3,100 top qualification specialists and 8,000 workers (those who have not lower than 4th category) proceeding very complex and difficult work on their daily operations.

Innovate potential has been successfully developed and strengthened for a number of years. Some of the companies are supported by the German Reconstruction Credit Institution that has been providing consulting services for the third year.

Lithuanian light industry has deep traditions in organizing training courses for specialists in order to improve their skills. Two universities are training potential specialists for textile companies: Kaunas Technological University and Vilnius Art Academy. About 800 designers, technologists, management specialists are trained there each year. There is also the research institution Lithuanian Textile Institute established in Kaunas. Specialists with secondary education are trained in Light Industry College and Kaunas High School. Managers of companies are constantly being trained at management centers in Denmark, Germany, United Kingdom, Sweden.

ALYTAUS TEKSTILĖ

FABRICS AND OTHER TEXTILES

Address: Pramonės g. 1, 4580 Alytus
 Phone: (370-35) 77357
 Fax: (370-35) 78666, 78776

Registration date: 24.09.1993
 Registration code: 4969877
 Established: 1968
 Privatised: 1993
 Number of employees: 3757
 Authorised capital: LTL 100.2m
 Capitalisation (30.06.99): LTL 14m

Auditor: PricewaterhouseCoopers
 Trading List: Current

Supervisory Board (participation in the company):
 Stanislovas Majauskas, Chairman (0.02%),
 Vincas Navickas (0.01%), Janina Petrusėvičiūtė (0%),
 Edmundas Strodomskas (0%), Genovaitė Urniežienė (0%)

Management Board: Gintautas Andriūškevičius, Chairman (0.6%),
 Valdemaras Marčiauskas (0.01%), Albinas Jasiulevičius (0.02%),
 Romualdas Rimkus (0.02%), Dalia Rimkuvienė (0.01%),
 Gražina Ludavičienė (0.02%), Genė Slavinskienė (0%),
 Narinder Kumar Ghanshamdas Aswani (0%)

Managing Director: Gintautas Andriūškevičius

Investment Relations: Gražina Ludavičienė, tel (370-35) 7 85 10

CORPORATE HISTORY

ALYTAUS TEKSTILĖ's predecessor, Alytaus state cotton factory, was established in 1968 and reorganised into a public limited company on 24 September 1993. The first batch of textiles was produced in 1969. In the period between 1988 and 1990, the company was modernised. After the renovation of spinning-weaving equipment, the company introduced a new product - cotton-polyester fabrics for outdoor clothing.

The company's production had been oriented to meet the demands of the huge Soviet market which required large amounts of narrow range textiles. During the years of flourishing, ALYTAUS TEKSTILĖ sold 13.9 thou tonnes of yarn and 91m meters of cloth per annum.

In 1996, the general shareholders' meeting decided to reduce the company's authorised capital by LTL 33m in order to eliminate the discrepancy between the assets and authorised capital that appeared due to losses. Consequently, 33m ordinary shares were annulled. New size of the share capital - LTL 100.2m - was registered in February 1997. It remained unchanged up to date. The company did not pay dividends for 3 years.

In 1997, ALYTAUS TEKSTILĖ managed to rise from the decline of the previous years. All economic and financial indicators showed a positive change in comparison with earlier results.

On 29 September 1998, ALYTAUS TEKSTILĖ was privatised through public tender - 63.18% of its stock were sold by the Ministry of Economy to Asean Interest Limited.

BUSINESS ACTIVITY

ALYTAUS TEKSTILĖ is the largest producer of cotton-type and mixed fibre fabrics in the Baltic states. It manufactures various types of yarn and textile, knitted, cotton-type and mixed fabrics for uniforms, rain-coats, shirts, bedding, pyjamas and special outfit. The company produces bed and kitchen linen, curtains and other articles.

More than 70% of the company's production are exported to the EU, Norway, USA, 10% go to the CIS, Latvia and Estonia, whereas 20% of products are realised in the domestic market. Only 3-8% of yarn are sold in Lithuania and abroad, the rest is used for manufacture of ready-made textile articles.

The bulk of company's products is purchased by the regular buyers. The company maintains good ties with Swedish, German and Italian partners. These companies account for more than a half of its export to Western countries. 50% of the exports are realised on the basis of long-term agreements.

The main raw materials, cotton and chemical fiber, are secured from foreign countries. The cotton used in production is grown in the countries of Middle Asia, though it is bought through Western intermediaries.

DEVELOPMENTS IN 1998

In 1998, fabrics accounted for 68% of the total output, sewing articles for 14%, yarn and other production constituted 18%. During last year the company produced 12.3 thou tonnes of yarn, wove 37.6 thou tonnes of grey fabrics. Output of finished fabrics grew by 19.6% to 19 thou tons.

ALYTAUS TEKSTILĖ sales and services in 1998 accounted for LTL 201.28 million. Compared to 1997 there was an increase of LTL 9.69 million.

In order to foster closer relationship with foreign partners and find new markets for the company's products, ALYTAUS TEKSTILĖ participated in various international fairs and exhibitions in Germany, USA, Hong Kong, Denmark, Russia, Estonia and Latvia. These and other efforts bore fruit - a number of prospective contracts were concluded with Western buyers.

Efficiency of labour was improved by introducing 4 shifts in weaving spinning units. The company's average monthly salary in 1998 was LTL 848.7, compared to 1997 it rose by 8.8 per cent. The average number of people employed by ALYTAUS TEKSTILĖ is 3757.

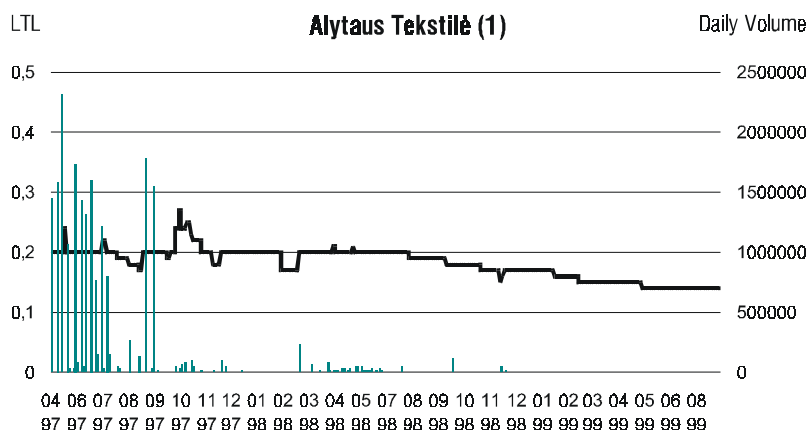
PLANS, PROSPECTS FOR 1999

ALYTAUS TEKSTILĖ expects 1999 to be the year of profitable activity. Due to rapid changes in the Lithuanian sewing industry, the company has good chances to increase sales by 20 per cent. It plans to expand production of 1.60m width fabrics. An active search for new markets will be continued.

On 29 September 1998, an agreement was signed by which 63.18% of ALYTAUS TEKSTILĖ shares were sold to a strategic investor Asean Interest Limited. Asean Interest Limited commitment to invest LTL 240m in the course of 5 years should improve ALYTAUS TEKSTILĖ economic and financial standing.

Structure OF SHARE CAPITAL

Share capital: LTL 100 212 726
 Ordinary shares: - 100212726 registered shares at LTL 1 par (security code 10090) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 23.11.93)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 2655.	
Asean Interest Limited	31.91%
State Property Fund	26.25%
Toloram Investments AS	21.87%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	128230304	113644022	101466923	96615768	LIQUIDITY RATIOS			
SHORT TERM ASSETS	62696200	65717452	65100226	67274116	Current ratio	1.99	1.49	1.35
Stock	39905480	36482083	37163057	37715212	Quick ratio	0.72	0.66	0.58
Amounts receivable					Net working capital (LTL thou)	31118893	21472592	16748665
within one year	22000393	28265464	27409141	28917374	Net working capital to total assets	0.16	0.12	0.10
TRANSFER ACCOUNTS	5037	19987	196367	285786	PROFITABILITY RATIOS			
TOTAL ASSETS	190931541	179381461	166763516	164175670	Profit margin (%)	-0.18	-0.10	-0.10
CAPITAL AND RESERVES	139754701	120353300	100658405	94344611	Return on assets (%)	-0.12	-0.11	-0.12
Capital	133370291	100212726	100212726	100212726	Return on equity (%)	-0.16	-0.16	-0.20
Subscribed capital	133370291	100212726	100212726	100212726	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.27	0.33	0.40
Revaluation reserve	45587201	45587201	45587201	45587201	Debt / equity ratio	0.37	0.49	0.66
Reserves	1365164	1365164	1365164	1365164	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-40567955	-26811791	-46506686	-52820480	Inventory turnover	3.43	5.02	5.27
Amounts payable after one year					Receivables turnover	6.32	7.62	7.23
and long-term liabilities	19594496	14763314	17557183	17557183	Net working capital turnover	4.01	8.92	12.02
Amounts payable within year					Long-term assets turnover	0.97	1.69	1.98
and long-term liabilities	30497258	43854487	46288126	49769628	Total assets turnover	0.65	1.07	1.21
ACCRUED CHARGES								
AND DEFERRED INCOME	1085086	410360	2259802	2504248				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	190931541	179381461	166763516	164175670				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	124900948	191587493	201278127	90044334				
COST OF GOODS SOLD								
AND SERVICES RENDERED	134623429	191909935	194010867	87130317				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	-23028680	-19401401	-19694895	-6313794				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	0.20	0.20	0.17
Max	0.27 (10 08)	0.21 (05 20)	0.17 (01 28)
Min	0.17 (08 20)	0.15 (11 23)	0.14 (06 30)
Last	0.20	0.17	0.14
Change (%)	-	-15.00	-17.65
Number of transactions (CM)	3170	316	8
Turnover CM (units)	20235408	1205065	10800
Turnover CM (LTL)	4053056	235738	1608
Turnover BT (units)	527542	3526376	30000
Turnover BT (LTL)	96407	771267	2700
CM turnover as % in total	97.46	25.47	26.47
Total turnover (units)	20762950	4731441	40800
Total turnover (LTL)	4149463	1007005	4308
Turnover ratio (%)	20.72	4.72	0.04
As % in the total share turnover	0.43	0.11	0.001

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	20043	17036	14030
Share book value (LTL)	1.05	1.20	1.00	0.94
Price / book value ratio (P/BV)	-	0.17	0.17	0.15
Earnings per share (LTL)	-0.17	-0.19	-0.20	-0.20
Price / earnings ratio (P/E)	-	-	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

KAUNO AUDINIAI

FABRICS AND OTHER TEXTILES

Address: Griunvaldo g. 3/5, 3000 Kaunas
 Phone: (370-7) 225076
 Fax: (370-7) 228323

Registration date: 12.02.1992
 Registration code: 3320724
 Established: 1930
 Privatised: 1992
 Number of employees: 493
 Authorised capital: LTL 24.2m
 Capitalisation (30.06.99): LTL 2.66m

Auditor: PricewaterhouseCoopers
 Trading list: Current

Supervisory Board (participation in the company):
 Rymantas Juozaitis, Chairman (7.06%),
 Arvydas Garbaravičius (4.87%), Vida Griuciuvienė (100 shares),
 Jarmo Olavi Rautiainen (0%)

Management Board (participation in the company):
 Ramūnas Garbaravičius, Chairman (4.26%),
 Egidijus Pažarauskas (4.35%), Rita Bražėnienė (0.06%),
 Ovidijus Stačkūnas (100 shares)

Managing Director: Egidijus Pažarauskas

Investment Relations: Egidijus Pažarauskas, tel. (370-7) 228 462

CORPORATE HISTORY

KAUNO AUDINIAI, a silk factory, was established by Mr Robert Hirsh in September 1930. Distinguished for the quality products, it used to be one of the leading enterprises in the former Soviet Union.

The company was transformed into a public company in February 1992. The issue of shares registered with the Lithuanian Securities Commission on 13 September 1996 amounted to LTL 1.47 million. The state was granted the exclusive right to purchase this issue. Thus, the company's indebtedness to the budget for the period of 1992-1994 was converted into shares.

On 27 August 1997, the share capital was increased to LTL 24.2m by issuing 2.8m ordinary shares at LTL 1 par.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

KAUNO AUDINIAI specialises in four types of fabrics: fabrics for women's dress (92.15% in 1997, 98.1% in 1998), decorative fabrics (6% in 1997, 0.7% in 1998), fabrics for raincoats (0% in 1997, 0.6% in 1998) and upholstery as well as lining fabrics (1.85% in 1997, 0.6% in 1998). In 1998 changes in the assortment of the produced and sold production were mainly caused by large orders for fabrics for women's dress as orders were received from Western countries. Due to the crisis in Russia and diminished purchasing power of Lithuanian buyers, the demand for decorative fabrics suffered a loss. More orders were received for lining fabrics and fabrics for raincoats, but the total amount of purchases of Lithuanian and the CIS buyers experienced a considerable decline.

For the production of various fabrics the company uses cotton, viscose, polyester, lavsane, acetate and cupro yarn. The main suppliers of the company's raw material are Italy (41.8%), Japan (35.1%), Czech Republic (10.4%), Germany (10%). Dye and chemicals are received from Germany (36.7%), Sweden (20.6%), Switzerland (18.9%), Poland (6.3%). Equipment and components are imported from Italy (79.6%), Germany (8.8%), and Switzerland (8.4%).

Consumers of KAUNO AUDINIAI production are Lithuanian and foreign sewing companies and natural persons. The company sells the bulk (84.7% of production to Miroglio Tessile S.p.A. (Italy) and Sohl&Sohlke (Germany) which at the same time are the main suppliers. 1.5% of production is sold in the USA, 1.1% in Latvia and Estonia, 0.8% in Poland, 0.3% in the CIS. In total, 91.5% of the products are exported, and only 8.5% find their buyers in Lithuania. Fabrics for blouses and shirts constituted 80%, decorative fabrics - 7%, lining fabrics - 13% of total sales. The main task of the company in 1998 was to make itself less dependent on the Sohl&Sohlke orders. The company tried to enter other markets: that of Poland, the USA, Scandinavia. A new partner in Germany, Textillegentur Alberts, was found - 1.6% of fabrics were sold to this partner.

During the year, KAUNO AUDINIAI produced 3634thou meters of fabrics. In 1998, as compared with 1997, the production output decreased by 536thou meters or 12.8%. KAUNO AUDINIAI reported its last year's loss at LTL 5.7 million. The negative performance was a result of a drop in sales in the domestic and Eastern markets and a jump in energy prices and those of supplies.

In 1998, KAUNO AUDINIAI invested big amounts into the means of production (6 high-speed weaving machines Picanol PAT A 2 RF and fabrics softening equipment Airo 1000 were acquired) and new technologies. The main innovations concern the discovery of new kinds of fibre. The productivity of weaving machines was constantly increased, the dyeing quality was upgraded.

In 1996, the company took loans of DEM 69.700 and USD 245thou at the annual interest of 16% from the Irish company Hardreck Ltd. According to the agreement, the loans will have to be repaid on Hardreck Ltd. demand any time from 1 May, 2000.

PLANS, PROSPECTS FOR 1999

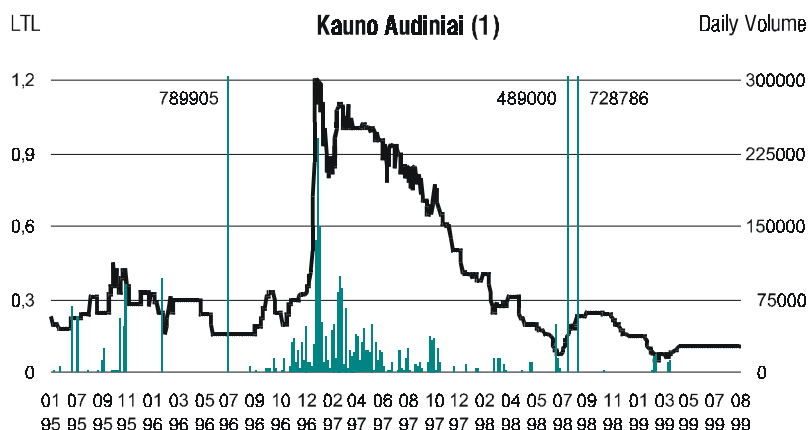
The company decided to cancel the production of lining fabrics (except when special orders are made) and upholstery, to concentrate on polyester fabrics, which will allow to establish itself on the Lithuanian market and further orient itself towards the Polish, Lithuanian, Ukrainian markets. The main focus is on the development of fabrics for light and outdoor clothes for men and women, since the company has no competitors in this sphere in Lithuania.

Reorganisation of KAUNO AUDINIAI is anticipated.

Structure OF SHARE CAPITAL

Share capital:
 Ordinary shares:

LTL 24 225 815
 - 24225815 registered shares at LTL 1 par (security code 10154) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 04.01.94)



STRUCTURE OF OWNERSHIP

Hansabank Ltd. (Estonia)	5.27%
Baltic Investment Fund	18.22%
Rymantas Juozaitis	7.06%
State (Ministry of Economy)	6.09%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	19352259	18016836	20274564	17456112	LIQUIDITY RATIOS			
SHORT TERM ASSETS	15074019	16062226	17260040	17206284	Current ratio	1.77	2.17	1.58
Stock	9903031	10724645	10713104	10253806	Quick ratio	0.68	0.73	0.64
Amounts receivable					Net working capital (LTL thou)	6983535	8705975	6607681
within one year	5075617	5204298	6167660	6898814	Net working capital to total assets	0.20	0.25	0.17
TRANSFER ACCOUNTS	999936	116443	820504	858359	PROFITABILITY RATIOS			
TOTAL ASSETS	35426214	34195505	38355108	35520755	Profit margin (%)	0.04	-0.08	-0.16
CAPITAL AND RESERVES	24951351	25587115	25583207	24337622	Return on assets (%)	0.03	-0.07	-0.15
Capital	21423372	24225815	24225815	24225815	Return on equity (%)	0.04	-0.09	-0.22
Subscribed capital	21423372	24225815	24225815	24225815	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	168146	168146	168146	Total debt ratio	0.30	0.25	0.33
Revaluation reserve	18056	18056	5760440	5760440	Debt / equity ratio	0.42	0.34	0.50
Reserves	2399087	2399087	2399088	2399088	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	1110836	-1223989	-6970282	-8215867	Inventory turnover	2.74	2.59	3.31
Amounts payable after one year					Receivables turnover	7.46	5.50	6.36
and long-term liabilities	1384443	1135696	1299038	1269063	Net working capital turnover	4.15	3.25	5.48
Amounts payable within year					Long-term assets turnover	1.50	1.57	1.79
and long-term liabilities	8722766	7364803	11383878	9737864	Total assets turnover	0.82	0.83	0.94
ACCRUED CHARGES								
AND DEFERRED INCOME	367654	107891	88985	176206				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	35426214	34195505	38355108	35520755				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	28954222	28256858	36190090	12034821				
COST OF GOODS SOLD								
AND SERVICES RENDERED	24721143	26698677	35432083	11775001				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	1019069	-2334825	-5746293	-1245585				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	0.33	0.35	0.40	0.15
Max	0.35 (12 31)	1.21 (01 21)	0.40 (02 11)	0.15 (01 27)
Min	0.16 (08 29)	0.35 (01 02)	0.07 (07 24)	0.05 (02 26)
Last	0.35	0.40	0.15	0.11
Change (%)	6.06	14.29	-62.50	-26.67
Number of transactions (CM)	135	1085	95	52
Turnover CM (units)	1222260	3241854	1400704	79884
Turnover CM (LTL)	251230	3301332	267960	5143
Turnover BT (units)	618751	2288586	3339202	0
Turnover BT (LTL)	185325	2508662	729816	0
CM turnover as % in total	66.39	58.62	29.55	100.00
Total turnover (units)	1841011	5530440	4739906	79884
Total turnover (LTL)	436555	5809994	997775	5143
Turnover ratio (%)	8.59	25.81	19.57	0.33
As % in the total share turnover	0.23	0.61	0.11	0.001

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	7498	8569	3634	2665
Share book value (LTL)	1.16	1.06	1.06	1.00
Price / book value ratio (P/BV)	0.30	0.38	0.14	0.11
Earnings per share (LTL)	0.05	-0.10	-0.24	-0.23
Price / earnings ratio (P/E)	7.36	-	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

LINAS

LINEN FABRICS AND TEXTILES

Address: S.Kerbedžio g. 23, 5319 Panevėžys
 Phone: (370-25) 506101
 Fax: (370-25) 422607

Registration date: 08.03.1993
 Registration code: 4768908
 Established: 1957
 Privatised: 1993
 Number of employees: 1507
 Authorised capital: LTL 24m
 Capitalisation (30.06.99): LTL 6.97m

Auditor: TŪB J. Kabašinskas ir partneriai
 Trading List: Current

Management Board (participation in the company):
 Ramūnas Lenčiauskas, Chairman (0.323%),
 Edmundas Alijauskas (0%), Aldona-Marija Mažylienė (0.083%),
 Algirdas Valentukevičius (0.066%), Aldona Mikulskienė (0.051%)

Managing Director: Aldona-Marija Mažylienė

Investment Relations: Algirdas Valentukevičius, tel. (370-25) 463475

CORPORATE HISTORY

In 1957 a state enterprise engaged in manufacture of linen cloth - the predecessor of LINAS - was established in Panevėžys. During 1975-1990, after linen cloth manufacturer Siūlas and flax spinning and weaving factory Linų Audiniai merged, Panevėžys enterprise became the main company of Panevėžys group LINAS.

In 1993 the company was registered as a public limited company LINAS. Today, it is the largest linen cloth manufacturer not only in the Baltics, but in Western Europe as well, recognised internationally for high quality of linen fabrics.

After the reorganisation in 1993, the authorised capital of the company came to LTL 4.4 million. Employees and other private shareholders acquired 64.9% of the stock. State interest amounted to 35.1 per cent.

On 8 October 1993 the Lithuanian Securities Commission gave a permit to offer a LTL 4.2m issue. Therefore, the authorised capital rose to LTL 8.6m divided into 8.6m ordinary shares.

With the revaluation of assets in 1994, the authorised capital of LTL 22.87m was registered with Panevėžys Municipality. It was divided into equal number of ordinary registered shares at LTL 1 par. Reducing the state held share in the Company's authorised capital, the capital decreased to LTL 22.36m in March 1995. After a new issue of LTL 1.2m in 1996, the company's share capital amounted to LTL 23.58m. A new issue was included in March 1999 lifting the authorised capital to 24m and was divided into the same amount of ordinary registered shares at LTL 1 par. The size of share capital remained unchanged up to date.

BUSINESS ACTIVITY

LINAS manufactures high quality linen cloth: white, coloured, motley, striped, jacquard, used for production of curtains, tablecloth, napkins, towels, and clothing. The company has its own sewing section, where table-covers, napkins, towels, bedding and curtains are manufactured.

LINAS produces 50 kinds of fabrics that differ in texture, type of yarn, tenacity and method of weaving. The width of all cloth is 150 cm. The annual company's capacity reaches 8m meters of the cloth.

More than 80% of production are exported to Western countries. The main buyers are the USA, Scandinavian countries, and Germany. 80% of the company's sales contracts are long term. 1% of the production is sold through the company outlet Gija and directly from the finished product warehouse to individual buyers.

Supplies are delivered by domestic companies as well as foreign partners. 19.1% of flax fibre is provided by Lithuanian manufacturers, 34% come from Western countries, 36.2% from Ukraine, the rest from Belarus, Estonia, Latvia and Russia. Cotton-type yarn mainly (82.5%) comes from Latvia, while viscose is supplied by Italian partners (94.3%). The biggest part of the chemicals and dye are imported from Germany, Switzerland, Scandinavia.

LINAS regularly participates in fairs and exhibitions in the CIS countries, Germany, the UK, the USA, Hungary, etc.

DEVELOPMENTS IN 1998

During the previous year, the company sold 5 million meters of fabrics, 4 million units of sewing articles and 62 tons of flax yarn. The company generated revenues of LTL 69 million. Sales increased by 13.3 per cent in comparison with 1997 (sales to Western countries augmented by 11.9%, sales in Lithuania - by 22.1%).

Last year LINAS earned a pre-tax profit of LTL 5.08 million (LTL 4.5m in 1997). Net profit amounted to LTL 4.1m in 1998 (LTL 3.9m in 1997). Book value per share rose to LTL 1.35. The turnover of the working capital improved 0.3 times, interest on the bank loans diminished by 1.3 points.

The company employed 1507 persons. The average monthly salary was LTL 931 (increased by 14.7%).

According to the 1998 results LINAS was granted the title and the prize of the Successful Company at the competition arranged by the Lithuanian Manufacturers' Confederation and the Ministry of Economy. The cloth "Linus naujai" was awarded for the newness and uniqueness, the jacquard tablecloth and napkin set "Kalėdiniam Stalui" was granted a diploma.

In 1998, seeking to produce long linen fibre of higher quality for the production of fabrics of higher technical level, LINAS founded a subsidiary UAB Lino Pluoštas, the authorised capital of which constitutes LTL 10thou.

PLANS, PROSPECTS FOR 1999

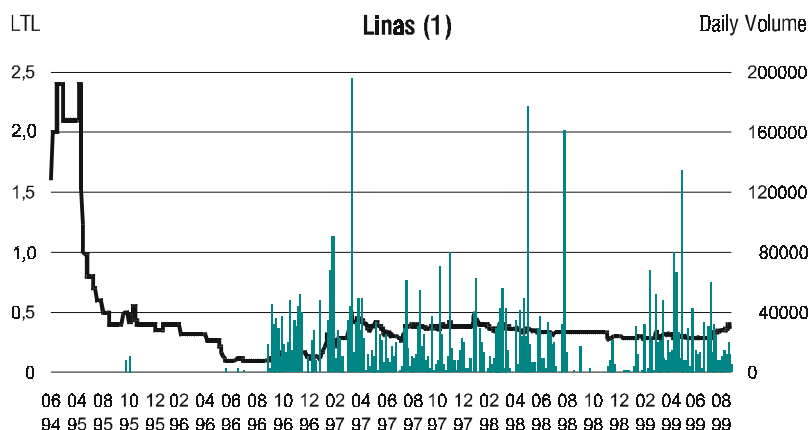
In 1999 LINAS intends to:

- increase sales by 9.6 per cent, the projected sales constitute LTL 75.6m;
- reach the 5.6 per cent profitability.

The company will pursue its technical-technological and organisational restructuring, in order to ensure production of high quality products. LINAS will further aim to implement ISO 9001 standard.

Structure OF SHARE CAPITAL

Share capital: LTL 24 038 990
 Ordinary shares: – 24038990 registered shares at LTL 1 par (security code 10066) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 02.11.93)



STRUCTURE OF OWNERSHIP
New Markets Investments Ltd. 41.71%
State Securities Fund 15.37%

41.71%
15.37%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	1519498	18100271	19766553	21607041	LIQUIDITY RATIOS			
SHORT TERM ASSETS	23698510	27990810	34334001	36713946	Current ratio	1.92	1.97	2.26
Stock	17808684	18841149	21368392	24662140	Quick ratio	0.48	0.65	0.86
Amounts receivable					Net working capital (LTL thou)	11366732	13875203	19189276
within one year	5273454	8856994	12586114	11143444	Net working capital to total assets	0.29	0.30	0.35
TRANSFER ACCOUNTS	27134	260460	55106	38613	PROFITABILITY RATIOS			
TOTAL ASSETS	38920642	46351541	54155660	58359600	Profit margin (%)	0.13	0.06	0.06
CAPITAL AND RESERVES	25134288	29048439	31137295	32815064	Return on assets (%)	0.18	0.08	0.08
Capital	23576744	23576744	23576744	24038990	Return on equity (%)	0.28	0.13	0.13
Subscribed capital	23576744	23576744	23576744	24038990	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.35	0.37	0.43
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.55	0.60	0.74
Reserves	227575	5471695	7560551	6147580	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	1329969	0	0	2628493	Inventory turnover	2.55	2.52	2.46
Amounts payable after one year					Receivables turnover	11.46	8.73	6.44
and long-term liabilities	0	2535789	7818534	0	Net working capital turnover	4.63	4.45	3.60
Amounts payable within year					Long-term assets turnover	3.46	3.41	3.49
and long-term liabilities	12358912	14376067	15199831	25544536	Total assets turnover	1.35	1.33	1.27
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	38920642	46351541	54155660	58359600				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	52587645	61680316	69011902	37395286				
COST OF GOODS SOLD								
AND SERVICES RENDERED	46470110	46192240	49497104	26756482				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	6990239	3914151	4126408	2628493				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	3301	8959	6601 6971
First	0.35	0.14	0.38	0.28	Share book value (LTL)	1.07	1.23	1.32 1.37
Max	0.40 (02 20)	0.51 (03 28)	0.50 (01 09)	0.35 (03 08)	Price / book value ratio (P/BV)	0.13	0.31	0.21 0.21
Min	0.10 (09 26)	0.12 (01 13)	0.27 (11 17)	0.27 (02 04)	Earnings per share (LTL)	0.30	0.17	0.18 0.19
Last	0.14	0.38	0.28	0.29	Price / earnings ratio (P/E)	0.47	2.29	1.60 1.49
Change (%)	-60.00	171.43	-26.32	3.57	Dividend per share (LTL)	0.00	0.00	0.03 -
Number of transactions (CM)	316	1184	697	446	Dividend yield	-	-	0.11 -
Turnover CM (units)	678645	2363670	1729799	1313504	Dividend payout ratio	-	-	0.17 -
Turnover CM (LTL)	88289	896488	630616	389519				
Turnover BT (units)	135506	2706871	3611892	12113447				
Turnover BT (LTL)	18902	1003970	485459	2797821				
CM turnover as % in total	83.36	46.62	32.38	9.78				
Total turnover (units)	814151	5070541	5341691	13426951				
Total turnover (LTL)	107191	1900458	1116076	3187341				
Turnover ratio (%)	3.45	21.51	22.66	55.85				
As % in the total share turnover	0.06	0.20	0.13	0.58				

SUBSIDIARIES
UAB Lino pluoštas

Date of establishment
1998

Authorised capital
LTL 10,000

Participating interest
100%

ŠIAULIŲ STUMBRAS

LEATHER AND LEATHER PRODUCTS

Address: Tilžės g. 225, 5400 Šiauliai
 Phone: (370-1) 431861
 Fax: (370-1) 431861

Registration date: 30.06.1994
 Registration code: 4493224
 Established: 1898
 Privatised: 1994
 Number of employees: 440
 Authorised capital: LTL 33.1m
 Capitalisation (30.06.99): LTL 4.97m

Trading list: Current

Management Board (participation in the company):
 Gediminas Šaulys, Chairman (33.03%),
 Jonas Adomavičius (9.67%), Sigitas Vilčiauskas (0.64%),
 Selestinas Skripkauskas (0.62%), Gintaras Juknevičius (0.09%),
 Antanas Šaulys (4.52%), Leonas Marazas (2.63%),
 Gintaras Marazas (0.12%), Pavelas Bašlaminovas (0.13%)

Managing Director: Jonas Adomavičius

Investment Relations: Gintaras Juknevičius, tel. (370-1) 434754

CORPORATE HISTORY

Tannery STUMBRAS was established in 1898 by brothers Nurokai. The tannery manufactured hard leather for soles. From year 1926, STUMBRAS has been producing soft leather. During 1945-1993, the company manufactured yuft (Russian leather) for the military footwear industry, felt boots, natural and model linings for footwear. In 1993, the selection of goods radically changed - the prefabricated box-calf leather, all kinds of leather used for manufacture of footwear, wearing apparel, belts, luggage, handbags and other articles were introduced into production.

ŠIAULIŲ STUMBRAS emerged in the privatisation process of the state tannery Stumbras. The new company was registered in June 1994. The company's authorised capital before the privatisation amounted to LTL 5.8 million. With the revaluation of long-term assets, the authorised capital reached LTL 30.3 million. In October 1996, the new issue of LTL 2.8m was registered with the Lithuanian Securities Commission. Major part of the issue was sold to the shareholders, nearly LTL 300 thou were subscribed by the State Securities Fund. In 1997, the authorised capital of ŠIAULIŲ STUMBRAS equalled LTL 33.1 million.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The principal activity of ŠIAULIŲ STUMBRAS is manufacturing of leather and leather articles. The company is also engaged in wholesale and retail trade. The company sells its products in the domestic and foreign markets.

During 1998 ŠIAULIŲ STUMBRAS processed 5453t of raw material into chrome-plated semi-product: 5383t of cattle material, 2t of calf material, 68t of pig material. It makes 19t or 0.3% more than in 1997. Besides, 491,314m² of finished leather as well as coloured and greased semi-product "Crust" was produced in 1998, which is 183,434 m² or 27.2% less than in 1997. However, the refined leather and leather from split production was expanded in 1998. Their comparative weight in 1998 augmented from 38.5% to 58%. This was influenced by the quality of the raw material used in finished leather production. Actually, all the 1998 production was sold. The sales of the production in 1998 accounted for LTL 39.7m (LTL 43m in 1997). The company also produced 31t of slash glue, 380t of material for belkozin foils production, 720t of whitewashed scraps for gelatine production, 11t of technical grease.

In 1997, distribution of ŠIAULIŲ STUMBRAS production split between Lithuania and foreign markets in proportion of 37% to 63 per cent. The bulk of exports - 52% - was realised in the CIS countries, 26% were forwarded to the European countries, 22% to other countries.

The main suppliers of raw material are sole proprietorship of G. Šaulys, Hertfard Trading Ltd, other Lithuanian companies and entrepreneurs.

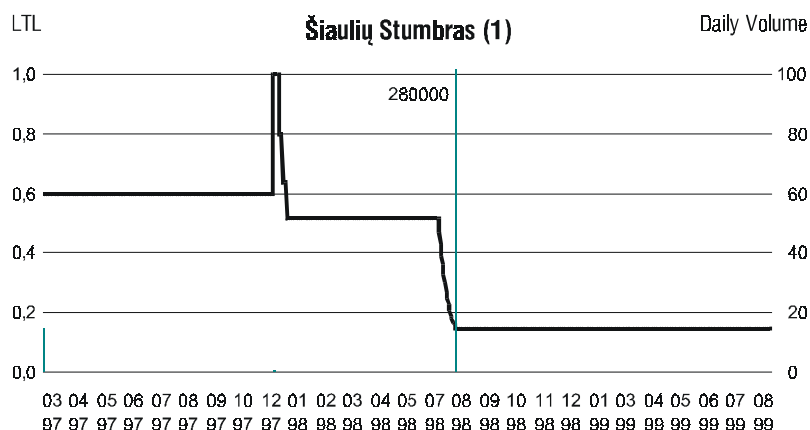
Sales revenue of the company amounted to LTL 42.7m in 1998. In comparison with 1997 those revenues diminished to LTL 2.2m. From July on, the company was exposed to extremely adverse effect of the financial crisis in Russia. Before the crisis, Russia was the main export market for the company's production and accounted for as much as 30% of its exports. At the end of 1998, a net profit generated by ŠIAULIŲ STUMBRAS totalled LTL 142thou, far less than in 1997 (LTL 511 thou). Furthermore, after the losses of 1994 and 1995 were entered into the balance sheet of 1998, the balance of the company was negative and revealed a total loss of LTL 2.5m.

PLANS, PROSPECTS for 1999

No changes in assortment are anticipated in the company, which intends to proceed with the same activities as in 1998. The projections for 1999 as given by the Management Board are more optimistic than those of the previous year. ŠIAULIŲ STUMBRAS aims at increasing the production and income, strengthening its competitiveness in the traditional market and penetrating new ones. The planned sales volumes for 1999 are up to LTL 50m; in 2000 the growth up to LTL 60 m is expected. To reach this goal the company intends to buy up raw materials when they are at the lowest and accumulate large amounts in the warehouses in order to resell them at the time of the greatest demand and the highest seasonal prices in the market. Besides, the company will apply efforts to enter and establish itself in the new markets by offering its clients a more flexible system of payments and, possibly, more attractive prices.

Structure OF SHARE CAPITAL

Share capital: LTL 33 109 211
 Ordinary shares: - 33109211 registered shares at LTL 1 par (security code 11869) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 01.04.96)



STRUCTURE OF OWNERSHIP

The total number of shareholders amounts to 416.

Gediminas Šaulys	33.03%
State Property Fund	15.43%
IAB Europos Investicija (holding)	9.90%
Jonas Adomavičius	9.67%
IAB Inbūsto Investicija (holding)	7.83%
G.Šaulys firm	8.46%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	47433312	51836222	54341333	51677950	LIQUIDITY RATIOS			
SHORT TERM ASSETS	14912939	16819619	19849536	24173659	Current ratio	1.77	1.46	0.91
Stock	10221951	10863502	14440517	16373407	Quick ratio	0.68	0.59	0.26
Amounts receivable					Net working capital (LTL thou)	7252044	5750014	-2063406
within one year	2919158	3620638	5320735	7516695	Net working capital to total assets	0.11	0.08	-0.03
TRANSFER ACCOUNTS	1734376	1347798	361578	520853	PROFITABILITY RATIOS			
TOTAL ASSETS	64080627	70003639	74552447	76372462	Profit margin (%)	0.01	0.01	0.00
CAPITAL AND RESERVES	42168976	42680336	42822764	42885547	Return on assets (%)	0.00	0.01	0.00
Capital	30609211	33109211	33109211	33109211	Return on equity (%)	0.00	0.01	0.00
Subscribed capital	30609211	33109211	33109211	33109211	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.34	0.39	0.43
Revaluation reserve	12262926	12262926	12262926	12262926	Debt / equity ratio	0.52	0.64	0.74
Reserves	2500000	0	0	0	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-3203161	-2691801	-2549373	-2486590	Inventory turnover	2.49	3.32	2.39
Amounts payable after one year					Receivables turnover	10.87	13.73	9.57
and long-term liabilities	12516380	14905900	9455163	18155163	Net working capital turnover	3.66	7.81	-20.72
Amounts payable within year					Long-term assets turnover	0.56	0.87	0.79
and long-term liabilities	9395271	12417403	22274520	15331752	Total assets turnover	0.41	0.64	0.57
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	64080627	70003639	74552447	76372462				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	26564748	44910456	42763906	18874458				
COST OF GOODS SOLD								
AND SERVICES RENDERED	20983017	35013243	30221949	13105740				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	182565	511360	142428	62783				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	0.60	0.64	0.15
Max	1.00 (12 22)	0.64 (01 05)	0.00
Min	0.60 (12 15)	0.15 (12 31)	0.00
Last	0.64	0.15	0.00
Change (%)	6.67	-76.56	
Number of transactions (CM)	4	2	0
Turnover CM (units)	16	280000	0
Turnover CM (LTL)	10	42000	0
Turnover BT (units)	0	1641692	0
Turnover BT (LTL)	0	418631	0
CM turnover as % in total	100.00	14.57	0.00
Total turnover (units)	16	1921692	0
Total turnover (LTL)	10	460631	0
Turnover ratio (%)	0.00	5.80	0.00
As % in the total share turnover	0.00	0.05	0.00

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	19590	4966	4966
Share book value (LTL)	1.38	1.29	1.29	1.30
Price / book value ratio (P/BV)	-	0.50	0.12	0.12
Earnings per share (LTL)	0.01	0.02	0.004	0.002
Price / earnings ratio (P/E)	-	41.56	34.87	96.22
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

TRINYČIAI

YARN

Address: Bangų g. 22, 5800 Klaipėda
 Phone: (370-6) 212480
 Fax: (370-6) 218804

Registration date: 18.03.1993
 Registration code: 4066028
 Established: 1923
 Privatisation: 1993
 Number of employees: 434
 Authorised capital: LTL 17.87m
 Capitalisation (30.06.99): LTL 4.3m

Auditor: KPMG Lietuva
 Trading List: Current

Management Board (no participation in the company) :
 Rimas Varanauskas, Chairman,
 Regina Sajienė, Rimantas Akulevicius,
 Bjorn G. Gillberg, Christoffer Kurpatow

Managing Director: Vytautas Gerikas

Investment Relations: Daiva Urbonienė, tel. (370-6) 212371

CORPORATE HISTORY

The establishment of the textile plant TRINYČIAI dates as far back as 1923. The company was founded by brothers Feinbergs. World War II destroyed the plant, but it was rebuilt in 1945. In the post-war period, the company was reconstructed three times (in 1954, 1964 and 1986) almost in its entirety.

In 1976, TRINYČIAI, the knitwear factory Gulbė and Kaunas cotton spinning factory were merged into the group TRINYČIAI. In 1990, the group was liquidated and all three companies regained their independence. On 18 March 1993, TRINYČIAI became a private capital company. In 1995, the company's subsidiary Trinyčių Medvilnė was established in Uzbekistan. The subsidiary engages in the distribution of Lithuanian goods and supplies TRINYČIAI with cotton fibre.

After the privatisation, the company's authorised capital stood at LTL 2.6 million. On 4 August 1995, a new share issue of LTL 6.8m was registered with the Lithuanian Securities Commission. The stock capital was raised out of the revaluation reserve from LTL 2.6m to LTL 9.4 million. In 1996, the authorised capital was increased for the second time to LTL 13.8 million. In 1998 the authorised capital was increased by LTL 4 million to reach LTL 17.9 million (the EBRD purchased an additional share issue).

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The company manufactures cotton-type yarn for weaving and knitting. According to the production technology, yarn is produced by pneumomechanical or circular spinning. Based on the quality, yarn is also divided into carded and combed. The bulk of production consists of 100% cotton yarn, however mixed types (cotton-linen, cotton-wool) are also manufactured.

During 1998, 35% (700 tons for LTL 9.4m) of yarn were sold in the domestic market. The largest purchasers are textile companies and producers of wearing apparel: Audėjas, Linų Audiniai, Siūlas, Trikotela, Palangos drobė, Skinija, Lithuanian Textile Institute. 65% of yarn were sold in the foreign market in 1998 (1372 tons for LTL 17m). The bulk of exports goes to Western Europe: France (Textiles Garrigue & Fils), Poland (Cottontex, Profitex), Sweden (Berger, Barker Kutomo), Finland (Ltd Femix), Germany (Schimotex), Spain (Fludec, Hedel), Czech Republic (Energomashimex). The yarn produced by TRINYČIAI is also consumed by the Baltic countries, i.e. Latvian and Estonian textile workers. The company cooperates with Latvian companies Tonus, Rita, Estonian companies - Tritex, Gartex, Transmarat. The main raw material, cotton fibre, is supplied from Uzbekistan.

In 1998 as compared with 1997, TRINYČIAI increased the production of yarn by 17 per cent. The sales of yarn in comparison to 1997 increased by 6.3% and amounted to LTL 26.4 million. The gross profit lifted from LTL 2.4m in 1997 m. to LTL 3.9m in 1998. In 1998, the company's net profit constituted LTL 59 thousand.

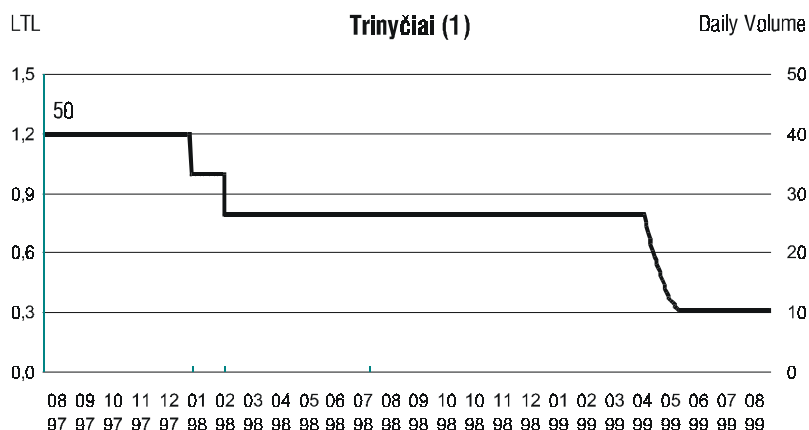
Within a year, the number of employees was reduced only by 1%. The average monthly salary increased by 12.5% up to LTL 915.

PLANS, PROSPECTS FOR 1999

In 1999 the projected yarn sales volumes will be the same as in 1998. The yarn sales in foreign markets will increase insignificantly. The company plans to invest LTL 3.6m into the modernisation of the technological process.

Structure OF SHARE CAPITAL

Authorised capital: LTL 17 871 872
 Ordinary shares: -13871872 ordinary registered shares at LTL 1 par (security code 11120) accounting for 77.62% of the auth. capital (admitted to trading at the NSEL on 04.08.98)
 - 4000000 ordinary registered shares at LTL 1 par (security code 12437) accounting for 22.38% of the auth. capital



STRUCTURE OF OWNERSHIP

KIB Koncerno SBA Investicija (holding)	25.60%
European Bank for Reconstruction and development	22.40%
AB Koncernas SBA	18.70%
IAB Gulbė-invest (holding)	7.80%
State Property Fund	7.00%
Employees	3.31%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	21296048	18957320	17159263	19083071	LIQUIDITY RATIOS			
SHORT TERM ASSETS	7082565	7426651	13455312	9620820	Current ratio	0.66	0.70	1.97
Stock	2179497	2539221	4385970	2411850	Quick ratio	0.46	0.46	1.34
Amounts receivable within one year	4750584	4505160	6230841	5967803	Net working capital (LTL thou)	-3836699	-3336841	6735397
TRANSFER ACCOUNTS	292486	177575	228060	221014	Net working capital to total assets	-0.13	-0.13	0.22
TOTAL ASSETS	28671099	26561546	30842635	28924905	PROFITABILITY RATIOS			
CAPITAL AND RESERVES	14152686	12633886	16692824	15267866	Profit margin (%)	0.00	-0.06	0.00
Capital	13871872	13871872	17871872	17871872	Return on assets (%)	0.00	-0.06	0.00
Subscribed capital	13871872	13871872	17871872	17871872	Return on equity (%)	0.01	-0.12	0.00
Share premium account	947	947	947	947	FINANCIAL LEVERAGE RATIOS			
Revaluation reserve	0	0	0	0	Total debt ratio	0.51	0.52	0.46
Reserves	8380	13993	13993	13993	Debt / equity ratio	1.03	1.10	0.85
Profit (loss) brought forward	271487	-1252926	-1193988	-2618946	ASSETS UTILISATION RATIOS			
Amounts payable after one year and long-term liabilities	3306663	2986593	7201836	7906524	Inventory turnover	7.43	9.49	6.50
Amounts payable within year and long-term liabilities	11206235	10873563	6916226	5727583	Receivables turnover	6.92	5.36	4.92
ACCRUED CHARGES AND DEFERRED INCOME	5515	67504	31749	22932	Net working capital turnover	-6.44	-7.44	3.92
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28671099	26561546	30842635	28924905	Long-term assets turnover	1.16	1.31	1.54
					Total assets turnover	0.86	0.93	0.86
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	24704759	24821678	26389623	7345292				
COST OF GOODS SOLD AND SERVICES RENDERED	21115119	22383931	22494496	7124030				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	112266	-1518800	58938	-1424959				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	1.20	1.20	0.80
Max	1.20 (12 08)	1.20 (01 21)	0.80 (03 06)
Min	1.20 (12 08)	0.80 (09 18)	0.31 (06 30)
Last	1.20	0.80	0.31
Change (%)	-	-33.33	-61.25
Number of transactions (CM)	2	6	0
Turnover CM (units)	50	3	0
Turnover CM (LTL)	60	3	0
Turnover BT (units)	0	63730	29085
Turnover BT (LTL)	0	3845	4363
CM turnover as % in total	100.00	0.00	0.00
Total turnover (units)	50	63733	29085
Total turnover (LTL)	60	3848	4363
Turnover ratio (%)	0.00	0.46	0.21
As % in the total share turnover	0.00	0.00	0.00

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	16646	11097	4300
Share book value (LTL)	1.02	0.91	0.93	0.85
Price / book value ratio (P/BV)	-	1.32	0.86	0.36
Earnings per share (LTL)	0.01	-0.11	0.003	-0.12
Price / earnings ratio (P/E)	-	-	242.59	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

SUBSIDIARIES
Trinyčių Medvilnė

Date of establishment
1995

Authorised capital
LTL 40thou

Participating interest
100%

UTENOS TRIKOTAŽAS

WEARING APPAREL

Address: J. Basanavičiaus g. 122, 4910 Utena
 Phone: (370-39) 51445
 Fax: (370-39) 69358

Registration date: 06.12.1994
 Registration code: 8370946
 Established: 1967
 Privatised: 1993
 Number of employees: 1548
 Authorised capital: LTL 23m
 Capitalisation (30.06.99): LTL 50m

Auditor: PriceWaterhouseCoopers
 Trading List Official

Management Board (participation in the company):
 Nijolė Dumbliauskienė (6.56%), Rimas Varanauskas (1.72%),
 Nerijus Datkūnas (0%), Regina Sajienė (2.57%),
 Rimas Jakučionis (0%), Bjorn G Gillberg (0%)

Managing Director: Nijolė Dumbliauskienė

Investment Relations: Nerijus Vilūnas, tel. (370-39) 69732

CORPORATE HISTORY

UTENOS TRIKOTAŽAS was established in 1967. The factory was built to produce goods for export to the former USSR. Until 1990 UTENOS TRIKOTAŽAS was the largest textile manufacturer in Lithuania. In 1989 the company produced 19.4m units of knitted underwear. At that time the company employed 3000 people. Sales in Lithuania constituted 30% of the total, while the rest production was realised in Russia, Ukraine, Central Asia.

In 1993 UTENOS TRIKOTAŽAS was privatised and transformed into a public limited company. Later, the company's authorised capital was raised by LTL 2.5m, including LTL 2m invested by Concern SBA. On 30 November 1994 UTENOS TRIKOTAŽAS was registered with Utena Municipality as a public company. The registered authorised capital amounted to LTL 18.9 million.

On 31 December 1997, the company's authorised capital totalled LTL 18.3 million. The share face value was LTL 1. The authorised capital decreased over last year, once UTENOS TRIKOTAŽAS transmitted the company's property worth LTL 556th to the state. As a result, the state share of the company's stock decreased.

On 19 March 1998 the general shareholders' meeting resolved to raise capital out of supplementary contributions from LTL 18.3m to LTL 23.3 million. 3,489,074 of the newly issued shares were acquired by the European Bank for Reconstruction and Development.

BUSINESS ACTIVITY; DEVELOPMENTS IN 1998

UTENOS TRIKOTAŽAS specialises in the production of knitted underwear and knitted sportswear for men, women and children. The range of products intended for the Lithuanian market consists of 30 articles and 180 models.

In Lithuania UTENOS TRIKOTAŽAS distribution network embraces wholesalers and retail outlets. The outlets are conveniently located in the largest cities and regional centres: Vilnius, Vilkaviškis, Kaunas, Panevėžys, Klaipėda, Marijampolė, Alytus, Anykščiai, Visaginas, Utena, Šiauliai, Telšiai.

1998 was a successful year for the company: for the first time sales reached LTL 101m, the company won the National quality prize.

In 1998 the company's profit before tax amounted to LTL 14,785 thou and, compared to 1997, increased by LTL 8,179 thou. The net profit accounted for LTL 11,839 thou and was 2.3 times bigger than in 1997.

Sales revenue saw a 25.7% increase compared with 1997 and reached LTL 101m.

Last year 19.3% of the production were sold in Lithuania, the rest was exported, including 0.3% to Eastern countries, 80.4% to Western countries. The main export partners were Sweden, Finland, UK, Germany, the Netherlands, Denmark, and Norway.

LTL 330 thou were spent to improve working conditions.

In 1998 UTENOS TRIKOTAŽAS acquired "Šatrija" (textile company) shares for LTL 1,011 thou, and "Utenos Trikotažo Prekyba" (trading company) shares for LTL 5,190 thou.

PLANS, PROSPECTS FOR 1999

In 1999 the company plans to increase sales by 10%.

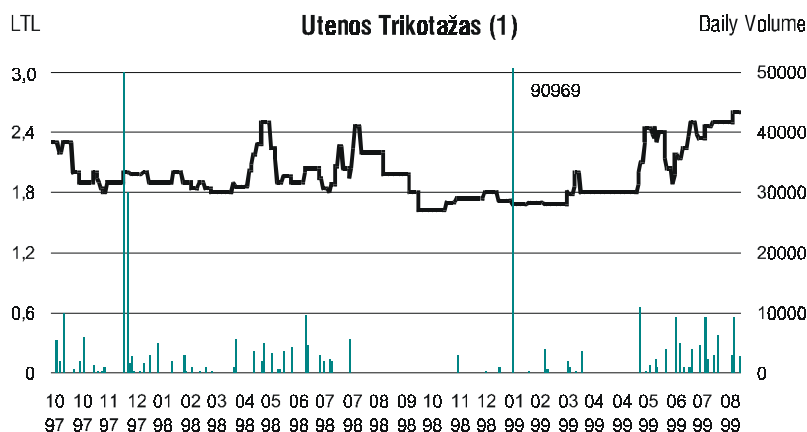
In the first half of 1999 preparations will be finished for the company's quality control system to be certified according to ISO 9000 standard. The company also started reformation of its production technology to meet Oeko-Tex 100 standard which ensures ecologically clean production.

In 1999, the company intends to invest LTL 4.9m into new technologies, quality of raw materials, information systems, employee training, and improvement of working conditions.

UTENOS TRIKOTAŽAS shares were admitted into the NSEL Official Trading List on 1 June, 1999.

Structure OF SHARE CAPITAL

Share capital : LTL 23 260 491
 Ordinary shares: – 23,260,491 registered shares at LTL 1 par (security code 10932) accounting for 100% of auth. capital (admitted to trading at the NSEL on 29.09.97)



STRUCTURE OF OWNERSHIP

AB Koncernas SBA	37.12%
European Bank for Reconstruction and Development	29.17%
N. Dumbliauskienė	6.56%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	20726938	21594606	32469270	35573863	LIQUIDITY RATIOS			
SHORT TERM ASSETS	16630382	21406437	25844756	31467337	Current ratio	3.60	2.70	4.09
Stock	10321260	11662911	10338822	11358347	Quick ratio	1.37	1.23	2.46
Amounts receivable					Net working capital (LTL thou)	12056827	13519607	19597743
within one year	6013705	9336806	13429568	10771673	Net working capital to total assets	0.32	0.31	0.34
TRANSFER ACCOUNTS	64806	59147	100248	66514	PROFITABILITY RATIOS			
TOTAL ASSETS	37422126	43060190	58414274	67107714	Profit margin (%)	0.05	0.06	0.12
CAPITAL AND RESERVES	27247806	31823876	50852326	56786057	Return on assets (%)	0.10	0.12	0.20
Capital	18877021	18320637	23260491	23260491	Return on equity (%)	0.14	0.16	0.23
Subscribed capital	18877021	18320637	23260491	23260491	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	7409780	7409780	Total debt ratio	0.27	0.26	0.13
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.37	0.35	0.15
Reserves	5724610	5724610	12627999	12627999	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	2646175	7778629	7554056	13487787	Inventory turnover	6.85	5.51	6.38
Amounts payable after one year and long-term liabilities	5117815	3290337	0	0	Receivables turnover	13.08	10.46	8.87
Amounts payable within year and long-term liabilities	4638361	7945977	6347261	9106970	Net working capital turnover	6.43	5.94	5.15
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	0	Long-term assets turnover	3.74	3.72	3.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	37422126	43060190	58414274	67107714	Total assets turnover	2.07	1.87	1.73
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	77506736	80306774	100971795	53302430				
COST OF GOODS SOLD AND SERVICES RENDERED	60158501	60520154	70208798	36884879				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	3714354	5132454	11839356	5933732				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	2.30	1.99	1.72
Max	2.30 (10.22)	2.50 (05 13)	2.46 (06 07)
Min	1.80 (11.25)	1.62 (11 04)	1.69 (03 06)
Last	1.99 (12.31)	1.72	2.15
Change (%)	-13.48	-13.57	25.00
Number of transactions (CM)	74	120	90
Turnover CM (units)	113201	96167	137171
Turnover CM (LTL)	230239	191545	248374
Turnover BT (units)	42286	150138	2813774
Turnover BT (LTL)	69428	251009	6747245
CM turnover as % in total	72.80	39.04	4.65
Total turnover (units)	155487	246305	2950945
Total turnover (LTL)	299667	442554	6995619
Turnover ratio (%)	0.85	1.34	12.69
As % in the total share turnover	0.03	0.05	1.28

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	36458	31511	50010
Share book value (LTL)	1.44	1.74	2.19	2.44
Price / book value ratio (P/BV)	-	1.15	0.79	0.88
Earnings per share (LTL)	0.20	0.28	0.51	0.55
Price / earnings ratio (P/E)	-	7.10	3.38	3.90
Dividend per share (LTL)	0.00	0.10	0.00	-
Dividend yield	-	0.05	-	-
Dividend payout ratio	-	0.01	-	-

SUBSIDIARIES

UAB Gotija
UAB Utenos trikotažo prekyba

Date of establishment

October 1994
July 1998

Authorised capital

LTL 239,620
LTL 5,435,448

Participating interest

90.50%
100%

VILKAS

ARTICLES OF FUR AND LEATHER

Address: Raudondvario pl. 101, 3021 Kaunas
Phone: (370-7) 261576, 260448

Fax: (370-7) 268888
Registration date: 26.02.1993
Registration code: 3361935
Established: 1932
Privatised: 1992
Number of employees: 739
Authorised capital: LTL 26.2m
Capitalisation (30.06.99): LTL 6m

Auditor: UAB Levetana
Trading list: Current

Supervisory Board (participation in the company):
Aurelija-Virginija Skrinšienė, Chairwoman (0.00049%),
Valdemaras Ščiupokas (0%), Rūta Motiejūnaitė (0%)

Management Board (participation in the company):
Vaclovas Kliunka, Chairman (0.0365%),
Nijolė Augūnienė (0.0118%), Valentinas Vitas (0.00104%),
Algirdas Mikalauskas (0.00094%), Vytautas Ivanauskas (0%)

Managing Director: Vaclovas Kliunka

Investment Relations: Nijolė Augūnienė, tel. (370-7) 260 448

CORPORATE HISTORY

The company was established in 1932. It is the largest company in the Baltic region, which specialises in making fur and leather clothes and wearing apparel of fur and leather. The company was privatised in 1992 through the initial public offering.

The company is located in Kaunas, the second largest city of Lithuania. It is a very convenient location from the logistics point of view, since it ensures smooth communication with Klaipėda seaport and Vilnius and Kaunas airports.

BUSINESS ACTIVITY

The company specialises in dressing, dyeing of fur and leather, and in manufacturing of clothes as well as other articles of sheepskin, precious furs, leather and articles covered with textile. The company also provides dressing and sewing services as a subcontractor. In addition, it performs the retail trade. Sales contribute 88% (84% in 1997) of revenue, 11% (8% in 1997) are generated from provided services, 1% (8% in 1997) from retail trade.

The range of articles breaks down into fashionable clothes for men, women, teenagers and children as well as special apparel: uniforms for state services and soft upholsters for households. Mainly, VILKAS uses sheepskin, leather and expensive furs for production. Local designers assist the company in creating new styles, patterns, shapes. Technologists search for new materials and technologies that make the product lighter, brighter and cold resistant.

Textiles are supplied by Lithuanian companies, sheepskin is imported from Australia, astrakhan - from Turkmenistan, chemicals - from Germany.

DEVELOPMENTS IN 1998

Since VILKAS production and trade was orientated towards the Russian market, the financial crisis strongly affected the company's activity. In 1998, compared with the previous year, VILKAS production volume diminished. In 1998 the company produced 5920 coats (16500 in 1997) and 590 jackets from sheepskin for women (1000 in 1997), 230 coats and jackets from precious furs for women (710 in 1997), 4020 coats for children (7990 in 1997), 2470 fur articles covered with textile (3760 in 1997), 190 leather jackets (1020 in 1997), 17620 caps (6090 in 1997), 5630 collars (4140 in 1997). The production of other products accounted for LTL 1.2m (LTL 1.67m in 1997).

With the depreciation of the production, the number of employees reduced by 288 (to 799) during the year.

Sales markets of VILKAS production have been changing year after year. In 1998, the company's sales in Lithuania accounted for 50.5% (63.6% in 1996, 30.3% in 1997), export to the CIS made up 48.8% (35.7% in 1996, 68.5% in 1997), export to Western Europe constituted 0.7% (0.7% in 1996, 1.2% in 1997) of the total sales.

Due to the decrease in sales and writing off the purchasers' debts of LTL 1.4m to losses, the 1998 loss of the company equalled LTL 9m (it gained net profit of LTL 45.5thou in 1997).

PLANS, PROSPECTS IN 1999

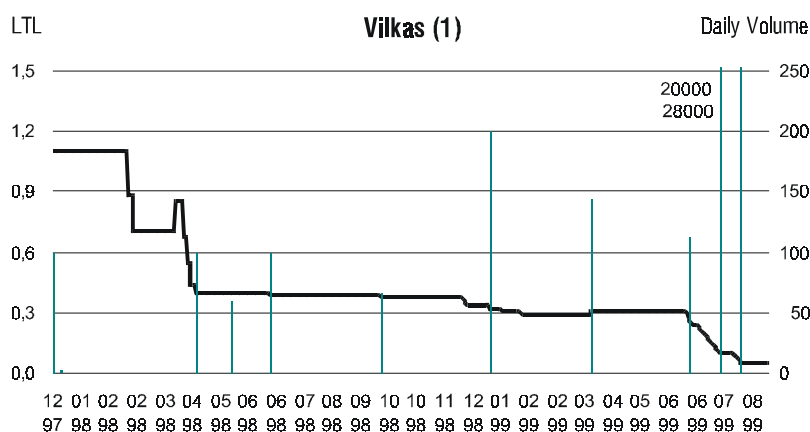
In 1999 VILKAS will tailor its production according to specific orders of the clients, the raw material will be imported not only from Australia, but also from Africa, Spain.

The company plans to begin the production of medical sheepskin, articles of medical sheepskin and fur velour.

VILKAS will strive to achieve the 1997 level of sales in Russia and to enter markets of other countries (Middle Asia, Sweden, Norway, Italy, the Netherlands, Belgium).

Structure OF SHARE CAPITAL

Share capital: LTL 26 196 339
Ordinary shares: – 26196339 registered shares at LTL 1 par (security code 10729) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 08.12.97)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 2819.	
UAB Vertybių Fondas	15.50%
State Property Fund	14.17%
KIB Invetex (holding)	8.60%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	21183140	23119265	38999503	38750302	LIQUIDITY RATIOS			
SHORT TERM ASSETS	16820053	19572718	16053091	17260312	Current ratio	1.71	1.36	0.75
Stock	9552211	14193597	12949564	14167715	Quick ratio	0.74	0.38	0.26
Amounts receivable					Net working capital (LTL thou)	7005458	5173112	-6605728
within one year	5820087	4265570	2875221	1720401	Net working capital to total assets	0.18	0.12	-0.11
TRANSFER ACCOUNTS	5575	58271	3643153	3641339	PROFITABILITY RATIOS			
TOTAL ASSETS	38008768	42691983	58695747	59651953	Profit margin (%)	0.00	0.00	-0.73
CAPITAL AND RESERVES	26278620	26324128	31814403	28861288	Return on assets (%)	0.00	0.00	-0.16
Capital	26196339	26196339	26196339	26196339	Return on equity (%)	0.00	0.00	-0.29
Subscribed capital	26196339	26196339	26196339	26196339	FINANCIAL LEVERAGE RATIOS			
Share premium account	560	560	560	560	Total debt ratio	0.31	0.38	0.46
Revaluation reserve	0	0	14765497	14765497	Debt / equity ratio	0.45	0.62	0.84
Reserves	81721	127229	127229	127224	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	0	-9275222	-12228337	Inventory turnover	2.49	1.81	1.22
Amounts payable after one year					Receivables turnover	6.24	5.11	3.55
and long-term liabilities	63260	63260	0	0	Net working capital turnover	4.33	4.98	-1.92
Amounts payable within year					Long-term assets turnover	1.43	1.11	0.32
and long-term liabilities	9820170	14457877	26301972	30211293	Total assets turnover	0.80	0.60	0.22
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	38008768	42691983	58695747	59651953				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	30317300	25761277	12668699	836844				
COST OF GOODS SOLD								
AND SERVICES RENDERED	25253857	21458741	16523917	1442261				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	81426	45508	-9275222	-1547693				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	1.10	1.10	0.32
Max	1.10 (12 31)	0.88 (02 23)	0.31 (04 23)
Min	1.10 (12 31)	0.32 (12 29)	0.23 (06 30)
Last	1.10	0.32	0.23
Change (%)	-	-70.91	-28.13
Number of transactions (CM)	4	10	4
Turnover CM (units)	101	526	256
Turnover CM (LTL)	111	192	75
Turnover BT (units)	0	0	0
Turnover BT (LTL)	0	0	0
CM turnover as % in total	100.00	100.00	100.00
Total turnover (units)	101	526	256
Total turnover (LTL)	111	192	75
Turnover ratio (%)	0.00	0.00	0.00
As % in the total share turnover	0.00	0.00	0.00

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	28816	8383	5763
Share book value (LTL)	1.00	1.00	1.21	1.10
Price / book value ratio (P/BV)	-	1.09	0.26	0.20
Earnings per share (LTL)	0.003	0.002	-0.35	-0.36
Price / earnings ratio (P/E)	-	-	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

GRAFOBAL VILNIUS

PAPER AND PACKAGING PRODUCTS

Address: Paribio g. 12, 2600 Vilnius
 Phone: (370-2) 753274
 Fax: (370-2) 726759

Registration date: 05.08.1992
 Registration code: 2151401
 Established: 1964
 Privatised: 1992
 Number of employees: 190
 Authorised capital: LTL 6.5m
 Capitalisation (30.06.99): LTL 3.66m

Auditor: Auditoriai ir Konsultantai UAB
 Trading list: Current

Managment Board (participation in the company):
 Marijan Kožišek, Chairman (0%),
 Antonin Kadlček (0%), Tibor Hubik (0%),
 Stanislovas Jurkuvėnas (0.3%), Albertas Povilaitis (0.15%).

Managing Director: Stanislovas Jurkuvėnas

Investment Relations: Saulius Povilaitis, tel. (370-2) 790425

CORPORATE HISTORY

The company's legal predecessor, EXPERIMENTAL BUREAU OF PACKAGE DESIGN, was established in 1964. Later, with the gradual expansion of the technical platform, the bureau developed into a polygraphs (printing) company.

It was privatised through a public offering in 1992 and was registered under the name of VILPAKAS. In 1994, the Slovak firm Grafobal acquired a controlling interest in the company, and it was reregistered into GRAFOBAL VILNIUS.

Within 3 years substantial investments were made into development: the company leased equipment for cutting the paperboard, carried out major repairs of the printing machinery, installed gluing equipment and mounted model assembling outfitings. As a result of all the improvements, the production output increased almost sixfold.

At the beginning of 1996, the authorised capital of the company constituted LTL 5.6m. It was increased in the same year by LTL 0.9m through indexation of the main means and by issuing new shares that were distributed to the shareholders proportionally to the nominal value of their holdings. In 1997 and 1998, the authorised capital of GRAFOBAL VILNIUS did not experience any changes. Currently the authorised capital amounts to LTL 6.5m.

Technological progress, efficient execution of orders, favourable payment terms and stable long-term relationship with business partners enabled the company to acquire competitive advantage among Lithuanian and Western producers. The company was noticed by major Lithuanian food makers, pharmaceutical and light manufacturing companies that became permanent customers. GRAFOBAL VILNIUS developed into an attractive company due to its creative approach and became distinguished for its design and quality both in Lithuania, the CIS and Eastern Europe.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The company prints packaging products, manufactures containers of paper and paperboard, provides design and printing services (printing on paper, paperboard, oilpaper, folios and films, also paper paraffining and cutting into spools and sheets).

In 1998, the company produced packaging of paper and paperboard for LTL 25.3 million (LTL 28.58m in 1997, LTL 18.3m in 1996). In comparison with 1997, the 1998 income of the company from the main activity reduced by 11.5%.

Last year GRAFOBAL VILNIUS sold 61% of its production in Lithuania, 18% were exported to Russia, the remaining 21% were sold in other countries. The main suppliers of raw material are Finnish, Swedish and Lithuanian companies.

In November 1998 the company was granted US\$ 1.1m credit from the Lithuanian Development Bank for the acquisition of the eight colour flexographic printing machine. The printing machine is to be launched in the first quarter of 1999.

In 1998, the company suffered a loss of LTL 1.1m (LTL 1.86m net profit in 1997). The worsened economic status of the regular clients exercised a negative impact on the company's activity. In 1998, GRAFOBAL VILNIUS was active in Russia and Belarus. Due to the advanced competition, the company lost many clients and, in order to remain on the market, it was forced to reduce the prices. The sudden fall of the Russian rouble had the most negative effect on the company's results too. Additional expenses incurred by conversion of roubles constituted LTL 1.1m.

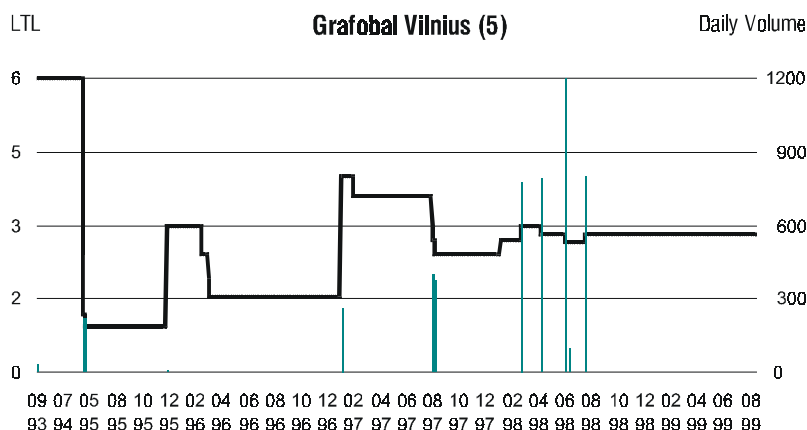
PLANS, PROSPECTS FOR 1999

In the near future GRAFOBAL VILNIUS intends to develop its activities in the domestic market, Russia, Ukraine, Belarus, Latvia, and Poland.

The company anticipates stable production in 1999 and enhancement of it in the future.

Structure OF SHARE CAPITAL

Share capital: LTL 6 544 475
 Ordinary shares: – 1308895 registered shares at LTL 5 par (security code 10031) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 14.09.93)



STRUCTURE OF OWNERSHIP

Total number of the shareholders amounts to 353.
 Grafobal Skalica (Slovak Republic) A.s. 78.05%
 State Property Fund 3.8%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	5770783	5521725	4337944	3787404	LIQUIDITY RATIOS			
SHORT TERM ASSETS	9484094	13353601	18105199	16761430	Current ratio	2.07	2.10	3.10
Stock	5128916	5564863	8126003	7901007	Quick ratio	0.96	1.23	1.71
Amounts receivable					Net working capital (LTL thou)	4961090	7006028	12275032
within one year	3906742	7329945	8670004	7964573	Net working capital to total assets	0.32	0.37	0.55
TRANSFER ACCOUNTS	92757	22582	27420	33566	PROFITABILITY RATIOS			
TOTAL ASSETS	15347634	18897908	22470563	20582400	Profit margin (%)	0.00	0.07	-0.04
CAPITAL AND RESERVES	9362660	11158782	9980005	9110584	Return on assets (%)	0.00	0.10	-0.05
Capital	6544475	6544475	6544475	6544475	Return on equity (%)	0.00	0.17	-0.11
Subscribed capital	6544475	6544475	6544475	6544475	FINANCIAL LEVERAGE RATIOS			
Share premium account	47152	47152	47152	47152	Total debt ratio	0.39	0.41	0.56
Revaluation reserve	279759	279759	279759	279759	Debt / equity ratio	0.64	0.69	1.25
Reserves	2477445	2526476	4171670	4171670	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	13829	1760920	-1063051	-1932472	Inventory turnover	3.38	3.46	2.59
Amounts payable after one year					Receivables turnover	3.92	5.09	3.16
and long-term liabilities	1369213	1368971	6632971	7064971	Net working capital turnover	3.70	4.08	2.06
Amounts payable within year					Long-term assets turnover	3.18	5.18	5.83
and long-term liabilities	4615761	6370155	5857587	4406845	Total assets turnover	1.19	1.51	1.13
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	0				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	15347634	18897908	22470563	20582400				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	18336846	28584348	25302275	8020916				
COST OF GOODS SOLD								
AND SERVICES RENDERED	12874996	18494266	17698521	5789272				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	14557	1860790	-1102883	-869421				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	1.54	2.40	2.80
Max	4.00 (02 18)	2.97 (04 27)	2.80 (06 30)
Min	1.54 (01 21)	2.40 (01 21)	2.80 (06 30)
Last	2.40	2.80	2.80
Change (%)	55.84	16.67	
	6		
Number of transactions (CM)		12	0
Turnover CM (units)	1037	3669.00	0.00
Turnover CM (LTL)	3143	10211.00	0.00
Turnover BT (units)	0	0	0
Turnover BT (LTL)	0	0	0
CM turnover as % in total	100.00	100.00	0.00
Total turnover (units)	1037	3669.00	0.00
Total turnover (LTL)	3143	10211.00	0.00
Turnover ratio (%)	0.08	0.28	0.00
As % in the total share turnover	0.00	0.00	0.00

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	2016	3141	3665	3665
Share book value (LTL)	7.15	8.53	7.62	6.96
Price / book value ratio (P/BV)	0.22	0.28	0.37	0.40
Earnings per share (LTL)	0.01	1.42	-0.84	-1.71
Price / earnings ratio (P/E)	138.47	1.69	-	-
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

GRIGIŠKĖS

WOOD FIBRE BOARD, PAPER PRODUCTS

Address: Vilniaus g. 10, Grigiškės, Trakų r.
 Phone: (370-2) 333904, 652173
 Fax: (370 2) 651486, 521486

Registration date: 02.04.1992
 Registration code: 1001245
 Established: 1922
 Privatised: 1991
 Number of employees: 1234
 Authorised capital: LTL 37.3m
 Capitalisation (30.06.99): LTL 6.7m

Auditor: Arthur Andersen
 Trading List: Current

Supervisory Board (participation in the company):
 Liudvikas-Vaidievičius Miškinis, Chairman (6.19%),
 Gintautas Laukaitis (0.01%), Daliūtė Kornilovič (0.77%),
 Jonas Petiukonis (0.02%), Asta-Jolanta Polikevičienė (5.3%),
 Jonas Rainys (0.04%), Virginija Narbutienė (0.27%),
 Dalytė Uldukienė (0.02%), Egidijus Jadenkus (0.02%)

Management Board (participation in the company):
 Romaldas Jadenkus, Chairman (6.1%),
 Kęstutis Murauskas (2.94%), Arvydas Narbutas (3.45%),
 Arūnas Rozenbergas (1.12%), (6.03%), Jadvyga Samuilova (2.81%),
 Raisa Udalova (3.39%), Rimantas Švedas (0.02%)

Managing Director: Romaldas Jadenkus

Investment Relations: Romaldas Jadenkus, tel. (370-2) 333904

CORPORATE HISTORY

The company's predecessor, GRIGIŠKĖS pulp processing plant, was established in 1922. Originally run by 200 employees, it produced 15 tons of paperboard and 10 tons of paper per day. Since then the plant has been steadily expanding - erecting new premises, updating technologies, installing new equipment, and broadening the range of paper products.

During 1959-1964 the company installed three machines for manufacturing crepe paper, during 1965-1968 fourteen machines for cigarette filter paper manufacturing were mounted. During 1964 - 1971 with the installment of hard fibre lines of the Polish company Zemek, GRIGIŠKĖS launched production of hard fibre board. In 1973 German company Hilderbrant installed two lines for painting and lacquering of hard board. In 1975 containers of corrugated paperboard were introduced into production. Recently machines were renovated or replaced by modern ones, accompanied by subsidiary equipment.

After Lithuania regained independence, the company lost a significant part of its markets in the former USSR countries and strove to conquer new markets with newly-developed products. Thus, in 1992 with the acquisition of a German production line, the company started manufacturing absorbent sanitary sheets.

In 1993 the company launched production of paper towels and serviettes.

In 1996 a new Italian toilet paper line was put into operation. During 1997 machinery for the production of toilet paper GRITE and paper towels was fully installed. The toilet paper GRITE was recognized as the best product of the year.

In 1997 the company made a buy-back of its shares (9.99%) and distributed them among shareholders in proportion to their holdings.

The company's authorised capital currently amounts to LTL 37.3m.

BUSINESS ACTIVITY

At present the company produces:

- paper: crepe paper, corrugated paperboard, wrapping paper;
- household and sanitary paper articles: toilet paper, paper towels, handkerchiefs, cleansing tissues, serviettes, sanitary sheets, etc.;
- fibre board;
- containers of corrugated paperboard;
- medical lignin.

According to the type of product, the company's sales have the following distribution:

- Fibre board - Lithuania, Belarus, Germany, Ukraine, Estonia, Norway, Switzerland, Denmark, Finland, Sweden, Great Britain, Latvia, Poland, Croatia.
- Sanitary sheets - Lithuania, Latvia, Estonia, Russia, Belarus.
- Toilet paper - Lithuania, Latvia, Estonia, Russia, Belarus, Ukraine, Sweden, Denmark.
- Corrugated paperboard - Lithuania, Latvia.
- Paper towels - Lithuania, Estonia, Russia, Belarus, Latvia.

The company anticipates to begin toilet paper export to Poland, to increase exports to Ukraine and Russia and to search for consumers in Finland. The company plans to start exports of fibre boards to Turkey, the market in Slovenia is being explored. With foreign partners GRIGIŠKĖS works under long-term and short-term agreements, while in the Lithuanian market sales are based on agreements and single transactions. In addition, the company has its own distribution network: stores in Grigiškės and Vilnius, as well as outlets in Kaunas.

The main supplies of raw materials come from Lithuania (55%), Russia (15%), Sweden (10%), Poland (5%), Estonia (5%), Finland (5%), Germany (5%).

DEVELOPMENTS IN 1998

In 1998 the company generated LTL 68m sales revenue. The company earned LTL 2.87m net profit.

In 1998 the production of medical lignin in rolls of different formats and the production of calibrated boards were launched, new Christmas packing of the Grite production was created, toilet paper and paper towels were put into production for export to Sweden. Hard fibre boards and paper serviettes Grite were acknowledged as the best products of 1998.

The company enhanced machinery for production of painted fibre board, paper and fibre board.

The company's products meet the international standard ISO 9000. The quality controlling system was approved and the certificate was granted by the German certification institution.

The number of employees during 1998 was reduced by 130 (from 1364 to 1234). The average salary increased by 10% (from LTL 934 to LTL 1028) in 1998.

PLANS, PROSPECTS FOR 1999

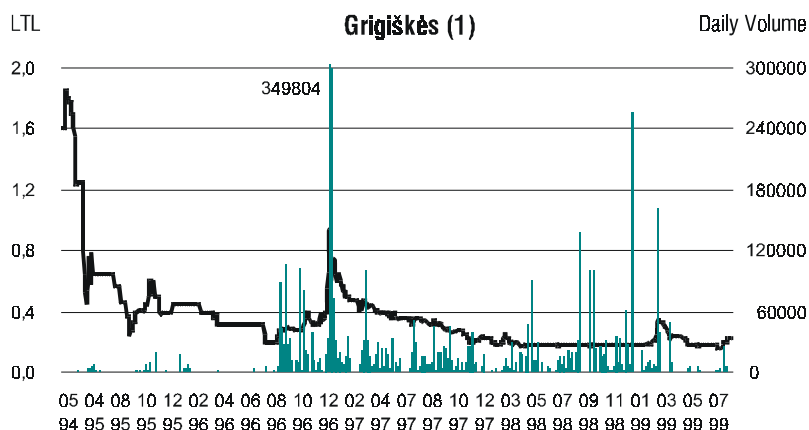
In 1999 GRIGIŠKĖS projects to purchase, assemble and start using the equipment for preparation of waste paper pulp.

The company together with the foreign consulting companies plans to prepare the pre-project studio for a new machine which produces crepe paper. The offers to set a new complementary machine of the Janki type for crepe paper production and processing equipment for household sanitary articles (toilet paper, handkerchiefs, paper serviettes, table-covers, disposable hospital packets).

Documents required to obtain the ISO 14000 certificate are being prepared.

Structure OF SHARE CAPITAL

Share capital: LTL 37 300 000
 Ordinary shares: - 37300000 registered shares at LTL 1 par (security code 10203) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 01.02.94)



STRUCTURE OF OWNERSHIP

Bendras akcininkų skaičius yra 5370.	
Liudvikas-Vaidievičius Miškinis	6.19%
Romaldas Jadenkus	6.10%
Asta-Jolanta Polikevičienė	5.30%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	37229167	32189219	34472748	35202881	LIQUIDITY RATIOS			
SHORT TERM ASSETS	17818815	23482637	24752182	21711767	Current ratio	2.07	2.79	1.81
Stock	10820140	10672596	15441434	10482146	Quick ratio	0.82	1.53	0.69
Amounts receivable					Net working capital (LTL thou)	9261455	15174100	11171917
within one year	6520390	10821754	8612027	10386241	Net working capital to total assets	0.17	0.27	0.19
TRANSFER ACCOUNTS	117786	145854	141119	173905	PROFITABILITY RATIOS			
TOTAL ASSETS	55165768	55817710	59366049	57088553	Profit margin (%)	0.03	0.02	0.04
CAPITAL AND RESERVES	42411681	41553935	42033645	41339208	Return on assets (%)	0.04	0.02	0.05
Capital	37300000	37300000	37300000	37300000	Return on equity (%)	0.05	0.03	0.07
Subscribed capital	37300000	37300000	37300000	37300000	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.23	0.26	0.29
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.30	0.34	0.41
Reserves	2992173	2863095	4733645	4733645	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	2119508	1390840	0	-694437	Inventory turnover	4.86	5.41	3.99
Amounts payable after one year					Receivables turnover	11.68	8.65	7.09
and long-term liabilities	4078941	5782619	3611020	3979280	Net working capital turnover	8.37	4.94	6.17
Amounts payable within year					Long-term assets turnover	2.08	2.33	2.00
and long-term liabilities	8569186	8424858	13637972	11726482	Total assets turnover	1.40	1.34	1.16
ACCRUED CHARGES								
AND DEFERRED INCOME	105960	29533	83412	43583				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	55165768	55817710	59366049	57088553				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	77494698	74980045	68889510	25096013				
COST OF GOODS SOLD								
AND SERVICES RENDERED	61116877	58091730	52042504	20273017				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	2119508	1390840	2870384	-694437				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	12682	7833	6714 6714
First	0.40	0.34	0.21	0.18	Share book value (LTL)	1.14	1.11	1.13 1.11
Max	0.45 (03 12)	0.95 (01 17)	0.26 (03 09)	0.35 (03 06)	Price / book value ratio (P/BV)	0.30	0.19	0.16 0.16
Min	0.20 (09 10)	0.20 (12 18)	0.17 (09 30)	0.17 (06 10)	Earnings per share (LTL)	0.06	0.04	0.08 0.02
Last	0.34	0.21	0.18	0.18	Price / earnings ratio (P/E)	5.98	5.63	2.34 8.37
Change (%)	-15.00	-38.24	-14.29	-	Dividend per share (LTL)	0.00	0.00	0.02 -
Number of transactions (CM)	308	1081	417	161	Dividend yield	-	-	0.11 -
Turnover CM (units)	896648	3137000	1756208	484787	Dividend payout ratio	-	-	0.26 -
Turnover CM (LTL)	271899	1732493	322109	130770				
Turnover BT (units)	68200	17023340	195231	14391				
Turnover BT (LTL)	21900	5812250	36223	3803				
CM turnover as % in total	92.93	15.56	90.00	97.12				
Total turnover (units)	964848	20160340	1951439	499178				
Total turnover (LTL)	293799	7544743	358333	134573				
Turnover ratio (%)	2.59	54.05	5.23	1.34				
As % in the total share turnover	0.16	0.79	0.04	0.03				

KLAIPĖDOS MEDIENA

VENEER AND CHIPBOARD

Address: Liepų g. 68, Klaipėda
Phone: (370-6) 212212, 210641
Fax: (370-6) 215395

Registration date: 14.12.1992
Registration code: 4061671
Established: 1898
Privatised: 1992
Number of employees: 1507
Authorised capital: LTL 15.36m

Auditor: UAB Admonitus
Trading List: Unlisted

Supervisory Board (no participation in the company):
Sigitas Paulauskas, Chairman,
Alvydas Šliuoža, Janina Kerpaite,
Angelė Vaitkunskaitė, Leonas Makūnas

Managing Director: (participation in the company): Antanas Tauras (1.125%)

Investment Relations: Antanas Tauras, tel. (370-26) 212212

CORPORATE HISTORY

In 1998, KLAIPĖDOS MEDIENA celebrated its 100th anniversary. In 1898, the wood treating company founded the veneer plant in Klaipėda. In 1900, the plant was already in motion. At first, the plant engaged in the production of the sliced veneer for cigar boxes, later the production was expanded. Until World War I, 11-22thou m³ of timber were processed annually, 8thou solid cubic metres of plywood and joiner boards were produced. 260 employees worked at the company in 1918, the share capital constituted 600,000 marks. In 1921, the company disposed the plant to the Dutchmen A. ir K. Bisdom, who formed the company A.BISDOM & ZOON, B.A.A.A. In 1929, the public company A.BISDOM & ZOON established a second plant. The company produced laminboards (for furniture, wardrobes, doors, boxes), special veneer for planes, Deltim boards, pressed and blocked boards. 75% of all production was exported to England, the remainder 25% had the market in Germany, Scandinavia, Italy, South America, South Africa, and other countries.

In 1930, A.BISDOM & ZOON was bought by J.H. and A. Broening, and in 1935 it was disposed to the Lithuanian Ministry of Agriculture, the Ministry of Finance and the Ministry of Transport. From 1931 to 1937, the production volumes of the company were constantly increasing, almost 59thou m³ of various wood and veneer were produced during 7 years. The production of A.Bisdom & Zoon became partly militarised from 1939 to 1944, when Klaipėda region was under Germany.

In 1945, Klaipėda was returned to Lithuania, the veneer plant, which was partly destroyed during the war, was rebuilt and put in motion in 1946. By 1948, the plant restored its pre-war capacity. In 1955, the company launched the production of sliced veneer, from 1959 - the production of outer furniture veneer. In 1960, the first in Eastern Europe shop of chipboard production was built by the German company Beker von Hullen and started to operate at the company. In 1961, a shop of carbamate resin was launched. In 1960, the company was reorganised and named KLAIPĖDA EXPERIMENTAL MATERIAL CENTRE (from 1972 - KLAIPĖDA TIMBER MILL). After the reorganisation carried out in 1963-67, the chipboard production at the company improved twice. A new sliced veneer shop started operating in 1978. In 1992, the production line of chipboard with microstructural surface was launched by the Finnish company Sunds Defibrator.

In 1992, the company was privatised and named AB KLAIPĖDOS MEDIENA. The state held 6.5% of the share capital of the company. During 1993-1997 the plywood production augmented by 37.9%, the chipboard production - by 16%, production of laminated details jumped 15.3 times.

Currently, KLAIPĖDOS MEDIENA is the largest wood treating company in Lithuania.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

KLAIPĖDOS MEDIENA produces chipboard, birch plywood, outer furniture veneer, laminated elements, veneer furniture, and other products. The company is the main plywood and chipboard producer in Lithuania.

In 1998, the company produced 71.7thou of m³ of chipboard, 18.8thou m³ of plywood, 13thou m³ of laminated bent blanks, 1.2thou m³ of rotary cut veneer. The realised production of KLAIPĖDOS MEDIENA accounted for LTL 91.79m in 1998. 21.4% of the production were realised in Lithuania, 26.7% - in England, 21.3% - in Germany, 12.6% - in Denmark, 6.7% - in Sweden. The company also exports its produce to Poland, France, Italy, Russia, the USA, Uzbekistan, Hungary, Finland, and other countries.

The raw material to KLAIPĖDOS MEDIENA is supplied by 43 forest enterprises, including Lithuanian, Russian, and Belorussian companies, sole proprietorships, and farmers. In 1998, more than 131thou m³ of raw veneer and more than 64thou m³ of chipboards and wood were received from Lithuanian suppliers.

The sales revenue of KLAIPĖDOS MEDIENA constituted LTL 93.66m in 1998. The company gained LTL 5.2m of net profit during the year (profit before taxes reached LTL 7.7m).

In 1998, the company changed the old sanding machine used in chipboard production into the German Kvaerner Panel Systems GmbH six-head sanding machine of a higher technical level. The investment value of the project amounted to LTL 2.2m.

In 1998, having started to manufacture plywood furniture elements and pieces of furniture, the company established itself on the Swedish market and on the markets of Western European countries through the German company IKEA.

PROSPECTS FOR 1999

In 1999, KLAIPĖDOS MEDIENA intends to expand the production of bed frame details, install the connecting line of the inner veneer for plywood (the estimated value of the line is of LTL 0.68m), and thus, upgrade the quality of the plywood. The company also projects to install the chipboard lamination line (LTL 7m), that would allow to produce about 35thou m³ of laminated chipboard per year. The production capacities of bed bottom elements are to be expanded by installing the already acquired element cutting line.

The International Finance Corporation is willing to invest and credit the construction of a new plywood plant. The plant will produce moisture-resistant plywood of two diameters that will comply with the European standards.

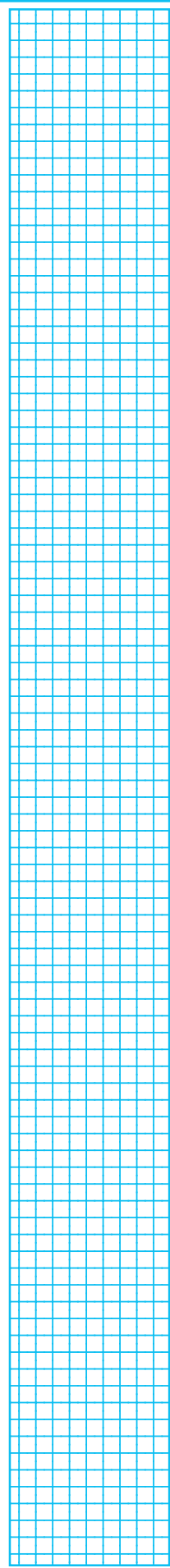
In 5 years KLAIPĖDOS MEDIENA anticipates the annual turnover of LTL 225 million

Structure OF SHARE CAPITAL

Share capital: LTL 15,360,810

Ordinary shares:

-1536081 registered shares at LTL 10 par (security code 10630) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 20.11.95)



BALANCE SHEET (LTL)	1996	1997	1998
LONG TERM ASSETS	22253596	22401841	24527145
SHORT TERM ASSETS	14215446	19604045	27958595
Stock	7243051	7599329	14195649
Amounts receivable within one year	6303102	11354279	13018263
TRANSFER ACCOUNTS	13459	38049	2056081
TOTAL ASSETS	36482501	42043935	54541821
CAPITAL AND RESERVES	8231833	10686207	15913888
Capital	15360810	15360810	15360810
Subscribed capital	15360810	15360810	15360810
Share premium account	0	0	0
Revaluation reserve	0	0	0
Reserves	7384	7384	553078
Profit (loss) brought forward	-7136361	-4681987	0
Amounts payable after one year and long-term liabilities	10392051	10308661	11858812
Amounts payable within year and long-term liabilities	17858617	21049067	25678256
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	36482501	42043935	54541821
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998
SALES AND SERVICES	67079730	88042742	93666861
COST OF GOODS SOLD AND SERVICES RENDERED	56387411	75484952	76938896
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	6142104	2454374	5227681

SUBSIDIARIES
UAB Sakuona
AB Rietavo baldai

STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 1731.
UAB West Lithuanian Industry and Finance Corporation
State Securities Fund

66.50%
6.60%

ENDOKRININIAI PREPARATAI

PHARMACEUTICALS

Address: Veiverių g. 134, Kaunas
 Phone: (370-7) 227432
 Fax: (370-7) 291585

Registration date: 30.01.1998
 Registration code: 3355216
 Established: 1969
 Privatised: 1992
 Number of employees: 375
 Authorised capital: LTL 25.9m
 Capitalisation (30.06.99): LTL 4.17m

Auditor: M.Česnyienė's Sole Proprietorship
 Trading List: Current

Management Board (participation in the company):
 Kostas Deveikis, Chairman (0.0001%),
 Arūnas Jurgulis (0.00176%), Virginija Maldutienė (0.00103%),
 Kęstutis-Alfonsas Skadas (0.0359%), Gytis Tamėnas (0.0034%),
 Dalia Žukauskienė (0%)

Managing Director: (participation in the company): Gytis Tamėnas (0.0034%)

Investment Relations: Gytis Tamėnas, tel. (3707) 227432

CORPORATE HISTORY

The company has long experience in the production of endocrine preparations. Their production was launched together with the Danish company Nordisk in 1935, when the insulin production shop had been founded. A new plant was constructed in 1969, which in 1992 was privatised and reorganised into a public company ENDOKRININIAI PREPARATAI. Then the authorised capital of the company constituted LTL 940thou and was divided into 188,058 ORS at LTL 5 par.

In 1993, the authorised capital of the company was increased to LTL 1.29m by issuing 71thou ORS.

In 1994, the face value of ENDOKRININIAI PREPARATAI shares advanced to LTL 10, the authorised capital was increased out of own funds.

In 1995, the company increased its authorised capital by additional contributions to LTL 10.99m by issuing 171,720 ORS at LTL 10 par.

In 1996, the authorised capital was increased to LTL 14.28m out of revaluation reserve by issuing 328,731 ORS at LTL 10 par. In the same year, ENDOKRININIAI PREPARATAI issued 10thou bonds with maturity of 12 months at 20% annual interest rate.

In 1997 ENDOKRININIAI PREPARATAI increased the authorised capital out of the company's reserves and issued 361,946 ORS at LTL 10 par. In the same year, the company issued LTL 500thou bonds with maturity of 12 months at 15% fixed interest rate. The issue was placed publicly, however bonds were not listed on any stock exchange.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

Range of ENDOKRININIAI PREPARATAI products includes tablets, ampoules, eye drops, etc. Injections account for over 71% of the overall output. Eye drops and tablets make up 21 and 7 per cent accordingly.

ENDOKRININIAI PREPARATAI is rescheduling preparation, production and realisation of medicines under Good Manufacturing Practice (GMP) standards.

The sales of the company split between Lithuania, Latvia and the CIS. Lithuanian consumers purchase 29.48% (LTL 6m) of the products, Latvian - 2.36%, the rest are exported to Russia (48.56%), Ukraine (7.93%), other CIS countries (11.68%). Endocrine raw materials are supplied from Lithuania (50%), Western Europe (40%), and Russia (10%).

The company has issued 3985 one-year maturity bonds with 15% annual interest (par value LTL 100), the redemption term is from 1 August 1999 to 30 September 1999.

In 1998 the company's authorised capital was increased out of supplementary contributions from LTL 17.9m to LTL 25.9m. In 1998, with the issue of 800,000 ORS at LTL 10 face value, ENDOKRININIAI PREPARATAI raised the authorised capital to LTL 25.9m. The whole issue was sold to Latvian pharmaceutical company Olainfarm for LTL 12 million.

In 1998 the company's sales totalled LTL 20m, 17% less than in 1997. The company generated LTL 1.2m net profit (LTL 2.1m in 1997).

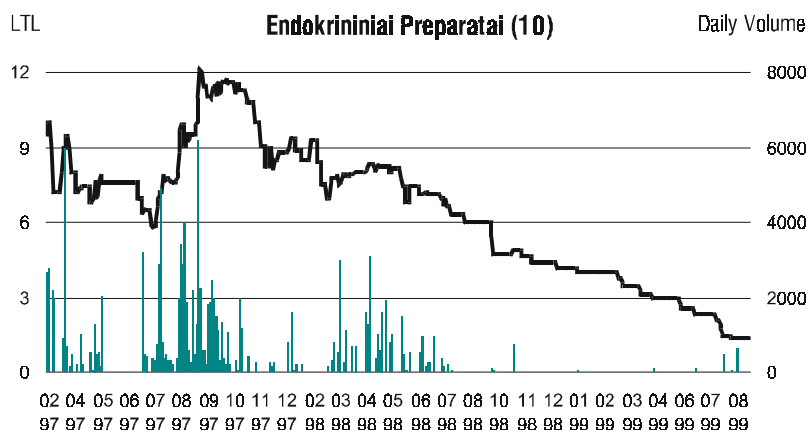
PLANS, PROSPECTS FOR 1999

ENDOKRININIAI PREPARATAI plans further investments into equipment, production environment and ventilation.

The company aims at maintaining and expanding its Ukrainian, Belarus, Russian, Kazakhstan markets

Structure OF SHARE CAPITAL

Share capital: LTL 25 900 960
 Ordinary shares:
 – 1790096 registered shares at LTL 10.00 par (security code 10627) accounting for 69.11% of the auth. capital (admitted to trading at the NSEL on 24.04.97)
 – 800000 registered shares at LTL 10 par (security code 12338) accounting for 30.89% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 950.	
AB Olainfarma (Latvia)	30.89%
KIB Kauno Investicija (holding)	19.92%
State Property Fund	7.88%
UAB Aleksita	8.49%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	11364233	11095000	14590964	14376038	LIQUIDITY RATIOS			
SHORT TERM ASSETS	12159295	19958000	24193693	21170418	Current ratio	3.29	2.00	5.43
Stock	5975569	6490000	8903022	7838167	Quick ratio	1.73	1.36	3.44
Amounts receivable					Net working capital (LTL thou)	8792553	10192000	19754635
within one year	5795171	7353000	8811291	8980256	Net working capital to total assets	0.37	0.32	0.51
TRANSFER ACCOUNTS	475453	382000	16399	33291	PROFITABILITY RATIOS			
TOTAL ASSETS	23998981	31435000	38801056	35579747	Profit margin (%)	0.11	0.09	0.06
CAPITAL AND RESERVES	18573779	20491000	33545598	31349288	Return on assets (%)	0.09	0.07	0.03
Capital	14281500	17896000	25900960	25900960	Return on equity (%)	0.12	0.11	0.04
Subscribed capital	14281500	17896000	25900960	25900960	FINANCIAL LEVERAGE RATIOS			
Share premium account	5633	0	4000000	4000000	Total debt ratio	0.23	0.35	0.14
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.29	0.53	0.16
Reserves	2062880	921000	3644638	3644638	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	2223766	1674000	0	-2196310	Inventory turnover	2.14	2.53	1.69
Amounts payable after one year					Receivables turnover	3.93	3.86	2.52
and long-term liabilities	1583008	783000	800000	0	Net working capital turnover	2.20	2.49	1.03
Amounts payable within year					Long-term assets turnover	1.70	2.29	1.39
and long-term liabilities	3629908	10116000	4430551	4175665	Total assets turnover	0.80	0.81	0.52
ACCRUED CHARGES								
AND DEFERRED INCOME	212287	32000	24906	54794				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	23998981	31435000	38801056	35579747				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	19303007	25364000	20352473	4564425				
COST OF GOODS SOLD								
AND SERVICES RENDERED	11064440	15769000	13008857	3709345				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	2203766	2196000	1272274	-2196310				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	9.50	8.80	4.17
Max	12.10 (09 12)	9.40 (01 15)	4.17 (01 15)
Min	5.75 (07 15)	4.17 (12 31)	2.33 (06 30)
Last	8.80	4.17	2.33
Change (%)	-7.37	-52.61	-44.12
Number of transactions (CM)	534	192	6
Turnover CM (units)	104953	35886	290
Turnover CM (LTL)	970380	284172	876
Turnover BT (units)	20238	19090	147
Turnover BT (LTL)	187845	135625	368
CM turnover as % in total	83.83	65.28	66.36
Total turnover (units)	125191	54976	437
Total turnover (LTL)	1158226	419797	1244
Turnover ratio (%)	6.99	3.07	0.02
As % in the total share turnover	0.12	0.05	0.00

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	15753	7465	4171
Share book value (LTL)	13.01	11.45	12.95	12.10
Price / book value ratio (P/BV)	-	0.77	0.32	0.19
Earnings per share (LTL)	1.54	1.23	0.49	-0.97
Price / earnings ratio (P/E)	0.00	7.17	8.49	-
Dividend per share (LTL)	0.00	0.00	0.10	-
Dividend yield	-	-	0.02	-
Dividend payout ratio	-	-	0.20	-

SUBSIDIARIES	Participating interest
UAB Sedum	51%
UAB Aleksita	50%

SANITAS

PHARMACEUTICALS

Address: Vytauto pr. 3, 3000 Kaunas
 Phone: (370-7) 226725, 223170
 Fax: (370-7) 223696

Registration date: 10.06.1994
 Registration code: 3413629
 Established: 1922
 Privatised: 1994
 Number of employees: 502
 Authorised capital: LTL 17m
 Capitalisation (30.06.99): LTL 15.9m

Auditor: PricewaterhouseCoopers
 Trading List: Current

Supervisory Board (participation in the company):
 prof. Paulius Vainauskas, Vice-Chairman (0.0004%),
 Piret Raudsepp (0%), John Wilson (0%),
 Joakim Helenius (0%), Genovaitė Aliulienė (0.007%)

Management Board (participation in the company):
 Dr. Albertas Bertulis, Chairman (0.08%),
 Nerijus Eidukevičius (0%), Vladas Talandis (0.1%),
 Virginija Limantienė (0.04%)

Managing Director: Albertas Bertulis

Investment Relations: Dr. Albertas Bertulis, tel. (370-7) 226725

CORPORATE HISTORY

The company's legal predecessor, pharmaceutical laboratory SANITAS, was founded by 3 private individuals in 1922. Originally, it produced cosmetics and galenic medicines. In the post-war period the company was nationalised under the name of State Pharmacy Enterprise SANITAS. In 1990 the company underwent partial privatisation and was transformed into the state-public company. In 1994 SANITAS was ultimately privatised through a public offering and registered as a public limited company with the authorised capital of LTL 10.75m. With the sale of shares in exchange for compensation vouchers, the state interest was reduced to 12.11%. Remaining 87.89% were sold to management, employees, other natural persons and legal entities. Since 1997 the State has no interest in the company.

In February 1997 shareholders decided to raise capital by LTL 4.2m, i.e. issue 167,984 ordinary shares. At present, SANITAS share capital amounts to LTL 17.3 million.

In 1994 Sanitas won the Best Business Plan Competition in pharmaceuticals sector organised by the Italian Government. The winnings were used to purchase and install a modern tableting press.

In 1997 the company began packing ointments in tubes. Liquid medicines are now packaged in vessels of Western produce.

BUSINESS ACTIVITY

Among 13 Lithuanian pharmaceutical companies, SANITAS is the oldest and the largest. It accounts for over 50% of the pharmaceutical products produced within the country. SANITAS produces 96 different medicines, mainly concentrating on medicines treating digestion problems and metabolism (27.9%), non-narcotic analgesics (25.8%), medicines for blood and blood building (13.9%), dermatologicals (9.6%), cardiovascular agents (8.6%), systemic antibiotics (8.4%), various other medical preparations (5.8%). The number of different medicines being produced augmented by 13% in comparison with 1997. Range of products includes ampoules, ointments, spirituous solutions, tablets, antiseptic preparations, etc. Medicines in ampoules (69.3%), galenic preparations (15.2%), tablets, capsules and granules (15.5%) constituted the biggest part in the total production in 1998.

In 1998, 10% of the SANITAS production was sold in Lithuania, export made up 90%, 55-60% of which was sold in Russia. Currently, the company increases its sales volumes in Lithuania. A new marketing strategy that is expected to expand sales was created. Relations were established, information on the requirements for medicine registration in Czechia, Slovakia, Romania, Croatia, Poland is collected and is undergoing analysis. Contacts in Latin America and Asia are being established. At present, the registration of medicines in Bulgaria is in progress.

In 1998 SANITAS bought raw material, packing and other various materials from 15 states. The collaboration with western countries was further developed, whereas co-operation with the CIS was diminishing. In 1997 the purchases of different materials from the CIS accounted for LTL 3.2m, and in 1998 it amounted to LTL 1.5m. In 1998 44.9% of raw material and other various materials was purchased from Lithuanian enterprises, 40.1% from European countries (Germany, Hungary, Austria, Switzerland, Italy, Slovakia, Denmark, Spain, Finland, England), 5.6% from the CIS, 5.9% from the Baltic states, and 0.8% from Asia (Japan).

DEVELOPMENTS IN 1998

In 1998 the company output for the total of LTL 42.6m, or 11.7 per cent less than in 1997. Sales reached LTL 38m, i.e. decreased by 16.4%. This was influenced by the financial-economic crisis in Russia. The company generated LTL 10.9m profit. Net profit amounted to LTL 9.97m.

The profit per one litas of sales before taxation augmented by 3.2% in comparison with the year 1997.

During 1998 and the 1st quarter of 1999 the project of the ampoule preparations according to the Good Manufacturing Practice (GMP) was completed. The value of the project amounts to LTL 12m taken from the company's residual profit gained during two years. The investment is being capitalised, new share issue will be distributed to shareholders proportionally to the face value of their held shares.

The equipment of a new project of inject solution is in the final stage of installment.

In 1998 SANITAS prepared the company's development programme for the period 1998-2004. The programme consists of the following stages: implementation of the quality control system and production certification, arrangement of laboratories according to the GMP requirements, building of new warehouses for products and raw material, construction of new production building for ointment, spiritual preparations and syrup, equipping of tablet bar according to the GMP, renovation of the ampoule shop building while applying it to the new technology. If the programme of these 7 years is realised successfully, SANITAS will become a modern pharmaceutical company, able to compete with western pharmaceutical companies.

PLANS, PROSPECTS FOR 1999

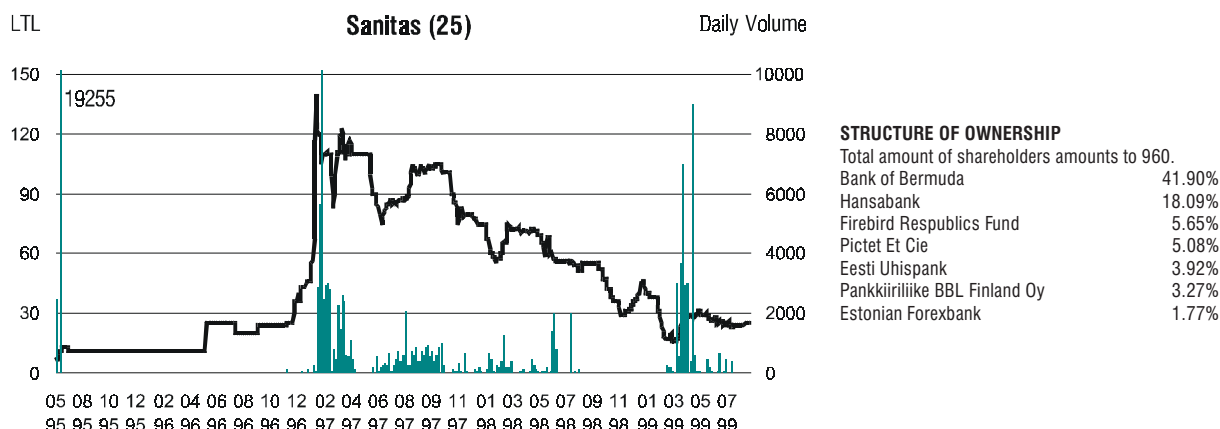
In 1999 SANITAS has plans to start exploiting the new ampoule line, that would comply with the requirements of the GMP. Preparations under 8 titles will be launched, 20 jobs will be created. This is the first bar of the kind in the Baltic countries.

The quality control system that is adequate to the ISO 9002 standard is being implemented in order to ensure the efficiency of the company's performance.

The 1999 production volume is projected to constitute LTL 22m, the estimated sales volume amounts to LTL 20m and the anticipated net profit will make up about LTL 1m.

Structure OF SHARE CAPITAL

Share capital: LTL 17 279 625
 Ordinary shares: – 662805 registered shares at LTL 25 par (security code 10617) accounting for 95.89% of the auth. capital (admitted to trading at the NSEL on 13.09.94)
 Preference shares: – 28380 registered shares at LTL 25 par with cumulative dividend 20% (security code 10618) accounting for 4.11% of the auth. capital (admitted to trading at the NSEL on 13.09.94)



BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	13584489	11291000	25461589	25656246	LIQUIDITY RATIOS			
SHORT TERM ASSETS	21493220	27369000	27730336	25296510	Current ratio	21.64	13.39	11.13
Stock	11540520	11525000	12914019	11569870	Quick ratio	10.05	7.75	5.95
Amounts receivable					Net working capital (LTL thou)	20542220	25325000	25242593
within one year	8810160	8605000	12313219	10301830	Net working capital to total assets	0.58	0.65	0.47
TRANSFER ACCOUNTS	44189	0	3685	61022	PROFITABILITY RATIOS			
TOTAL ASSETS	35121899	38747000	53195610	51013778	Profit margin (%)	0.26	0.11	0.26
CAPITAL AND RESERVES	34121707	36703000	50120799	50174193	Return on assets (%)	0.31	0.13	0.19
Capital	13080025	17280000	17279625	17279625	Return on equity (%)	0.31	0.13	0.20
Subscribed capital	13080025	17280000	17279625	17279625	FINANCIAL LEVERAGE RATIOS			
Share premium account	11	0	0	0	Total debt ratio	0.03	0.05	0.06
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.03	0.06	0.06
Reserves	10823804	13324000	32841174	32841174	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	10217867	6099000	0	53394	Inventory turnover	2.81	2.33	1.80
Amounts payable after one year and long-term liabilities	0	0	578380	0	Receivables turnover	6.15	5.27	3.68
Amounts payable within year and long-term liabilities	995189	2044000	2215565	677942	Net working capital turnover	2.03	1.81	1.53
ACCRUED CHARGES AND DEFERRED INCOME	0	0	275863	156640	Long-term assets turnover	3.08	4.06	1.51
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35121899	38747000	53195610	51013778	Total assets turnover	1.19	1.18	0.72
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	41798910	45875000	38506429	9476944				
COST OF GOODS SOLD AND SERVICES RENDERED	24975020	26842000	22002060	7159256				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	10741184	4872000	9973170	53394				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	18429	52295	29826	16703
First	11.00	46.00	78.90	45.00	Share book value (LTL)	67.65	54.09	74.33	74.42
Max	46.00 (12 31)	139.50 (01 21)	78.00 (01 06)	47.00 (01 06)	Price / book value ratio (P/BV)	0.68	1.46	0.61	0.34
06)					Earnings per share (LTL)	21.55	7.14	14.83	7.30
Min	11.00 (05 21)	46.00 (01 08)	29.50 (11 24)	16.00 (03 18)	Price / earnings ratio (P/E)	2.13	11.06	3.03	3.45
Last	46.00	78.90	45.00	24.00	Dividend per share (LTL)	1.25	0.00	0.00	-
Change (%)	318.18	71.52	-42.97	-46.67	Dividend yield	0.03	-	-	-
Number of transactions (CM)	30	1482	291	288	Dividend payout ratio	0.06	-	-	-
Turnover CM (units)	365	109554	19806	41496					
Turnover CM (LTL)	13659	11791964	1246806	1063390					
Turnover BT (units)	704	582800	104658	61027					
Turnover BT (LTL)	15334	55912498	7020723	1284529					
CM turnover as % in total	34.14	15.82	15.91	40.47					
Total turnover (units)	1069	692354	124464	102523					
Total turnover (LTL)	28993	67704463	8267529	2347919					
Turnover ratio (%)	0.27	104.46	18.78	15.47					
As % in the total share turnover	0.02	7.06	0.93	0.43					

SUBSIDIARIES	Authorised capital	Participating interest
LUAB Altisana	LTL 4.2m	100%

DIRBTINIS PLUOŠTAS

ARTIFICIAL YARN

Address: Pramonės g. 4, 3711 Kaunas
 Phone: (370-7) 760023
 Fax: (370-7) 764075

Registration date: 14.12.1992
 Registration code: 3353911
 Established: 1965
 Privatised: 1992
 Number of employees: 1487
 Authorised capital: LTL 96.5m
 Capitalisation (01.07.98): LTL 29.9m

Auditor: Deloitte&Touche
 Trading list: Current

Supervisory Board (no participation in the company):
 Ala Kurauskienė, Chairwoman,
 Rita Paulavičiūtė, Vladimiras Romanovas,
 Arnoldas Vankevičius, Ina Malyško

Management Board (no participation in the company):
 Giedrius Pukas, Chairman,
 Vladimiras Romanovas, Gintautas Ramanauskas

Managing Director (participation in the company):
 Gintautas Ramanauskas (0.07%)

Investment Relations: Giedrius Pukas, tel. (370-7) 350 192

CORPORATE HISTORY

The company's legal predecessor, state plant of artificial fibre VALSTYBINĖ PLUOŠTO GAMYKLA, was established in 1965. The state plant started operations in cooperation with the British firm Courtaulds and the French partner Ateliers Roannais de Constructions Textiles. In December 1992, the company underwent privatisation. The state factory of artificial fibre was reorganised and registered as a public limited company DIRBTINIS PLUOŠTAS. The company's authorised capital constituted LTL 5.4 million.

Changes in the company's authorised capital were registered with Kaunas Municipality Register on 11 August 1993, 28 December 1993 and 22 June 1994. On 24 March 1995, stock capital of DIRBTINIS PLUOŠTAS amounted to LTL 5.75 million.

In 1993, DIRBTINIS PLUOŠTAS together with the Austrian firm Richard Hammerle founded a joint venture Kateks Ltd. The company weaves lining fabrics that are sold by the Austrian partner in foreign countries. DIRBTINIS PLUOŠTAS participates in Kateks capital with 32.14%.

In the period from 27 January 1995 to 20 March 1997 the company raised its capital out of revaluation reserve and share premium reserve several times until it finally reached LTL 96.5m represented by the same number of ordinary shares at LTL 1 par.

In September 1997, DIRBTINIS PLUOŠTAS issued and privately placed 5,000 bearer discount bonds in dematerialised form for the total of US\$ 5 million. Bonds with 6 months maturity and annual interest of 9.5% were not listed on any stock exchange.

BUSINESS ACTIVITY

Since its establishment DIRBTINIS PLUOŠTAS has been producing two types of cellulose fibre: acetate and triacetate yarn. Initially the company produced 7000t of acetate yarn and 7200t of triacetate fibre per year. Until 1990 the company sold its production exclusively in the USSR. After restoration of Lithuania's independence and recession of the former Soviet Union economy, production volumes declined. In the course of 1992-1993, artificial fibre output fell to 4300-3400 tons.

Starting with 1993, production volumes began to increase. Good management policy attracted Western and Asian partners. At the beginning of 1995, the company achieved maximum utilisation of its productive capacity and adapted its equipment for manufacturing acetate fibre instead of triacetate yarn. Modernisation of equipment and growth of capacity continued until 1996, which resulted in 11,558t of production. The following year, 1997, the company produced 13,095 t of acetate yarn, nearly the maximum of its capacity as it is estimated that the company could produce 14,000 tons of acetate and textured yarn rolled up in drum-type and cone shaped spools if it were operating 345 days per year non-stop.

In 1998, DIRBTINIS PLUOŠTAS produced 10,690 t of acetate yarn. 75.76% of the production were for export, 24.24% were realised in Lithuania.

DIRBTINIS PLUOŠTAS delivers acetate yarn to the main Lithuanian knitwear and textile producers. The geography of the company's suppliers is very wide. You can find them in Italy, Russia, Germany, Poland, Lithuania, Estonia, Latvia, Switzerland, England.

DEVELOPMENTS IN 1998

Today, DIRBTINIS PLUOŠTAS is the only producer of acetate fibre in the Baltic States. In 1998, the company continued to invest into modernisation and renovation of the main production means allocating LTL 12m into the programme. It also took a lease of 15 RATTI high twisters and 1 rewinding machine.

DIRBTINIS PLUOŠTAS invests not only into its own company but also takes an active participation in the capital of other companies. In 1998, DIRBTINIS PLUOŠTAS together with partners from South Korea founded a knitwear producing joint venture Korelita and supplies it with acetate yarn. DIRBTINIS PLUOŠTAS holds 34% of Korelita's authorised capital. The investment of LTL 1.3m was allocated to Kateks Ltd. (its shares were acquired during the deepening of the Kateks authorised capital, repair and reconstruction works were carried out).

The company invested LTL 1.68m into establishment of a joint venture UAB Silvos Trikotažas. At present, DIRBTINIS PLUOŠTAS participates in it with 24.9% of shares. The company acquired shares of UAB Ūkio Bank's Investment Group for LTL 3.9m.

DIRBTINIS PLUOŠTAS participated in the establishment of yet another joint stock trading company Syntraco International S.p.a., with the investment of LTL 672.9thou. The company was founded together with an Italian partner. DIRBTINIS PLUOŠTAS holds 50% of the authorised capital of the company. Syntraco International S.p.a. is the only DIRBTINIS PLUOŠTAS representative for trading in acetate fibre in Europe.

DIRBTINIS PLUOŠTAS income in 1998 constituted LTL 189.1m, net profit amounted to LTL 693,965 (cf. the income of 1997 equalled 238.7m, the net profit was of LTL 6,358,871). This significant decrease in the sales resulted from the decline on the world acetate yarn market, which was marked by the decreased demand and a drop in sales prices. A financial crisis in South-East Asia also had a negative effect on the company's status in the market.

DIRBTINIS PLUOŠTAS exports about half of its production to South-East Asia.

In order to retain its status in that market, the company was forced to give discounts to its old buyers and reduce prices, which caused the diminished profitability.

In 1998 the company restructured its financial liabilities. Conversion of the Bankas Hermis loan of LTL 27.6m into the long term loan ensured the financing of long term projects. The loan of the European Economic Community was reduced from LTL 2.26m to LTL 1.44m.

PLANS, PROSPECTS FOR 1999

As the demand on the world market is expected to grow, DIRBTINIS PLUOŠTAS plans to enhance the capacities of the spinning and twisting machines by purchasing new twisting machines and modernising the spinning ones. Construction work on the new production facilities and an addition to the warehouse is on the way. The company is projecting reconstruction and repair of all buildings.

The estimated sales volume in 1999 will not be lower than in 1997.

In order to reduce the risk resulting from trade concentration in one region, the company will expand its trading on the European market and cut sales volume in South-East Asia.

Structure OF SHARE CAPITAL

Share capital: LTL 96 543 400
 Ordinary shares: – 96543400 registered shares at LTL 1.00 par (security code 10206) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 19.04.94)

LIFOSA

PHOSPHATIC FERTILISERS

Address: Juodkiškio g. 50, 5030 Kėdainiai
 Phone: (370-57) 52273, 66483
 Fax: (370-57) 53537

Registration date: 30.10.1996
 Registration code: 6111045
 Established: 1963
 Privatised: 1996
 Number of employees: 1339
 Authorised capital: LTL 220.8m
 Capitalisation (30.06.99): LTL 186.6m

Auditor: Arthur Andersen
 Trading List: Current

Management Board (participation in the company):
 Danas Tvarijonavičius, Chairman (41.05%),
 Raimondas-Gintautas Kriūnas (0.07%), Pierre Sicouri (2.31%),
 Jonas Dastikas (0.35%), Albertas Surma (0.04%)

Managing Director: Jonas Dastikas

Investment Relations: Danas Tvarijonavičius, tel. (370-57) 66483

CORPORATE HISTORY

The company's predecessor Fostra was established in 1963 as a state chemical plant of Kėdainiai and started its activity in the field of phosphatic fertilisers and other chemical products. During 1991-1994 the company underwent partial privatisation and was transformed into the state-public company Fostra AB.

In 1994 the company was listed for the final privatisation. The privatisation agreement had to be signed with the potential investor that had presented the best business plan. The winner of the competition was a group of legal and natural persons Minta Ltd and partners led by the present Chairman (Danas Tvarijonavičius) of LIFOSA. The agreement was signed on 29 June 1996 and on 30 August 1996 the company was registered as a public limited liability company LIFOSA AB.

On 4 August 1997 LIFOSA, Kemira Agro Oy (Finland) and Fund of Finnish Industry Cooperation agreed to establish a joint-venture KEMIRA-LIFOSA Ltd. KEMIRA-LIFOSA engages in manufacture of granulated super phosphatic, phosphoric-potassic, nitric-phosphoric-potassic fertilisers. LIFOSA owns 49% of the new company stock.

In April 1998 the company increased its share capital by LTL 64.99m out of revaluation reserves. After the issue of new shares, LIFOSA authorised capital amounted to LTL 220.8 million.

BUSINESS ACTIVITY; DEVELOPMENTS IN 1998

The main product of LIFOSA is phosphorous fertiliser- phosphate of diammonium (DAP). Sulphuric acid and phosphorus acid needed in the production of diammonium phosphate are also produced by the company.

Other products manufactured by LIFOSA include aluminium fluoride, electrolyte, battery sulphuric acid.

About 98% of produced diammonium phosphate are exported to Western European countries, the rest is sold in Lithuania. The sales of this product account for LTL 400m. Export makes up 93% of the total company's sales.

Raw materials like apatit concentrate, aluminium hydroxide, sulphur, the bigger part of ammonia are imported. Imports amount to LTL 200m.

In 1998 the company introduced a new product- diammonium phosphate (DAP) which has higher demand and better price in Western European markets. LIFOSA produced 484,300 tons of DAP, 619,000 tons of sulphuric acid, 235,500 tons of phosphorus acid, 5,670 tons of aluminium fluoride, which is considerably more than planned.

Average number of employees in 1998 was 1339, or 10% less than in 1997. Average employee salary amounted to LTL 1537, or 26% more than in 1997.

Authorised capital in 1998 was increased by LTL 64.99m and constituted LTL 220.8m. It was increased out of the company's funds.

In 1998 the company's net profit amounted to LTL 43.5m, sales equalled LTL 400m.

Investment in 1998 totalled LTL 55.215m, including LTL 25.9m out of the company's funds. Investment flows are channelled to construction of new objects, reconstruction of operating and acquisition of new equipment, major repairs of fixed assets.

PLANS, PROSPECTS FOR 1999

In 1999 LIFOSA plans to increase production of diammonium phosphate to 545,000 tons. Production of sulphuric acid will have to increase to 755,000 tons, phosphorus acid – to 270,000 tons, aluminium fluoride – to 6,800 tons, respectively. Sales should reach LTL 483m, net profit LTL 50m. Planned investment for 1999 is LTL 75m.

Structure OF SHARE CAPITAL

Share capital: LTL 220 800 000
 Ordinary shares: –10978332 registered shares at LTL 20 par (security code 11669) accounting for 99.44% of the auth. capital (admitted to trading at the NSEL on 12.05.97)
 Preference shares: –61668 registered shares with 3% cumulative dividend at LTL 20 par (security code 11670) accounting for 0.56% of the auth. capital (admitted to trading at the NSEL on 12.05.97)

AKMENĖS CEMENTAS

MANUFACTURE OF CEMENT

Address: J. Dalinkevičiaus g. 2, 5464 Naujoji Akmenė
 Phone: (370-95) 58323, 58299
 Fax: (370-95) 52198

Registration date: 16.09.1993
 Registration code: 5300914
 Established: 8.62
 Privatised: 1993-1995
 Number of employees: 910
 Authorised capital: LTL 46.16m
 Capitalisation (30.06.99): LTL 57.3m

Auditor: KPMG Lietuva
 Trading List: Current

Management Board (participation in the company):
 Simonas Vytis Anužis, Chairman (0%),
 Olius Danyla (0.07%), Algimantas Mituzas (0.58%),
 Vincas Montvila (0%), Karsten Bomann Jonssen (0%),
 Christian Thjomoe (0%)

Managing Director: Pranas Krištopaitis (0%)

Investment Relations: Pranas Krištopaitis, tel. (370-95) 5 86 45

CORPORATE HISTORY

In July 1945 plans for building a cement manufacturing plant in Lithuania were made. Akmenės region was chosen due to its rich limestone-bed. The first clinker burning rotary kiln was launched in September 1952, and over several decades the plant gradually grew into a national cement manufacturing leader. With new technological lines built in the eighties, AKMENĖS CEMENTAS increased its capacity to annual average of 3.3m tons and became one of the largest cement producers in Europe.

During the initial mass privatisation in 1993-1995, the enterprise was privatised through a public offering. Currently, all company's capital is in private hands. Since 1996 the size of share capital has remained the same (LTL 46.16m). In August 1998, the general shareholders' meeting decided to reduce the rate of non-cumulative dividend of preference shares from 90% to 30%.

BUSINESS ACTIVITY

The company is primarily engaged in the production and sales of cement of different kinds: CEM I 42.5, CEM I 42.5R, CEM I 52.5, CEM II/A-M 42.5.

Mainly local raw materials are used to produce cement, a limited range of materials is outsourced abroad. 62% of AKMENĖS CEMENTAS output are sold on the domestic market, the remaining 38% fall to Western Europe. Realisation of products is carried out on the basis of long term agreements with the clients.

Besides its main activity, AKMENĖS CEMENTAS provides mechanical shop services (metal forging, pressing, punching, production of metal constructions and construction parts), freight transportation, technical research and testing (electrical laboratory and cement testing laboratory), rents building machines and renders other services.

AKMENĖS CEMENTAS has been awarded certificates of conformity for each kind of cement that is exported to Western markets. The certificates are issued by the authorised bodies in Sweden, Denmark, Belgium, the Netherlands, Germany, and Estonia. In September 1997, an independent cement testing laboratory was founded in AKMENĖS CEMENTAS. The laboratory was accredited at the National Accreditation Bureau of Lithuania in May 1998. Today, all kinds of cement produced by the company hold certificates of conformity of the product with the Lithuanian standard LST 1455:1996. The implementation of the quality system according to LST EN ISO-9002-1995 started in 1994 and is to be completed in the near future.

DEVELOPMENTS IN 1998

In 1998, AKMENĖS CEMENTAS produced 788,270 tons of cement.

As compared to 1997, production output increased by 10%. 47% (364,181 tons) of products were realised in Lithuania, the other part of production was exported to Finland, Sweden, Belgium, the Netherlands, Denmark. Exports to western markets accounted for 38% (301,229 tons) in 1998. 15% (115,910 tons) were realised in Latvia and Estonia. Total sales amounted to LTL 133.98m, by 17% more than in 1997. These figures prove that the company managed to maintain its customers and expand the local market. As a result, AKMENĖS CEMENTAS generated LTL 12.99m of net profit in 1998 - a fivefold increase compared to 1997.

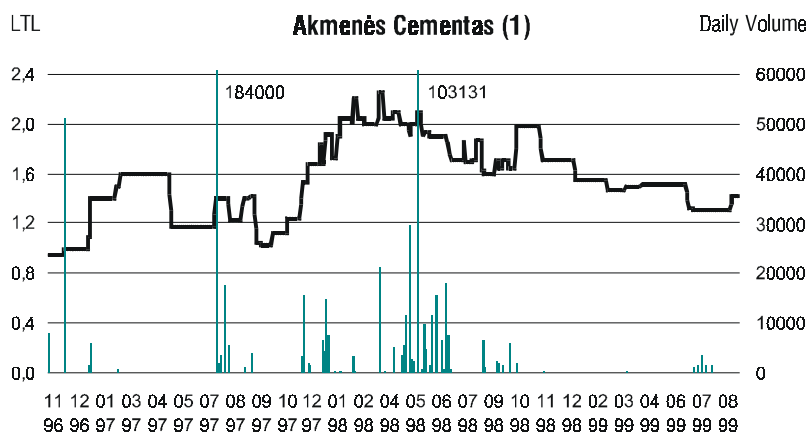
AKMENĖS CEMENTAS approved the investment plan of USD 10.88m for 1997-2000. Investments were allocated in the following way: USD 5.9m in 1997, USD 1m in 1998, USD 2.65m in 1999, and USD 1.25m in 2000. In 1998, actual investment accounted for USD 1.2m, borrowed funds constituted USD 3.57thou of the amount, the remainder was financed from own reserves. The investments were targeted at reduction of fuel and electricity input and environmental protection. After the reconstruction of rotary kilns, fuel consumption decreased from 174kg/t in 1997 to 154kg/t in 1998. The modernisation of the equipment (burner, refrigerator, filters) will bring fuel consumption down to 145kg/t in 1999.

PLANS, PROSPECTS FOR 1999

AKMENĖS CEMENTAS plans to retain the same cement production volumes in 1999 (i.e. 780thou tons) and to increase output to 1m tons in 2000. The company will invest USD 3.9m into modernisation in 1999-2000.

Structure OF SHARE CAPITAL

Share capital: LTL 46 164 555
 Ordinary shares: – 44127021 registered shares at LTL 1 par (security code 10189) accounting for 95.59% of the auth. capital (admitted to trading at the NSEL on 30.07.96)
 Preference shares: – 2037534 registered shares at LTL 1 par with 30% non-cumulative dividend (security code 10190) account for 4.41% of the auth. capital (admitted to trading at the NSEL on 01.06.98)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounted to 1911 (30.06.99).	
Ole Gunnar Selvaag	33.95%
UAB Cementija	24.93%
Stanislava Anužienė	9.90%
Edmundas Montvila	9.32%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	50853715	63867292	64519738	63140808	LIQUIDITY RATIOS			
SHORT TERM ASSETS	34640923	48614539	46056030	45973270	Current ratio	1.77	1.38	1.42
Stock	23978207	26175655	25965376	16366620	Quick ratio	0.55	0.66	0.63
Amounts receivable					Net working capital (LTL thou)	15097753	13767983	13770989
within one year	8714008	12931031	11098188	20730780	Net working capital to total assets	0.18	0.12	0.12
TRANSFER ACCOUNTS	80235	1279607	535660	110414	PROFITABILITY RATIOS			
TOTAL ASSETS	85574873	113761438	111111428	109224492	Profit margin (%)	0.03	0.02	0.10
CAPITAL AND RESERVES	58913047	59437216	72426611	75715646	Return on assets (%)	0.04	0.02	0.12
Capital	46164555	46164555	46164555	46164555	Return on equity (%)	0.06	0.04	0.18
Subscribed capital	46164555	46164555	46164555	46164555	FINANCIAL LEVERAGE RATIOS			
Share premium account	46905	46905	46905	46905	Total debt ratio	0.31	0.48	0.35
Revaluation reserve	0	0	0	0	Debt / equity ratio	0.45	0.91	0.53
Reserves	12701587	13148321	13148321	13148321	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	7743526	13066830	16355865	Inventory turnover	4.57	3.42	3.52
Amounts payable after one year and long-term liabilities	5096640	18198059	5864116	6068937	Receivables turnover	12.89	10.61	11.14
Amounts payable within year and long-term liabilities	19623405	36126163	32820701	27438877	Net working capital turnover	7.27	8.34	9.72
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	1032	Long-term assets turnover	2.16	1.80	2.08
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	85574873	113761438	111111428	109224492	Total assets turnover	1.28	1.01	1.21
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	109704546	114872916	133893565	55075867				
COST OF GOODS SOLD AND SERVICES RENDERED	87723200	85879544	91691869	37452491				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	3402107	2465950	12989395	3289035				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	44127	84724	67956 57365
First	0.95	1.00	1.92	1.54	Share book value (LTL)	1.29	1.31	1.58 1.66
Max	1.00 (12 17)	1.92 (12 31)	2.25 (03 25)	1.54 (02 13)	Price / book value ratio (P/BV)	0.78	1.47	0.97 0.79
Min	0.95 (11 28)	1.00 (01 13)	1.54 (12 31)	1.30 (06 30)	Earnings per share (LTL)	0.04	0.01	0.28 0.31
Last	1.00	1.92	1.54	1.3	Price / earnings ratio (P/E)	28.17	134.02	5.49 4.24
Change (%)	5.26	92.00	-19.79	-15.58	Dividend per share (LTL)	0.00	0.00	0.00 -
Number of transactions (CM)	23	86	197	12	Dividend yield	-	-	- -
Turnover CM (units)	59359	297311	369920	3445	Dividend payout ratio	-	-	- -
Turnover CM (LTL)	58952	437517	736956	4588				
Turnover BT (units)	124838	9592332	416648	84744				
Turnover BT (LTL)	130393	35528019	716131	104681				
CM turnover as % in total	32.23	3.01	47.03	3.91				
Total turnover (units)	184197	9889643	786568	88189				
Total turnover (LTL)	189345	35965537	1453087	109268				
Turnover ratio (%)	0.42	22.41	1.78	0.20				
As % in the total share turnover	0.10	3.75	0.16	0.02				

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
UAB Jūsų Laisvalaikis	23.07.96	LTL 1 094 400	100%
UAB Naujosios Akmenės Deguonis	23.07.96	LTL 114 400	100%
UAB Naujosios Akmenės Sanatorija	23.07.96	LTL 446 000	100%
UAB Naujosios Akmenės Sporto Rūmai	23.07.96	LTL 324 900	100%
UAB Medis ir Betonas	23.01.97	LTL 396 500	100%

DVARČIONIŲ KERAMIKA

CERAMIC PRODUCTS

Address: Keramių g. 2, 2036 Vilnius
 Phone: (370-2) 317021
 Fax: (370-2) 317061

Registration date: 10.06.1994
 Registration code: 1062848
 Established: 1888
 Privatised: 1992
 Number of employees: 410
 Authorised capital: LTL 48.7m
 Capitalisation (30.06.99): LTL 33m

Auditor: KPMG Lietuva
 Trading list: Current

Supervisory Board (participation in the company):
 Mindaugas Danilevičius, Chairman (0),
 Povilas Skuodas (4384 shares), Jonas Liubertas (1753 shares),
 Eugenijus Pokulnevičius (657 shares), Liudmila Subač (1665 shares),
 Raimundas Kurlianskis (0), Michele Pulpito (0),
 Linas Sasnauskas (0), Hamid Ladjevardi (0)

Management Board (participation in the company):
 Juozas Raišelis, Chairman (18.63%),
 Romanas Urniežius (0.18%), Ženius Butkus (0.33%),
 Romualdas Aidukas (0.06%), Irmantas Lukoševičius (0%)

Managing Director: Juozas Raišelis

Investment Relations: Romanas Urniežius, tel. (370-2) 317021

CORPORATE HISTORY

The company's predecessor was a small brickyard with three furnaces for burning bricks opened back in 1888 in Dvarčionys.

In 1963, Ukmergė ceramics unit was affiliated with the plant. In 1967, Širvintų plant merged with Dvarčionių brickworks. With the installation of new equipment in 1974, ceramic tiles were launched into production. In 1980, a new Italian line for production of glazed wall tiles was mounted. Within 1984-1985, the company introduced glazed and ornamented floor tiles. During 13 years (1974-1987) production of ceramic tiles augmented six-fold.

In 1992, the enterprise became a private limited company. The company's management found a reliable partner from Italy, Nasseti S.P.A., and in 1994, the Lithuanian and Italian joint venture DVARČIONIŲ KERAMIKA Ltd was founded.

The Italian partner held 30% of the stock at the time. In the same year, the contract with Nasseti S.P.A. regarding installation of new machinery was signed. The equipment was intended for production of new generation ceramic glazed wall and floor tiles. The total value of the project amounted to US\$ 11m, including US\$ 7.5m in the form of a long-term loan from a Swiss bank.

In December 1996, the company's general shareholders' meeting decided to transform closely-held DVARČIONIŲ KERAMIKA Ltd into a public company with the share capital of LTL 30m divided into 6m ordinary shares at LTL 5 par.

In 1997, the company four times raised its share capital out of supplementary contributions until it finally reached LTL 44.7 million.

In 1998, DVARČIONIŲ KERAMIKA increased its authorised capital to LTL 48.7m out of supplementary contributions by issuing 800,000 ordinary registered shares at LTL 5 par.

At the end of 1997, a new factory manufacturing ceramic glazed tiles started to operate. The capacity reaches 1.3m square meters of tiles per year.

In 1998, DVARČIONIŲ KERAMIKA celebrated its 110th anniversary.

BUSINESS ACTIVITY

DVARČIONIŲ KERAMIKA is the only producer of ceramic tiles in Lithuania and the biggest factory of its kind in the Baltic countries. The company makes high-quality glazed and unglazed wall and floor tiles, ceramic roofing tiles, facade and hearth tiles, special ceramic products for restoration assignments.

The company is better-positioned comparing to its competitors due to high quality of the production (new Italian equipment and technology, qualified personnel, good quality raw materials) and low cost (cheaper labour, use of the country's raw materials clay and sand, lower transport expenses). Production is carried out according to the most progressive Italian technology and meets European standards. DVARČIONIŲ KERAMIKA products have certificates issued by Lithuanian, Russian, Polish, Ukrainian and German authorised bodies.

In 1998, DVARČIONIŲ KERAMIKA produced 111.5 sq m of unglazed floor tiles, 389thou sq m of glazed floor tiles, 684.7thou sq m of rectangular glazed interior tiles, 154.8thou sq m of facade tiles, 30thou sq m of ceramic roofing tiles, 8.6thou sq m of unglazed stove tiles. The total company's production accounted for LTL 43.4m.

The company exports about 30% of its production to Russia, Poland, Latvia, Germany and other countries. In Lithuania distribution network embraces several outlets in major cities and all larger stores specialising in building materials.

Almost all the material for production is exported from abroad under long term contracts (from Ukraine, Turkey, Italy, Spain).

DEVELOPMENTS IN 1998

In 1998, the sales of DVARČIONIŲ KERAMIKA increased 1.5 times in comparison with 1997 - from LTL 20.3m to LTL 31m. despite a loss of LTL 5.59m that the company suffered that year. Due to suspension of the contracts with Russian suppliers the sales plan for 1998 was not fulfilled by 23%. However, the company did not incur any irrecoverable losses that could have occurred if contracts in Russia had not been suspended.

In 1998, DVARČIONIŲ KERAMIKA founded its representative office in Moscow.

At the end of 1998, DVARČIONIŲ KERAMIKA together with Gibraltar company Iberian Ceramics Ltd. founded the closed company Baltijos Keramika (authorised capital amounts to LTL 0.98m), that produces glue and putty for ceramic tiles. A plant of ceramic plumbing equipment is in the future plans of the company.

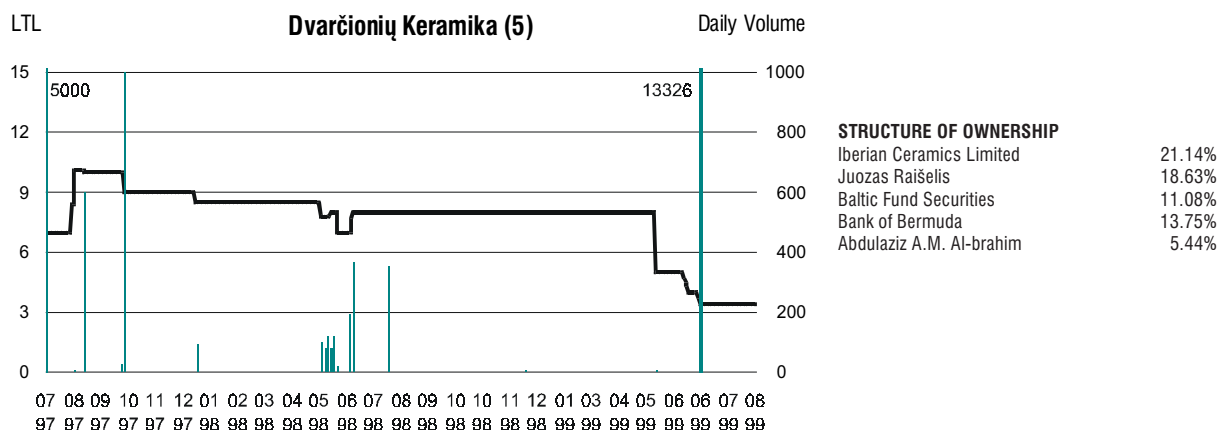
PLANS, PROSPECTS FOR 1999

In 1999, the company plans to increase the sales volume to LTL 50m, the estimated activity profit is of LTL 7m.

In January 1999, DVARČIONIŲ KERAMIKA decided to deepen the authorised capital from LTL 48.7m to LTL 63.7m.

Structure OF SHARE CAPITAL

Share capital: LTL 48 712 290
 Ordinary shares: – 9742458 registered shares at LTL 5 par (security code 12231) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 09.06.97)



BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	57614048	75421832	69433670	66888311	LIQUIDITY RATIOS			
SHORT TERM ASSETS	14023887	27287230	30111656	35119324	Current ratio	1.23	1.25	1.75
Stock	12579716	15435584	18767285	22865016	Quick ratio	0.13	0.54	0.73
Amounts receivable					Net working capital (LTL thou)	2576587	5527445	13728866
within one year	1014438	7000862	9212548	10763457	Net working capital to total assets	0.04	0.05	0.14
TRANSFER ACCOUNTS	3311	6645	1945262	922423	PROFITABILITY RATIOS			
TOTAL ASSETS	71641246	102715707	101490588	102930058	Profit margin (%)	0.12	0.15	-0.18
CAPITAL AND RESERVES	30031129	48476882	50953268	46872411	Return on assets (%)	0.02	0.04	-0.06
Capital	2816590	41962290	48712290	48712290	Return on equity (%)	0.05	0.10	-0.11
Subscribed capital	2816590	41962290	48712290	48712290	FINANCIAL LEVERAGE RATIOS			
Share premium account	2658	3168432	6693433	6693433	Total debt ratio	0.58	0.53	0.50
Revaluation reserve	0	0	0	0	Debt / equity ratio	1.39	1.12	0.99
Reserves	27211881	3346160	1141722	1141722	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	0	-5594177	-9675034	Inventory turnover	1.50	1.82	1.88
Amounts payable after one year					Receivables turnover	11.01	7.54	3.83
and long-term liabilities	29983548	32328248	32084781	32016052	Net working capital turnover	5.36	5.46	2.26
Amounts payable within year					Long-term assets turnover	0.24	0.40	0.45
and long-term liabilities	11450611	21766430	18328052	23263592	Total assets turnover	0.19	0.29	0.31
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	694706				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	71641246	102715707	101490588	102930058				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	13821525	30204354	31008070	18720683				
COST OF GOODS SOLD								
AND SERVICES RENDERED	12060645	25488678	32081659	13065067				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	1614466	4605204	-5594177	110977				

TRADING STATISTICS	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)				Capitalisation (LTL thou)	-	71336	77842	33124
First	7.00	8.50	7.99	Share book value (LTL)	53.31	5.78	5.23	4.81
Max	10.08 (08 18)	8.50 (05 06)	7.99 (05 11)	Price / book value ratio (P/BV)	-	1.47	1.53	0.71
Min	7.00 (08 04)	7.00 (06 08)	3.40 (06 30)	Earnings per share (LTL)	2.87	0.55	-0.57	-0.30
Last	8.50	7.99	3.40	Price / earnings ratio (P/E)	-	15.49	-	-
Change (%)	21.43	-6.00	-57.45	Dividend per share (LTL)	0.00	0.00	0.00	-
Number of transactions (CM)	14	26	8	Dividend yield	-	-	-	-
Turnover CM (units)	6726	1443.00	20001.00	Dividend payout ratio	-	-	-	-
Turnover CM (LTL)	51116	11271.00	70020.00					
Turnover BT (units)	789120	0	54939					
Turnover BT (LTL)	6155136	0	344657					
CM turnover as % in total	0.85	100.00	26.69					
Total turnover (units)	795846	1443.00	74940.00					
Total turnover (LTL)	6206252	11271.00	414676.00					
Turnover ratio (%)	9.48	0.01	0.77					
As % in the total share turnover	0.65	0.001	0.08					

HIDROSTATYBA

LAND RECLAMATION, INDUSTRIAL AND CIVIL CONSTRUCTION

Address: Gamyklos g. 4, Gargždai 5840, Klaipėdos r.
Phone: (370-26) 470940
Fax: (370-26) 471500

Registration date: 08.03.1994
Registration code: 6328191
Established: 1959
Privatised: 1994
Number of employees: 729
Authorised capital: LTL 1.3m

Auditor: Eksinspektorai UAB
Trading List: Unlisted

Management Board (participation in the company):
Jonas Dumašius, Chairman (26.39%),
Pranciškus Jurgutis (26.39%), Juozas Stragauskas (2.31%),
Juozas Stankus (1.87%), Algimantas Gailius (0.54%)

Managing Director: Jonas Dumašius

Investment Relations: Jonas Dumašius, tel. (370-26) 470940

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

HIDROSTATYBA engages in industrial, civil, hydrotechnical construction, land reclamation and exploitation of reclamation systems, cultural-technical activities and agroservice, rent of machinery and vehicles, cargo transportation and expedition, production and sales of inert material, road building and maintenance, liming of acid soil, etc.

Industrial and civil construction makes up almost 94% of all the services provided by the company (works carried out in 1998 exceeded LTL 94m).

The sales revenue of the company amounted to over LTL 100m in 1998.

HIDROSTATYBA gained LTL 2.86m of net profit (profit before taxes constituted LTL 3.3m).

The HIDROSTATYBA services are provided only in Lithuania, mostly in the city of Klaipėda and in Klaipėda region. Raw and other materials as well as equipment are mainly supplied by various Lithuanian companies, ie. producers of construction materials, wholesale companies, etc. Equipment is also supplied by foreign companies.

In 1998, HIDROSTATYBA concluded a LTL 26m contract with UAB Master Foods regarding the construction of a plant in Gargždai.

In June 1998, HIDROSTATYBA was announced the winner of the competition in the privatisation of AB Klaipėdos Hidrotechnika. In March 1999, the company, having paid LTL 11.3m, acquired 95% block of AB Klaipėdos Hidrotechnika.

PROSPECTS FOR 1999

In 1999, HIDROSTATYBA will expand its construction and assembly works. The company also plans to take part in different competitions of assembling and repair works.

In 1999, the company intends to participate at the construction by contract competition for the reconstruction of the north gates of the Klaipėda sea port. In the near future the company is going to start building a site for keeping dangerous waste of Klaipėda region.

The company also projects to launch the production of disposable dishes.

BALANCE SHEET (LTL)	1996	1997	1998
LONG TERM ASSETS	2179126	2823692	4386656
SHORT TERM ASSETS	6226381	15891671	24428934
Stock	2407602	2639672	5792567
Amounts receivable			
within one year	3353741	11305404	16815465
TRANSFER ACCOUNTS	0	0	0
TOTAL ASSETS	8405507	18715363	28815590
CAPITAL AND RESERVES	3890002	5097124	7620808
Capital	1287490	1387490	1387490
Subscribed capital	1287490	1387490	1387490
Share premium account	0	0	0
Revaluation reserve	9	9	9
Reserves	372377	591728	2196300
Profit (loss) brought forward	2230126	3117897	4037009
Amounts payable after one year and long-term liabilities	0	0	0
Amounts payable within year and long-term liabilities	4515505	13618239	21194782
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8405507	18715363	28815590
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998
SALES AND SERVICES	25830553	45216923	100283652
COST OF GOODS SOLD AND SERVICES RENDERED	24728570	41451920	94319555
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	-229854	1663019	2861386

STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 221.
Jonas Dumašius 26.39%
Pranciškus Jurgutis 26.39%
State 0.64%

Structure OF SHARE CAPITAL

Share capital: LTL 1 387 490
Ordinary shares: – 57998 registered shares at LTL 10 par (security code 11101) accounting for 41.80% of the authorised capital (admitted to trading at the NSEL on 01/06/98)
Preference shares: – 22261 registered shares at LTL 10 par with 8% non-cumulative dividend (security code 11103) accounting for 16.04% of the authorised capital (admitted to trading at the NSEL on 01/06/98)
Shares of agricultural producers: – 58490 registered shares at LTL 10 par (security code 11102) accounting for 42.16% of the authorised capital (not admitted to trading at the NSEL)

SUBSIDIARIES
AB Klaipėdos hidrotechnika

Authorised capital
LTL 3,350,430

Participating interest
95%

KAUSTA

CONSTRUCTION

Address: Naglio g. 4a, 3014 Kaunas
 Phone: (370-27) 765048, 769552
 Fax: (370-27) 370156, 764212

Registration date: 04.01.1993
 Registration code: 3355641
 Established: 1966
 Privatised: 1993
 Number of employees: 1188
 Authorised capital: LTL 10m

Auditor: PricewaterhouseCoopers
 Trading List: Unlisted

Management Board (participation in the company):
 Antanas Butkus, Chairman (10%),
 Algimantas Nekrašius (2%), Pekka Entela (0%),
 Mikko Rekola (0%), Jorma Liisanantti (0%)

Managing Director: Antanas Butkus

Investment Relations: B. Visgaudis, tel. (370-27) 757638

CORPORATE HISTORY

The company started its activity in 1961. Initially, it was a building organisation concentrating on construction of Kaunas residential districts and objects of social purpose. In 1993, the company went public and was named KAUSTA. The authorised capital of the company constituted LTL 1.01m.

In 1994, KAUSTA's authorised capital was increased to LTL 2m by issuing 989,310 ordinary registered shares (ORS). In 1996, the authorised capital was increased to LTL 10m from the revaluation reserve and remained unchanged to the present.

The company has built over 50 thousand flats, 22 secondary schools, 39 kindergartens and nurseries.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

KAUSTA mainly engages in construction and civil engineering. It provides the general contractor's services, builds dwelling houses, civil buildings, and industrial enterprises, performs their reconstruction, builds water treatment facilities, prepares the project documentation. In 1998, the company launched production of hollow structure boards.

The sales and services of the company show obvious growth tendencies (with the exception of 1998, when the company cancelled the works in the town of Kogalym in Tumen region in Russia): LTL 39.6m in 1994, LTL 47.6m in 1995, LTL 67.7m in 1996, LTL 116.98m in 1997. During 1998, KAUSTA performed construction and assemblage works for LTL 68m. 77% of them were carried out in Lithuania, 30% in Russia (the region of Kaliningrad). In the previous years, about 60% of construction and assemblage works performed by the company fell to Russia.

In 1998 KAUSTA suffered a loss of LTL 2.8m.

At the end of 1998, a strategic investor, the Finnish company YIT Corporation, acquired 65.6% of KAUSTA's shares.

PROSPECTS FOR 1999

The estimated works to be performed by KAUSTA in 1999 account for at least LTL 100m. Modernisation of the shop of metal constructions is on the way. In 1999, quality requirements meeting standard ISO-9001 will be introduced. Implementation of the most modern accounting and business management software system Navision Financials, the first fully adapted system for Lithuanian needs, will be started.

BALANCE SHEET (LTL)

	1996	1997	1998
LONG TERM ASSETS	20101000	20312465	18054525
SHORT TERM ASSETS	92815666	79647151	61960592
Stock	10614207	10130818	11562246
Amounts receivable			
within one year	12612347	21760421	7925954
TRANSFER ACCOUNTS	653042	38648	23211
TOTAL ASSETS	113569708	99998264	80038328
CAPITAL AND RESERVES	20642567	20389596	14860761
Capital	10000000	10000000	10000000
Subscribed capital	10000000	10000000	10000000
Share premium account	0	0	0
Revaluation reserve	1731060	1731060	1731060
Reserves	1747827	1128521	2199351
Profit (loss) brought forward	7163680	7530015	930350
Amounts payable after one year			
and long-term liabilities	0	0	3359999
Amounts payable within year			
and long-term liabilities	92927141	79608668	61817568
ACCRUED CHARGES			
AND DEFERRED INCOME	0	0	0
TOTAL LIABILITIES			
AND SHAREHOLDERS' EQUITY	113569708	99998264	80038328

PROFIT (LOSS) ACCOUNT (LTL)

	1996	1997	1998
SALES AND SERVICES	67726412	116983637	68664946
COST OF GOODS SOLD			
AND SERVICES RENDERED	57251394	100313317	59207688
NET PROFIT OF THE CURRENT YEAR			
FOR APPROPRIATION (LOSS)	147158	2064951	-2831804

BRANCH OFFICES

First Construction Board
 Jonava Construction Board
 Nadesta
 Third Construction Board

STRUCTURE OF OWNERSHIP

YIT Corporation (Finland) 65.6%
 Antanas Butkus 10%

SUBSIDIARIES

	Date of establishment	Authorised capital	Participating interest
AB Nadeta	14.01.1993	2.1m	64%
Lithuanian-German joint venture			
UAB Kausta-Guder	10.02.1995	0.33m	51%
UAB Alkausta	28.04.1997	0.01m	51%
UAB Dabelsa	05.01.1998	0.12m	51%

Structure OF SHARE CAPITAL

Share capital: LTL 10 000 000
 Ordinary shares: – 10000000 registered shares at LTL 1 par (security code 10375) (admitted to trading at the NSEL on 25.10.94)

LITHUN

CONSTRUCTION

Address: Lelevelio g. 4, 2001 Vilnius
 Phone: (370-2) 629621
 Fax: (370-2) 628527

Registration date: 25.04.1991
 Registration code: 1000655
 Established: 1990
 Privatisation: 1992-1993
 Number of employees: 654
 Authorised capital: LTL 15.4m
 Capitalisation (30.06.99): LTL 4.77m

Auditor: KPMG Lietuva
 Trading List: Current

Management Board (participation in the company):
 Dalius Gedvilas, Chairman (41.32%),
 Zigmantas Balčytis (4.11%), Aleksandra Karpovičienė (0%),
 Raimondas Petras Luneckas (4.33%), Juozas Vytas Jacevičius (2.82%)

Managing Director: Dalius Gedvilas

Investment Relations: Dalius Gedvilas, tel. (370-2) 629 621

CORPORATE HISTORY

The Lithuanian-Hungarian closed joint-stock company LITHUN was established in 1991 by 16 individuals and Hungarian firm Talizman. The company's authorised capital at that time equalled 410 thousand roubles (LTL 4100), which grew to LTL 300 thousand by 1993.

During 1992-1993, the company was actively involved in the process of privatisation and thus acquired controlling interest in several construction-related companies, such as Vilnius Asphalt-Concrete Plant and the First Electric Company.

In 1995, LITHUN, Ltd. was transformed into a public limited company at the same time merging six affiliated enterprises: AB LH Asbet, UAB Elrima, UAB Debiutas, UAB Balatonas, UAB Sūkis and investment company LH Kapitalas. During the reorganisation, the company raised the share capital out of the capital and revaluation reserves to LTL 7.9 million. In 1997, the company increased the authorised capital out of the capital reserve to LTL 10.4 million. In 1998, the company increased its authorised capital from LTL 4.99m to LTL 15.4m.

At present, the company consists of the central office and two business units-directorates, operating in the country's construction and construction materials markets. The business units combines 8 branches and two representative offices in Kaunas and Klaipėda regions. The company also controls blocks of shares of several subsidiaries and of several companies engaged in similar activity. In 1998, LITHUN acquired UAB Hago shares for LTL 98.3 thousand and UAB Viranga shares for LTL 344.2 thousand. LITHUN holds 50% of UAB Hago shares and 34.84% of UAB Viranga shares.

BUSINESS ACTIVITY

LITHUN consists of two business units that specialise in different activities, namely, 1) Building Business Unit Lithun with 3 branches: Lithun Ranga (building and reconstruction; roof installation and repairs; production of doors and windows), Elprima (electrical installation works; installation of contact systems and substations; installation and start-up of automation systems, technological equipment, communications networks, fire alarm, security and alarm systems), Lithun Transportas (road transport services, rent of construction mechanisms, vehicle repairs and maintenance) and 2) Building Materials Business Unit Lithun Asfaltbetonis which has 4 branches: Vilnius Asfaltbetonis (manufacture and trade in concrete articles, asphalt concrete mix), Trinkelė (production of concrete articles, asphalt mix, bituminous paste/emulsion, asphalt concrete), Lithun Keliai (road building and repairs, landscaping) and Klaipėda branch (production of concrete articles).

All branches of the company that engage in construction/erection and road building/repair works, have qualification certificates entitling to undertake construction projects of particular significance, including state projects. Therefore the state (Ministry of National Defence, Vilnius City Municipality, Customs Department, Labour Exchange) has become the principal customer of the company. Other main customers are Lithuanian companies.

Among the most important achievements in the area of technology, the production of concrete landscaping elements by the vibrocompression method should be mentioned. At present there are two high-capacity production lines using low-slump mix. The company's specialists have a sixteen-year-long experience in the application of this method.

DEVELOPMENTS IN 1998

In 1998 the company's sales and services totalled LTL 96.9 million (LTL 42m in 1997, LTL 36.6m in 1996) and net profit amounted to LTL 2.07m. The sales volume of the main production augmented by LTL 54.92m or 131% in 1998. The company has 3 representative offices that realise the production in Lithuania. The bulk of the production is sold in Vilnius.

According to the 1998 performance of 100 leading Lithuanian public companies, LITHUN occupies the 37th position on the list. It is also among 5 top construction companies in Lithuania.

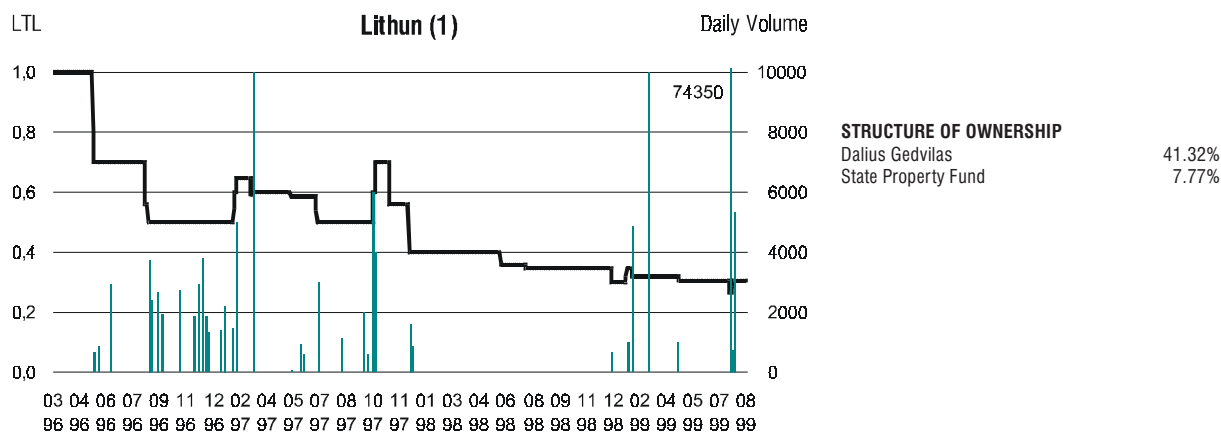
In order to ensure stable quality of products and services, design of a quality system in line with the requirements of the LST LM ISO 9001 "Quality System. Model for quality assurance in design, development, production, installation and servicing" was started in the company in 1998.

In 1998, the company invested into production (LTL 12.3m) as well as into computerisation, market research, staff training, creation of activity analysis.

PLANS, PROSPECTS FOR 1999

In 1999, the company will expand the activity of its branches and subsidiaries. Systems of economic projecting and planning will be enhanced.

SUBSIDIARIES	Date of establishment	Participating interest
Vilnius asfaltbetonis	1994	100%
Lithun ranga	1995	100%
Elprima	1995	100%
Lithun transportas	1995	100%
Trinkelė	1997	100%
Klaipėda branch	1997	100%
Lithun keliai	1997	100%
Brokerage company		100%
Lithun trading centre		100%
UAB Naigėda		100%
UAB Naujieji butai		100%



BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	12258926	24149297	31941100	32401558	LIQUIDITY RATIOS			
SHORT TERM ASSETS	8202144	10546265	18292723	24609822	Current ratio	1.41	1.15	1.11
Stock	4484790	4298557	6490028	6929261	Quick ratio	0.66	0.70	0.75
Amounts receivable					Net working capital (LTL thou)	2455300	1457780	1971045
within one year	2983036	4448140	11005459	16743419	Net working capital to total assets	0.12	0.04	0.04
TRANSFER ACCOUNTS	287598	346714	1884758	2070762	PROFITABILITY RATIOS			
TOTAL ASSETS	20748668	35042276	52118581	59082142	Profit margin (%)	0.03	0.02	0.02
CAPITAL AND RESERVES	10967034	16338324	18299602	18042246	Return on assets (%)	0.05	0.02	0.04
Capital	7884972	10399368	15389368	15389368	Return on equity (%)	0.10	0.05	0.11
Subscribed capital	7884972	10399368	15389368	15389368	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.47	0.53	0.65
Revaluation reserve	695641	4990000	0	0	Debt / equity ratio	0.89	1.14	1.85
Reserves	1900977	210791	836167	2633225	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	485444	738165	2074067	19653	Inventory turnover	4.80	6.96	14.93
Amounts payable after one year					Receivables turnover	14.18	11.29	12.54
and long-term liabilities	3747192	9268753	15067806	14055503	Net working capital turnover	14.90	28.78	49.15
Amounts payable within year					Long-term assets turnover	2.98	1.74	3.03
and long-term liabilities	6034337	9431346	18171116	26002488	Total assets turnover	1.76	1.20	1.86
ACCRUED CHARGES								
AND DEFERRED INCOME	105	3853	35320	437168				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	20748668	35042276	52118581	59082142				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	36573086	41948363	96871148	30296966				
COST OF GOODS SOLD								
AND SERVICES RENDERED	22709229	30553246	80543400	23119037				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	1082941	738165	2074067	19653				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	3942	4160	4617	4771
First	1.00	0.50	0.40	0.30	Share book value (LTL)	1.39	1.57	1.19	1.17
Max	1.00 (03 07)	0.70 (10 22)	0.40 (05 29)	0.35 (01 29)	Price / book value ratio (P/BV)	0.36	0.25	0.25	0.26
Min	0.50 (08 27)	0.40 (12 31)	0.30 (12 31)	0.30 (01 18)	Earnings per share (LTL)	0.14	0.07	0.13	0.15
Last	0.5	0.40	0.30	0.31	Price / earnings ratio (P/E)	3.64	5.63	2.23	2.10
Change (%)	-50.00	-20.00	-25.00	3.33	Dividend per share (LTL)	0.04	0.00	0.0149	-
Number of transactions (CM)	36	46	4	8	Dividend yield	0.07	-	0.05	-
Turnover CM (units)	29666	41527	661	16840	Dividend payout ratio	0.25	-	0.11	-
Turnover CM (LTL)	15731	23813	198	5419					
Turnover BT (units)	1693368	46000	205824	200000					
Turnover BT (LTL)	677347	27600	50052	11000					
CM turnover as % in total	1.72	47.44	0.32	7.77					
Total turnover (units)	1723034	87527	206485	216840					
Total turnover (LTL)	693079	51413	50251	16419					
Turnover ratio (%)	21.85	0.84	1.34	1.41					
As % in the total share turnover	0.37	0.01	0.01	0.00					

Structure OF SHARE CAPITAL

Share capital: LTL 15 389 368
 Ordinary shares: -15389368 registered shares at LTL 1 par (security code 11082) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 04.03.96)

PANEVĖŽIO STATYBOS TRESTAS

DESIGN AND CONSTRUCTION

Address: PPuzino g. 1, 5319 Panevėžys
 Phone: (370-25) 505501, 505508
 Fax: (370-25) 463393

Registration date: 30.10.1993
 Registration code: 4773296
 Established: 1957
 Privatised: 1999
 Number of employees: 1161
 Authorised capital: LTL 16.35m
 Capitalisation (30.06.99): LTL 7.35m

Auditor: Pačiolis UAB
 Trading List: Current

Management Board (participation in the company):
 Antanas Pavalkis (1.1%), Gvidas Drobužas (0.5%),
 Remigijus Juodviršis (0.5%), Albinas Šveikauskas (0.51%),
 Algimantas Butkūnas (0.18%), Mindaugas Vėgėlė (0%)

Managing Director: Eugenijus Rečiūnas

Investment Relations: Eugenijus Rečiūnas, tel. (370-25) 505502

CORPORATE HISTORY

The company was established on 1 February 1957 in Panevėžys, one of the industrial centres of Lithuania. In Panevėžys city and region all largest plants, including Linas, Ekranas, Lietkabelis, and the majority of apartment houses were constructed by PANEVĖŽIO STATYBOS TRESTAS. The company has also built a number of social, health, educational, and sports centres - drama theatre, hotel, hospitals, sports house, schools, kindergartens and many other objects. The company's productive capacity, innovation and quality of services were properly evaluated and in 1969 when PANEVĖŽIO STATYBOS TRESTAS was granted the name of the Model Building Trust.

In 1991, the enterprise was reorganised into the state public company with the authorised capital of LTL 104 thou, 64% of which were held by the state, with the remainder of the capital in the hands of public. With the revaluation of the company's fixed assets in 1993, the authorised capital amounted to LTL 1.48m, including the state holding of 42.2 per cent. In the same year, PANEVĖŽIO STATYBOS TRESTAS was reorganised into a public joint stock company. After the transfer of some property to the state, the state's stake in the company decreased to 11.2 per cent. With the second revaluation of the long-term assets, the authorised capital augmented to LTL 14.4 million. In 1998 the authorised capital was raised to LTL 16.35m out of the profit reserve.

Trading of PANEVĖŽIO STATYBOS TRESTAS shares became extremely active in 1998. At the end of the year about 50% of the company's capital concentrated in the hands of Estonian Hansabank and its partners.

The remainder of the state authorised capital - LTL 1.8m (11.15%) was privatised at the beginning of 1999 and sold to AB Panevėžio Keliai.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The principle activity is design and construction of different types of buildings, constructions and communication lines in Lithuania and abroad.

The main projects have shifted from regions to the capital Vilnius (Vilnius Castles Ensemble, Presidential House, Vilnius Railway Station, etc.), where they constitute the bulk of construction works (50%). The company expanded geography of its activities, e.g., 10% of the construction work was carried out in Cerepovec town in Russia. Currently, the work is halted there due to the financial crisis in Russia. The state department in charge of the protection of cultural values appraised the high quality of PANEVĖŽIO STATYBOS TRESTAS services and issued the licence permitting to restore and rebuild historic buildings. In 1997, the company successfully completed construction of the Presidential House. The managing director of the company was awarded a third class Order of the Grand Duke Gediminas for this project.

In addition to construction services, the company produces building materials. Customers are supplied with wooden, metal and glass products manufactured by PANEVĖŽIO STATYBOS TRESTAS. In 1998, the affiliate company Skydmedis launched the production of prefabricated wooden dwelling houses, the first six houses were exported to Germany in the same year.

Services and sales of PANEVĖŽIO STATYBOS TRESTAS in 1998 amounted to LTL 99,112thou, where construction-assembling works accounted for the biggest part (95,731thou).

The company incorporates 10 branches that perform different functions: Vilsensta, Gensta, Genranga, Restava carry out major construction works, Pastatų Apdaila carries out decoration of buildings and interiors, Stanulda constructs pipelines, surroundings are under Gerbusta's care, Darmesta engages in wholesale and retail trade, Skydmedis produces wooden articles and Žagienis organises recreation.

In 1998, the company's revenue from activities rose by 36% in comparison with 1997, the profit margin doubled. This was achieved by entering into the building services market of the whole Lithuania and by the help of the latest technologies. Gross profit amounted to LTL 3.6 million. Net profit constituted LTL 3.3 million.

During 1998 the number of employees was retained stable and stood at 1200. The wages lifted by 22.7% on average.

During the year the new company's investment amounted to LTL 3.7m.

New technologies (restoration of the trenchless tubes, vacuum concreting), building machines and transport means were acquired. The company's production buildings were being repaired.

In 1998 the company was granted the international quality certificate ISO 9002.

PLANS, PROSPECTS FOR 1999

In 1999 the company plans to increase the scope of construction works by 10% and to expand the export of complementary wooden dwelling houses.

The 1999 investment is planned to amount to LTL 3.5m. The laboratory of the construction quality will be further perfected. Acquisition of new check and measurement equipment providing for better quality, one more drying room and the equipment for the renovation of the piping system are in the plans of PANEVĖŽIO STATYBOS TRESTAS.

The company intends to renovate its park of the building machinery. Computerisation of the work process will be continued.

Structure OF SHARE CAPITAL

Share capital: LTL 16 350 000
 Ordinary shares: – 16350000 registered shares at LTL 1 par (security code 10144) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 14.04.97)

EKCRANAS

ELECTRONIC TV COMPONENTS

Address: Elektronikos g. 1, 5319 Panevėžys
 Phone: (370-5) 436601, 463450
 Fax: (370-5) 423415

Registration date: 18.04.1994
 Registration code: 4780222
 Established: 1962
 Privatized: 1994
 Number of employees: 3970
 Authorized capital: LTL 151m
 Capitalization (30.06.99): LTL 59.68m

Auditor: PricewaterhouseCoopers
 Trading List: Current

Management Board (participation in the company):
 Eimutis Žvybas, Chairman (4.6%),
 Vytautas Zabarskas (4.1%), Jonas Makūnas (4.1%),
 Aydin Giz (14%), Alain Clement (0%)

Managing Director: Eimutis Žvybas

Investment Relations: Angelija Zokaitienė, tel. (370-5) 436601

CORPORATE HISTORY

Three decades ago EKCRANAS, the largest TV tubes-manufacturing plant in the Baltics emerged in the outskirts of Panevėžys. In 1967 television black-and-white picture tubes 24", which were in demand in a number of European countries, were launched into production. In 1978 the production of colour picture tubes of the same type was started. After Lithuania regained independence the range of products was enriched by 2 new types of colour picture tubes: 14" and 21".

In April 1994 the state-owned plant was transformed into a public limited company EKCRANAS. Since in 1993-1994 the company's Eastern European partners were experiencing difficulties, EKCRANAS intensively searched for new kinescope consumers. In 1994 the structure of company's export markets changed with the appearance of customers from Western Europe, Asia and South America. The new kinescope model 20" was added to the assortment.

In 1995 EKCRANAS was noticed by foreign investors. In June the Irish company Henley Trading, Ltd. acquired 29.8% of stock. In the beginning of 1996 the Ministry of Economy registered EKCRANAS as a company with foreign capital. At the same time a new issue of USD 2.5m was acquired by Henley Trading, Ltd. Following increase of capital the company drew new funds to finance acquisition of new equipment that allowed to improve the quality of TV picture tubes.

In 1997 the company installed a new system for measuring glass components and equipment as well as a plunger compensation system, new pin sealing machines. Significant improvements in the quality of panels and funnels were achieved due to modernisation of equipment in the grinding shop and the use of new materials.

At the end of 1998 EKCRANAS increased its authorised capital out of the company's funds (revaluation reserves and share premiums) from LTL 113,028,395 to LTL 151,472,000. 50% of the authorised capital are held by company managers and employees.

Glass components production shop, kinescopes and optical apparatuses assembling shop operate at the company; the main enterprise is attended by service groups. EKCRANAS has founded 4 subsidiaries and has over 90% interest in these companies.

BUSINESS ACTIVITY

EKCRANAS manufactures television colour picture tubes of three types: 14", 20", and 21"; glass details and components for kinescopes. Last year 1.7m (exceeding the 1997 results by 5.6%) kinescopes were manufactured and sold for LTL 288.5m (the value of sales in litas slightly diminished). According to annual turnover EKCRANAS holds the eighth place among Lithuanian public companies.

There are about 300 various materials and complementary components involved in the company's production process. The best suppliers as concerns price and quality are chosen while purchasing the products. The biggest part of the raw materials is exported from the Western countries.

The company's market structure has greatly changed over the past five years. In 1993 sales in the CIS and Lithuania amounted to 98 per cent of total sales, whereas export to Western countries accounted for only 2 per cent. In 1997 as much as 76.5 per cent of total production was sold in Western European and Asian countries, 13.5 per cent in the CIS and 9.9 per cent inside Lithuania.

In 1998 over 85% of the production was sold to different Western European producers of TV sets. The Turkish TV set producers accounted for the bulk of the Company's sales, more production than in 1997 was sold to the French and Lithuanian buyers. The Company's clients include over 20 countries: PROFILOTERLA (Turkey), SANYO (Great Britain), FORMENTI (Italy), CONTINENTAL EDISON, SAGEM, GREAT WALL (France), etc.

EKCRANAS export made up 4% of the Lithuanian export to Western Europe in 1998.

DEVELOPMENTS IN 1998

Despite extremely strong competition taking place among the greatest world companies, EKCRANAS together with the main distributor the Swedish company FARIMEX S.A. increased the sales volume by 5.6% and carried out preparatory work for testing kinescopes for new consumers.

The average wage of an employee increased by 23.5% in 1998. Exceptionally good results were achieved in labour productivity - the ratio rose by 35.2%, exceeding the wage increment ratio by 11.7 points.

The quality programme that was carried out during the year helped to reduce the reclamations to 1.0-0.4% (depending on the type of the kinescope) and stabilise them. A great many of consumers' claims were resolved, the base for the further quality improvement was created.

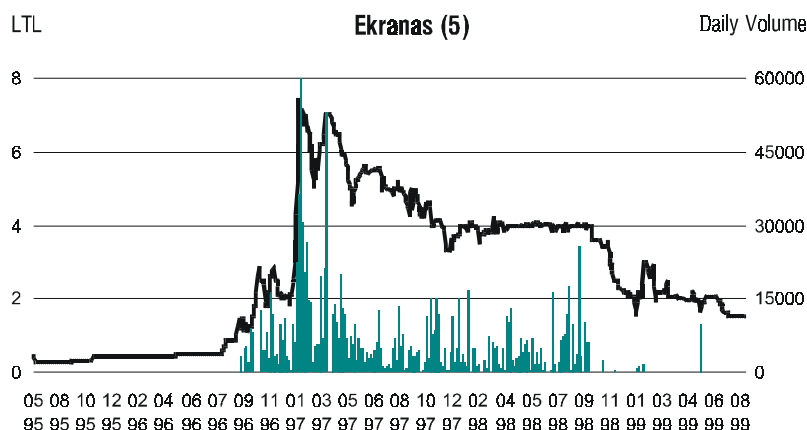
The company makes a lot of investment into modernisation of the glass and kinescope production processes. In 1998 the projects worth mentioning were as follows: the glass gutter-pipe was changed with a new American one, the black matrix line was modernised, etc. The new model of the flat screen kinescope (21") was launched into mass production in 1998.

PLANS, PROSPECTS FOR 1999

The main objectives of the company's activity remain the same in 1999: to strengthen positions on Eastern and Western markets; to improve quality of products; to carry out successful investment into the current production capacity; to strive for the good financial performance.

In January 1999, the IFC signed the contract with EKCRANAS regarding the loan of USD 15m that will be granted to the company for modernisation of its production processes.

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
UAB Ekranu Įrengimai	24.03.97	LTL 392 038	99.4%
UAB Ekranu Ekspedicija	30.10.97	LTL 3 406 320	90 %
UAB Ekranu Statyba	30.10.97	LTL 297 920	90 %
UAB Vasaros Malonumai	17.05.96	LTL 795 500	92 %
Branch offices			
Ekranu Elektronika	21.11.96		
Ekranu Energomechanika	21.11.96		



STRUCTURE OF OWNERSHIP

Total number of shareholders is 3482.	
Farimex S.A. (Switzerland)	18.3%
Profilo Sanayi Ve Ticaret A.S. (Turkey)	14.9%
Swiss citizen Aydin Giz	14.0%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	148959276	155083000	167446448	167985429	LIQUIDITY RATIOS			
SHORT TERM ASSETS	101547468	91404000	113051026	120805550	Current ratio	2.12	1.40	1.29
Stock	59278805	46508000	71963594	80398491	Quick ratio	0.88	0.69	0.47
Amounts receivable					Net working capital (LTL thou)	53733936	26164000	25769841
within one year	37906167	37145000	37816224	36562579	Net working capital to total assets	0.21	0.11	0.09
TRANSFER ACCOUNTS	81506	0	139243	1276700	PROFITABILITY RATIOS			
TOTAL ASSETS	250588250	246487000	280636717	290067679	Profit margin (%)	0.14	0.04	0.00
CAPITAL AND RESERVES	174914858	176992000	181068074	179382173	Return on assets (%)	0.18	0.06	0.00
Capital	113028395	113028000	151472000	151472000	Return on equity (%)	0.26	0.08	0.00
Subscribed capital	113028395	113028000	151472000	151472000	FINANCIAL LEVERAGE RATIOS			
Share premium account	1920	2000	6	6	Total debt ratio	0.30	0.28	0.35
Revaluation reserve	39224314	39225000	0	0	Debt / equity ratio	0.43	0.39	0.55
Reserves	3373115	3371000	3755503	3684313	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	19287114	21366000	25840565	24225854	Inventory turnover	5.06	4.68	4.02
Amounts payable after one year					Receivables turnover	7.65	8.26	7.78
and long-term liabilities	6063963	4255000	11804583	11736673	Net working capital turnover	6.16	11.84	11.31
Amounts payable within year					Long-term assets turnover	2.22	2.00	1.74
and long-term liabilities	47895038	65240000	87300428	97661805	Total assets turnover	1.32	1.26	1.04
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	120000	40000				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	250588250	246487000	280636717	290067679				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	331080856	309899000	291465998	135714023				
COST OF GOODS SOLD								
AND SERVICES RENDERED	261537729	247681000	237943804	110680796				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	45597050	13742000	711898	1117042				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	47472	90423	47246	59680
First	0.42	2.10	4.00	2.09	Share book value (LTL)	7.74	7.83	5.98	5.92
Max	2.88 (10 22)	7.45 (01 16)	4.23 (03 09)	3.00 (01 29)	Price / book value ratio (P/BV)	0.27	0.51	0.35	0.33
Min	0.50 (04 30)	2.10 (01 02)	2.09 (12 31)	1.54 (01 07)	Earnings per share (LTL)	2.02	0.61	0.02	-0.11
Last	2.10	4.00	2.09	1.97	Price / earnings ratio (P/E)	1.04	6.58	88.94	-
Change (%)	400.00	90.48	-47.75	-5.74	Dividend per share (LTL)	0.00	0.00	0.00	-
Number of transactions (CM)	264	2241	751	130	Dividend yield	-	-	-	-
Turnover CM (units)	172288	1289640	388229	18124	Dividend payout ratio	-	-	-	-
Turnover CM (LTL)	363788	7423388	1546288	33488					
Turnover BT (units)	127073	781523	8533661	6257					
Turnover BT (LTL)	236387	4208913	29028226	11036					
CM turnover as % in total	57.55	62.27	4.35	74.34					
Total turnover (units)	299361	2071163	8921890	24381					
Total turnover (LTL)	600175	11632301	30574514	44523					
Turnover ratio (%)	1.32	9.16	39.47	0.08					
As % in the total share turnover	0.32	1.21	3.43	0.01					

Structure OF SHARE CAPITAL

Share capital: LTL 151 472 000
 Ordinary shares: – 30294400 registered shares at LTL 5.00 par (security code 10423) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 16.05.95)

LIETKABELIS

CABLES AND WIRES

Address: J.Janonio g. 4, 5300 Panevėžys
 Phone: (370-25) 461735
 Fax: (370-25) 424501

Registration date: 14.10.1993
 Registration code: 4773865
 Established: 1958
 Privatisation: 1993
 Number of employees: 405
 Authorised capital: LTL 17m
 Capitalisation (30.06.99): LTL 3.38m

Auditor: Arthur Andersen
 Trading List: Unlisted

Management Board (participation in the company):
 Algirdas Bučas (%), Kazimieras Aleksandravičius (21.3%),
 Leonas Jankus (%), Rimas Jakucionis (%),
 Nijolė Bieliauskienė (%).

Managing Director: Jonas Klybas

Investment Relations: Jonas Klybas, tel. (370-25), 461735

CORPORATE HISTORY

The state-owned plant was established in Panevėžys in 1958 and launched production a year later. Originally, it produced enameled wires for enterprises specialising in electronics and electrical engineering. In 1962 a new product was introduced - installation wires and cables used in construction and mechanical engineering. In 1967 first consumer goods were produced by the company.

Opening of a new unit for manufacturing enameled wires in 1986 enabled to achieve higher production outputs. It came to the peak in 1988-1989: 12,000t of enameled wire and 205,000km of installation cables were manufactured. In 1992 LIETKABELIS commenced production of cables for Western Europe. The company's current specialisation includes installation cables and enameled wires, which are in greatest demand due to their technical potential. LIETKABELIS implemented quality management system to meet the requirements of ISO 9002. LIETKABELIS was the first company in Lithuania to receive the Det Norske Veritas quality certification in 1997.

The state company LIETKABELIS was privatised in 1993 through a public offering and transformed into a public limited company. The Founding Meeting, which took place on 9 July 1993, decided to issue 1,419,368 ordinary registered shares at LTL 12 par. Currently, the authorised capital of the company equals LTL 17 million.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The company produces cables and wires of different diameters, which are used in manufacture of freezers, television receivers and electrical engines. Wires manufactured by LIETKABELIS are used in mounting and installation of various equipment. Among household goods, the most popular are cables used in household, hose-pipes and sprinkling systems.

Production volume was diminishing in recent years from LTL 38m in 1995 to LTL 35m in 1996, LTL 24m in 1997 and finally LTL 20m in 1998. Last year installation cables accounted for 47% of the total output, enameled wires made up 45%, while household goods constituted mere 5 per cent.

LIETKABELIS purchases raw materials in Western Europe. The company sells 84.2% of its products to Lithuanian customers, while the remaining 15.8% constitute exports. The company's consumers are engineering companies in Lithuania and neighbouring countries. The main Lithuanian consumer is Vilniaus Vingis AB, which supplies its products to the South Korean concern Samsung and the Dutch concern Philips.

In 1998 the company's sales and services amounted to LTL 20.3 million. Although the first quarter of 1998 was profitable and the net profit amounted to LTL 84.3thou, however, the second quarter was not successful for the company: it suffered a loss of LTL 1.76 million. The loss was mainly caused by shortage of working capital to postpone payments of some of the clients that found themselves in a difficult financial situation. Competitors took advantage of the situation applying damping prices and, thus, taking over part of the market.

The average wage was LTL 892, i.e. it augmented by 4.8% in comparison with 1997.

LIETKABELIS has developed business modernisation plan for 1998-2003. In the first stage of its implementation, seeking to modernise the production of enameled wires, the company signed an agreement with the Austrian firm MAG Maschinen und Apparatebau Aktiengesellschaft regarding the purchase of a horizontal enamel unit HN 4/SN-8/8-6-7D on a three-year leasing schedule. The contract is valued at USD 1.1 million.

The modern, economical, ecologically safe equipment permits to produce high quality enameled wires. LIETKABELIS implemented quality management system meeting ISO 9002 requirements. In June 1997, the company's quality system was the first in Lithuania to be certified by Det Norske Veritas, Italy. Starting from July 1998, enameled wires are produced in compliance with the international IEC standards. The quality of the installation wires produced by LIETKABELIS was tested in the laboratory in France. International recognition of the quality of the company's products will facilitate its expansion on the international market. The French company KABEL France has already drawn a contract with LIETKABELIS.

PLANS, PROSPECTS FOR 1999

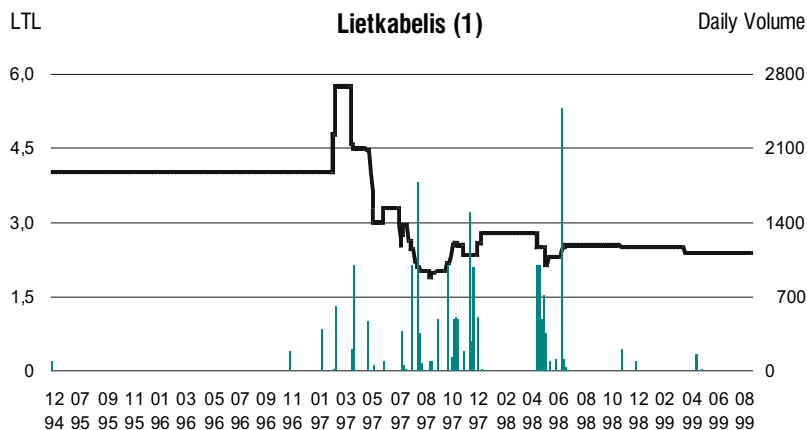
According to business modernisation plan for 1998-2003, LIETKABELIS estimates its demand for investment at USD 5.9m (for fixed assets and working capital). Acquisition of another horizontal enamel unit HN 4/N was agreed with the Austrian firm MAG Maschinen und Apparatebau Aktiengesellschaft worth USD 0.5m; in 1999-2001 it is projected to acquire the vertical enamel unit VS 900/6 (USD 0.8m), to modernise the rod breakdown drawing line and production of installation wires (USD 0.25m), to acquire control measuring equipment (USD 0.16m), and to reconstruct buildings (USD 0.02m).

The company's projected sales in 1999 are around LTL 30m.

The company intends to launch new products that have a good market in Lithuania and abroad. The range of enameled and installation wires will be enriched.

Structure OF SHARE CAPITAL

Share capital: LTL 17 032 416
 Ordinary shares: – 1419368 ordinary registered shares at LTL 12 par (security code 10091) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 16.11.93)



STRUCTURE OF OWNERSHIP

State Securities Fund	32.75%
Kazimieras Aleksandravičius	21.30%
KIB Invalda (holding)	10.56%
KIB Hermis investicija (holding)	10.02%

BALANCE SHEET (LTL)	1996	1997	1998	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	11654196	10961105	14038743	LIQUIDITY RATIOS			
SHORT TERM ASSETS	11448275	10546066	9568138	Current ratio	2.16	1.81	1.14
Stock	5255668	6028031	5964955	Quick ratio	1.17	0.78	0.43
Amounts receivable				Net working capital (LTL thou)	6171597	4722210	1184390
within one year	6052318	4288178	3525838	Net working capital to total assets	0.27	0.22	0.05
TRANSFER ACCOUNTS	31439	4076	37705	PROFITABILITY RATIOS			
TOTAL ASSETS	23133910	21511247	23644586	Profit margin (%)	0.17	-0.07	-0.10
CAPITAL AND RESERVES	17474150	15449019	13463580	Return on assets (%)	0.27	-0.09	-0.08
Capital	17032416	17032416	17032416	Return on equity (%)	0.36	-0.13	-0.15
Subscribed capital	17032416	17032416	17032416	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	Total debt ratio	0.24	0.28	0.43
Revaluation reserve	2515742	2515742	2515742	Debt / equity ratio	0.32	0.39	0.76
Reserves	29095	29095	29095	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-2103103	-4128234	-6113673	Inventory turnover	5.55	4.35	3.08
Amounts payable after one year				Receivables turnover	4.61	5.25	5.19
and long-term liabilities	0	0	1648160	Net working capital turnover	6.09	5.74	17.11
Amounts payable within year				Long-term assets turnover	3.23	2.47	1.44
and long-term liabilities	5297012	5809498	8421453	Total assets turnover	1.63	1.26	0.86
ACCRUED CHARGES							
AND DEFERRED INCOME	11105	18434	0				
TOTAL LIABILITIES							
AND SHAREHOLDERS' EQUITY	23133910	21511247	23644586				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999			
SALES AND SERVICES	37593085	27121221	20268471				
COST OF GOODS SOLD							
AND SERVICES RENDERED	33439418	24539117	18473418				
NET PROFIT OF THE CURRENT YEAR							
FOR APPROPRIATION (LOSS)	6268459	-2025131	-1985439				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
FPRICE (LTL)				
First	4.00	4.00	2.58	2.50
Max	4.00 (12 31)	5.74 (03 24)	2.80 (05 08)	2.50 (03 31)
Min	4.00 (12 31)	1.90 (09 16)	2.15 (06 03)	2.38 (06 30)
Last	4.00	2.58	2.50	2.38
Change (%)	-	-35.50	-3.10	-4.80
Number of transactions (CM)	4	91	35	8
Turnover CM (units)	182	14664	6742	194
Turnover CM (LTL)	728	40815	16441	462
Turnover BT (units)	0	12447	2213	1737
Turnover BT (LTL)	0	33498	5802	347
CM turnover as % in total	100.00	54.09	75.29	10.05
Total turnover (units)	182	27111	8955	1931
Total turnover (LTL)	728	74313	22243	809
Turnover ratio (%)	0.01	1.91	0.63	0.14
As % in the total share turnover	0.00	0.01	0.00	0.00

MARKET VALUE RATIOS	1996	1997	1998
Capitalisation (LTL thou)	5677	3662	3548
Share book value (LTL)	12.31	10.88	9.49
Price / book value ratio (P/BV)	0.32	0.24	0.26
Earnings per share (LTL)	4.42	-1.43	-1.40
Price / earnings ratio (P/E)	0.91	-	-
Dividend per share (LTL)	0.00	0.00	0.00
Dividend yield	-	-	-
Dividend payout ratio	-	-	-

SNAIGĖ

REFRIGERATORS AND FREEZERS

Address: Pramonės g. 6, 4580 Alytus
 Phone: (370-35) 77580, 77175
 Fax: (370-35) 78158, 77612

Registration date: 01.12.1992
 Registration code: 4966461
 Established: 1963
 Privatised: 1992
 Number of employees: 1942
 Authorised capital: LTL 23m
 Capitalisation (30.06.99): LTL 44.7m

Auditor: Arthur Andersen
 Trading List: Official

Supervisory Board (participation in the company):
 Arvydas Paketūras, Chairman (0.07%),
 Genrikas Senkanec (0.07%), Irena Stočkūnaitė (0.20%),
 Andrea Pinzauti (4.86%), Algimantas Križinauskas (0%)

Management Board: Antanas Vytautas Andrulionis, Chairman (4.77%),
 Romualdas Raudonis (6.58%), Albinas Jonas Valašinas (2.29%),
 Rimantas Zibertas (1.97%)

Managing Director: Antanas Vytautas Andrulionis

Investment Relations: Antanas Vytautas Andrulionis, tel. (370-35) 77458

CORPORATE HISTORY

Alytus refrigerator plant was established in 1963. The major company's activities include manufacture of household refrigerators and refrigerators for the use of hotels and bureaux. The company also produces spare parts for refrigerators, industrial lighting, tools and equipment.

A new factory was built in Alytus industrial district in 1968. The company's products earned market soon, and in 1983, their export was started. SNAIGĖ was privatised in 1992 and reconstructed in 1995, when usage of freons was stopped. The company's share capital of LTL 19.02m was registered in March of 1995 and remained the same ever since. The powder coating know-how introduced in 1996 is currently worth 10% of the capital.

The company's activities have been focused on increase of sales, search for new markets and partners, introduction of new products and improvement of the quality control system. In 1997, the company's quality system was certified according to ISO 9001 standard requirements. The company's refrigerator RF 310.0 was proclaimed the Best Lithuanian Product of 1997.

BUSINESS ACTIVITY

SNAIGĖ produces household refrigerators and freezers, vertical freezing glass-cases, refrigerators-mini-bars, refrigerators for wine. Every year the company designs new refrigerator models. Currently, the company produces 23 modifications of refrigerators and freezers that sell under different brand names.

The company's products are exported to Western, Central and Eastern Europe and to the Baltic states. SNAIGĖ sells its production to 23 countries.

The distribution network covers France, the Netherlands, Belgium, the UK, Ireland, Denmark, Germany, Sweden, Finland, Estonia, Latvia, Bulgaria, Ukraine, Russia, Kazakhstan, Latin America. SNAIGĖ's imports geography is similar to that of the exports and embraces 21 European countries. Raw materials and components are outsourced in Italy, Denmark, Sweden, Germany, Russia and other countries.

DEVELOPMENTS IN 1998

Last year SNAIGĖ invested LTL 16m into new technologies and new products. The line for production of plastic sheets accounted for a considerable part of investments. This line was produced and assembled by the Italian company Bandera. Installation of the new line significantly elevated production quality, improved productivity of labour, reduced utilisation of raw materials.

A new line COMI for moulding refrigerator parts from plastic sheets was installed.

While creating new products, SNAIGĖ focused on the product design, energy consumption, ecological characteristics, as well as safety, reliability and durability of the product. Last year the company launched manufacture of new colour and stainless steel refrigerators. Glass refrigerator of 350l capacity was declared the Product of the Year by the Association of Lithuanian Industrialists. Aiming at enhancing energy saving properties of its products, the company started to exclusively use compressors made by renowned western producers Electrolux, Zanusi. Last year SNAIGĖ also improved the interior and design of the majority of its products.

Traditionally, the company supplied its products to most of the European countries. In 1998, Western Europe accounted for 40.5% of SNAIGĖ's export sales, Central Europe for 11.2%, Eastern Europe for 21.3%, 5.9% of products were realised on the Baltic market. Sales in Lithuania rose by 5.1% over the year and made up 20.7 per cent.

The company's sales continued to rise and totalled LTL 174m in 1998 (cf. LTL 145m in 1996 and LTL 171m in 1997). Profit before taxes constituted LTL 9.7m, net result amounted to LTL 9.3m (LTL 0.6m in 1996, 5.8m in 1997). SNAIGĖ distributed LTL 900thou of profits in dividends.

PLANS, PROSPECTS FOR 1999

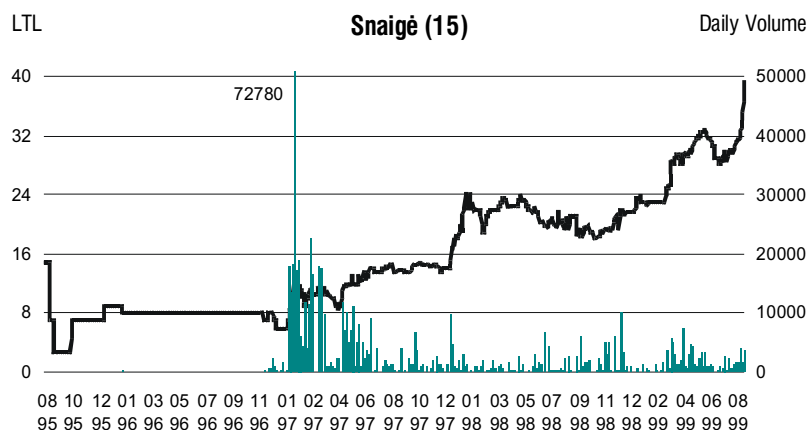
In 1999, SNAIGĖ plans to introduce new products, enhance production quality, implement new technologies. The company estimates to invest LTL 15.5m into modernisation and development. Year 1999 profits and new share issue will be used for financing. In addition, the company plans to get a subsidy from the UNDP that will be used for the acquisition of new equipment.

The general shareholders' meeting held on 15 January 1999 resolved to issue 270,000 ordinary shares and raise share capital to LTL 23 070 405.

In this way the company will secure LTL 8m to finance its investment projects.

Structure OF SHARE CAPITAL

Share capital: LTL 23 070 405
 Ordinary shares: – 1538027 registered shares at LTL 15 par (securities code 10927) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 10.07.95)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to	1653.
Baltic Investment Fund Management	21.13%
Hansapank	8.97%
Romualdas Raudonis	6.58%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	29540000	28559000	40880959	42845120	LIQUIDITY RATIOS			
SHORT TERM ASSETS	28164000	33281000	37937375	50821969	Current ratio	0.93	1.43	1.04
Stock	21561000	22416000	22621821	26558753	Quick ratio	0.22	0.47	0.43
Amounts receivable					Net working capital (LTL thou)	-2038000	9992000	1425308
within one year	5844000	6923000	12917507	23186296	Net working capital to total assets	-0.04	0.16	0.02
TRANSFER ACCOUNTS	0	0	470519	1484320	PROFITABILITY RATIOS			
TOTAL ASSETS	57704000	61840000	79288853	95151409	Profit margin (%)	0.01	0.03	0.05
CAPITAL AND RESERVES	25045000	30365000	40806267	49602984	Return on assets (%)	0.03	0.09	0.12
Capital	19020000	19020000	19020405	23070405	Return on equity (%)	0.07	0.18	0.23
Subscribed capital	19020000	19020000	19020405	23070405	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	4050000	Total debt ratio	0.57	0.51	0.49
Revaluation reserve	0	0	0	0	Debt / equity ratio	1.30	1.04	0.94
Reserves	8896000	8896000	21785862	21762076	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-2871000	2449000	0	720503	Inventory turnover	5.21	6.80	6.66
Amounts payable after one year and long-term liabilities	2457000	8186000	1500000	1500000	Receivables turnover	15.84	26.83	17.54
Amounts payable within year and long-term liabilities	30202000	23289000	36832386	43923074	Net working capital turnover	-71.18	17.14	122.09
ACCRUED CHARGES AND DEFERRED INCOME	0	0	150200	125351	Long-term assets turnover	4.91	6.00	4.26
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	57704000	61840000	79288853	95151409	Total assets turnover	2.51	2.77	2.19
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	145062000	171268000	174008996	74623220				
COST OF GOODS SOLD AND SERVICES RENDERED	130995000	149628000	149906833	67503740				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	1777000	5320000	9298685	720503				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	7608	22824	27389	44587
First	9.00	6.00	18.00	21.60	Share book value (LTL)	22.02	23.95	32.18	32.25
Max	9.00 (01 25)	18.71 (12 30)	24.25 (01 21)	32.94 (06 08)	Price / book value ratio (P/BV)	0.27	0.75	0.67	0.90
Min	6.00 (12 31)	5.95 (01 13)	18.00 (10 20)	21.50 (01 08)	Earnings per share (LTL)	0.49	4.20	7.33	4.77
Last	6.00	18.00	21.60	29.05	Price / earnings ratio (P/E)	12.18	4.29	2.95	6.08
Change (%)	-33.33	200.00	20	34.49	Dividend per share (LTL)	0.00	0.50	0.7099	-
Number of transactions (CM)	43	1904	1253	836	Dividend yield	-	0.03	0.03	-
Turnover CM (units)	7936	642595	150358	95192	Dividend payout ratio	-	0.12	0.10	-
Turnover CM (LTL)	57636	7456379	3086067	2735361					
Turnover BT (units)	0	216921	464164	4924					
Turnover BT (LTL)	0	2691807	9246696	129088					
CM turnover as % in total	100.00	74.76	24.47	95.08					
Total turnover (units)	7936	859516	614522	100116					
Total turnover (LTL)	57636	10148186	12332764	2864450					
Turnover ratio (%)	0.63	67.78	48.46	6.51					
As % in the total share turnover	0.031	1.06	1.384	0.524					

BRANCHES	Date of establishment	Participating interest
Termosnaigė	13.01.1999	100%

VILNIAUS VINGIS

ELECTRONIC TV AND RADIO COMPONENTS

Address: Savanorių g. 176, 2600 Vilnius
 Phone: (370-2) 392500
 Fax: (370-2) 392555

Registration date: 25.02.1994
 Registration code: 2259783
 Established: 1959
 Privatised: 1994
 Number of employees: 1869
 Authorised capital: LTL 45.6m
 Capitalisation (30.06.99): LTL 13.87m

Auditor: PriceWaterhouse Coopers
 Trading List: Current

Supervisory Board (participation in the company):
 Aurimas Maždžierius Chairman (0%),
 Aidas Galubickas (0%), Eimutis Žvybas(0%)

Management Board: Vaclovas Šleinota, Chairman (0.12%),
 Vladislovas Cybas (0.24%), Rimvydas Savickas (0.24%),
 Valdas Petrauskas (0.0001%), Jonas Mažuolis (0.08%)

Managing Director: Vaclovas Šleinota

Investment Relations: Darius Ožiūnas, tel. (370-2) 392523

CORPORATE HISTORY

The company's legal predecessor, a state plant Vingis, was founded in 1959. Public company VILNIAUS VINGIS was established through public privatisation of the state enterprise in 1994. In 1994, the authorised capital amounted to LTL 5 million. At the end of 1994, the share capital reached LTL 14.6m due to revaluation of assets. In 1996, the capital was increased to LTL 31.8 million. In 1997, the company issued 276,400 ordinary shares at LTL 5 par and drew LTL 16m in cash contributions. On 6 June 1997, the company's share capital made up LTL 45.6 million. The Estonian investment company Talinvest holds 29.33% of the company's outstanding shares and tops the list of the biggest shareholders.

BUSINESS ACTIVITY

For over 30 years, the company has been engaged in manufacture of deflection yokes, split transformers for TV sets and monitors, video controlling apparatuses, air heaters, ventilators as well as domestic electrical appliances and other equipment.

Purchase of RCA (USA) and SANYO (Japan) licences, as well as up-to-date know-how and equipment used for manufacture of deflection yokes and split transformers enabled the company to implement modern quality control and management systems. In 1997, the company was granted quality certificate ISO 9001 by German company TUV-CERT. From then on, all new products are certified according to VDE, BSI and UI systems.

The company exports more than half of its production either directly to consumers or through distributors.

DEVELOPMENTS IN 1998

In 1998, the company sold 48.55% of its production in Lithuania, 34.86% in Germany, 13.97% in Belorussia, the remainder of the production was exported to Russia, Turkey, Ukraine and other countries. The main Western customer is Samsung Elektronische Bauelemente - VILNIAUS VINGIS satisfies 42% of its demand for deflection yokes. Ekranas AB, a plant manufacturing TV tubes, is the main partner of VILNIAUS VINGIS in Lithuania; it purchases from VILNIAUS VINGIS 90% of systems. Ekranas exports the bulk of tubes produced with VILNIAUS VINGIS deflection yokes to Western countries.

The company employs 1786 people. The number of employees reduced by 8.9% in 1998. Output per employee increased by 6.4% comparing to 1997. The average wage per month lifted by 7.5% and totalled LTL 744.

The crisis, which started in the Far East and then passed to Russia, had an indirect influence upon the company's activity slowing down the sales growth rate. In 1998 the sales and services constituted LTL 62m. Sales of deflection yokes yielded 76% of the income, while sales of transformers - 18%. In 1998, the company gained LTL 3m of net profit.

PLANS, PROSPECTS FOR 1999

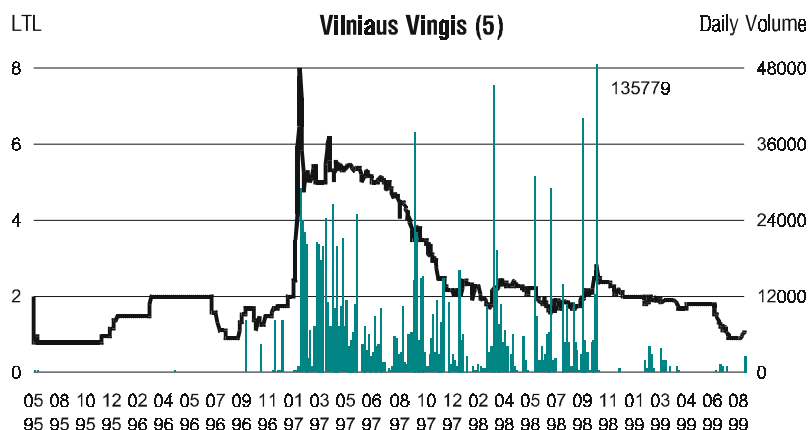
The company's main objectives for the year 1999 are the following:

- to increase sales by 20.8% (to LTL 75m),
- to increase gross profit by 27%;
- to gain net profit of LTL 3m;
- to invest LTL 3.3m in production modernisation and new products.

In 1999, the company plans to expand the split transformers' market in Turkey and Germany. Seeking to develop market for its products in Europe, the company projects to launch the production of 29", 28" (16:9 format) and 17" deflection yokes for monitors.

Structure OF SHARE CAPITAL

Share capital: LTL 45 615 525
 Ordinary shares: - 9123105 registered shares at LTL 5 par (security code 10367) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 26.04.94)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 1960.	
Talinvest Suprema Securities	29.33%
State Property Fund	23.34%
AB Vilniaus Vingis	9.99%
Hansabank	5.16%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	27998888	32972791	32535079	33521938	LIQUIDITY RATIOS			
SHORT TERM ASSETS	17299217	27100778	29123479	32229175	Current ratio	1.96	3.20	4.03
Stock	11218193	15207226	15700720	11854350	Quick ratio	0.70	1.49	1.96
Amounts receivable within one year	4478604	6992652	7873863	12215393	Net working capital (LTL thou)	8537893	19543306	22920029
TRANSFER ACCOUNTS	125177	1336809	1352899	685024	Net working capital to total assets	0.19	0.32	0.36
TOTAL ASSETS	45423282	61410378	63011457	66436137	PROFITABILITY RATIOS			
CAPITAL AND RESERVES	36215128	52259779	55259789	57190641	Profit margin (%)	0.09	0.00	0.05
Capital	31795525	45615525	45615525	45615525	Return on assets (%)	0.10	0.00	0.05
Subscribed capital	31795525	45615525	45615525	45615525	Return on equity (%)	0.12	0.00	0.05
Share premium account	0	2211200	2211200	2211200	FINANCIAL LEVERAGE RATIOS			
Revaluation reserve	275	275	275	275	Total debt ratio	0.20	0.15	0.12
Reserves	3714119	4419328	7432789	7432788	Debt / equity ratio	0.25	0.18	0.14
Profit (loss) brought forward	705209	13451	0	1930853	ASSETS UTILISATION RATIOS			
Amounts payable after one year and long-term liabilities	0	0	0	0	Inventory turnover	3.71	4.22	3.49
Amounts payable within year and long-term liabilities	8856315	8864095	7526163	8742011	Receivables turnover	12.22	10.84	8.35
ACCRUED CHARGES AND DEFERRED INCOME	30186	30186	30186	30854	Net working capital turnover	5.51	3.18	2.71
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45423282	61410378	63011457		Long-term assets turnover	1.68	1.89	1.91
					Total assets turnover	1.04	1.01	0.99
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q 1999				
SALES AND SERVICES	47073637	62155054	62093922	35425041				
COST OF GOODS SOLD AND SERVICES RENDERED	40830187	55757771	53895936	29968367				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	4418704	13451	3000010	1930853				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	1.50	2.00	2.20	2.00
Max	2.00 (12 31)	8.00 (01 22)	2.82 (10 19)	2.00 (02 09)
Min	0.90 (09 05)	2.00 (12 30)	1.55 (07 14)	1.52 (06 30)
Last	2.00	2.20	2.00	1.52
Change (%)	33.33	10.00	-9.09	-24.00
Number of transactions (CM)	77	1704	741	69
Turnover CM (units)	32264	1170338	660103	23554
Turnover CM (LTL)	52899	5477187	1452114	44683
Turnover BT (units)	279744	5416099	2387848	2000
Turnover BT (LTL)	288136	25055302	3569838	3000
CM turnover as % in total	10.34	17.77	21.66	92.17
Total turnover (units)	312008	6586437	3047951	25554
Total turnover (LTL)	341035	30532488	5021951	47683
Turnover ratio (%)	4.91	72.20	33.41	0.28
As % in the total share turnover	0.18	3.18	0.56	0.01

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	12718	20071	18246	13867
Share book value (LTL)	5.70	5.73	6.06	6.27
Price / book value ratio (P/BV)	0.35	0.38	0.33	0.24
Earnings per share (LTL)	0.69	0.002	0.33	0.48
Price / earnings ratio (P/E)	2.88	-	6.08	3.15
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

KAUNO ENERGIJA

ELECTRICITY AND THERMAL ENERGY SUPPLY

Address: Raudondvario pl. 84, 3021 Kaunas
 Phone: (370-27) 260285
 Fax: (370-27) 267291

Registration date: 22.08.1997
 Registration code: 3501483
 Established: 1997
 Number of employees: 2297
 Authorised capital: LTL 198.98m
 Capitalisation (30.06.99): LTL 95.7m

Auditor: Arthur Andersen
 Trading List: Current

Supervisory Board (no participation in the company):
 Kastytis Gaurelis, Kęstutis Gaučys, Hendrikas Matulionis,
 Vytautas Mikaila, Ramūnas Noreika,
 Algirdas Vaitiekūnas, Aloyzas Zairys

Management Board (participation in the company):
 Antanas Šležas, Chairman (0%),
 Antanas Šležas (0.08%), Romualdas Skabickas (0.14%),
 Romaldas Morkvėnas (0.02%), Rymantas Juozaitis (0.25%),
 Alfredas Sabaliauskas (0.08%), Romualdas Rutka (0.01%)

Managing Director: Romualdas Skabickas

Investment Relations: Antanas Šležas, tel. (370-27) 260285

CORPORATE HISTORY

KAUNO ENERGIJA emerged after the reorganisation of a special purpose public company (SPAB) Lietuvos Energija in 1997 when independent branches of the company, Kauno Šilumos Tinklai and Kauno Elektrine, merged forming SPAB KAUNO ENERGIJA. In 1998, the company was reorganised again and merged with SPAB Kauno energetika. The authorised capital of KAUNO ENERGIJA was deepened from LTL 191m to LTL 198.98m.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

KAUNO ENERGIJA produces and sells to consumers electricity and thermal energy, supplies heating and hot water. Electricity is produced at the branch Kaunas Elektrinė. In 1998, the company produced 236 MWh 9 (cf. 161.4 MWh in 1996, 197.2 MWh in 1997) of electricity, 141.6 MWh were consumed (cf. 101 MWh in 1996, 114.4 MWh in 1997). Amounts of production and sales of thermal energy were getting smaller every year. In 1998 the company produced 2305thou Gcal of thermal energy (cf. 2981thou Gcal in 1996, 2471thou Gcal in 1997) and sold 1523thou Gcal (cf. 2601thou Gcal in 1996, 1624thou Gcal in 1997). In 1998, KAUNO ENERGIJA heated and realised 4057thou m3 of hot water (cf. 6490thou m3 in 1996, 4897thou m3 in 1997).

Sales and services of the company accounted for LTL 201m in 1998 (LTL 85.8m in 1997). KAUNO ENERGIJA gained LTL 1.38m of net profit (a loss of LTL 9m in 1997).

The centralised realisation of electricity is carried out through AB Lietuvos Energija. KAUNO ENERGIJA sells thermal energy and hot water to residents of Kaunas zone and to other consumers. The residents consume about 60% of the thermal energy.

Large purchases of materials, services and contractual work are carried out by way of tenders. Supply contracts are concluded with the winners. The contracts are usually short-term, but they can receive extension.

Large investment projects (expansion of fuel oil economy at the branch Kauno Elektrine and equipping with thermal electricity meters) of KAUNO ENERGIJA are financed by credits. Modernisation of the electric power station, thermal electricity sources and lines, renovation of tele-mechanical equipment, etc. are performed out of the company's own funds.

In 1997, the company took a loan of LTL 5m with the annual interest of 18% from Bankas Hermis. The loan matures in September, 2000.

PLANS, PROSPECTS FOR 1999

In the coming years modernisation of Kaunas energy sector is projected. For that purpose, a tender for the lease of KAUNO ENERGIJA was announced, which was won by the Swedish company Vattenfall in May 1999. The main Kaunas energy objects, namely, heating utilities and thermal energy plants, were leased out to this company for the period of 15 years at the annual rent of USD 5m. Modernisation of KAUNO ENERGIJA is estimated at about USD 90m. Vattenfall has committed itself to invest about half of this amount. The leasing contract with the Swedish company is to be signed in October.

Structure OF SHARE CAPITAL

Share capital: LTL 198,980,190
 Ordinary shares:
 – 19148019 registered shares at LTL 10 par (security code 12301) accounting for 96.23% of the auth. capital (admitted to trading at the NSEL on 01.06.98)
 – 750000 registered shares at LTL 10 par (security code 12403) accounting for 3.77% of the auth. capital (not admitted to trading at the NSEL)

STRUCTURE OF OWNERSHIP

Kaunas Municipality	85.21%
Kaunas Region Municipality	8.07%

BALANCE SHEET (LTL)	1997	1998	1-2Q1999	FINANCIAL RATIOS	1997	1998
LONG TERM ASSETS	215564999	268711689	271551026	LIQUIDITY RATIOS		
SHORT TERM ASSETS	128368680	136002995	110775868	Current ratio	1.62	1.20
Stock	38205642	30803396	27406039	Quick ratio	1.14	0.96
Amounts receivable				Net working capital (LTL thou)	49252921	25515683
within one year	85448578	103616581	81687830	Net working capital to total assets	0.14	0.06
TRANSFER ACCOUNTS	223605	16644029	25585827	PROFITABILITY RATIOS		
TOTAL ASSETS	344157284	421358713	407912721	Profit margin (%)	-0.11	0.01
CAPITAL AND RESERVES	181600919	190153389	183813631	Return on assets (%)	-0.03	0.00
Capital	191480190	198980190	198980190	Return on equity (%)	-0.05	0.01
Subscribed capital	191480190	198980190	198980190	FINANCIAL LEVERAGE RATIOS		
Share premium account	0	0	0	Total debt ratio	0.47	0.55
Revaluation reserve	0	0	0	Debt / equity ratio	0.89	1.22
Reserves	0	39099	39099	ASSETS UTILISATION RATIOS		
Profit (loss) brought forward	-9879271	-8865900	-15205658	Inventory turnover	2.32	5.74
Amounts payable after one year				Receivables turnover	1.28	2.13
and long-term liabilities	82354350	104073983	111388551	Net working capital turnover	1.74	7.88
Amounts payable within year				Long-term assets turnover	0.40	0.75
and long-term liabilities	72981011	123600025	105594318	Total assets turnover	0.25	0.48
ACCRUED CHARGES						
AND DEFERRED INCOME	6886781	3531316	7116221			
TOTAL LIABILITIES						
AND SHAREHOLDERS' EQUITY	344157284	421358713	407912721			
PROFIT (LOSS) ACCOUNT (LTL)	1997	1998	1-2Q1999			
SALES AND SERVICES	85857158	201033436	107659397			
COST OF GOODS SOLD						
AND SERVICES RENDERED	98772355	198101567	100836037			
NET PROFIT OF THE CURRENT YEAR						
FOR APPROPRIATION (LOSS)	-9418359	1382989	-6043561			

MARKET VALUE RATIOS	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	-	95740
Share book value (LTL)	9.51	9.56	9.24
Price / book value ratio (P/BV)	-	-	0.54
Earnings per share (LTL)	-0.49	0.07	0.46
Price / earnings ratio (P/E)	-	-	10.86
Dividend per share (LTL)	0.00	0.00	-
Dividend yield	-	-	-
Dividend payout ratio	-	-	-

LIETUVOS DUJOS IMPORT, DISTRIBUTION AND SUPPLY OF NATURAL GAS

Address: Aguonų g. 24, 2600 Vilnius
 Phone: (370-2) 616925
 Fax: (370-2) 263278

Registration date: 01.08.1995
 Registration code: 2005952
 Established: 1961
 Privatised: 1995
 Number of employees: 3710
 Authorised capital: LTL 392.4m
 Capitalisation (30.06.99): LTL 228.58m

Auditor: PricewaterhouseCoopers
 Trading list: Current

Management Board (participation in the company):
 Viktoras Valentukevičius, Chairman (0%),
 Kęstutis Šumacheris (0.027%), Jonas Oišauskas (0%)

Managing Director: Kęstutis Šumacheris

Investment Relations: Kęstutis Šumacheris, tel. (370-2) 616925

CORPORATE HISTORY

State company LIETUVOS DUJOS was established by joining 8 gasifying houses in 1989. A year later LIETUVOS DUJOS was divided into self-dependent regional state gas companies that were incorporated in 1993. On 1 August 1995, the state company was reorganised into a public limited company LIETUVOS DUJOS.

Natural gas was first used by the Lithuanians in 1961, after a pipeline connecting Ukraine with Lithuania was constructed. From 1962 to 1992 LIETUVOS DUJOS was the only supplier of natural gas in the country. In 1993, Achema AB, Lietuvos Energija AB and other companies appeared on the natural gas market, taking 16.7% of the market share from LIETUVOS DUJOS, however they paid commission fees for transportation services. Today competitors of LIETUVOS DUJOS hold 39% of the market.

In April 1997, the general shareholders' meeting resolved to raise authorised capital to LTL 338.74m out of additional contributions. The new issue was sold exclusively to the state and paid up in kind. Later the capital was increased several times and ultimately reached LTL 372.1 million. Two issues were acquired by the state, while one issue was placed among company's shareholders in proportion with their holdings. At the end of 1998, LIETUVOS DUJOS increased the authorised capital by additional pecuniary contributions and contributions in kind to LTL 421.9m by additionally issuing 49,847,056 ORS at LTL 1 par.

The extraordinary shareholders' meeting held in February 1999 decided to reduce the authorised capital of the company by LTL 29.48m by cancelling the state owned block of 29,483,521 shares, the par value of which is LTL 1. At present, the authorised capital of LIETUVOS DUJOS amounts to LTL 392.4 million.

BUSINESS ACTIVITY

The company's principal activities include import, distribution and supply of natural gas. In addition, LIETUVOS DUJOS trades in liquefied petroleum gas, designs and constructs gas supply systems and manufactures machinery for the gas industry.

Lithuanian gas supply system consists of a 7900kW reversified compressor in Panevėžys, 1.45 thou km of transmission gas pipelines and 51 gas distribution stations. The projected capacity of the gas main comes to 8bn cubic metres per year. This amount could satisfy needs of the domestic market by 70 per cent.

LIETUVOS DUJOS is the main gas importer in Lithuania and manages 60% of the natural gas distribution. It is the only company that runs the gas-main and thus enjoys a monopolist status in providing gas transport services. In addition, the company controls two thirds of the liquefied petroleum gas distribution network that encompasses 5 stations.

The company runs 10 branches: Magistraliniai Dujotiekiai (gas pipelines), Suskystintos Dujos (liquefied petroleum gas), Dujiniai Įrengimai (gas machinery) and 7 regional natural gas distribution firms based in the largest cities. The main suppliers of natural gas are Lithuanian-Russian joint venture Stella Vitae and Russian company Gazprom, delivering 63% and 34.4%, respectively, of total gas purchased by LIETUVOS DUJOS. 61% of liquefied petroleum gas is supplied by AB Mažeikiu nafta, 23.5% - by MYLENA Import-Eksport S.A.

DEVELOPMENTS IN 1998

In 1998, 1.2bn m3 of natural gas (by 16% less than in 1997 and by 22.6% less than in 1996) were sold to Lithuanian consumers. The biggest part (57%) was sold to the energy sector, 21.6% - to manufacturing companies, 12.3% - to residents. After AB Lietuvos Energija, the biggest customer of LIETUVOS DUJOS, started to use cheaper fuel oil, gas sales to this company precipitated by 22.7%, affecting the whole volume of sales.

In 1998, LIETUVOS DUJOS transported 943.4m m3 of gas that was bought by consumers from other suppliers. 71.9% of the gas was transported to AB Achema. 473.5m m3 of the production was transported to Kaliningrad region (Russia).

LIETUVOS DUJOS bought 1285m m3 of gas from suppliers, which was by 15.9% less than in 1997.

In 1998, the company realised 58.6thou t of liquefied gas, including 33.4% consumed in households; 22.4% of the amount were sold to be consumed as fuel for cars. In comparison with 1997, the supply of liquefied gas for residents diminished by 41.5%. Part of the reason for the drop in sales is competition from private companies.

The investment project of gas network development in Lithuania was launched in 1996, the project was included into the State investment programme 1996-1998. The total value of the project constituted LTL 242m. The project was carried out for three years. The financing of the project came from the Kuwait Fund, the European Investment Bank, loans granted by the Government of Denmark, the PHARE guarantee, the Lithuanian State budget, and loans taken on behalf of the State. In 1998, the 2nd main 47-kilometre gas pipeline Panevėžys-Šiauliai was constructed, a new main gas pipeline to Utena was also built, the town of Utena was gasified, distribution networks in Vilnius, Vilkaviškis and Alytus were expanded. Funds of LTL 32.3m from the loans taken on behalf of the state were used to finance the 1998 investment projects.

The number of the company's employees averaged at 3710 in 1998. In comparison with 1997, the number decreased by 555 employees, which was mainly caused by internal structural changes in the liquefied gas sector and new maintenance norms for the gas main.

LIETUVOS DUJOS' sales and services accounted for LTL 589 million (cf., LTL 675m in 1997). In 1998, the company encountered a net loss of LTL 20.9m, while in 1997, LIETUVOS DUJOS generated a net profit of LTL 16.84 million. Losses from financial and investment activity (credit interest, unfavourable changes in the European currency rate, especially Danish krone) constituted the main part of the company's loss. Long term loans of LIETUVOS DUJOS lifted from LTL 222.9m to LTL 257.6m during 1998. Loans amounting to LTL 259.2m were granted with the state guarantee. About LTL 150m of loans are to be redeemed in 1999.

BRANCH OFFICES

The company has 10 branches:

- Magistraliniai Dujotiekiai is engaged in transporting natural gas via transmission lines to the distribution stations.
- Seven regional natural gas distribution branches based in the largest Lithuanian cities (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys, Alytus, and Ukmergė).
- Suskystintos Dujos is involved in wholesale and retail trade in liquefied petroleum gas.
- Dujiniai Įrengimai produces various appliances and components for the gas sector.
- UAB Palangos Perlas provides hotel services.

LIETUVOS ENERGIJA

ELECTRICITY

Address: Žvejų g. 14, 2600 Vilnius
 Phone: (370-2) 782406
 Fax: (370-2) 226736

Registration date: 04.12.1995
 Registration code: 2055155
 Established: 1995
 Privatised: 1991
 Number of employees: 11500
 Authorised capital: LTL 1836.4m
 Capitalisation (30.06.99): LTL 918.2m

Auditor: Arthur Andersen
 Trading List: Current

Management Board (no participation in the company):

Jonas Rimantas Kazlauskas (Chairman),
 Edmundas Srodomskas, Algis Mykolas Kregždė,
 Erik Gunnar Lundberg, Juozas Virmantas Jurgaitis

Managing Director (no participation in the company): Bronius Cicėnas

Investment Relations: Petras Apanavičius, tel. (370-2) 699286

CORPORATE HISTORY

LIETUVOS ENERGIJA is a public limited liability company registered on 4 December 1995 as the successor of the former Energy and Electrification Board which was established in 1940 and subsequently reorganised into the Lithuanian State Power System in 1991. The Government owned 90.8% of the company and the remaining 9.2% were in the hands of the public, mainly employees.

On 8 April 1997 the Parliament passed the law providing for the separation of the company's district heating business from its electricity business and the transfer of ownership of the heating sector to the city and regional municipalities by 1 July 1997. The heating system, Vilnius and Kaunas thermoelectric power stations were separated from LIETUVOS ENERGIJA. After the reorganisation, the company's authorised capital decreased from LTL 2,849m to LTL 1,836m, while state interest diminished from 90.8% to 86.47 per cent. In 1998 LIETUVOS ENERGIJA authorised capital was increased by contributions in kind by LTL 329,510.

BUSINESS ACTIVITY

The company chiefly engages in manufacture and distribution of thermal energy and electricity.

LIETUVOS ENERGIJA is a vertically integrated company generating, transmitting and supplying electricity that covers the whole territory of Lithuania. Major sources of energy are two thermal electric power stations (1994MW), utilising oil and natural gases, hydroelectric power station (100MW) and hydro-accumulation power station (800MW) which is still under construction. In addition, the company runs 7 electricity distribution units and 8 branches providing auxiliary services. The Lithuanian power system is interconnected with the power systems in Latvia, (4 lines), Belarus (5 lines) and Kaliningrad (Russia) region (3 lines) via high voltage lines. The company purchases almost all of the electricity produced by Ignalina Nuclear Power Station which operates as a separate state-owned entity. LIETUVOS ENERGIJA is the main supplier of electricity in Lithuania. It provides electricity to 1.32m customers. 47.8% of the electricity is supplied to the industry consumers, 23.1% - to residents, 5.2% - to agriculture, and 23.9% - to other consumers.

551.2thou t of fuel oil (55% from AB Mažeikių Nafta) were purchased in 1998. Fuel oil is delivered to Lithuania by railway. Fuel oil from AB Mažeikių Nafta to Mažeikių thermal electric power station is supplied by pipelines. Almost 24thou t of orimulsion were bought from the company Bitor Europe Ltd. in 1998 - the orimulsion was supplied to the Lietuvos elektrinė (the thermal electric power station in Elektrėnai) in December. Natural gas is supplied from Russia. The company signed the gas purchase contract with the Lithuanian-Russian joint venture UAB Stella Vitae. The natural gas purchased in 1998 amounted to 8.7 million m³.

DEVELOPMENTS IN 1998

In 1998 LIETUVOS ENERGIJA realised 14007 GWh of electric power, including 7541 GWh in the domestic market and 6466 GWh in foreign markets (Belarus and Latvia). Compared to 1997 electricity export rose almost 60%.

Annual sales of the company in 1998 amounted to LTL 1.8 billion. That is significantly less than in 1997 because on 1 of July 1997 district heating business and 2 thermoelectric power stations were separated from the company.

During 1998, the company allotted LTL 235.4m for investments, 45% of this amount were financed out of the company's means. Most of the money was used for construction of Kruonio hydro-accumulation power station's unit 4 and also for reconstruction of Kaunas and Klaipėda power systems.

The company's net profit amounted to LTL 153m.

At the end of 1998 LIETUVOS ENERGIJA had unpaid long term loans: USD 0.757m granted by ABN Amro Bank, USD 2.77m - by Unibank A/S (loans were granted with the state guarantee), USD 110m - by Merrill Lynch Int.

Seeking to finance part of its Construction Programme, the company launched USD 375m Euro Medium Term Note programme in the middle of 1998. No loans were taken under this programme.

PLANS, PROSPECTS FOR 1999

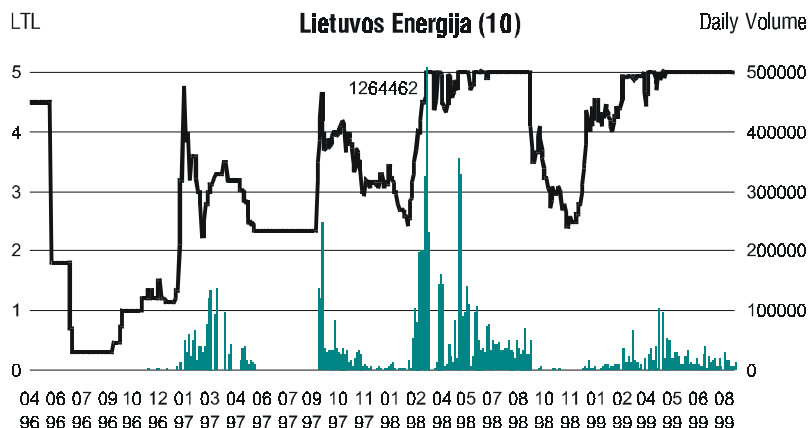
One of the most important plans of LIETUVOS ENERGIJA is to link itself to Western and Central European energy system. To achieve that power supply line to Poland has to be built. This project requires large amounts of capital investment.

Ongoing projects: reconstruction in "Lietuvos elektrinė" power plant; modernisation of national network administrated by dispatcher; reconstruction of power supply lines and stations; communication system modernisation using fibre optics.

LIETUVOS ENERGIJA is engaged in the construction programme, the estimated volume of which amounts to LTL 209m in 1999, LTL 350m - in 2000, and to LTL 365m - in 2001.

Structure OF SHARE CAPITAL

Share capital: LTL 1 836 480 560
 Ordinary shares: - 183648056 registered shares at LTL 10 par (security code 11768) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 22.04.96)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 7000.	
Ministry of Economy	86.25%
Vattenfall Ab Business Area Europe (Sweden)	8.93%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	3033287780	1986501830	2150402111	2125989610	LIQUIDITY RATIOS			
SHORT TERM ASSETS	1681678360	509045851	1066635942	887043185	Current ratio	1.33	1.66	1.12
Stock	289357768	187059397	161935843	164212284	Quick ratio	1.10	1.09	0.95
Amounts receivable					Net working capital (LTL thou)	416885754	214981021	116578660
within one year	1343236076	244650217	876962697	698110290	Net working capital to total assets	0.09	0.09	0.04
TRANSFER ACCOUNTS	6633357	29798964	25604054	19456277	PROFITABILITY RATIOS			
TOTAL ASSETS	4721599497	2525346645	3242642107	3032489072	Profit margin (%)	0.11	-0.04	0.08
CAPITAL AND RESERVES	2735033885	1620003866	1768288211	2058056779	Return on assets (%)	0.06	-0.03	0.05
Capital	2863481422	1836151050	1836480560	1836480560	Return on equity (%)	0.10	-0.05	0.09
Subscribed capital	2848626190	1836151050	1836480560	1836480560	FINANCIAL LEVERAGE RATIOS			
Share premium account	2128	2128	2128	2128	Total debt ratio	0.42	0.36	0.45
Revaluation reserve	7	670127	1014488	1014488	Debt / equity ratio	0.73	0.56	0.83
Reserves	3393489	0	0	-51517259	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	-131843161	-216819439	-69208965	272076862	Inventory turnover	8.70	8.23	8.36
Amounts payable after one year and long-term liabilities	715046204	580572515	176601621	177726052	Receivables turnover	2.42	2.59	3.22
Amounts payable within year and long-term liabilities	1249366803	315027830	968793185	789976085	Net working capital turnover	5.85	9.55	15.50
ACCRUED CHARGES AND DEFERRED INCOME	22059160	8835964	6868151	5352522	Long-term assets turnover	0.80	1.03	0.84
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4721599497	2525346645	3242642107	3032489072	Total assets turnover	0.52	0.81	0.56
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
SALES AND SERVICES	2439499865	2052399812	1807007386	768813282	Capitalisation (LTL thou)	327592	578388	830089 918240
COST OF GOODS SOLD AND SERVICES RENDERED	2569926539	1960458320	1459304852	646268577	Share book value (LTL)	9.60	8.72	9.63 11.21
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	261638403	-79199349	153467706	346384959	Price / book value ratio (P/BV)	0.12	0.36	0.47 0.45
					Earnings per share (LTL)	0.92	0.58	0.84 2.23
					Price / earnings ratio (P/E)	1.25	5.41	5.41 2.24
					Dividend per share (LTL)	0.00	0.00	0.00 -
					Dividend yield	-	-	- -
					Dividend payout ratio	-	-	- -

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	4.49	1.15	3.15	4.52
Max	4.49 (06 04)	4.77 (01 22)	5.02 (06 22)	5.03 (05 03)
Min	0.29 (09 17)	1.15 (01 06)	2.40 (02 11)	3.99 (01 29)
Last	1.15	3.15	4.52	5
Change (%)	-74.39	173.91	43.49	10.62
Number of transactions (CM)	45	3915	8882	2940
Turnover CM (units)	17527	3354857	9465231	1609707
Turnover CM (LTL)	22191	12027432	44947024	7910082
Turnover BT (units)	0	2315463	12134539	6608826
Turnover BT (LTL)	0	7828782	57263160	32925495
CM turnover as % in total	100.00	59.17	43.82	19.59
Total turnover (units)	17527	5670320	21599770	8218533
Total turnover (LTL)	22191	19856213	102210185	40835577
Turnover ratio (%)	0.01	3.09	11.76	4.48
As % in the total share turnover	0.01	2.07	11.47	7.48

SUBSIDIARIES

LIETUVOS ENERGIJA has 2 thermal power stations, one hydroelectric station, one hydro-accumulation power station, 7 power supply lines, 8 service and construction affiliates.

KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA (KLASCO)

STEVEDORING

Address: J.Zauerveino g. 18, 5813 Klaipėda
 Phone: (370-6) 399413
 Fax: (370-6) 399551

Registration date: 06.09.1991
 Registration code: 4034626
 Established: 1991
 Privatised: 1999
 Number of employees: 2352
 Authorised capital: 128.9
 Capitalisation (30.06.99) LTL 47.7m

Auditor: KPMG Lietuva

Management Board (participation in the company):
 Bronislovas Lubys, Chairman (0%),
 Stasys Vaitkevičius (0%), Romualdas Piktyš (0%),
 Benediktas Petrauskas (0.14%), Eduardas Plauška (0%),
 Nijolė Sabonienė (0%), Rimvidas Kūgis (0%)

Managing Director: Bronislovas Lubys

Investment Relations: Marijus Eidukevičius, tel. (370-6) 399551

CORPORATE HISTORY

KLAIPĖDA STATE PORT, the company's legal predecessor, was registered as a Lithuanian company in September 1991. However, Klaipėda port has been operating over seven centuries, at least as far back as historic sources note. Today, Klaipėda ice-free seaport has a second tonnage handling capacity in the Baltic region and is rapidly becoming an important point of East-West trade.

In June 1994 the Ministry of Transport decided to change the company's name into KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA (Klaipėda Stevedoring Company KLASCO) and to narrow its functions to loading/unloading of cargo and storing. In the meantime, KLASCO has become the leading stevedoring company and the largest operator of Klaipėda port. Now the company employs more than 2400 people.

In 1996 the company made a number of renovations: enlarged the territory used for loading, equipped warehouse and storing areas, erected and started using a new metal warehouse, reconstructed building and water supply house. In the same year the company acquired new equipment: port crane Kondor of 40 tonnage handling capacity, 45t handling capacity loader Kalmar, two 25t and four 16t capacity automatic loaders Kalmar, two tugs Terberg.

In 1991 the company's authorised capital totalled LTL 67.5m, 3.4% out of which were private. In 1995, when KLASCO was registered as a public limited company and a public offering of the company's shares was carried out, the authorised capital amounted to LTL 88.5m, where LTL 6.8m (7.63%) were in private hands. In 1996 the capital was raised to LTL 129m out of revaluation reserves.

BUSINESS ACTIVITY

KLASCO main activities include loading and unloading of cargo at the port, accumulation of freight lots, warehousing and storing. Besides, having auxiliary fleet at its disposal, the company provides a great many of other services: assists ships while they are manoeuvring in the port area, serves the crews, collects rubbish in the ships and on the surface of the water, etc. KLASCO supplies the ships with electricity and drinking water, provides them with communication means.

In 1998, the company reloaded 8.22m tons of cargo, 1.72m tons of which are on the marine floating bridge. Metals constituted the biggest part in the reloaded cargo and amounted to 5.1m tons. The following products also accounted for rather large amounts: fast spoiling food (fruit and vegetables, meat products, butter, fish, etc.) - 0.28m t, sugar - 0.33m t, fertilisers - 0.37m t, timber - 0.14m t. In 1998 10643 conditional containers and 29063 road transport means were reloaded. Cargo of Lithuanian industrial enterprises made up 18.87% (1.55m tons) of the cargo reloaded by the company in 1998. The Lithuanian cargo for export constituted 48.58%, or 0.75m tons.

DEVELOPMENTS IN 1998

In recent years the company has performed with a profit. The 1998 income constituted LTL 190m, the profitability ratio accounted for 10.7%. This amount is sufficient to sustain everyday activity. Loans were taken to finance new substantial investments in 1998, the total sum of the loans constituted LTL 47.5m. The demand for investment depends on the growing competition among sea ports of the Eastern Baltic for the right to carry export and import of the CIS.

In 1998 the company together with the USA company "Paulius & Associates" erected a warehouse for frozen products. The area of the warehouse is over 9000 square meters. Exploitation of a new 7500-square-meter warehouse for storage of cold rolling metal began. However, the most significant investment was put into a new container terminal, which began operating this year.

Though last year more cargo was planned for reloading than in 1997, the reloaded amount, due to the crisis in Russia and to the diminished cargo flows, was by 272.6thou less than expected.

PLANS, PROSPECTS FOR 1999

KLASCO will strive to take the most of the possibilities that will open after the embankments are deepened, the container terminal and new warehouses turn into operation, a crane and other machinery is acquired for enlargement of the cargo flow through the company.

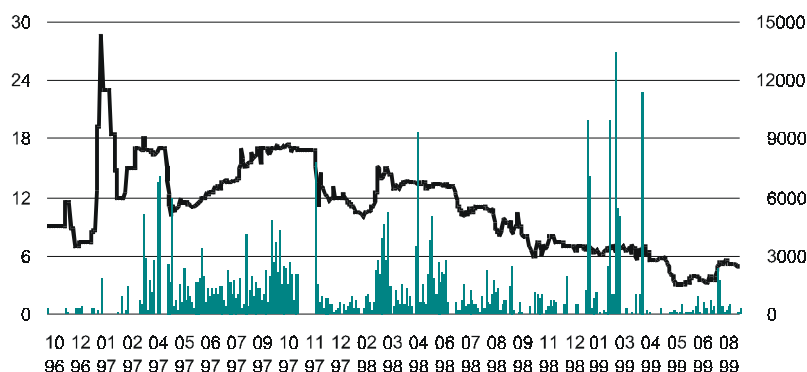
The company's restructuring is under way: Subsidiaries will be established to carry out supplementary services in order to separate them from the main activities.

In June 1999, UAB Vialogas established by the consortium UAB Viachema, the winner of the KLASCO privatisation tender, has fulfilled the obligation undertaken in the contract with the State Privatization Fund and paid in the first contribution of LTL 120m for the controlling interest in KLASCO, which was acquired for the total LTL 200m.

Structure OF SHARE CAPITAL

Share capital: LTL 128 988 800
 Ordinary shares: - 12898880 registered shares at LTL 10 par (security code 11615) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 28.10.96)

LTL Klaipėdos Jūrų Krovinių Kompanija (10) Daily Volume



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to	2324.
State Property Fund	37.02%
UAB Vialogas	52.98%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	215799801	236067314	306237270	299186951	LIQUIDITY RATIOS			
SHORT TERM ASSETS	118086636	106237633	87265713	71987825	Current ratio	9.33	13.22	3.73
Stock	28414841	29172282	28312616	25292418	Quick ratio	7.09	9.59	2.52
Amounts receivable within one year	51553044	41374807	39702931	23932273	Net working capital (LTL thou)	105435626	98201777	63870726
TRANSFER ACCOUNTS	0	0	0	0	Net working capital to total assets	0.32	0.29	0.16
TOTAL ASSETS	333886437	342304947	393502983	371174776	PROFITABILITY RATIOS			
CAPITAL AND RESERVES	321235427	326769091	326515516	310543728	Profit margin (%)	0.13	0.11	0.10
Capital	128988800	128988800	128988800	128988800	Return on assets (%)	0.07	0.06	0.04
Subscribed capital	128988800	128988800	128988800	128988800	Return on equity (%)	0.08	0.06	0.05
Share premium account	0	0	0	0	FINANCIAL LEVERAGE RATIOS			
Revaluation reserve	7430	7430	7430	7430	Total debt ratio	0.04	0.05	0.17
Reserves	182644577	183123151	187654456	183673634	Debt / equity ratio	0.04	0.05	0.21
Profit (loss) brought forward	9594620	14649710	9864830	-2126136	ASSETS UTILISATION RATIOS			
Amounts payable after one year and long-term liabilities	0	7500000	43592480	46507303	Inventory turnover	5.58	5.44	5.21
Amounts payable within year and long-term liabilities	12651010	8035856	23394987	14123745	Receivables turnover	4.17	3.86	4.04
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	0	Net working capital turnover	1.73	1.83	2.57
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	333886437	342304947	393502983	371174776	Long-term assets turnover	0.85	0.76	0.54
					Total assets turnover	0.55	0.52	0.42
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	182908238	179437517	163831390	47959602				
COST OF GOODS SOLD AND SERVICES RENDERED	157395758	156497778	149619941	57908952				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	24357823	20586324	16281783	-11990966				

TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	9.00	7.50	12.00	7.00
Max	11.50 (11 28)	28.84 (01 22)	15.13 (03 10)	7.20 (03 24)
Min	7.00 (12 16)	7.50 (01 06)	5.99 (10 26)	3.00 (06 08)
Last	7.50	12.00	7.00	3.70
Change (%)	-16.67	60.00	-41.67	-47.14
Number of transactions (CM)	20	1365	1321	284
Turnover CM (units)	2153	206324	165348	83932
Turnover CM (LTL)	17935	3088876	2035059	547896
Turnover BT (units)	0	232572	152185	8862
Turnover BT (LTL)	0	3524596	1901094	48094
CM turnover as % in total	100.00	47.01	52.07	90.45
Total turnover (units)	2153	438896	317533	92794
Total turnover (LTL)	17935	6613471	3936153	595990
Turnover ratio (%)	0.02	3.40	2.46	0.72
As % in the total share turnover	0.01	0.69	0.44	0.11

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	96742	154787	88693	49161
Share book value (LTL)	24.90	25.33	25.31	24.08
Price / book value ratio (P/BV)	0.30	0.47	0.28	0.16
Earnings per share (LTL)	1.89	1.60	1.29	-0.50
Price / earnings ratio (P/E)	3.97	7.52	5.45	-
Dividend per share (LTL)	0.70	0.61	0.134	-
Dividend yield	0.09	0.05	0.02	-
Dividend payout ratio	0.37	0.38	0.10	-

KLAIPĖDOS NAFTA

HANDLING OF OIL PRODUCTS

Address: Burių g. 19, a/d 81 5800 Klaipėda
 Phone: (370-6) 391700
 Fax: (370-6) 311399

Registration date: 27.09.1994
 Registration code: 1064889
 Established: 1994
 Number of employees: 387
 Authorised capital: LTL 242m
 Capitalisation (30.06/99): LTL 148.58m

Auditor: Arthur Andersen
 Trading list: Current

Management Board (no participation in the company):
 E.Strodonskas, I.Džervienė,
 A.Viničenko, D.Pečiulis, A.Gintautas

The Acting Managing Director: Pranas Šidiškis

Investment Relations: Jelena Černij, tel. (370-6) 391 665

CORPORATE HISTORY

The company's legal predecessor, KLAIPĖDA STATE OIL TERMINAL, was established in 1959 and engaged in reloading of light fuel oil from railway cisterns into tankers. Several decades in operation, the old Klaipėda terminal wore out. The open system for handling oil products polluting air, water and soil raised serious concerns. Reservoirs and underground pipelines did not meet safety standards. The condition of anti-fire system and water cleaning equipment was inadequate.

After Lithuania regained independence, Lithuanian Government made a decision to reconstruct the company. Taking into consideration a complicated situation in the country's energy sector, the Government passed a resolution regarding the Reconstruction of KLAIPĖDA STATE OIL ENTERPRISE and announced a closed tender for the best project in October 1993. In order to assure high technological standard of the reconstruction, the Government permitted KLAIPĖDA STATE OIL ENTERPRISE together with the US company Lancaster Steel Co. Inc. to establish a public company KLAIPĖDOS NAFTA which would finance and run the oil terminal. The company was set up in 1994 with 51% of the stock in the hands of Klaipėda State Oil Enterprise which was later reregistered as a public company Naftos Terminalas and 49% held by Lancaster Steel Co. Inc.

From 1 January 1997, KLAIPĖDOS NAFTA started to run the reconstructed terminal. The authorised capital was increased to LTL 80 million. In February 1998, the shareholders resolved to raise share capital by LTL 20 million. New shares were issued and distributed through a private placement at an issue price of LTL 100. In 1998 the authorised capital was increased twice: from LTL 100m to LTL 140m and from LTL 140m to LTL 242m.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

Until 1997 KLAIPĖDOS NAFTA operated as a construction board that organised and carried out reconstruction. Since 1 January 1997, KLAIPĖDOS NAFTA took over part of Naftos Terminalas' assets (technological pipelines and reservoirs) as a contribution in kind, rented the territory and engaged in oil terminal business.

KLAIPĖDOS NAFTA became the only oil terminal in the Baltics which specialises in transshipment of heavy fuel oils (HFO). Recently installed modern loading equipment serves all types of HFO throughout the year at any temperature. It uses advanced steamless heating of tank-cars which reduces amount of water in fuel oil.

In 1997, the company finished the first stage of terminal reconstruction. Now two tankers with up to 30 thou tons displacement could be served simultaneously. Completely reconstructed jetties have the total capacity of 4 thou tons of oil products per hour. In 1998, KLAIPĖDOS NAFTA reloaded 2.27m tons of oil products and liquid fertilisers, i.e. by 1.36m tons less than in 1997 and by 3.2m tons less than planned. The main cause for the decreased amount of reloaded oil products is the crisis on the international oil market due to which the export of oil products from Russia has been diminished by almost 30%. Since oil transit from Russia constitutes about 90% of all reloaded oil products, the decreased export from that country influenced the volumes of oil products that are reloaded by KLAIPĖDOS NAFTA. The delay in the launching of the second estacade, which was caused by financial problems, was another reason for the decrease in the reloaded amount.

In 1998, KLAIPĖDOS NAFTA entered into the final stage of reconstruction. Reconstruction is being financed out of borrowed means. Part of the loans were backed up with the state guarantee, namely, LTL 171m granted by ABN AMRO and LTL 0.7m loan extended by Distral S.A. The company has also obtained loans from AB Naftos Terminalas (LTL 38m), Standard Bank (LTL 18m), Kredyt Bank PBI (LTL 20m), and the syndicated loan of LTL 90m from four Lithuanian banks.

In 1998, the company reported revenue of LTL 55m and net profit of LTL 10.8m (LTL 43.2 million in 1997).

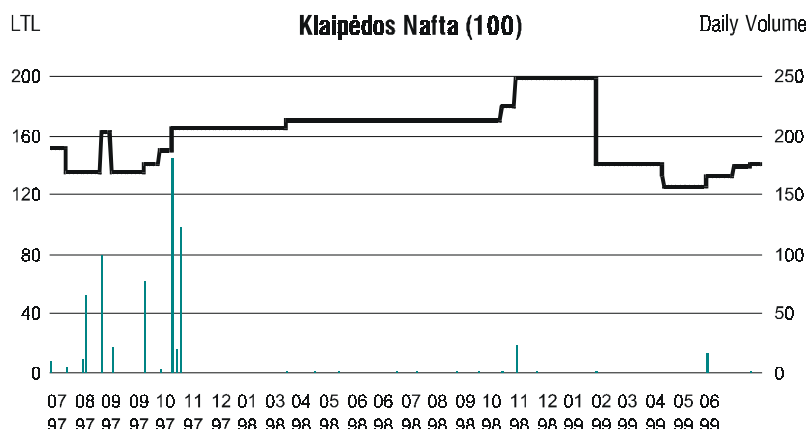
PLANS, PROSPECTS FOR 1999

KLAIPĖDOS NAFTA plans to accomplish the reconstruction by the end of 1999.

The terminal for import of light oil products will seek, first of all, to satisfy needs of Lithuanian clients. Products for export will be supplied from Mažeikių oil refinery; products from Russia and Ukraine will be also loaded.

Structure OF SHARE CAPITAL

Share capital: LTL 242 000 000
 Ordinary shares: – 2420000 registered shares at LTL 100 par (security code 11165) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 02.10.95)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 30.

AB Naftos Terminalas	68.8%
Osman Trading AB	11.3%
Woodison Trading S.A.	6.9%
Duboil Ltd.	7.0%
Lancaster Distral	1.9%
Dilan Trading N.V.	1.6%
Ferrous Investment Ltd.	1.3%
Other	1.3%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	199221605	457889282	581652529	611564660	LIQUIDITY RATIOS			
SHORT TERM ASSETS	85355249	64065063	44286849	46115903	Current ratio	3.82	0.80	0.49
Stock	24224193	36280199	35397891	23497171	Quick ratio	2.74	0.35	0.10
Amounts receivable					Net working capital (LTL thou)	63116801	-16097866	-45954698
within one year	58493408	23691751	7383665	13365544	Net working capital to total assets	0.22	-0.03	-0.07
TRANSFER ACCOUNTS	133133	119819	184615	213835	PROFITABILITY RATIOS			
TOTAL ASSETS	284709987	522074164	626123993	657894398	Profit margin (%)	1.10	0.57	0.20
CAPITAL AND RESERVES	58255033	124007670	255777734	283905801	Return on assets (%)	0.00	0.08	0.02
Capital	56400000	80000000	242000000	242000000	Return on equity (%)	0.00	0.35	0.04
Subscribed capital	40000000	80000000	242000000	242000000	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	0	Total debt ratio	0.80	0.76	0.59
Revaluation reserve	0	0	0	0	Debt / equity ratio	3.89	3.21	1.45
Reserves	1853383	4208456	13777734	13445686	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	1650	39799214	0	28460115	Inventory turnover	0.00	0.92	0.99
Amounts payable after one year and long-term liabilities	204083373	316971796	279383779	310725958	Receivables turnover	0.00	1.86	3.55
Amounts payable within year and long-term liabilities	22371581	80282748	90426162	63825501	Net working capital turnover	0.00	-4.75	-1.20
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	0	Long-term assets turnover	0.00	0.17	0.09
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	284709987	522074164	626123993	657894398	Total assets turnover	0.00	0.15	0.09
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	1501	76514358	55177539	66119613				
COST OF GOODS SOLD AND SERVICES RENDERED	0	27721998	35576081	34890121				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	1650	43288723	10827677	28470036				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	151.00	165.00	199.00
Max	165.00 (12 22)	199.00 (12 22)	140.00 (03 01)
Min	135.00 (10 13)	165.00 (01 28)	126.35 (06 29)
Last	165.00	199.00	132.66
Change (%)	9.27	20.61	-33.34
Number of transactions (CM)	25	20	4
Turnover CM (units)	619	32	18
Turnover CM (LTL)	96550	6146	2395
Turnover BT (units)	115481	180	14
Turnover BT (LTL)	12213629	27000	1400
CM turnover as % in total	0.53	15.09	56.25
Total turnover (units)	116100	212	32
Total turnover (LTL)	12310179	33146	3795
Turnover ratio (%)	29.03	0.03	0.00
As % in the total share turnover	1.28	0.004	0.001

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	66000	159200	148579
Share book value (LTL)	145.64	155.01	105.69	117.32
Price / book value ratio (P/BV)	-	1.06	1.88	1.13
Earnings per share (LTL)	0.004	54.11	4.47	22.37
Price / earnings ratio (P/E)	-	3.05	44.48	5.93
Dividend per share (LTL)	0.00	0.00	0.00	-
Dividend yield	-	-	-	-
Dividend payout ratio	-	-	-	-

SUBSIDIARIES

Windaria Holding B.V.

Date of establishment

1996

Authorised capital

LTL 116thou

Participating interest

100%

LIETUVOS JŪRŲ LAIVININKYSTĖ (LISCO)

SHIPPING OF PASSENGERS AND CARGO

Address: J.Janonio g. 24, 5813 Klaipėda
 Phone: (370-6) 393101, 393126
 Fax: (370-6) 393121, 393133

Registration date: 10.09.1991
 Registration code: 4035584
 Established: 1969
 Privatised: 1995, due in 1999
 Number of employees: 1668
 Authorised capital: LTL 535m
 Capitalisation (30.06.99): LTL 100m

Auditor: Moore Stephens UAB
 Trading list: Current

Members of the Supervisory Board and the Management Board
 have 0.1236% of the company's share capital.

Supervisory Board:
 J.Darulis, Chairman, V.Jasiūnas,
 A.Mikalajūnas, R.Kūgis, T.Jankauskas

Management Board:
 A.Gedgaudas, Chairman, V.Vismantas,
 I.Šalajev, A.Stropus, P.Krilavičius

Managing Director: Artūras Gedgaudas

Investment Relations: S.Vindergauz, tel. (370-6) 393111

CORPORATE HISTORY

The company was established in 1969 and owned 16 bulk ships (dead-weight of 78 thousand tons). In 1991, LIETUVOS JŪRŲ LAIVININKYSTĖ (Lithuanian Shipping Company, LISCO) became an independent company and was registered in the independent Republic of Lithuania. The company overcame all difficulties and consolidated in the world shipping market. The fleet has been expanded and renovated. In 1995, LISCO was reregistered as a public limited company.

In 1993, when the company owned 43 ships, it was the fourth largest in terms of the fleet size in the Baltic region. At present, there are 35 ships and ferries in LISCO's possession. All ships sail under the Lithuanian flag.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

LISCO's basic activity is transportation of cargo and passengers. LISCO is a monopolist in the Lithuanian market, as it is the only company offering passenger and cargo transport services.

The Baltic sea, the Mediterranean sea, the Red sea, ports in Western Europe, East and North America are the main working regions of LISCO fleet. In 1995, the company established rep offices in Moscow and St. Petersburg, the purpose of which is to increase the amount of cargo and passengers from that area. In 1996, rep office was opened in Spain in order to supervise shipbuilding.

In 1998 LISCO transported 3.7m tons of cargo (4m tons in 1996 as well as in 1997) and 43.6thou passengers (35.3thou in 1997, 40.1thou in 1996). The main activity of the fleet is transportation of cargo and passengers abroad. In 1994-1997 85-90% of the fleet was constantly hired by foreign charterers under short term contracts, which were in most cases prolonged.

In 1998 LISCO raised its authorised capital by LTL 63.77m to 535m out of reserves available for distribution by issuing a new ORS issue.

LTL 1m dividends were paid for the year 1998 (LTL 0.02 per share).

LISCO's vessels ship general cargo and containers as well as wood to European and North African ports. LISCO operates four ferries, both for passengers and cargoes, on the lines Klaipėda-Mukran-Klaipėda, Klaipėda-Kiel-Klaipėda, Klaipėda-Stockholm-Klaipėda, Klaipėda-Åhus-Klaipėda. These ferries carry ro-ro cargo, loaded railway trucks, cars and passengers.

In June 1998 LISCO CONLINE was established. Although it was set up as a mere container line (Klaipėda-Antwerpen-Bremerhaven-Klaipėda), at the clients' requests the vessels operating on the line carry various general cargoes as well. Besides, should the clients require the cargoes to be transported to Rotterdam, Bremen, Kaliningrad or Ventspils, the line can offer such flexibility. Totally, 36 voyages have been accomplished since last summer.

In 1998, the company gained LTL 310.5m (LTL 256m in 1997) sales revenue. The pre-tax profit amounted to LTL 50m, and after-tax profit constituted LTL 45 million (LTL 44m in 1997).

PLANS, PROSPECTS FOR 1999

On 15 June 1999 two foreign potential bidders submitted their applications to participate in the second Lisco privatisation tender. The State Property Fund has not disclosed their names. Therefore, it is not clear whether these are the same bidders ("Baltic Sea ASA" (Norway) and "SCANDLINES" (Denmark) who had been enlisted during the first Lisco privatisation tender. The Government intends to sell all its shares except for one "special" share allowing to exercise the veto right at voting to safeguard the national fleet.

Structure OF SHARE CAPITAL

Share capital: LTL 535 118 750
 Ordinary shares: – 53511875 registered shares at LTL 10 par (security code 11627) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 01.01.96)

BALTIJOS LAIVŲ STATYKLA

SHIPYARD

Address: Pilies g. 8, 5799 Klaipėda
 Phone: (370-6) 212324, 311241
 Fax: (370-6) 311245

Registration date: 09.09.1991
 Registration code: 4034645
 Established: 1952
 Privatised: 1996
 Number of employees: 1891
 Authorised capital: LTL 69.2m
 Capitalisation (30.06.99): LTL 24m

Auditor: KPMG Lietuva
 Trading list: Current

Management Board (participation in the company):
 Kurt Andersen, Chairman (0%),
 Niels Roed (0%), Viktoras Stulpinas (0.00008%),
 Arimantas Račkauskas (0%), Uffe Ellemann-Jensen (0%)

Managing Director: Viktoras Stulpinas

Investment Relations: Sergej Boiko, tel. (370-2) 211970

CORPORATE HISTORY

The company was established in 1952 and since then has built 360 ships and 65 steel-floating docks, repaired over 350 vessels.

Until September 1994 the company's authorised capital equalled LTL 2.6 million. Then the authorised capital was multiply increased out of capital reserves and revaluation reserves, and in December 1995, it totalled LTL 34.6m, including LTL 11.26m of state capital and LTL 23.33m of share capital.

With the sale of state-held shares in April 1997, the company's stock capital amounted to LTL 34.59 million. In May 1997, BALTIJOS LAIVŲ STATYKLA raised share capital by LTL 34.59m out of supplementary contributions. As a result, the stock capital totalled LTL 69.18 million. Odense Staalskibsvaerft A/S (Denmark) acquired a controlling interest in the company amounting to 91.37 per cent.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

BALTIJOS LAIVŲ STATYKLA is the only ship building company in the Baltic states. The company engages in manufacture of fish trawlers, steel floating docks, freezing trawlers, and various cargo vessels. Modern production includes blocks for container ships and tug boats. In 1998 BALTIJOS LAIVŲ STATYKLA manufactured 2 tugs (for LTL 10.8m), 1 barge (for LTL 51.7thou), 61 OSS steel block and superstructure (for LTL 47.9m), 226.5 t of steelcasts (for LTL 353thou), 6.2 t of colour casts (for LTL 71thou), 1 separator UKF (for LTL 6.8thou), carried out additional ship building works for LTL 2.6m, ship repair works for LTL 0.75m, other works for LTL 1.77m.

Denmark (ship hull blocks and superstructures, tugs), Russia (ship repair works), Lithuania (ship repairs, production of machines, casting of steel and colour metals, cold and hot zincification), Sweden (reduction gear housing), Iceland (steel blocks) were the main clients and buyers of BALTIJOS LAIVŲ STATYKLA in 1998.

NLMK (Russia), Det Danske Stalvalsek (Denmark), SSAB (Sweden), Azovlitas (Lithuania), Bomental (Belgium) supply the company with sheet steel, OSS (Denmark), Rasm. Holbeck & Son (Denmark), AFV Beltrame (Italy), Fundia Profiler (Norway), Kloskner Stalhandel (Germany) - with steel profiles, Aremita (Lithuania) - with steel ropes, Hyundai Welding Co (Korea), OSS (Denmark), ESAB International AB (Sweden) - with welding materials.

The company's sales increased from LTL 65.55m in 1997 to LTL 66.69m in 1998. The net profit constituted LTL 6.37 million in 1998 (LTL 9.79m in 1997).

The Danish company Odense Staalskibsvaerft A/S placed a tender offer to purchase BALTIJOS LAIVŲ STATYKLA shares at the price of LTL 10 per share. The offer was executed through the National Stock Exchange of Lithuania from 11/02/1999 to 15/03/1999. During its execution 239,314 shares were sold.

After the tender offer the capital share held by Odense Staalskibsvaerft A/S reached 96.35%.

PLANS, PROSPECTS FOR 1999

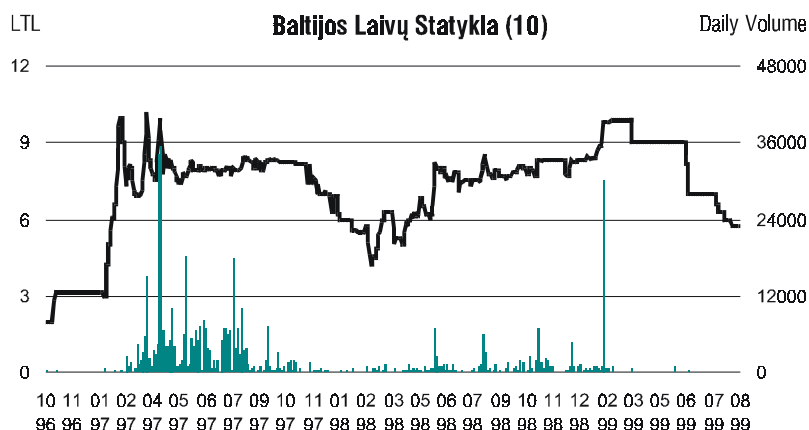
At the end of 1998 the strategic development plan of BALTIJOS LAIVŲ STATYKLA for 1999-2002 was approved. The main objectives include the further development of the 3 production fields: production of ship hull blocks, of fully equipped ship superstructures, and construction of finished ships. The total production volume is expected to increase by 50% during the defined period. Labour productivity is expected to go up twice by making use of certain investments. Qualification of the employees is to be upgraded, their number will be optimised.

Currently BALTIJOS LAIVŲ STATYKLA constructs tugs, OSS blocks, performs additional ship construction and repair works, produces casts, etc.

Structure OF SHARE CAPITAL

Share capital:
 Ordinary shares:

LTL 69 181 680
 - 3459084 registered shares at LTL 10 par (security code 11757) accounting for 50% of the auth. capital (admitted to trading at the NSEL on 26.02.96)
 - 3459084 registered shares at LTL 10 par (security code 12256) accounting for 50% of the auth. capital (not admitted to trading at the NSEL)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 1110.
Odense Staalskibsvaerft A/S (Denmark) 96.35%

BALANCE SHEET (LTL)				FINANCIAL RATIOS			
	1996	1997	1998		1996	1997	1998
LONG TERM ASSETS	21065654	52455915	62195939	LIQUIDITY RATIOS			
SHORT TERM ASSETS	48180916	63889398	68482181	Current ratio	3.56	5.67	3.14
Stock	22685142	13302661	31225111	Quick ratio	1.89	4.49	1.71
Amounts receivable				Net working capital (LTL thou)	34694545	52657122	46664502
within one year	11129552	13821925	3936812	Net working capital to total assets	0.50	0.45	0.36
TRANSFER ACCOUNTS	49287	39245	27512	PROFITABILITY RATIOS			
TOTAL ASSETS	69295857	116384558	130705632	Profit margin (%)	0.06	0.15	0.10
CAPITAL AND RESERVES	42173337	87436960	86230299	Return on assets (%)	0.07	0.08	0.05
Capital	34590840	69181680	69181680	Return on equity (%)	0.12	0.11	0.07
Subscribed capital	34590840	69181680	69181680	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	0	0	Total debt ratio	0.39	0.25	0.34
Revaluation reserve	0	0	0	Debt / equity ratio	0.64	0.33	0.52
Reserves	1290736	1723749	8581036	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	6291761	16531531	8467583	Inventory turnover	1.97	2.28	1.78
Amounts payable after one year and long-term liabilities	11482866	15784019	21406692	Receivables turnover	12.37	5.25	7.51
Amounts payable within year and long-term liabilities	13535658	11271521	21845191	Net working capital turnover	2.44	1.24	1.43
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	Long-term assets turnover	4.02	1.25	1.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	69295857	116384558	130705632	Total assets turnover	1.22	0.56	0.51
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998				
SALES AND SERVICES	84760752	65553423	66692937				
COST OF GOODS SOLD AND SERVICES RENDERED	66028934	41101819	39652166				
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	5118261	9793464	6367613				

TRADING STATISTICS				
	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	2.00	3.10	6.90	8.30
Max	3.10 (12 31)	10.23 (03 21)	8.55 (08 11)	10.00 (03 22)
Min	2.00 (10 22)	3.00 (01 20)	4.16 (02 23)	6.96 (06 30)
Last	3.10	6.90	8.30	6.96
Change (%)	55.00	122.58	20.29	-16.14
Number of transactions (CM)	5	1159	730	162
Turnover CM (units)	572	435286	103971	43951
Turnover CM (LTL)	s	3606531	800383	420659
Turnover BT (units)	11549	2880206	145016	240964
Turnover BT (LTL)	286050	28363640	1180756	2421103
CM turnover as % in total	4.72	13.13	41.76	15.43
Total turnover (units)	12121	3315492	248987	284915
Total turnover (LTL)	287548	31970171	1981139	2841762
Turnover ratio (%)	0.35	95.85	7.20	8.24
As % in the total share turnover	0.15	3.33	0.22	0.52

MARKET VALUE RATIOS			
	1996	1997	1998 1-2Q1999
Capitalisation (LTL thou)	10723	23868	28710 24075
Share book value (LTL)	12.19	12.64	12.46 13.12
Price / book value ratio (P/BV)	0.25	0.55	0.67 0.53
Earnings per share (LTL)	1.48	1.42	0.92 1.33
Price / earnings ratio (P/E)	2.10	4.87	9.02 5.22
Dividend per share (LTL)	0.00	0.00	0.00 -
Dividend yield	-	-	- -
Dividend payout ratio	-	-	- -

VAKARŲ LAIVŲ REMONTAS

SHIPYARD

Address: Minijos g. 180, 5816 Klaipėda
 Phone: (370-26) 355388, 355139
 Fax: (370-26) 355144

Registration date: 04.05.1995
 Registration code: 4034588
 Established: 1970
 Privatised: 1995, 1998
 Number of employees: 1689
 Authorised capital: LTL 83m

Auditor: PricewaterhouseCoopers
 Trading List: Unlisted

Supervisory Board (participation in the company):
 Ona Barauskienė (0%), Česlovas Norkus (0%), Arnoldas Šileika (0.0001%),
 Virginija Tilvikienė (0%), Janina Žukauskienė (0%)

Management Board (no participation in the company):
 John Mosvold, Chairman,
 Magne Rene, Jussi Suni, Ralf Salt, Knut Axel Ugland,
 Jonas Tamulis, Zigmantas Petrauskas, Algirdas Kamarauskas,
 Rimvydas Kugis, Vytautas Bieliauskas,
 Algis Juškevičius, Gintaras Petraitis

Managing Director: Algirdas Kamarauskas

Investment Relations: Algirdas Kamarauskas, tel. (370-26) 355388

CORPORATE HISTORY

Having reorganised the state company Vakarų Laivų Remontas, AB VAKARŲ LAIVŲ REMONTAS was founded. The authorised capital of the company that was registered at the Administration Board of the Klaipėda city in 1995 amounted to LTL 57.9m. It was divided into 3.6m ordinary registered shares (ORS) at LTL 16 par. In 1996, the authorised capital of VAKARŲ LAIVŲ REMONTAS was increased from LTL 25m to LTL 83m from the revaluation reserve by increasing the face value of the company's shares from LTL 16 to 23. The state held 92.8% of the company's authorised capital. Currently, the state holds 37.13% of the company's shares.

In 1996 the company paid out LTL 285thou of dividends, while the dividends in 1997 amounted to LTL 362 thousand.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

The main activity of VAKARŲ LAIVŲ REMONTAS is shipbuilding and repair. In 1998, the company repaired 138 ships of navigation companies from 18 countries (Lithuania, Finland, Russia, Germany, Sweden, Denmark, etc.) and gained LTL 119.6m of sales revenue. The total company's production accounted for LTL 124m in 1998, which is by 37.1% more than in 1997.

VAKARŲ LAIVŲ REMONTAS is mainly performing on the basis of long term contracts, that are concluded with marine agency firms. In 1998, the company received 74 orders through the agency firms, the total value of the orders being LTL 89.5m.

Sheet steel, copper and brass sheets, wood, 40% of zinc is received from Lithuanian companies, the profile steel is imported from Russia and Ukraine, lacquers and paint - from Poland and Germany. Contracts with suppliers of the main material are concluded on the short term basis.

The average number of employees augmented by 33 individuals during 1998, the average wage, in comparison with 1997, lifted by 26.9% to LTL 1492. At the beginning of 1998, the company concluded a contract regarding the credit line of LTL 3m.

In November 1998, the State Property Fund signed a contract with Western Invest regarding sales of the state shares. In February 1999, Western Invest acquired 2,015,753 ORS of VAKARŲ LAIVŲ REMONTAS.

In 1998, the pre-tax profit of VAKARŲ LAIVŲ REMONTAS constituted LTL 4.8m (LTL 1.68m in 1997), the net profit amounted to LTL 4.2m (LTL 1.4m in 1997).

PROSPECTS FOR 1999

In 1999, VAKARŲ LAIVŲ REMONTAS plans to gain LTL 8.2m of net profit, LTL 4.92m of which will be allocated for investment.

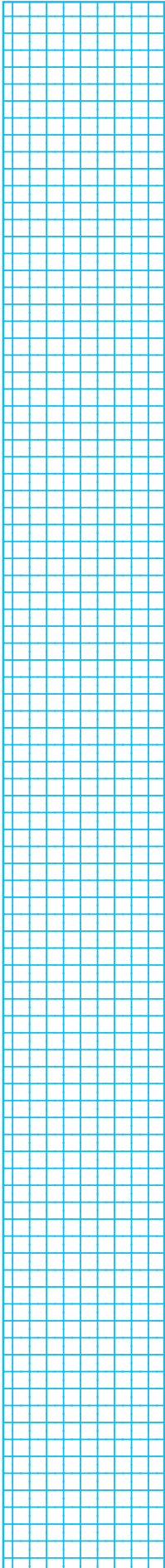
STRUCTURE OF OWNERSHIP

Western Invest	55.69%
State Property Fund	37.13%
Employees (1268)	7.19%

BALANCE SHEET (LTL)	1996	1997	1998
LONG TERM ASSETS	75358708	73254032	73874704
SHORT TERM ASSETS	17329348	22601788	31550818
Stock	8320419	12842332	22146231
Amounts receivable			
within one year	8343789	8700950	8971856
TRANSFER ACCOUNTS	83196	25979	64672
TOTAL ASSETS	92771252	95881799	105490194
CAPITAL AND RESERVES	87482576	87800761	90288010
Capital	83253376	83253376	83253376
Subscribed capital	83253376	83253376	83253376
Share premium account	3065300	3766284	3404313
Revaluation reserve	10782	10782	10782
Reserves	1153118	770319	1079555
Profit (loss) brought forward	0	0	2539984
Amounts payable after one year and long-term liabilities	0	0	0
Amounts payable within year and long-term liabilities	5288676	8081038	15202184
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	92771252	95881799	105490194
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998
SALES AND SERVICES	82767940	87174842	122112917
COST OF GOODS SOLD AND SERVICES RENDERED	66793401	76899916	99758460
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	3870088	1411808	4212165

Structure OF SHARE CAPITAL

Share capital: LTL 83 253 376
 Ordinary shares: – 3619712 registered shares at LTL 23 par (security code 12161) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 17.02.97)



LIETUVOS TELEKOMAS

TELECOMMUNICATIONS

Address: Savanorių g. 28, 2600 Vilnius
 Phone: (370-2) 227755
 Fax: (370-2) 226665

Registration date: 26.06.1997
 Registration code: 2121543
 Established: 1992
 Privatised: 1998
 Number of employees: 9196
 Authorised capital: LTL 814.9m

Auditor: Arthur Andersen
 Trading List: Unlisted

Management Board (no participation in the company):

Gintautas Žintelis, Chairman,
 Juhani Armas Vienola, Tapani Holopainen,
 Mariane Nivert, Hugo Cederschiold, Maud Frisk,
 Rimvydas Kūgis, Algimantas Sapiega,
 Algimantas Antanas Stanislovaitytis, Jonas Ūsas

Managing Director: Pentii Matii Tapio Paarma

Investment Relations: Pentii Matii Tapio Paarma, tel. (370-2) 227755

CORPORATE HISTORY

In February 1997, the state enterprise LIETUVOS TELEKOMAS was entered into the list of companies to be privatised in 1997-1998 by announcing an international competition. As of 1 July 1997, LIETUVOS TELEKOMAS was reorganised from a state enterprise into a public company, the authorised capital of which constituted LTL 814.9m. Represented by the Ministry of Communications and Information, the state held 100% of the company's shares. At the beginning of July 1998, the Finnish-Swedish consortium Amber Teleholdings A/S, consisting of Sonera OY and Telia AB, acquired 60 per cent of the shares of LIETUVOS TELEKOMAS. 40% of the shares remained property of the state.

In 1995 UAB Lintel, a subsidiary of LIETUVOS TELEKOMAS, that originally was founded to provide international telecommunications services, started publishing telephone directories of the major Lithuanian cities and regions). On 1 January 1999, it sold telecommunications equipment to LIETUVOS TELEKOMAS turning to publishing alone.

LIETUVOS TELEKOMAS has a participating interest of 41% in UAB Comliet. UAB Comliet is the first and the only NMT 450 mobile network company in Lithuania.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

LIETUVOS TELEKOMAS is the largest telecommunications service provider in Lithuania. Upon privatisation, the company has received exclusive rights to provide fixed line international, long distance and local telecommunications services until December 31, 2002. LIETUVOS TELEKOMAS is actively preparing for the competitive market that will become reality after the expiry of the monopoly period.

By the end of 1998, there were 1651 local exchanges operating in Lithuania, 223 (13.5%) of them were digital, 35 (2.1%) - quasi-electronic, 1392 (84.3%) - cross-bar and 1 step-by-step exchange. Since February 1998 local call monitoring equipment has been put into operation at all the exchanges and since March local call charging program came into effect. 5 digital national transit exchanges, 2 digital international transit exchanges and 1 quasi-electronic combined national/international transit exchange operate the long distance and international traffic. LIETUVOS TELEKOMAS has good international connections due to fibre optic cables, connected to the company's national ring, in each quarter: via Klaipėda/Sventoji to Sweden in the West, via Kaunas/Kalvarija to Poland in the South, via Šiauliai/Joniškis to Latvia in the North and via Vilnius/Medininkai to Byelorussia in the East. There are also some old copper cables and radio links across the border in different places. LIETUVOS TELEKOMAS currently has more than 2600 km of fibre optic cables in the whole network. The total length of fibre optic lines has increased by around 500 km during 1998. The length of the telephone copper cables has increased by about 10,000 km to total length of about 120thou km. 76% of all channels used for international/long distance telecommunications are digital. All digital exchanges are interconnected through SDH systems and the modern digital switches are using C7 signalling system. LIETUVOS TELEKOMAS is currently operating 12 main exchanges for wireless connections. A number of base stations are established in five branches. About 1000 customers have already been connected by wireless connection.

LIETUVOS TELEKOMAS offers its customers a large number of services and products.

BASIC VOICE SERVICES. During 1998 the volume of local and long distance calls has increased. The volume of local calls was declining for some months after the introduction of local tariffs but that has changed. International call traffic has not increased at all in the first half of the year and has even decreased during the second half. Calls from LIETUVOS TELEKOMAS fixed network to the 3 mobile networks have increased at the beginning of the year but started to decrease at the end of 1998. The same tendency could be seen regarding calls from LIETUVOS TELEKOMAS fixed network to paging network. These negative changes resulted from the unstable economic situation in Lithuania and other neighbouring countries.

However, the sales of new lines have been going up. The number of customers on the waiting list has been reduced due to the growth of sales. The penetration of fixed lines reached 30% at the end of 1998.

Due to the implementation of digital exchanges, a number of new services have become available to the customers of LIETUVOS TELEKOMAS. Since June 1998, 7 services classified under the category of call instigating services have been available free of charge. Those are Hotline, Call Forwarding Busy, Call Waiting, Call Forwarding, Call Forwarding No Reply, Conference Call and Call Interruption. The company's customers can also use other services, e.g. Alarm Call, Outgoing Call Barring, Do Not Disturb and Abbreviated Dialling.

At the end of 1998 14% of digital telephone lines subscribers were using Value Added services. The most popular paid service is Do Not Disturb. The most frequently used free Value Added services are Call Forwarding Busy and Call Forwarding No Reply.

PAY-PHONES. At the end of 1998 there were 7517 pay-phones in Lithuania, 6895 of those being card-phones. At the end of the year the last coin-phone in Vilnius was replaced by a card-phone. During 1998, 3640 card-phones were installed, making it possible not only to call locally, but to make long distance and international calls as well. The sale of telephone cards has grown. LIETUVOS TELEKOMAS has sold 4.4 million cards for LTL 30m during 1998.

DATA TRANSMISSION SERVICES. A new Frame Relay service started functioning during 1998. It is a data transmission technology, used to create companies' internal networks. The customers use this service in centralised accounting, finance and warehouse management systems in order to get prompt information. Frame Relay service is used in 15 Lithuanian cities. The main customers are Government Communications Centre and the banks.

Vilnius Datapak service is being provided all over Lithuania. It enables customers to create, develop and modernise current information systems and get and circulate database information. Comparing to 1997, the number of subscribers to Vilnius Datapak has increased by 28.5%. Currently 7 banks use this service (unifying credit card readers into a constant banking machine network connection system). Internet Dial-Up services formed 50% of all data transmission services revenues.

Internet network TAKAS has been installed and has begun functioning through leased lines and dialup ports. There is an access to global network through Canada and Sweden; the speed of international connections is 5 Mb/s. This speed is the highest in Lithuania. By the end of the year, there were 14 thousand users of TAKAS.

A DXX network has also been established. Local, long distance and international leased line services are rendered via this network. Leased lines constituted 25% of all data transmission services revenues.

800 SERVICES. LIETUVOS TELEKOMAS started the 800 Services in April 1998. These services introduce the possibility of making free calls when the number starts with the code 8-800. The cost of the call is covered by the customer (mostly customer service oriented companies) of the service.

Structure OF SHARE CAPITAL

Share capital: LTL 814 912 760
 Ordinary shares: – 814912760 registered shares at LTL 1 par (security code 12391) accounting for 100% of the authorised capital (admitted to trading at the NSEL on 17.06.98)

900 SERVICES. 900 Services are qualified as Premium Rate Service. The tariffs for the services are higher than those for local or long distance calls. These services were established in April 1998. During 1998 LIETUVOS TELEKOMAS signed contracts with 5 service providers. Most of 900 Services lines offer entertainment: games, competition, voting. During 1998 the company opened up the 900 Services of LIETUVOS TELEKOMAS network to mobile operator customers.

OPERATOR SERVICES. The most popular operator service is placing a call through an operator. Russia, Ukraine, Byelorussia and Poland are major destinations for these calls. Other popular services are Number Enquiry, Collect Call, Conference Calls, Call Duration Restriction and Alarm Call.

TELEGRAPH AND TELEX SERVICES. During 1998 the demand for Telegraph service has been further decreasing (the number of Telegraph subscribers diminished by 33% and telex - by 25%). The number of national telegrams per year went down by 4%, the number of international telegrams - by 20%. A 1600 line Digital Telex Exchange AXB-20 has been put to operation in Vilnius. All Gentex systems have been switched into it. Direct channels with Warsaw, Riga, Tallinn, Kiev, Minsk and Moscow have been set up through this system. All telegraph network systems are being switched into AXB-20.

WIRED RADIO. This service has been declining for the last years and the number of customers has reduced by 10-15% each year. LIETUVOS TELEKOMAS will continue to provide this service until the end of 2000.

In July 1998, LIETUVOS TELEKOMAS started working on the investment program valued at LTL 900m for the 2 coming years. In 1998, the investments amounted to LTL 392m. 60% of the total amount were allocated to network modernisation and its expansion. The investments allocated for value added services constituted 12% of the total investments during 1998.

The branches of LIETUVOS TELEKOMAS underwent many changes during 1998. The assimilation of sub-units into the branch system started during the autumn. Implementation of the functional management structure began. Since January 1999 all regional units have been integrated into Vilnius branch. In Kaunas, Klaipėda, Šiauliai and Panevėžys the process of integration began in 1998. At the end of 1998, the decision was made to liquidate the company's branch "Mobilūs Rysiai" and renounce licenses of mobile cellular services (European GSM and DCS standard).

At the beginning of 1998, there were 10043 employees in LIETUVOS TELEKOMAS. In July this number increased to 10284, and then went down to 9196. After the privatisation, LIETUVOS TELEKOMAS started implementing the programme under which employees were encouraged to retire by offering a compensation.

In February 1998, the local call tariff system, which had a great influence on the company's income, was introduced. The sales and services of LIETUVOS TELEKOMAS constituted LTL 891.89m in 1998 (LTL 662.8m in 1997, LTL 533m in 1996). The company gained LTL 232.7m of net profit.

PROSPECTS FOR 1999

At the beginning of 1999, LIETUVOS TELEKOMAS acquired UAB Lietelia and merged it with the Department of Business Clients' Service. Consequently, the subsidiary Lietuvos Telekomo Verslo Sprendimai was founded. The subsidiary is in charge of promotion and sales of LIETUVOS TELEKOMAS services to the largest business clients, development of data transmission services and relations with foreign operators.

The general meeting of LIETUVOS TELEKOMAS shareholders held in April 1999 decided to grant the company's employees who had acquired the company's shares on favourable terms with the right to dispose the shares freely from 16 July 2000, i.e. after a year from their final subscription date. Employees hold 5% of the company's shares.

From 1 April 1999, LIETUVOS TELEKOMAS raised local and long distance tariffs and local subscription fees (the average increase of the company's service cost amounts to 10.7%), but the international tariffs and the digital line set-up fee were diminished (by 10.27% on average), new discounts were offered.

In 1999, LIETUVOS TELEKOMAS intends to invest more than LTL 500m into the upgrading of Lithuanian communications. The fibre optic cable of 800 km will be installed in the country. In 1999, the company plans to have 114 thousand modern digital lines, about 54 thousand of those lines to be erected for new clients. Modernisation of technologies will diminish the number of paired lines by 15 thousand. The last Soviet telephone station Kvarc will be replaced by an enlarged digital Ericsson station.

In 1999, a due attention will be paid to employees' training. The company has thoroughly examined the needs of professional training and launched some technical and management training programmes to be performed inside the company as well as in other professional institutions.

STRUCTURE OF OWNERSHIP

Amber Teleholding A/S	60%
State Property Fund	40%

BALANCE SHEET (LTL)	1996	1997	1998
LONG TERM ASSETS	881471744	1203989308	1487523820
SHORT TERM ASSETS	122112817	136176036	164565457
Stock	40730040	46176735	25056897
Amounts receivable			
within one year	58633839	56367514	98038358
TRANSFER ACCOUNTS	31999201	57205720	71185582
TOTAL ASSETS	1035583762	1397371064	1723274859
CAPITAL AND RESERVES	895646455	1007441393	1145520320
Capital	757330755	814912760	814912760
Subscribed capital	757330755	814912760	814912760
Share premium account	0	0	0
Revaluation reserve	0	0	0
Reserves	138315700	86456473	101726681
Profit (loss) brought forward	0	106072160	228880879
Amounts payable after one year			
and long-term liabilities	51277449	207268622	228519550
Amounts payable within year			
and long-term liabilities	63132816	124119330	283783009
ACCRUED CHARGES			
AND DEFERRED INCOME	25527042	47786173	53386836
TOTAL LIABILITIES			
AND SHAREHOLDERS' EQUITY	1035583762	1397371064	1723274859

PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998
SALES AND SERVICES	533052693	662842190	891890931
COST OF GOODS SOLD			
AND SERVICES RENDERED	280953165	253255434	478370272
NET PROFIT OF THE CURRENT YEAR			
FOR APPROPRIATION (LOSS)	78261558	131828316	232705564

SUBSIDIARIES

UAB Lintel
Lietuvos telekomo verslo sprendimai

Authorised capital

28m

Participating interest

100%

BRANCHES

LIETUVOS TELEKOMAS has 5 branche offices located in Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys

ALNA

INFORMATION TECHNOLOGIES

Address: Domaševičiaus g. 9, 2001 Vilnius
 Phone: (370-2) 312244
 Fax: (370-2) 312277

Registration date: 16.09.1998
 Registration code: 2004611
 Established: 1989
 Number of employees: 131
 Authorised capital: LTL 6.58m

Auditor: KPMG Lietuva
 Trading List: Unlisted

Management Board (participation in the company):
 Valentinas Milaknis (58.15%), Arimantas Ribinskas (7.59%),
 Tomas Milaknis (0%), Rolandas Rutėnas (0%), Nerijus Eidukevičius (0%)

Managing Director: Valentinas Milaknis

Investment Relations: Valentinas Milaknis, tel. (370-2) 312244

CORPORATE HISTORY

ALNA is a relatively new company. Founded as a closed stock company in 1989, ALNA is marking its 10th anniversary as one of the leading information technology companies in Lithuania and the first to become a public company. ALNA changed its corporate status in 1998, when the general shareholders' meeting passed the decision to reorganise it into a public company with the authorised capital of LTL 329thou. During the same year its authorised capital was deepened to LTL 6.58m by increasing the par value per share from LTL 1 to LTL 20.

The ALNA group consists of AB ALNA and its subsidiaries, ALNA TECHNICAL CENTRE, ALNA TRAINING CENTRE, NAVISION SOFTWARE LT, and SIA ALNA IT. During 1998, ALNA opened a new ALNA Trade Centre in Klaipėda, establishing a branch office there too.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

ALNA sells computer hardware and software, computerised accounting systems, geographical information systems, office equipment, and stationary. ALNA occupies 11% of the hardware sales market in Lithuania. The company is also a provider of complex solutions, from research and specification of customers' needs to implementation systems, training of the staff, technical support and regular maintenance. It produces customised software systems, offers a link to the Internet.

In 1998, sales of hardware constituted 70% (LTL 33.8m) of all the company's sales, software accounted for 16% (LTL 7.77m), office equipment - for 14% (LTL 6.77m). Creation of information systems constituted 58.1% of ALNA's services last year, services related to hardware acquisition (customer advising, system engineering, integration of hardware into a general system) accounted for 19.7%, implementation of economic information systems made up 10.3%. In 1998, services rendered by the company generated LTL 7.28m.

The bulk of the production and services, 90.9%, is realised in Lithuania. Goods imported from abroad are also offered in Latvia. Services are provided in the whole territory of Lithuania, part of the services (programming, system design, geographical information system services) is exported to Western Europe, Scandinavia, Russia. The department of office equipment has over 100 retail outlets and over 300 direct clients; economic information systems have about 100 clients and programme installations.

ALNA has concluded long-term contracts with all strategic partners: Hewlett Packard, Microsoft, Compaq, Optima, Tektronix, Texas Instruments. Lithuanian companies constitute 49.06% of the company's suppliers, Swedish companies - 15.45%, German - 10.43%, and Dutch - 9.2%.

In July 1998, ALNA signed a co-operation agreement with the Israel company Edusoft and became an exclusive distributor of its products in Lithuania. In September, Edusoft programs for studying English were approved by the Lithuanian Ministry of Education. Over a thousand compact disks containing the programs have already been sold. The disks were introduced into the Lithuanian market at the end of December 1998.

The number of employees augmented by 42% during the year (from 92 to 130), the wage fund increased by 57.4%.

In 1998, ALNA gained LTL 1.39m of net profit. LTL 2.95m were invested into the development of the company.

In April 1999, ALNA concluded the geoinformational system of land and real estate for the Russian town Vologda. This is the latest and one of the biggest company's projects realised in Russia.

PROSPECTS FOR 1999

In the near future ALNA anticipates to improve the assortment of services, volume of sales, to establish itself on the Latvian market, expand exports to foreign (especially Scandinavian) markets. ALNA will be making attempts to turn from products and technical solutions to business solutions.

The estimated profit of 1999 amounts to LTL 2m.

Structure OF SHARE CAPITAL

Share capital: LTL 6 586 660
 Ordinary shares: - 329333 registered shares at LTL 20 par (security code 12426) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 11.11.95)

BALANCE SHEET (LTL)	1996	1997	1998	STRUCTURE OF OWNERSHIP	
LONG TERM ASSETS	3431263	7886159	10029784	Valentinas Milaknis	58.15%
SHORT TERM ASSETS	7510462	13922948	15327726	Baltic Republics Fund Ltd	15.79%
Stock	3686869	5240975	5226743	Arimantas Ribinskas	7.59%
Amounts receivable				Jonas Kazlauskas	7.59%
within one year	2081601	6290360	3699478	Vilnius Municipality	3.95%
TRANSFER ACCOUNTS	72477	101100	154639		
TOTAL ASSETS	11014202	21910207	25512149		
CAPITAL AND RESERVES	5700886	15524448	169212891		
Capital	190000	329333	6586660		
Subscribed capital	190000	329333	6586660		
Share premium account	54603	7988740	1698479		
Revaluation reserve	0	0	0		
Reserves	3975741	7206375	8636752		
Profit (loss) brought forward	1480542	0	0		
Amounts payable after one year					
and long-term liabilities	0	616098	522088		
Amounts payable within year					
and long-term liabilities	5313316	5769661	8068170		
ACCRUED CHARGES					
AND DEFERRED INCOME	0	0	0		
TOTAL LIABILITIES					
AND SHAREHOLDERS' EQUITY	11014202	21910207	25512149		
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998		
SALES AND SERVICES	33504300	52522689	48374458		
COST OF GOODS SOLD					
AND SERVICES RENDERED	26674427	43825522	36653833		
NET PROFIT OF THE CURRENT YEAR					
FOR APPROPRIATION (LOSS)	1250200	1750092	1397444		

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
UAB Alnos techninis centras (technical centre)	1993	LTL 100thou	85%
UAB Alnos mokymo centras (training centre)	1995	LTL 200thou	95%
UAB Navision Software Baltic	1996	LTL 300thou	100%
SIA Alna IT	1997	LTL 200thou	100%

APRANGA

WHOLESALE AND RETAIL TRADE

Address: Kirtimų g. 51, 2028 Vilnius
 Phone: (370-2) 641064
 Fax: (370-2) 643432

Registration date: 01.03.1993
 Registration code: 2193327
 Established: 1948
 Privatised: 1993
 Number of employees: 228
 Authorised capital: LTL 8.8m
 Capitalisation: (30.06.99): LTL 8.8m

Auditor: Arthur Andersen

Management Board (participation in the company):
 Rimantas Perveneckas, Chairman (2.26%),
 Ilona Šimkūnienė (0.04%), Gintaras Bingelis (0.06%),
 Arvydas Grigas (1.73%), Darius-Juozas Mockus (2.45%)

Managing Director: Rimantas Perveneckas

Investment Relations: Gintaras Bingelis, tel. (370-2) 390802

CORPORATE HISTORY

The trade company APRANGA is the largest clothing company in Lithuania. The history of APRANGA started in 1948, when a big distribution centre for garments and other goods was established in post-war Vilnius. The former state-owned enterprise was privatised on 1 March 1993. Since 1993 APRANGA has been a public company.

The company's efforts brought favourable results already in 1994.

By the start of 1998 APRANGA ran 10 specialised clothing shops. Fast development was achieved by increasing investments and obtaining a controlling interest in some companies. By the end of 1997 APRANGA controlled 4 companies.

In 1993 APRANGA was amongst the first companies in Lithuania to register a bonded warehouse and to start co-operation with international transport companies. Today, the company is considered to be the leading import-export terminal on the domestic market.

In 1997 the company decided to raise the stock capital out of supplementary contributions and to issue 4,411,495 ordinary shares at LTL 1 par. The whole issue was placed among shareholders.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

1998 was a successful year for the company. As mentioned earlier, APRANGA maintained its leading position in the clothing market. For a few years APRANGA has been listed among the Top 100 Lithuanian stock companies ranked by sales volume and the growth of goods. In 1998 APRANGA moved 21 places up on the list, taking positions 78 and 12, accordingly.

Currently, APRANGA operates a chain of stores located in the largest cities of Vilnius, Kaunas, Klaipėda, Šiauliai and smaller towns like Palanga and Marijampolė.

The company offers higher-than-average quality products. The market research done at the beginning of 1997 showed that APRANGA accounted for 15-18% of the medium-high priced market segment in Lithuania. Thanks to co-operation with solid Western partners - Betty Barclay, Strellson, MEXX, Roy Robson, JOOP, Luhta, Hucke Group, Levi Strauss, MORGAN, NAF NAF, S.Oliver, Lloyd, Salamander, Shelly's and others - APRANGA succeeds in satisfying its customers and assuring them that "they buy value for money and dress for success".

Because of the financial crises in Asia, Russia and Latin America investment activity has decreased. Thus, the management board of the company decided not to issue new shares at least until the end of the first quarter of 1999. Instead, in order to attract funds for its investment projects, APRANGA sold its transportation and warehousing business to Swedish Royal Post subsidiary "Baltic Logistic System Vilnius".

In order to maintain and strengthen the leading position on the market, APRANGA has invested more than LTL 10m for modification and reconstruction of its trading network. The company actively penetrated the Kaunas market opening 3 stores there. In Vilnius, in addition to the two stores operating, one more store and a trading centre were opened in spring 1999.

Annual turnover for 1998 amounted to LTL 53.1m, thus, exceeding that of 1997 by 31.7% or LTL 12.8m. APRANGA's increase in turnover in 1998 was the biggest in its history. It totalled 35.9% in the 1st quarter, 36% in the 2nd, 55% in the 3rd, and 13.7% in the 4th quarter. This growth resulted from intensive development of retail trading network, changes in assortment policy, and improvement in the organisation of trade.

APRANGA's gross profit amounted to LTL 18.1m and exceeded the net result in 1997 by 38.1%. The costs also grew and made up LTL 13.4m, by 36.7% more compared to 1997. The growth was mainly due to the higher cost of trade network operation and increased salaries.

According to Lithuanian accounting standards, APRANGA's net profit comprised LTL 4,005thou. Yet, according to international auditing standards the company's net result constitutes LTL 3,823thou, an increase of 35.4% compared to 1997.

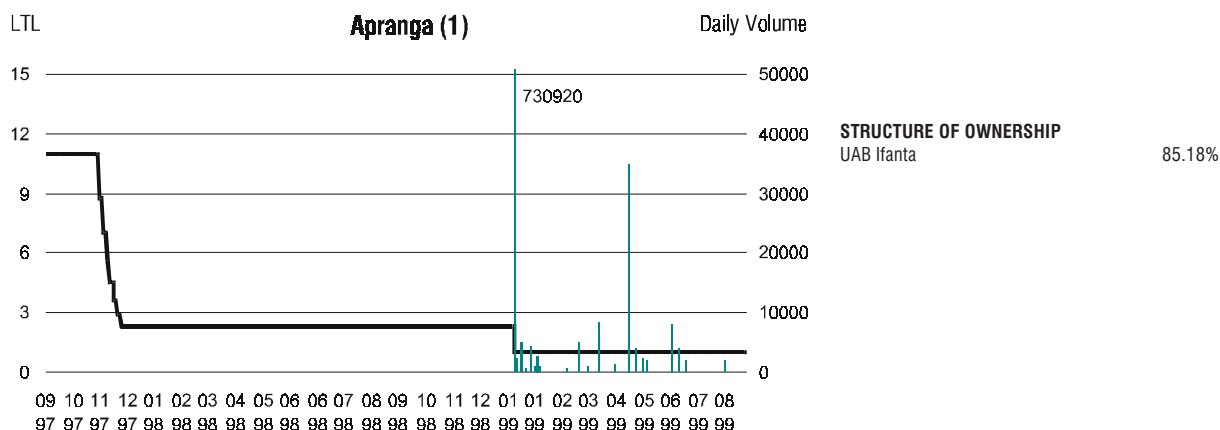
PLANS, PROSPECTS FOR 1999

APRANGA allocated LTL 0.5m for up-to-date electronic accounting system which is expected to be fully functioning by the end of 1999.

In the near future APRANGA anticipates the launch of a new project in Klaipėda and a few more projects in Vilnius as well as the reconstruction of the main warehouse in Vilnius in order to continuously strengthen its position in the market.

Structure OF SHARE CAPITAL

Share capital: LTL 8 822 990
 Ordinary shares: - 8822990 registered ordinary shares at LTL 1 par (security code 10233) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 26.05.97)



BALANCE SHEET (LTL)				FINANCIAL RATIOS			
	1996	1997	1998		1996	1997	1998
LONG TERM ASSETS	5004033	10957390	20490086	LIQUIDITY RATIOS			
SHORT TERM ASSETS	11446073	11876284	13316668	Current ratio	1.50	1.63	1.34
Stock	8194035	8112161	11140348	Quick ratio	0.43	0.52	0.22
Amounts receivable				Net working capital (LTL thou)	3826694	4601775	3360462
within one year	3009945	3307351	1794794	Net working capital to total assets	0.23	0.20	0.10
TRANSFER ACCOUNTS	12895	34195	65935	PROFITABILITY RATIOS			
TOTAL ASSETS	16463001	22867869	33872689	Profit margin (%)	0.05	0.08	0.08
CAPITAL AND RESERVES	8830727	15559165	19563902	Return on assets (%)	0.09	0.14	0.12
Capital	4411495	8822990	8822990	Return on equity (%)	0.16	0.20	0.20
Subscribed capital	4411495	8822990	8822990	FINANCIAL LEVERAGE RATIOS			
Share premium account	0	441149	441149	Total debt ratio	0.46	0.32	0.42
Revaluation reserve	0	0	0	Debt / equity ratio	0.86	0.47	0.73
Reserves	4419232	6295026	10299763	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	0	0	0	Inventory turnover	2.40	2.99	3.06
Amounts payable after one year				Receivables turnover	9.14	11.71	18.68
and long-term liabilities	0	0	4286646	Net working capital turnover	7.46	8.04	14.18
Amounts payable within year				Long-term assets turnover	5.70	3.38	2.33
and long-term liabilities	7632274	7261489	9994331	Total assets turnover	1.73	1.62	1.41
ACCRUED CHARGES							
AND DEFERRED INCOME	0	47215	27810				
TOTAL LIABILITIES							
AND SHAREHOLDERS' EQUITY	16463001	22867869	33872689				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998				
SALES AND SERVICES	28536243	37001585	47651548				
COST OF GOODS SOLD							
AND SERVICES RENDERED	19727293	24350840	29464368				
NET PROFIT OF THE CURRENT YEAR							
FOR APPROPRIATION (LOSS)	1431561	3095055	4004737				

TRADING STATISTICS				MARKET VALUE RATIOS					
	1997	1998	1-2Q 1999		1996	1997	1998 1-2Q1999		
PRICE (LTL)				Capitalisation (LTL thou)	-	20469	20734	8823	
First		11.00	2.32	2.35	Share book value (LTL)	2.00	1.76	2.22	2.86
Max	11.00 (09 30)	2.35 (12 31)	1.01 (01 29)	Price / book value ratio (P/BV)	-	1.32	1.06	0.35	
Min	2.32 (12 09)	2.32 (01 21)	1.00 (06 30)	Earnings per share (LTL)	0.32	0.35	0.45	0.89	
Last	2.32	2.35	1	Price / earnings ratio (P/E)	-	6.61	5.18	1.12	
Change (%)	-78.91	1.29	-57.45	Dividend per share (LTL)	0.07	0.05	0.00	-	
Number of transactions (CM)	4	4	98	Dividend yield	-	0.02	-	-	
Turnover CM (units)	20	121	822585	Dividend payout ratio	0.22	0.14	-	-	
Turnover CM (LTL)	220	281	822600						
Turnover BT (units)	4672545	1567880	2658165						
Turnover BT (LTL)	5142938	1579294	2919590						
CM turnover as % in total	0.00	0.01	23.63						
Total turnover (units)	4672565	1568001	3480750						
Total turnover (LTL)	5143158	1579574	3742190						
Turnover ratio (%)	52.96	17.77	39.45						
As % in the total share turnover	0.54	0.18	0.69						

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
AB PalangosVarūna	1993	LTL 925th	98.6%
UAB Tokata	1994	LTL 209th	95.2%
UAB Aprangos Salonas	1995	LTL 1,833th	51.0%
UAB Sešupė Ontario	1997	LTL 1,000th	59.0%

KLAIPĖDOS BALDAI

FURNITURE

Address: Joniškės g. 21, 5799 Klaipėda
 Phone: (370-6) 212381, 216111
 Fax: (370-6) 216745

Registration date: 03.03.1993
 Registration code: 4065605
 Established: 1954
 Privatisation: 1993
 Number of employees: 477
 Authorised capital: LTL 8.1m
 Capitalisation (30.06.99): LTL 12.2m

Auditor: KPMG Lietuva
 Trading List: Current

Supervisory Board (participation in the company):
 Rimas Varanauskas, Chairman (0.11%),
 Rimantas Akulevičius (0%), Aniceta Bagdonavičienė (0.07%)

Management Board: Kęstutis Linkus, Chairman (1.26%),
 Eimuntas Jankauskas (0.08%), Nerijus Tilindis (1.29%)

Managing Director: Kęstutis Linkus

Investment Relations: Kęstutis Linkus, tel. (370-6) 212381

CORPORATE HISTORY

In 1950s, a plant that manufactured matches for export purposes operated in Klaipėda. In 1954, when export of matches was no longer profitable, the plant was reorganised into a state furniture enterprise. Initially, the company manufactured different furniture and resembled an artisan's workshop. Since it was unreasonable to develop production of various types of furniture, in 1956, the decision was made to specialise in wardrobes. In 1961, the company started to produce bedroom furniture. The production of bedroom furniture improved rapidly, and KLAIPĖDA FURNITURE PLANT conquered not only Lithuanian but also the former Soviet Union market. Bedroom sets Zunda and Ugnė were dream goods in the deficit economy.

In 1993, the company underwent privatisation through initial public offering and was registered with Klaipėda Municipality as a public company with the authorised capital of LTL 742 thousand. On 5 March 1996, the general shareholders' meeting passed a decision to increase the authorised capital 10 times out of the revaluation reserve. With the issue of additional 7.4m shares the stock capital amounted to LTL 8.16 million.

At the end of 1997, KLAIPĖDOS BALDAI was certified according to the ISO 9000 standard. At that time, KLAIPĖDOS BALDAI was the 6th company in Lithuania and the first one among furniture-makers to be issued ISO certificate.

BUSINESS ACTIVITIES

KLAIPĖDOS BALDAI makes and sells furniture for the domestic and foreign markets. The range of products is very wide - the company manufactures more than 300 different articles. Striving for a higher quality level, the company narrowed its production assortment. Currently, it specialises in the production of bedroom, office, and youth room furniture. Furniture manufactured for export falls under a separate group.

KLAIPĖDOS BALDAI produces furniture from chipboard of 16 mm and 25 mm, which is then covered with natural veneer from birch, oak, ash, cherry-tree and other types of wood or with a thin synthetic layer and laminate. Only certified wood and other materials are used in the production of furniture.

The furniture produced by the company is covered by the manufacturer's guarantee of 12 months for office furniture and 18 months for household furniture.

In Lithuania the most famous produce of KLAIPĖDOS BALDAI is bedroom furniture. The bedroom furniture set Veronika M was recognised as the best product of the year 1997 by the Confederation of Lithuanian Industrialists. In 1998, KLAIPĖDOS BALDAI successfully introduced new sets of furniture: a set of bedroom furniture leva, a set of youth room furniture Kostas-2 and office furniture Ergo. All the products won the consumers' recognition. Mass production was started. The increased sales of the company's products during the last two months of 1998 were the best proof that the new products satisfy buyer's needs and have future in the market.

In 1998, the breakdown of production by the type of furniture was as follows: bedroom furniture accounted for 20% of total production, youth's furniture made up 3%, furniture for export comprised 56% and other furniture accounted for 6%.

Due to high trade tariffs, complicated and risky settlement with the CIS countries, KLAIPĖDOS BALDAI started to actively co-operate with Western European partners. Today, the company imports 43% of raw materials from the EU. Other necessary materials are purchased in Lithuania. About 50% of the production are exported to the EU countries. Exports to foreign markets increase year by year. This trend shows that KLAIPĖDOS BALDAI furniture is able to compete in Western markets.

KLAIPĖDOS BALDAI is a stable, gradually growing and profitable company with a long-standing tradition of furniture production. It holds about 15% of the country's furniture market. This allows the company to apply the buyer satisfying strategy by establishing attractive prices for quality products. Prices of the furniture produced by the company have remained stable for several years already.

The evaluation of the company's performance during last years gives ground to maintain that the strategy chosen by KLAIPĖDOS BALDAI, namely,

gradual expansion with wide production assortment by providing medium-income consumers with quality furniture at acceptable prices has justified itself and is to be fostered in the future. Following this strategy, the company orientates not towards a short-term profit, but towards a long-lasting, constant business advancement.

DEVELOPMENTS IN 1998

The year 1998 was successful for KLAIPĖDOS BALDAI. The annual turnover averaged at LTL 42 million and showed a 29% increase as compared with 1997. According to the sales volume, KLAIPĖDOS BALDAI was leading among the Lithuanian furniture producers in 1998.

In 1998, the company gained LTL 3.4m profit before taxes, i.e. by 2.13 times more than in 1997. This growth resulted from the increased income (by 29%) from the main company's activity while fixed costs remained almost unchanged. The company minimized the profit tax by investing part of its revenue and thus gained LTL 3.3m of net profit. The general shareholders' meeting passed a decision to pay dividend amounting to LTL 0.4m, or 12% of net profit.

During 1998, the average wage lifted by 23% and reached LTL 1,220.

The management system of KLAIPĖDOS BALDAI was fundamentally reorganised in 1998. The functional management system was implemented at the company. Functions, description and activity limits of all divisions were defined in conformity with the main company's operating areas.

In order to improve quality and increase the production amounts, the main investment in 1995-1998 was put into new equipment and technological machinery. In the period of 1996-1998, the complex project to enhance the production process was implemented. Many technical projects aiming at speeding up the production process and facilitating the workers' functions, which ensures better quality of the produced furniture, were launched. This way the company reached a qualitatively new stage of production.

During 1996-1997, LTL 2.35m (partly extended by the World Bank and supplemented from accumulated company's funds) were devoted for the modernisation of one producing shop. In 1998, LTL 2.5m from the loan granted by Vilniaus Bankas and from accumulated company's funds were invested into modernisation of two furniture producing shops - a new ecologically friendly and productive UV lacquering line was acquired and started. The line minimised environment pollution, provided for more efficient utilisation of face material, increased labour productivity, enhanced the face quality of products, and improved employees' working conditions.

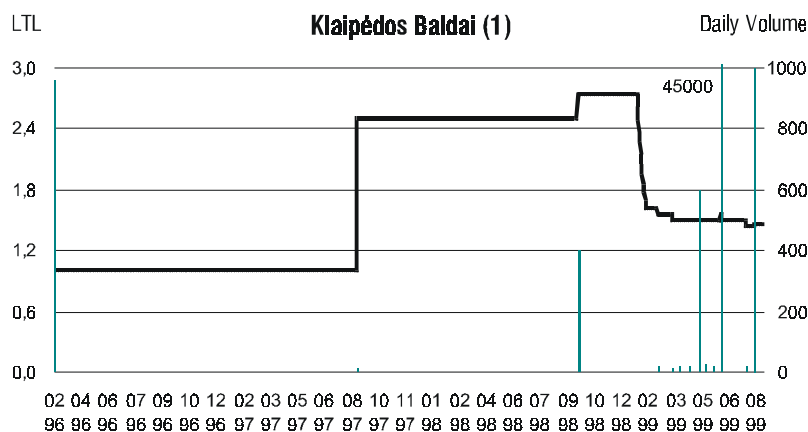
PLANS, PROSPECTS FOR 1999

The company will continue the policy of material economy, improve technology, replace old equipment with the new one, perfect product constructions; it will further develop production organisation and its maintenance, will make attempts to raise labour productivity. This should decrease the expenditure of raw material. No increase in prices of the company's products is planned for 1999. The estimated sales amount to LTL 51.4m, i.e. they are likely to increase by 23% comparing with 1998.

In 1999, the company plans to launch production of new office furniture, a universal set of furniture for the youth room including a computer work place, sectional furniture and a bed, which may transform into a vertical position. The set of bedroom furniture Tatami is planned for export. It will be introduced to the Lithuanian buyer in 1999. Moreover, about 20 differently named pieces of export furniture of new design will be offered to the buyer.

In 1999, the estimated investment amounts to LTL 2.9m. Repair of buildings and constructions owned by the company and new construction works will require LTL 1.1m.

Seeking universal quality management and conformity with the new ISO 9001 standards for the year 2000, the company plans to launch the Quality System Enhancement Programme in 1999. According to this programme, the environment protection management system based on the ISO 14001:98 is planned to be established at the company. The system is to be certified according to the ISO 14001 standard.



STRUCTURE OF OWNERSHIP

AB Koncernas SBA	24.91%
KIB Koncerno SBA Investicija (holding)	27.22%

BALANCE SHEET (LTL)	1996	1997	1998	1-2Q1999	FINANCIAL RATIOS	1996	1997	1998
LONG TERM ASSETS	8649082	9616727	12339623	11972535	LIQUIDITY RATIOS			
SHORT TERM ASSETS	11660312	14652664	18862272	18410216	Current ratio	2.06	2.03	1.91
Stock	3184096	4337868	5562706	4079109	Quick ratio	1.50	1.43	1.35
Amounts receivable					Net working capital (LTL thou)	6001491	7429223	8987817
within one year	7352333	9579426	12758833	13776309	Net working capital to total assets	0.30	0.31	0.29
TRANSFER ACCOUNTS	2520	6434	12134	21049	PROFITABILITY RATIOS			
TOTAL ASSETS	20311914	24275825	31214029	30403800	Profit margin (%)	0.04	0.03	0.08
CAPITAL AND RESERVES	13947262	14654064	17268479	19725403	Return on assets (%)	0.06	0.04	0.11
Capital	8166312	8166312	8166312	8166312	Return on equity (%)	0.09	0.07	0.19
Subscribed capital	8166312	8166312	8166312	8166312	FINANCIAL LEVERAGE RATIOS			
Share premium account	112	112	112	112	Total debt ratio	0.31	0.40	0.45
Revaluation reserve	728462	728462	728462	728462	Debt / equity ratio	0.46	0.66	0.81
Reserves	4252348	4302195	4543070	4543070	ASSETS UTILISATION RATIOS			
Profit (loss) brought forward	800028	1456983	3830523	6287447	Inventory turnover	7.72	6.75	6.54
Amounts payable after one year					Receivables turnover	4.19	3.84	3.75
and long-term liabilities	703311	2391886	4058961	3587413	Net working capital turnover	4.90	4.37	4.67
Amounts payable within year					Long-term assets turnover	3.40	3.38	3.40
and long-term liabilities	5661341	7229875	9886589	7090829	Total assets turnover	1.45	1.34	1.34
ACCRUED CHARGES								
AND DEFERRED INCOME	0	0	0	155				
TOTAL LIABILITIES								
AND SHAREHOLDERS' EQUITY	20311914	24275825	31214029	30403800				
PROFIT (LOSS) ACCOUNT (LTL)	1996	1997	1998	1-2Q1999				
SALES AND SERVICES	29381388	32483115	41928407	19371426				
COST OF GOODS SOLD								
AND SERVICES RENDERED	21792452	25395839	32363473	14231562				
NET PROFIT OF THE CURRENT YEAR								
FOR APPROPRIATION (LOSS)	1271769	962280	3360509	2476120				

TRADING STATISTICS	1997	1998	1-2Q 1999
PRICE (LTL)			
First	2.50	2.50	2.75
Max	2.50 (08 29)	2.75 (12 31)	2.75 (01 13)
Min	2.50 (08 29)	2.50 (09 28)	1.50 (06 30)
Last	2.50	2.75	1.50
Change (%)	-	10.00	-45.45
Number of transactions (CM)	2	2	21
Turnover CM (units)	10	400	45721
Turnover CM (LTL)	25	1100	71732
Turnover BT (units)	91707	48416	296924
Turnover BT (LTL)	91707	16134	64496
CM turnover as % in total	0.01	0.82	13.34
Total turnover (units)	91717	48816	342645
Total turnover (LTL)	91732	17234	136228
Turnover ratio (%)	1.12	0.60	4.20
As % in the total share turnover	0.01	0.00	0.03

MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	8166	20416	22457	12249
Share book value (LTL)	1.71	1.79	2.11	2.42
Price / book value ratio (P/BV)	0.59	1.39	1.30	0.62
Earnings per share (LTL)	0.16	0.12	0.41	0.52
Price / earnings ratio (P/E)	6.42	21.22	6.68	2.91
Dividend per share (LTL)	0.00	0.00	0.05	-
Dividend yield	-	-	0.02	-
Dividend payout ratio	-	-	0.12	-

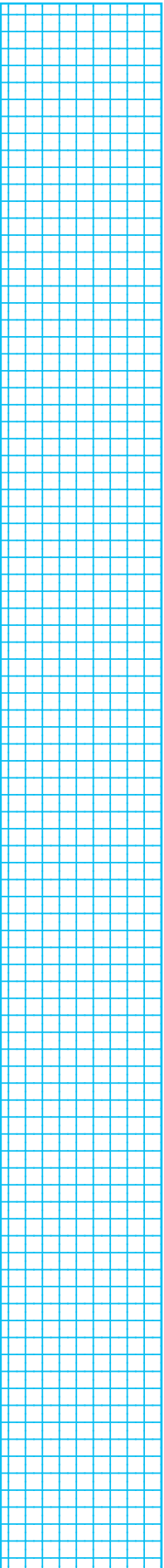
Structure OF SHARE CAPITAL

Authorised capital:

LTL 8 166 312

Ordinary shares:

– 8166312 registered shares at LTL 1 par (security code 10297) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 09.08.94)



BANKING

DEVELOPMENT OF LITHUANIAN BANKING SYSTEM IN 1998

For Lithuanian Commercial banking, 1998 was an important year on account of two anniversaries: 80 years ago, in December, the first commercial bank, called the Trade and Industry Bank, was established in Vilnius, and 10 years ago, also in December, in the then-Soviet Union, the first commercial bank, the Lithuanian Stock Innovation Bank (at the present time, liquidated), was registered in Moscow. It is worth considering that during the years of Soviet occupation, a system of commercial banking was not developed. Thus, the current banking system has been operating for only ten years, during which time there was a wave of foundation of new banks (a total of 28 commercial banks were registered with the Bank of Lithuania) and a marked reduction in their numbers (at the present time, 10 commercial banks are in business). 1995 and 1996 were difficult years for Lithuanian banking. However, considering the recent development of the banking system, it must be admitted that the trends in its development are positive, and there is a firm foundation on which to establish a reliable banking system.

Although 1998 was a hard year for the banking sector, on account of the financial crises sweeping the world, all Lithuanian commercial banks finished the financial year profitably, and in that respect set themselves apart from their colleagues in the other Baltic states. Latvian banks experienced losses of 371 million Litas and Estonian banks experienced losses of 137 million Litas. In comparison, all ten Lithuanian banks, taken together, earned 90.9 million Litas in net post-audit profit. Keeping in mind that the financial unaudited results for the first quarter of 1999 indicated profits totaling more than 30 million Litas, it is reasonable to expect that Lithuanian banks will again finish the year by counting their profits.

The dynamics of the fundamental indicators of Lithuanian banks demonstrate the banks' strengthening capital base and qualitative improvements in their activities.

The capital of the banks doubled during the year, showing that they are devoting the necessary attention to capitalization, not squandering available financial resources on consumption and at the same time guaranteeing the implementation of one of the fundamental risk-limiting norms, that is, capital sufficiency.

Lithuanian banks are guided in their activities by the principle of conservatism, but that did not stop them from increasing their assets during the year by almost 37 percent and increasing their loan portfolios by 31 percent. It is worth mentioning that the banks, during their ten years of existence, have gradually moved from short-term crediting operations (for the most part, working capital) toward long-term loans, which in the main are designed for implementation of investment projects. At the end of last year, these indicators were equal, and at the beginning of the year, long-term loans already outweighed short-term loans. Another aspect for evaluating the loan portfolio is their quality. That in no small measure is characterized by the comparative ratio of special set-asides. During the past four years, favorable trends have made themselves felt in this area. In 1998, the comparative ratio of special set-asides was 7.5 percent, while in 1997, this indicator reached almost 14 percent. Thus, the ratio decreased by almost a factor of two. The way to such a marked reduction in special set-asides was prepared by significantly stricter standards for granting of loans and a reduction of problem loans dating from the beginning of the banks' operations, as well as the restructuring of assets in state-owned banks. After the events in Lithuanian banking of 1995 and 1996, confidence in banks was severely shaken, especially among residents. However, for several years now, personal deposits in banks have been steadily growing. It is noteworthy that in 1998, personal deposits denominated in Litas and foreign currency increased by about 770 million Litas, while in the first five months of 1999, such deposits increased by more than 800 million Litas. That undoubtedly demonstrated society's returning confidence in banks.

The dynamics of the aforementioned banking indicators and other positive trends in banking give reason to believe that the banking system is sufficiently stable and is prepared to continue working without any particular setbacks.

EDUARDAS VILKELIS
President of the Association of Lithuanian Banks

BANKAS HERMIS

BANKING

Address: Jogailos g. 9/1, 2001 Vilnius
 Phone: (370-2) 226165
 Fax: (370-2) 615634

Registration date: 17.12.1991
 Registration code: 1202343
 Established: 1991
 Number of employees: 887
 Authorised capital: LTL 90m
 Capitalisation (30.06.99): LTL 126.37m

Auditor: PricewaterhouseCoopers
 Trading List: Official

Supervisory Board (participation in the company):
 Jonas Karčiauskas, Chairman (0.89%),
 Leonas Jankus (0.28%), Roberto Marzanati (0%), Nijolė Dumbliauskienė (0%),
 James V. Fuller (0.16%), Romualdas Jadenkus (0.27%),
 Juozas Macevičius (0.09%), Julius Novickas (1.77%)

Management Board:
 Nadiežda Novickienė, Chairperson (1.06%),
 Gintautas Galvanauskas (28 ORS), Algimantas Kundrotas (0%),
 Vytautas Polujanskas (33 ORS), Šarūnas Nedzinskas (0%),
 Nijolė Pitrenienė (0%), Andrius Ignotas (68 ORS)

Investment Relations: Jolita Mikalkevičiūtė, tel. (370-2) 681037

BANKING HISTORY

BANKAS HERMIS was established in October 1991 and became one of the first private Banks operating in Lithuania. BANKAS HERMIS has accumulated immense banking experience, trained a number of highly-qualified staff and has rapidly developed into a reliable financial institution renowned for the excellence of its services. The Bank's primary objectives are to support private business, to contribute to the economic development of Lithuania as well as to strengthen its positions in the domestic and foreign financial markets.

In 1997, HERMIS banking activities were evaluated by two international rating agencies - Thompson BankWatch-Bree (TBWB) and IBCA. In general, the ratings assigned by both agencies did not differ: the long-term rating BB corresponds to the analogous Lithuanian senior debt rating, and the short-term national currency debt ratings LC-2 by TBWB and B by IBCA are among the highest speculative ratings in the scale. In 1998, "Fitch IBCA" confirmed the Bank's ratings, i.e. B for the short-term national currency debt, the long-term credit rating BB, and D for the individual rating.

BUSINESS ACTIVITY

The Bank provides over 100 banking and financial services including opening of current and savings accounts and time deposits, foreign exchange trading, loans for legal entities and individuals, safekeeping services, encashment and sales of travellers' cheques, VISA and AMERICAN EXPRESS cards, securities services, financial and legal consulting, etc.

DEVELOPMENTS IN 1998

The seventh year of HERMIS activities was marked by steady and intensive work adhering to the goals set forth in the business plan and strategy for 1997-2001. HERMIS' increasing overall market share, coupled with a rapid growth of loan portfolio and a success in payment cards market, indicate that the Bank's policy bears fruit. During the year HERMIS market share of assets increased from 13.9% to 15.0%, of loans from 13.9% to 18.4%, of deposits from 13.5% to 13.3%. Electronic banking services were introduced and the geography of services expanded.

Last year HERMIS assets augmented by 34.6% and amounted to LTL 1,551m. At the same time the share of income generating assets accelerated from 78.5% to 81.3%.

In 1998, the Bank actively worked in the loan market attracting financial resources from foreign banks and international financial institutions as well as granting loans to Lithuanian entities. The net value of the loan portfolio increased by 67.8%, to LTL 874.9m. Its share in the Bank's assets grew from 45.2% to 56.4% during the year. HERMIS pays great attention to the quality of the loan portfolio and to the implementation of measures for risk management. Thus, every year the share of bad loans in the portfolio decreases. Compared to 1997, the ratio of provisions and loans diminished from 7.2% to 4.9% last year. The Bank provided crediting services to processing industry, retail and wholesale trade, companies of construction, transport and communications. Around 75% of loans were granted in foreign currency. HERMIS is the only bank in the country crediting trade in durable goods through hire purchase contracts.

HERMIS borrowings increased by 41.6% a year and by the end of 1998 made up LTL 1,402.3m or 90.4% of total liabilities and shareholders' equity. Deposits grew by 12.1% and totaled LTL 935m, comprising 66.7% of all liabilities. Resident deposits almost doubled amounting to LTL 300.5m or 21.4% of total liabilities.

During 1998, the amount of loans granted to HERMIS increased from LTL 126.4m to LTL 373.9m which made up 26.7% of total liabilities. The amount of syndicated loans received from various foreign banks totaled LTL 184m.

The EBRD granted a subordinated loan of LTL 43.1m thus creating conditions for HERMIS to credit Lithuanian entities by additional LTL 400m. This year the EBRD undertook an obligation to grant a subordinated loan of ECU 9.2m to the Bank again.

Last year the Bank's investments into securities increased by 12% to LTL 230.6m or 14.9% of total assets. The Bank invested mostly into Lithuanian and foreign T-bills and debt securities. At the very beginning of the Russian crisis HERMIS ceased investing into securities of the CIS countries. Instead, the Bank started investing into Lithuanian T-bills which, at the end of the year, comprised 80.1% of the debt securities portfolio. At the end of 1998, LTL 40.9m or 17.8% of all securities portfolio were invested into equities, of which LTL 21m of the speculative portfolio and LTL 19.9m of the investment portfolio.

In order to expand its investment banking and corporate finance services, HERMIS established new investment banking units Hermis Finansai (investment management and consulting), Hermis Fondų Valdymas (investment and pension fund management) and Hermis Asmens Draudimas (life insurance).

Notwithstanding a price drop of HERMIS shares and its market capitalization, which came from the Russian and other financial market crises, HERMIS shares were the most liquid in the Lithuanian stock market and accounted for 56.2% of turnover of quoted shares of the whole banking sector.

According to the shareholders' equity the Bank is one of the biggest in the country. HERMIS share in the banking sector of the Lithuanian capital market reaches 12%. As of December 31, 1998 HERMIS shareholders' equity amounted to LTL 148.7m. The book-value of the shares was almost two times higher than the nominal value totaling LTL 87.9, hence equity market value and its book-value ratio was 0.8.

The Bank generated LTL 87.4m of total income in 1998. The major boost to this figure came from interest on loans which accounted for 71.1% of income. Service fees and commission income augmented by 21% and made LTL 31.2m or 35.7% of total income.

Last year HERMIS introduced a new service for its regular and most reliable clients - electronic service system E-HERMIS allowing to settle accounts, make transfers and other settlement operations from the client's working stations via internet. Another novelty in electronic banking services was automated client service by telephone and fax. All these measures made it possible for the Bank to perform more settlement operations and increase its income by 33% comparing to 1997.

HERMIS actively develops inter-bank relations. It has correspondent accounts with 55 foreign banks. Last year HERMIS opened correspondent accounts with another 12 foreign banks, while 10 Lithuanian and foreign banks opened their accounts with HERMIS, thus, making a total of 24 by the end of 1998. The Bank received almost LTL 1m of income from the funds in the correspondent accounts.

The Bank gained LTL 16.9m in profit or 15.3% more than in 1997 from currency operations.

During the year, HERMIS increased the number of its paying card holders 5 times, distributing about 28 thou various VISA cards. Thus, the Bank increased its share in the distribution of paying cards from 5.4% to 13.2%, while its market share of international paying cards grew from 15% to 24.5%.

HERMIS expenses totaled LTL 71.3m and, comparing with 1997, grew by 47.3%. Salaries made the biggest part of the expenses and soared by 34.3% comparing to 1997.

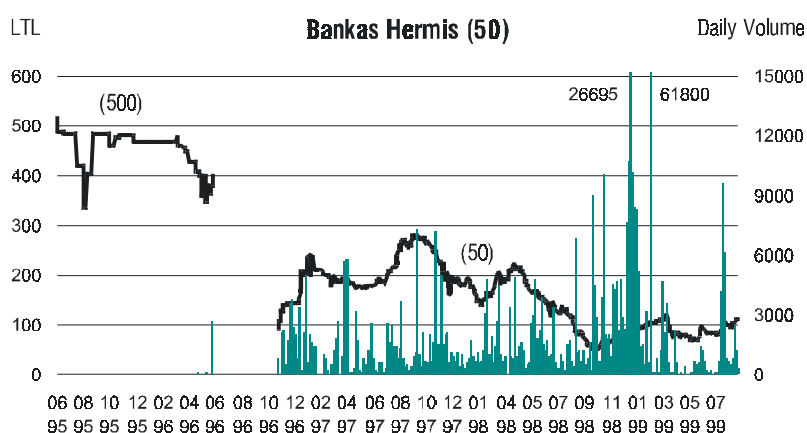
In spite of the effects of the Russian financial crisis on the Lithuanian entities, provisions for bad loans and interest made up LTL 8.5m. However, it was not possible to completely avoid its consequences. The Bank made a conservative evaluation of its investments in Russia and reduced its profit by LTL 25m. This was done despite the fact that those investments were made into long-term debt securities in hard currency. Eliminating the influence of investments into securities of the CIS by making special provisions on bad loans, interest and other assets, HERMIS would have earned more than LTL 31m. Yet, the net result from ordinary activities amounted to LTL 0.4m.

The Bank is constantly expanding and optimizing its branch network by reorganizing its agencies into client serving departments. That way the Bank seeks to form a three-level management structure oriented to client needs, i.e. the head office, the branch office, the department. By the end of 1998, the Bank had 18 branches and 12 client serving departments.

PLANS, PROSPECTS FOR 1999

BANKAS HERMIS will follow its business strategy developed for 1999 that sets the Bank's objectives and priorities and outlines measures to achieve them. The Bank seeks to expand the variety of its services and enhance their quality, improve management system and optimise its regional network. HERMIS intends to strengthen its positions and diversify banking activities.

The Bank will pursue an active competitive policy and strive to increase its share in the Lithuanian banking market up to 18%.



STRUCTURE OF OWNERSHIP

EBRD	14.19% (0.18% of votes)
Swedfund Financial Markets	8.96% (10.42% of votes)
AB Vilniaus Bankas	8.55% (9.95% of votes)
Talininvest Suprema Vaartraberite Aktsiaselts	7.23% (8.41% of votes)
Bank of Bermuda	6.94% (8.08% of votes)

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q 1999
PRICE (LTL)					Capitalisation (LTL thou)	106468	206597	127594	126 372
First	91.00	206.40	190.00	82.46	Share book value (LTL)	54.86	96.01	87.12	116.67
Max	206.40 (12 31)	282.00 (09 05)	225.71 (04 20)	123.56 (03 24)	Price / book value ratio (P/BV)	3.76	1.98	0.95	0.70
Min	91.00 (11 05)	158.80 (11 21)	49.93 (10 08)	67.60 (05 21)	Earnings per share (LTL)	24.06	16.92	-0.55	-4.67
Last	206.40	190.00	82.46	81.67	Price / earnings ratio (P/E)	8.56	11.2	-	-
Change (%)	126.81	-7.95	-56.6	-0.96	Dividend per share (LTL)	3.50	3.00	0.00	-
Number of transactions (CM)	346	2724	8176	1949	Dividend yield	0.02	0.02	-	-
Turnover CM (units)	-	192076	358437	168927	Dividend payout ratio	0.15	0.18	-	-
Turnover CM (LTL)	6043672	42039133	41196068	16648318					
Turnover BT (units)	-	668309	1174684	930686					
Turnover BT (LTL)	13842641	134825272	162990092	116839966					
CM turnover as % in total	30.39	22.32	23.38	15.36					
Total turnover (units)	-	860385	1533121	1099613					
Total turnover (LTL)	19886313	176864405	204186160	133488284					
Turnover ratio (%)	-	79.13	81.99	71.06					
As % in the total share turnover	10.53	18.44	22.913	24.44					

Structure OF SHARE CAPITAL

Share capital: LTL 90 000 000
 Ordinary shares: – 1547350 registered shares at LTL 50 par (security code 10057) accounting for 85.96% of the auth. capital (admitted to trading at the NSEL on 23.11.93, listed on the Official List on 07.04.97)

SUBSIDIARIES

	Date of establishment	Authorised capital	Participating interest
HERMIS Lizingas (leasing)	1997	LTL 1m	100%
HERMIS Finansai (investment management and consulting)	1998	LTL 1m	100%
HERMIS Fondu Valdymas (investment and pension fund management)	1998	LTL 100thou	100%
HERMIS Asmens Draudimas (life insurance)	1998	LTL 4m	100%

BANKAS HERMIS

	Bank			Group		
	1998	1997	1996	1998	1997	
BALANCE SHEET (LTL thou)						
ASSETS						
Cash, precious metals and other valuables	36648	37407	37151	36652	37407	
Claims on central banks	112075	104408	39876	112075	104408	
Claims on credit institutions and financial institutions	155493	177683	72026	155493	177683	
Net value of loans to credit and financial institutions	78708	8800	10000	19009	8800	
Short-term treasury bills	151939	163664	113051	151939	163664	
Net value of granted loans	796184	512464	198445	796184	502459	
Finance lease receivable	-	-	-	51398	6205	
Debt securities	37681	6007	-	37681	6007	
Equity investments	40944	36197	2080	38944	35697	
Intangible assets (less amortization)	4829	91	719	4831	94	
Tangible fixed assets (less depreciation)	95231	71338	42973	96762	72520	
Accrued income and deferred expenses	16399	7166	11852	15378	6856	
Other assets	24878	27231	5454	31317	30148	
Total assets	1551009	1152456	533627	1547663	1151948	
LIABILITIES						
Liabilities to central banks	6411	4845	4859	6411	4845	
Funds of credit institutions and financial institutions	27077	2000	1618	10024	2000	
Liabilities to credit and financial institutions	355604	137190	52614	369364	137190	
Deposits and letters of credit	833546	770005	364795	833546	768063	
Special and lending funds	101448	64338	30293	101448	64338	
Debt securities issued	-	-	-	-	-	
Accrued expenses and deferred income	12746	5232	2333	12874	5232	
Subordinated loans	43112	-	-	43112	-	
Other liabilities	22358	6395	3562	23249	7240	
Total liabilities	1402302	990005	460074	1400028	988908	
EQUITY						
Capital and reserves	148707	162451	73553	147635	162496	
registered share capital	90000	90000	67000	90000	90000	
bought up own shares	(4247)	(1600)	-	(4247)	(1600)	
share premium	41092	43479	206	41092	43479	
revaluation reserve	-	(1019)	(2351)	-	(1019)	
retained earnings (loss)	-	961	(21900)	89	961	
profit (loss) of current financial year	412	27452	27421	(749)	27497	
other capitals and reserves	21450	3178	3177	21450	3178	
Minority interest	-	-	-	-	544	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1551009	1152456	533627	1547663	1151948	
PROFIT AND LOSS STATEMENT (LTL thou)	99 07 01	1998	1997	1996	1998	1997
Interest income	64167	107951	72995	61020	108778	73368
Interest expense	29241	45764	23173	17599	46659	23156
Net interest income	34926	62187	49822	43421	62119	50212
Expenses for provisions	(366)	8234	10366	9408	8294	10366
Net interest income after specific provisions	35292	53953	39456	34013	53825	39846
Service fees and commission income	18508	39274	30538	19103	40238	30677
Service fees and commission expense	4000	8037	4715	1468	8074	4715
Net interest, service and commission income	49800	85190	65279	51648	85989	65808
Income on equity investment	148	96	67	-	96	67
Profit (loss) from operations with foreign currency	4465	10371	10042	12738	9899	10124
Profit (loss) from operations with securities and financial instruments	(2704)	(16503)	88	82	(16503)	88
Result of primary activities	51709	79154	75476	64468	79481	76087
Other bank income	346	-	-	-	-	-
Operating expenses	29171	53144	41642	32560	54987	42109
Other bank expenses	5536	13060	3802	-	13060	3802
Depreciation and amortisation	3704	5096	2959	2737	5164	2980
Expenses for other provisions	(14)	7443	(120)	878	7443	(120)
Result of ordinary bank activities	13658	411	27193	28293	(1173)	27316
Result of exceptional and extraordinary activities (profit (loss))	(4)	1	259	(345)	424	270
Profit (loss) before taxes	13654	412	27452	27948	(749)	27586
Profit tax	-	-	-	527	-	45
Minority profit (loss)	-	-	-	-	-	(44)
Net profit (loss)	13654	412	27452	27421	(749)	27497
Net profit per LTL 1 of a share	-	(0.02)	0.41	0.66	(0.04)	0.41
CASH FLOW STATEMENT (LTL thou)	1998	1997	1996	1998	1997	
Cash flows from banking activities						
Result of activities	(770)	32822	25518	(717)	33205	
Changes in short-term assets	(334861)	(514933)	(94410)	(334376)	(513593)	
Changes in liabilities	366214	522944	146980	364597	521847	
Net cash flows from bank activities before taxes	30583	40833	78088	29504	41459	
Profits tax	-	-	(527)	-	(45)	
Net cash flows from bank activities after taxes	30583	40833	77561	29504	41414	
Cash flows from investing activities						
Net cash flows from investment activities	(36231)	(50910)	(51711)	(35148)	(51616)	
Cash flows from financing activities						
Issue of own securities/only paid up part/	-	66884	41087	-	67009	
(Purchase) of own securities	(13177)	(7300)	-	(13177)	(7300)	
Dividends paid	(5939)	(3471)	(2618)	(5939)	(3471)	
Cash flows from other financial activities	43112	-	-	43112	-	
Net cash flows from financing activities	23996	56113	38469	23996	56238	
Increase (decrease) in cash	18348	46036	64319	18352	46036	
Cash as at December 31	181437	163089	117053	181441	163089	
Cash as at January 1	163089	117053	52734	163089	117053	

BANKAS SNORAS

BANKING

Address: A.Vivulskio g. 7, 2600 Vilnius
 Phone: (370-2) 262771, 262771
 Fax: (370-2) 652832

Registration date: 30.01.1993
 Registration code: 1202597
 Established: 1992
 Number of employees: 895
 Authorised capital: LTL 49m
 Capitalisation (30.06.99): LTL 27m

Auditor: Arthur Andersen
 Trading List: Current

Supervisory Board (participation in the company):
 Maurice Taylor, Chairman (0.008%),
 Yafim Borodulin (0.3%), Francis Auguste Vincent (0.0008%),
 Juri Rapoport (0.008%), Gedeminas Kiesus (0.0002%).

Management Board:
 Raimondas Baranauskas, Chairman (0.2%),
 Aleksandr Černov (0.003%), Romasis Vaitekūnas,
 Danutė Griezienė (0.04%).

Investment Relations: Olga Jarema, tel. (3702) 262 759

CORPORATE HISTORY

BANKAS SNORAS (further SNORAS) commenced its operations on 17 March 1992. The Bank's head office is located in Vilnius, while nine branch offices are scattered all over Lithuania.

Since its establishment, the main principles of the Bank's activity have been reliability in concluding transactions and high quality services, - factors that helped build customers' confidence in the Bank. The main sources of the Bank's income were and remain treasury bills, currency exchange operations, commissions for services rendered, new services, as well as interbank loans. The Bank is proud of its seven-year history of profitable activity.

In September 1996 SNORAS became a full member of the S.W.I.F.T. organisation. This fact enabled the Bank to reduce operating costs and increase reliability of transmission and reception of messages.

In June 1997 the general shareholders' meeting resolved to raise share capital to LTL 27m and issue 2700,000 ordinary registered shares.

On October 29, 1998 share capital of LTL 49,024,000 was registered at the Bank of Lithuania. 4,902,400 ordinary registered shares were issued.

In 1997 SNORAS asked the international bank credit rating agency "Thomson BankWatch" to evaluate its activity and assign rating. In March 1998 the agency completed its examination and granted long-term debt rating BB-. Bank's short-term debt in domestic currency was rated LC-2, while SNORAS as an issuer was evaluated at IC-C/D.

BUSINESS ACTIVITY

The Bank is in the business of accepting deposits from the public and granting loans both in local and foreign currency, as well as making transfer payments, accepting personal valuables for safekeeping and renting banks depository safes. SNORAS gives financial guarantees, warranties, exchanges currencies both for its clients and for speculative purposes.

Since 1995 the Bank has been issuing VISA, STB and Union payment cards.

The Bank also distributes its own (smart) IMPAR cards. Wide retail network enabled SNORAS to successfully distribute payment cards.

Increasing scope of SNORAS services owes a great deal to partnership with the Thomas Cook Travellers Cheques, Ltd. company. A wide network of sales outlets started working towards solid sales of travellers cheques. In March 1996 SNORAS acquired and installed Reuters Dealing 2000 international trading system. It enables the Bank to trade in the world forex, money and securities markets with greater efficiency and reliability.

The Bank actively develops interbank relations. It co-operates with Western as well as Eastern banks, and has correspondent relationships with 68 banks in 29 countries. SNORAS major partners are internationally recognised banks such as the Bank of New York, Barclays Bank, Deutsche Bank, Commerzbank, ABN Amro Bank, Societe Generale and others. Fifty-six banks from 11 countries have opened their accounts with the Bank.

DEVELOPMENTS IN 1998

In 1998, SNORAS continued to develop retail banking. Therefore, major investments were channelled into expansion of the Bank's network and implementation of modern know-how. Last year the Bank finished forming its regional network. At present, SNORAS has representation in all regional centres and in Minsk, Belarus.

In 1998, the distribution of payment cards doubled and comprised over 53thou IMPAR cards. Last year SNORAS started issuing international cards "EuroCard/MasterCard", "Maestro" as well as joint cards "EuroCard/MasterCard" + "ImparCard" and "Maestro" + "ImparCard".

The Bank focused on the development of corporate banking and services rendered by the Bank's subsidiaries. ADB SNORO GARANTAS, the Bank's fully controlled subsidiary, started its activities in the 3rd quarter of 1998.

SNORAS was affected by the Russian financial crisis. The influence of the latter is still felt.

Because of the Russian financial crisis, total Bank's assets decreased by LTL 93.3m compared to 1997 and amounted LTL 500.9m at the end of the year.

SNORAS managed to withstand the Russian financial crisis by issuing LTL 22.02m worth of shares and, thus, increasing its capital to LTL 140m in September 1998.

The new issue also changed the structure of major shareholders: Incorion Investment Holding Company became the main shareholder of the Bank with 35.1%.

In 1998, SNORAS' investment policy in the securities market changed fundamentally as well. At the beginning of the year, SNORAS invested LTL 44.7m in treasury bills. In summer 1998, the Bank held investments of LTL 90.3m and LTL 18.5m in Russian and Ukrainian T-bills, accordingly. At the end of the year, SNORAS' total exposure into T-bills and debt securities reached LTL 22.8m and LTL 41.8m, accordingly. At the end of 1998, Russian and Ukrainian T-bills were fully repaid.

Notwithstanding the difficulties in connection with the crises, the amount of resident deposits did not change during the year and reached LTL 83.5m. However, in comparison to 1997, total amount of deposits decreased by LTL 149.0m and amounted to LTL 328.1m by the end of the year because of the negative impact of the Russian crisis on the financial position of the Bank's non-resident clients.

During the previous year the number of clients increased by 41thou, and by the end of the year their number reached 86thou. At the end of the year there were approx. 170thou client accounts in the Bank.

The amount of loans increased by LTL 53.9m and constituted LTL 93.6m. The Bank's assets accounted for 5%, loans for 2%, deposits for 4%, resident deposits for almost 3% of the total Lithuanian banking sector (according to unaudited data).

The Bank generated profit of LTL 8.002m. As usual, the main profit sources of SNORAS were operations with currencies, securities, interest yield, services and commissions.

PLANS, PROSPECTS FOR 1999

In 1999 the Bank anticipates to continue expansion and development of the retail and corporate banking as well as expand corporate finance and investment banking in its subsidiaries.

SNORAS plans to develop its insurance services and lead an aggressive policy in that area. The Bank's goal is to become a universal bank through a developed network of modernised branches which could offer technologically new, competitive and high quality banking products.

PROFIT AND LOSS STATEMENT (LTL thou)	99 07 01	1998	1997	1996
Interest income	33333	33544	41523	40737
Interest expense	7870	20241	26769	19117
Net interest income	25463	13303	14754	21620
Expenses for provisions	59	688	(372)	4252
specific provisions on loans	59	676	(341)	4252
provisions on general risks of loan portfolio	-	12	(31)	-
Net interest income after specific provisions	25404	12615	15126	17368
Service fees and commission income	6091	15603	17438	12653
Service fees and commission expense	2524	7257	9022	11218
Net interest, service and commission income	28971	20961	23542	18803
Income on equity investment	1	2	-	-
Profit (loss) from operations with foreign currency	(2276)	33854	20289	12911
realised profit (loss) from operations with foreign currency	4566	37873	25251	18024
unrealised profit (loss) from operations with foreign currency	(6842)	(4019)	(4962)	(5113)
Profit (loss) from operations with securities and financial instruments	2801	12987	8427	20027
Result of primary activities	29497	67804	52258	51741
Operating expenses	21121	53401	44335	38577
Depreciation and amortisation	4503	7403	3642	699
Expenses for other specific provisions	295	4503	680	-
Result of ordinary bank activities	3578	2497	3601	12465
Result of exceptional and extraordinary activities (profit (loss))	(330)	5165	(1193)	1206
Profit (loss) before taxes	3248	7662	2408	13671
Profit tax	(31)	(340)	1320	996
Net profit (loss)	3279	8002	1088	12675
Net profit per LTL 1 of a share	0,07	0,16	0,04	0,63

CASH FLOW STATEMENT (LTL thou)	1998	1997	1996
Cash flows from banking activities			
Interest income	33507	44922	40739
Interest expenses	-19441	-27018	-16456
Net income from operations with foreign currency	37873	25251	18024
Net income from operations with securities	13184	8232	20027
Net income for services and fees	12451	8416	1435
Expenses associated with payment of salaries	-33026	-24901	-8350
Other income (expenses)	-22451	-19135	-28384
Result of activities	27729	15775	27120
Changes in short-term assets	-106117	183008	-161990
Changes in liabilities	-213372	40031	342984
Net cash flows from bank activities before taxes	-291760	238814	208114
Profits tax	340	-1320	-996
Net cash flows from bank activities after taxes	-291420	237494	207118
Cash flows from investing activities			
(Acquisition) sales of tangible long-term and intangible assets	-27261	-61302	-15584
(Investment) into securities and sales thereof	-44295	-3415	-
Net cash flows from investment activities	-71556	-64717	-15584
Cash flows from financing activities			
Issue of own securities/only paid up part/	110120	7000	9963
(Purchase) of own securities	-	-503	-
Net cash flows from investment activities	109089	-4178	8525
Increase (decrease) in cash	-253887	168599	200059
Cash as of December 31 of the current financial year	160045	413932	245333
Cash as of January 1 of the current financial year	413932	245333	45274

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q1999
PRICE (LTL)									
First	7.70	17.00	19.00	13.50	Capitalisation (LTL thou)	17064	38000	36450	27 000
Max	20.41 (12 02)	41.47 (01 21)	20.00 (05 22)	13.50 (01 07)	Share book value (LTL)	16.08	10.96	29.86	11.23
Min	7.70 (02 08)	13.35 (11 26)	11.00 (04 14)	10.00 (06 30)	Price / book value ratio (P/BV)	1.06	1.73	0.45	0.89
Last	17.00	19.00	13.50	10.00	Earnings per share (LTL)	6.34	0.41	1.63	3.70
Change (%)	120.78	11.76	-28.95	-25.93	Price / earnings ratio (P/E)	2.68	46.8	8.27	2.70
Number of transactions (CM)	56	153	210	32	Dividend per share (LTL)	5.60	0.40	0.00	-
Turnover CM (units)	1553	18544	20760	2005	Dividend yield	0.33	0.02	-	-
Turnover CM (LTL)	17557	360813	357275	23565	Dividend payout ratio	0.88	0.99	-	-
Turnover BT (units)	147219	10827	9868	1997159					
Turnover BT (LTL)	1476497	248581	185278	2008100					
CM turnover as % in total	1.04	63.14	67.78	0.10					
Total turnover (units)	148772	29371	30628	1999164					
Total turnover (LTL)	1494054	609395	542553	2031665					
Turnover ratio (%)	14.82	1.47	1.13	74.04					
As % in the total share turnover	0.79	0.06	0.06	0.37					

LIETUVOS TAUPOMASIS BANKAS

BANKING

Address: Savanorių g. 19, 2015 Vilnius
 Phone: (370-2) 232375, 232370
 Fax: (370-2) 232431, 232432

Registration date: 28.12.1993
 Registration code: 1202965
 Established: 1919
 Privatised: 1992
 Number of employees: 4096
 Authorised capital: LTL 167m
 Capitalisation (30.06.99): LTL 108.4m

Auditor: PricewaterhouseCoopers
 Trading List: Current

Supervisory Board (participation in the company):
 Robertas Martinkus, Chairman (0.00018%),
 Giedrius Rimša (0%), Lina Liubauskaitė (0%),
 Audronė Dziskienė (0%), Steponas Vaičiškuskas (0.336%)

Management Board (participation in the company):
 Romualdas Visokavičius, Chairman (0.039%),
 Povilas Milašauskas (0%), Algirdas Skripėta (0%),
 Julius Laiconas (0%), Vyngintas Jakas (0%),
 Janina Akstinienė (0%), Renė Mečinskienė (0%)

Managing Director: Romualdas Visokavičius

Investment Relations: Vytenis Jurkus, tel. (370-2) 232379

CORPORATE HISTORY

LIETUVOS TAUPOMASIS BANKAS (Lithuanian Savings Bank, LTB) has gradually emerged out of state savings departments, the first of which was established in 1919. State savings departments operated during all occupations, however, their functions at transition periods were limited. In 1986, when the Soviet Bank System was undergoing reorganisation, Lithuanian savings departments were integrated into the Savings and Citizens' Crediting Bank of the USSR. After the independence was restored in 1990, the Bank was transformed into the LTB. In October of the same year it was granted the status of the state bank. In 1993 the Bank was registered as a state-public bank with the share capital in excess of LTL 10 million. In 1995 the Bank's share capital doubled, in 1996 it was again raised by LTL 20m and totalled LTL 40 million. After a new share issue in 1996, the state interest in the Bank came to 74.25%.

With the placement of LTL 2.2m ordinary shares in 1997, the authorised capital of the Bank reached LTL 82.3 million. After the new share issue the Bank's authorised capital increased by LTL 85m. Currently it amounts to LTL 167m.

LTB was the first issuer in Lithuania to issue subscription rights and have them traded on the National Stock Exchange of Lithuania in October-November 1997.

In mid-1997 the Bank established its leasing subsidiary LTB Lizingas.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

LTB is a universal retail bank that renders services to mainly individuals, representatives of small and medium-scale and large businesses and state institutions. Besides the main banking activity, the LTB takes an active part in the social government programmes restoring depreciated deposits, compensating for the lost funds at the bankrupted banks, providing mortgage loans, etc. The LTB uses the largest network in the country: it operates 46 divisions and 354 subdivisions.

Last year the Bank concluded 'Twin Banks Programme' financed by the PHARE. During the programme the Lithuanian experts were consulted by the Irish Union Bank consultants. The work was divided into seven modules (activity areas): strategic planning, automation planning, management information systems, crediting management, assets and liabilities management, marketing, internal audit. Having carried out research on those areas, new management policies and procedures were created at the LTB.

In 1998 the central LTB management structure was reorganised concentrating the main managerial functions in respective departments combined into the following divisions: Strategy and Control; Retail Banking; Wholesale Banking; Crediting; Finance, Clearing and Settlement; Development, Security and Economy. Non-structural subdivisions of five regions (Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys) were also formed on the basis of the former LTB divisions. 25 business centres started functioning in the regions. These centres are non-structural economic units that implement the Bank's strategic plans on the local markets and seek for more efficient utilisation of the Bank's resources and local market possibilities.

In 1998, under the decree of the Government, the LTB took over the liabilities and assets of the LVKB (Lithuanian State Commercial Bank). All in all, the liabilities that the LTB undertook account for LTL 950 million, the acquired assets amount to LTL 750 million while the amount of the acquired government securities is LTL 200 million.

According to the last year's sociological survey, over 34% of the surveyed residents of the country regarded the LTB as the most reliable bank out of ten banks that are currently in operation. The growth of the residents' deposits is the best proof of the society's trust that the Bank enjoys. During 1998 the deposits augmented by 30.8% and amounted to LTL 1675.3 million on 31 December 1998. This accounts for 55.9% of the individual deposits market.

The funds of the legal entities increased by 178 per cent (LTL 462.5m). On the whole the Bank deposits augmented by 55.7 per cent during the year and amounted to LTL 2,396.5 million. The LTB share in the deposits market moved up by 10.2 points and reached 36.6 per cent.

264 thousand accounts (not including the restored accounts of 1.1 million residents) were opened in 1998. Residents are the Bank's main clients, the number of their accounts augmented by 230 thousand last year. At the end of the year the LTB attended to 6.7 million of clients' accounts (including the residents' restored accounts), 6.6 million of them being those of residents.

The amount of the loans granted by the LTB increased by 86.9 per cent and amounted to LTL 1,110.5 million at the end of the year. This constituted 23.4 per cent of the loan market.

During the previous year the LTB was the only bank in the country to issue a new international debit payment card - CIRRUS/MAESTRO, 14.5thou of which were distributed during the second half of 1998. Besides, during 1998 the Bank issued 8,502 GLOBUS payment cards and 803 units of EuroCard/MasterCard. In the 4th quarter of 1998 the LTB became a member of other international organisation of payment cards - VISA International. The Bank assets per year increased by 74.7 per cent and amounted to LTL 3,211.9 million at the end of the year (31.1 per cent of the banking sector market).

In 1998 the main operating income of the LTB constituted LTL 169.4 million (by 43.3 per cent exceeding the 1997 operating income). The productivity ratio was 68.1 per cent. In 1998 all the expenses per litas of assets dropped by almost 22 per cent, if compared with the year 1997, and amounted to 9.03 cents. The LTB gained LTL 485 thousand of the audited profit in 1998.

PLANS, PROSPECTS FOR 1999

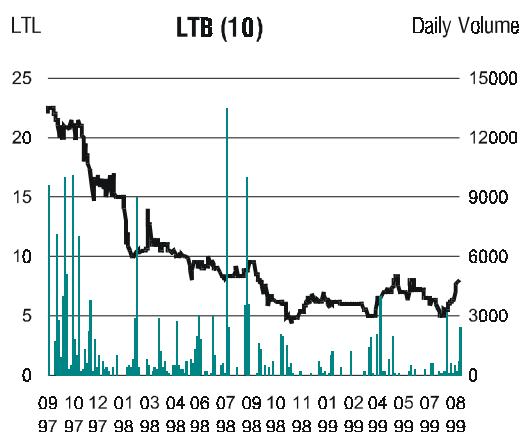
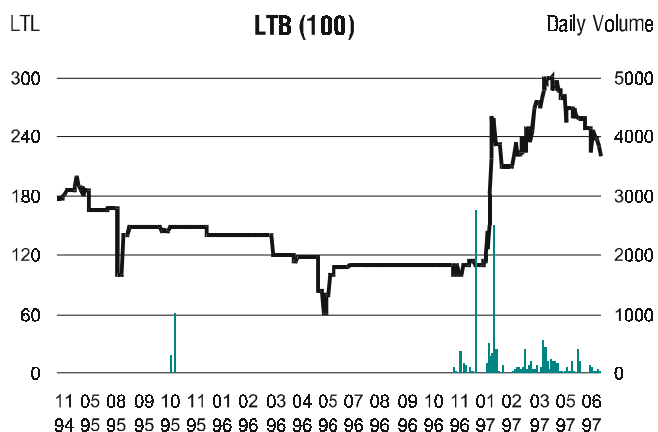
In future the LTB will continue to give priority to retail banking and will aim at satisfying the needs of the residents, sole proprietorships, small and medium-sized businesses. To achieve this aim the following objectives have been brought forward:

- to enhance the current and to implement new products aiming to satisfy the retail clients' needs. The VISA Standart, Electron, Business, Gold payment cards will be introduced, the Telebank service range will be widened, crediting enhanced, new credit types will be introduced. Other products will be also upgraded;
- to develop alternative product sales channels: banking via dial-up lines, via the ATM network, the telebank, the internet, etc.;
- to rearrange the current Bank division and subdivision network in order to form a division and subdivision system oriented to the market and the client. This is to be achieved by developing the regional business centres, the main function of which is to increase the sales of the Bank services and products.
- To increase the investment into development of information technologies, to acquire and to start exploiting the new information system.
- To invest the current resources into the most profitable assets, controlling the risk and the compliance with the Bank liquidity and open currency position requirements.

In 1999 at least 50 per cent of the retail banking market is projected to be controlled. In order to achieve this the bank plans to increase the approximate deposits by 16 per cent and the loan portfolio almost by 17 per cent according to the 1999 Bank's activity plan. The projected net income amounts to LTL 212 million (i.e. almost by 17 per cent more than in 1998). Expenses per one litas of assets are projected not to exceed 8.9 cents, the productivity ratio is planned at 60 per cent. On the whole LTL 16 million of the net profit is projected for 1999.

Furthermore, the LTB foresees the expansion of its activity into other financial markets as well as development of the specialized business. The share capital of the subsidiary UAB LTB Lizingas (leasing) will be further increased in order to ensure the further growth of the subsidiary as well as to comply with the capital adequacy requirements.

The appropriate legal basis for the establishment of investment funds is projected to be built during the first half of this year. Therefore, an open investment fund and a pension fund are planned to be founded - their securities portfolios will be held by the Bank subsidiary UAB LTB Investicijų Valdymas (investment management) established at the beginning of 1999.



STRUCTURE OF OWNERSHIP

The total number of shareholders amounts to 4046.
 State Property Fund 90.73%
 UAB Elsis 1.15%

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q 1999
PRICE (LTL)					Capitalisation (LTL thou)	22000	93000	105419	108 431
First	140.00	110.00	15.50	6.30	Share book value (LTL)	132.24	12.53	14.05	13.91
Max	140.00 (03 14)	25.00 (07 29)	16.99 (01 05)	8.31 (05 14)	Price / book value ratio (P/BV)	0.83	1.24	0.45	0.47
Min	61.00 (05 30)	14.60 (11 25)	4.40 (11 09)	5.00 (03 29)	Earnings per share (LTL)	75.08	0.87	0.03	2.05
Last	110.00	15.50	6.30	6.48	Price / earnings ratio (P/E)	1.47	17.9	217.36	3.17
Change (%)	-21.43	-38.00	-59.35	2.86	Dividend per share (LTL)	7.00	0.00	0.00	-
Number of transactions (CM)	108	2045	508	94	Dividend yield	0.06	-	-	-
Turnover CM (units)	3923	-	109548	18994	Dividend payout ratio	0.09	-	-	-
Turnover CM (LTL)	427234	6368389	996425	116034					
Turnover BT (units)	0	-	279015	49919					
Turnover BT (LTL)	0	16948441	2846847	299466					
CM turnover as % in total	100.00	27.31	28.19	27.56					
Total turnover (units)	3923	-	388563	68913					
Total turnover (LTL)	427234	23316830	3843272	415500					
Turnover ratio (%)	1.96	-	2.32	0.41					
As % in the total share turnover	0.23	2.43	0.43	0.08					

SUBSIDIARIES

	Date of establishment	Authorised capital	Participating interest
UAB LTB Lizingas (Leasing)	1997	3.5m	100%
UAB LTB Investicijų valdymas (Investment management)	1999	288thou	100%

Structure OF SHARE CAPITAL

Share capital: LTL 167 332 320
 Ordinary shares: – 16733232 registered shares at LTL 10 par (security code 10062) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 02.11.93)

LIETUVOS TAUPOMASIS BANKAS

BALANCE SHEET (LTL thou)	Bank				Group	
	99 06 30	1998	1997	1996	1998	1997
ASSETS						
Cash, precious metals and other valuables	109331	130506	51065	53306	130506	51065
Claims on central banks	310321	242926	127421	112175	242926	127421
Claims on credit institutions and financial institutions	64463	208059	113217	18104	208059	113217
Net value of loans to credit and financial institutions	45656	41857	2976	32383	2976	2976
Short-term government securities	366673	478043	503690	244678	478778	503690
Net value of granted loans	1191855	1028156	564278	415353	1028156	564278
Leasing					40037	3285
Treasury bonds for restructuring bad assets	600586	563084	107820	38700	563084	107820
Debt securities	118999	123115	105649	6	123115	105649
Equity investments	8194	8218	6845	2409	4518	5645
Intangible assets (less amortization)	395	529	599	1029	531	605
Tangible fixed assets (less depreciation)	277645	278783	207674	136067	278907	207792
Accrued income and deferred expenses	25991	27996	22704	16899	27961	22708
Other assets	58472	80676	24823	79285	81375	25251
Total assets	3178581	3211948	1838761	1150394	3207953	1838426
LIABILITIES						
Liabilities to central banks	5573	7534	-	-	7534	-
Funds of credit institutions and financial institutions	1422	668	27	31	668	27
Liabilities to credit and financial institutions	79440	105367	2993	709	100943	2993
Deposits and letters of credit	2587919	2282945	1536371	1031813	2282945	1536047
Special and lending funds	167105	453794	127158	11277	453794	127158
Accrued expenses and deferred income	16697	2580	897	447	2580	897
Other liabilities	87604	124020	96154	53220	124454	96286
Total liabilities	2945760	2976908	1763600	1097497	2972918	1763408
EQUITY						
Capital and reserves	232821	235040	75161	52897	235035	75018
registered share capital	167333	167333	60000	40000	167333	60000
share premium	8651	52082	-	-	52082	-
revaluation reserve	44675	8404	8425	8551	8404	8425
retained earnings (loss)	-	-	28	(25703)	-	-
profit (loss) of current financial year	4942	485	5206	30077	480	5091
other capitals and reserves	7220	6736	1502	17	6736	1502
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3 178 581	3 211 948	1 838 761	1 150 394	3 207 953	1 838 426
PROFIT AND LOSS STATEMENT (LTL thou)	99 06 30	1998	1997	1996	1998	1997
Interest income	105566	167823	109514	114570	168565	109559
Interest expense	43596	63215	45145	53114	63204	45141
Net interest income	61970	104608	64369	61456	105361	64418
Expenses for provisions	8024	15968	(3054)	(17297)	15968	(3054)
Net interest income after specific provisions	53946	88640	67423	78753	89393	67472
Service fees and commission income	28544	50579	44754	28466	51282	44797
Service fees and commission expense	3902	5508	1757	2185	5508	1757
Net interest, service and commission income	78588	133711	110420	105034	135167	110512
Income on equity investment	27	717	19	-	717	19
Profit (loss) from operations with foreign currency	7690	16899	10446	11952	16848	10445
Profit (loss) from operations with securities and financial instruments	(5008)	(445)	334	193	(445)	329
Result of primary activities	81297	150882	121219	117179	152287	121305
Other bank income	451	8754	10939	-	8755	10939
Operating expenses	58467	118177	85887	83244	119123	86062
Other bank expenses	17264	33067	26545	-	33078	26545
Depreciation and amortisation	7486	13603	7589	-	13635	7592
Expenses for other specific provisions	5623	(5696)	6931	-	(5494)	6982
Result of ordinary bank activities	(7092)	485	5206	30077	700	5063
Result of exceptional and extraordinary activities (profit (loss))	12034	-	-	-	-	-
Profit (loss) before taxes	4942	485	5206	30077	700	5063
Profit tax	-	-	-	45	77	-
Net profit (loss)	4942	485	5206	30077	623	5063
Net profit per LTL 1 of a share	-	0,0041	0,098	1,308	0,0053	0,096
CASH FLOW STATEMENT (LTL thou)		1998	1997	1996	1998	1997
Cash flows from banking activities						
Result of activities		(48348)	(19393)	37109	(48017)	(19483)
Changes in short-term assets		(316925)	(489894)	(169272)	(319533)	(489482)
Changes in liabilities		335724	640324	136445	336008	640119
Net cash flows from bank activities before taxes		(29549)	131037	4282	(31542)	131154
Profits tax		-	-	-	(61)	-
Net cash flows from bank activities after taxes		(29549)	131037	4282	(31603)	131154
Cash flows from investing activities						
Net cash flows from investment activities		38089	(108772)	160	40553	(108889)
Cash flows from financing activities						
Cash taken over from LVKB		123048	-	-	123048	-
Net cash flows from financing activities		-	2465	39200	-	2465
Increase (decrease) in cash		131588	24730	43642	8950	24730
Cash as at December 31		319642	188054	163324	320377	188054
Cash at of January 1		188054	163324	119682	188379	163324

LIETUVOS ŽEMĖS ŪKIO BANKAS

BANKING

Address: J.Basanavičiaus g. 26, 2600 Vilnius
 Phone: (370-2) 239060, 239094
 Fax: (370-2) 239056, 627762

Registration date: 13.09.1993
 Registration code: 1202927
 Established: 1987
 Privatised: 1993
 Number of employees: 2134
 Authorised capital: LTL 102.8m
 Capitalisation (30.06.99): LTL 189.4m

Auditor: Deloitte & Touche
 Trading List: Current

Supervisory Board (no participation in the company):
 Ilona Dūdienė (Chairwoman),
 Lina Adakauskienė, Andrius Ignotas,
 Vilma Mačerauskienė, Jonas Olšauskas

Management Board (no participation in the company):
 Jonas Dieninis (Chairman),
 Sigutė Dindaitė, Stasys Vėlyvis, Vaidotas Aleksius,
 Robert Anuškevič, Antanas Malikėnas

Managing Director: Jonas Dieninis

Investment Relations: Nikolajus Mosejevas, tel. (370-2) 393591

CORPORATE HISTORY

The establishment of LIETUVOS ŽEMĖS ŪKIO BANKAS (the public company Agricultural Bank of Lithuania, LŽŪB) was based on the reorganisation of the former USSR Agroindustry Bank's branch in Lithuania. This branch, as well as the majority of other former USSR banking institutions in Lithuania, after restoration of Lithuania's independence in 1990, was taken under direct control of the Republic of Lithuania. The Agricultural Bank was granted status of the state bank. During the banking reform in Lithuania in 1993 the Bank was reorganised into the state-public bank. The registered share capital of the Bank was LTL 20m, 51% of which was owned by the Ministry of Finance of Lithuania.

Before 1998 the share capital of the Bank was raised three times. After the revaluation of long term assets at the beginning of 1996, the share capital of the Bank increased to LTL 35m. In July 1996, the share capital was raised up to LTL 128.02m out of supplementary contributions. With a new issue, the Ministry of Finance participation increased up to 86.4 per cent. The last time the share capital of the Bank was raised in December 1997. After a new issue out of supplementary contributions saw light, the share capital of the Bank totalled LTL 170.9 million. The general shareholders' meeting decided to increase the share capital once again up to LTL 194.2m. The new issue was registered with the Lithuanian Securities Commission at the beginning of April 1998 and distributed before June. The last increment of the share capital was registered in June 1998 - the share capital of the was worth LTL 189.44m. In 1999 the Bank diminished its share capital to LTL 102.8m by reducing the face value per share from LTL 175 to LTL 95.

BUSINESS ACTIVITY, DEVELOPMENTS IN 1998

The LŽŪB is one of the largest banks in the country. There are 46 branches of the LŽŪB all over the country. Chiefly, the Bank is engaged in crediting agriculture and the processing industry. Credits granted to these sectors account for about 46% of the whole Bank's loan portfolio.

In 1998, the LŽŪB planned to gain LTL 16.32m of net profit. However, due to the crisis in Russia the plans were accomplished by 81.13%, and at the end of the year the audited profit made up LTL 13.24m.

The growth of the Bank's assets, particularly in attracting deposits of the individuals and economic entities, was adversely influenced by unfavourable conditions on the finance market as well as by the losses incurred by the Bank in 1997. At the end of 1997 the LŽŪB assets amounted to LTL 1.4bn and accounted for 17.5% of all assets of the Lithuanian commercial banks. In 1998 the LŽŪB assets increased only by 1.02% due to the sales of part of the assets acquired from loans and the sales of some bad loans to Turto Bankas at the end of August. After the bad loans had been sold to Turto Bankas, the comparative weight of the special provisions in the total asset structure lowered from 16.3% to 7.5%.

The growing competition of banks and stricter loan extension requirements influenced a decrease in the LŽŪB loan portfolio. During 1998 the loan portfolio dropped by 3.2%. The loan portfolio share for agriculture, hunting, forestry, processing industry, building, retail trade and wholesale also decreased. The part of the special provisions in the whole loan portfolio reduced from 22.72% to 10.45% during 1998. Revenue from the interest rate was 8.18%, the net profits (without special provisions) stood at 10.10%. The margin of the net revenue from the interest rate was 6.07%.

The Bank's capital adequacy ratio was 17.99% on 1 January 1999. The equity-asset ratio was 7.29% on 31 December 1998. The Bank's return on equity before special provisions made up 14.21%, after the special provisions it accounted for 10.28%. Although the revenue from the interest still constituted the largest part in the Bank's earnings structure, it decreased by 10.8% during the year.

Seeking to create more attractive conditions than those offered by its competitors, the interest rates on the market were constantly observed and modified in 1998. New types of deposit savings were created and implemented in 1998: income generating deposits, saving deposits, anonymous accounts, and fixed term deposits for five years.

In 1998, alongside with the usual operations, a number of other new services were offered to the Bank's clients. These included assistance with import documents such as letters of credit, issuing letters of credit, guaranteeing the lines of credit provided by foreign banks, financing long-term investment projects.

In 1998 the LŽŪB executed the international operations through correspondent bank accounts of 47 foreign banks. Along with correspondent accounts, direct settlement links with almost 300 banks and financial institutions have been created. The settlements carried out through those banks can be executed in a minimum time, i.e. a day.

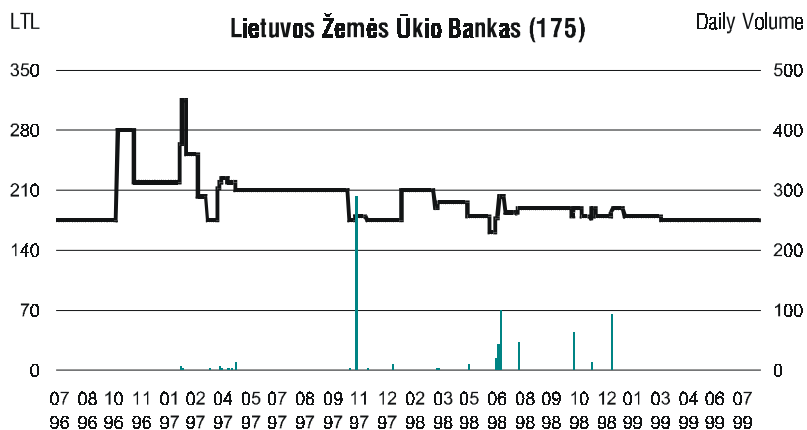
The structural reorganisation was carried out in the Bank divisions in 1998. As a result, the number of posts in the Bank divisions was cut down from 2191 to 1792. There were 2134 employees working with the Bank at the end of 1998. By the time the reorganisation is concluded, the number of the employees will have diminished to 1822.

PLANS, PROSPECTS FOR 1999

The main objectives of the LŽŪB is to increase the yield rate of share capital and to retain the same market position, as well as to ensure the Bank liquidity, to utilise the present potential, the Bank's possibilities and resources to attract credit resources on the local and capital markets.

The main LŽŪB activity trends projected for the year 1999 are the following:

- to form favourable conditions to attract a strategic investor;
- to develop the image of a safe and trustworthy partner by consistently creating and implementing the image forming strategy;
- to develop specialised leasing and insurance services, to establish a subsidiary for asset management;
- to increase the Bank's assets by attracting the resources on the local market, to seek participation in the World Bank and other programmes of foreign lines of credit;
- to optimise the structure of the assets, to directly increase the comparative weight of the profit yielding equity in the Bank's holdings;
- to expand and enhance the loan portfolio, to improve the loan risk appraisal process in order to prevent appearance of bad loans, to lead conservative crediting policy;
- to reinforce prudential supervision and ensure compliance with the norms set by the Bank of Lithuania in order to limit the Banks' operating risk;
- to expand the Bank service assortment, modernise rendering of the services, increase the speed and reliability of the operation execution;
- to optimise the Bank management and organisational structure, to minimise operational costs;
- to enhance the qualification of the Bank's personnel, to prepare the conception of the staff development, including training on the whole as well as specialised training, the proper realisation of its possibilities, the forming of the internal staff reserve and creation of the motivation system;
- to upgrade the information technologies.



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 2587.	
Ministry of Finance	87.39%
AB bankas Hermis	9.99%

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998 1-2Q1999
PRICE (LTL)					Capitalisation (LTL thou)	44000	128021	185544 189 440
First	175.00	220.00	175.00	190.00	Share book value (LTL)	92.24	79.40	101.03 107.63
Max	280.00 (11 07)	316.00 (02 05)	210.00 (03 18)	190.00 (01 19)	Price / book value ratio (P/BV)	2.39	2.20	1.88 1.63
Min	175.00 (07 09)	175.00 (12 31)	162.00 (06 24)	175.00 (06 30)	Earnings per share (LTL)	34.89	-33.63	12.23 6.61
Last	220.00	175.00	190.00	175.00	Price / earnings ratio (P/E)	6.31	-	15.53 26.47
Change (%)	25.71	-20.45	8.57	-7.89	Dividend per share (LTL)	0.00	0.00	0.00 -
Number of transactions (CM)	4	47	95	4	Dividend yield	-	-	- -
Turnover CM (units)	2	345	460	2	Dividend payout ratio	-	-	- -
Turnover CM (LTL)	395	64024	86504	365				
Turnover BT (units)	0	89413	10618	0				
Turnover BT (LTL)	0	15647275	1822080	0				
CM turnover as % in total	100.00	0.38	4.15	100.00				
Total turnover (units)	2	89758	11078	2				
Total turnover (LTL)	395	15711299	1908584	365				
Turnover ratio (%)	0.00	12.27	1.13	0.00				
As % in the total share turnover	0.00	1.64	0.21	0.00				

SUBSIDIARIES

	Date of establishment	Authorised capital	Participating interest
UAB LŽŪB Draudimas (insurance)	1997	2m	100%
UAB L?UB Lizingas (leasing)	1998	2m	100%

Structure OF SHARE CAPITAL

Share capital:	LTL 102 839 115
Ordinary shares:	- 1082517 registered shares at LTL 95 par (security code 10017) accounting for 100% of the auth. capital (admitted to trading at NSEL on 28.08.95)

BALANCE SHEET (LTL (LTL thou))	98 06 30	1998	1997	1996
ASSETS				
Cash, precious metals and other valuables	69923	60224	94440	44795
Claims on central banks	74663	133727	35138	127079
Claims on credit institutions and financial institutions	94491	76764	113808	16263
Net value of loans to credit and financial institutions	14309	16391	8000	-
Short-term government securities	204152	146758	253803	16207
Net value of granted loans	736394	832520	753038	916443
Leasing				2938
Treasury bonds for restructuring bad assets		28267		-
Debt securities	10000	4711	10000	-
Equity investments	11523	9977	6905	1583
Intangible assets (less amortization)	1886	1547	1553	588
Tangible fixed assets (less depreciation)	108042	120540	95055	84424
Accrued income and deferred expenses	7396	5978	6147	2022
Other assets	70503	31082	72466	62468
Total assets	1403282	1468486	1450353	1274810
LIABILITIES				
Liabilities to central banks	10494	9584	29913	68276
Funds of credit institutions and financial institutions	35112	80794	11727	29
Liabilities to credit and financial institutions	4606	4888	5180	6336
Deposits and letters of credit	771140	862477	850790	728382
Special and lending funds	443820	322928	456009	355104
Accrued expenses and deferred income	3153	3649	2599	3917
Subordinated loans	-	47902	-	-
Other liabilities	25636	26901	16597	45286
Total liabilities	1293961	1359123	1372815	1207330
EQUITY				
Capital and reserves	109321	109363	77538	67480
registered share capital	189440	189440	170896	128021
share premium	-	-	745	745
revaluation reserve	5821	5860	5821	5798
retained earnings (loss)	(99179)	(99179)	(91283)	(116806)
profit (loss) of current financial year	13239	13242	(32840)	25523
other capitals and reserves	-	-	24199	24199
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 403 282	1 468 486	1 450 353	1 274 810

PROFIT AND LOSS STATEMENT (LTL thou)	99 06 30	1998	1997	1996
Interest income	63894	103471	129727	208088
Interest expense	25906	41095	41963	97282
Net interest income	37988	62376	87764	110806
Expenses for provisions	4895	1798	51243	35635
Net interest income after specific provisions	33093	60578	36521	75171
Service fees and commission income	13654	29108	29810	31090
Service fees and commission expense	746	1375	4575	23899
Net interest, service and commission income	46001	88311	61756	82362
Income on equity investment	69	37	150	-
Profit (loss) from operations with foreign currency	963	4182	3435	3778
Profit (loss) from operations with securities and financial instruments	667	8042	19	737
Result of primary activities	47700	100572	65360	86877
Other bank income	101	916	780	-
Operating expenses	34895	76065	77480	70836
Other bank expenses	5511	10868	8632	-
Depreciation and amortisation	4592	9281	12407	6506
Expenses for other specific provisions	(4023)	2055	6281	-
Result of ordinary bank activities	6826	3219	(38660)	9535
Result of exceptional and extraordinary activities (profit (loss))	329	7223	6068	21223
Profit (loss) before taxes	7155	10442	(32592)	30758
Profit tax	-	(2800)	248	5235
Net profit (loss)	7155	13242	(32840)	25523

CASH FLOW STATEMENT (LTL thou)	1998	1997	1996
Cash flows from banking activities			
Interest income	81797	114271	205094
Interest expenses	(37869)	(39548)	(93572)
Result of activities	14239	39663	78967
Changes in short-term assets	(29460)	(165382)	(12764)
Changes in liabilities	(48282)	160200	53011
Net cash flows from bank activities before taxes	(63503)	34481	119214
Profits tax	-	-	16636
Net cash flows from bank activities after taxes	(63503)	34481	102578
Cash flows from investing activities			
Net cash flows from investment activities	830	(27684)	(25326)
Net cash flows from investment activities	42654	5985	229
Increase (decrease) in cash	(20019)	12782	77481
Cash as at December 31	111124	131143	118361
Cash as at January 1	131143	118361	40880

ŠIAULIŲ BANKAS

BANKING

Address: Tilžės g. 149, 5400 Šiauliai
 Phone: (370-1) 522117, 595602
 Fax: (370-1) 430774

Registration date: 04.02.1992
 Registration code: 1202525
 Established: 1992
 Number of employees: 180
 Authorised capital: LTL 34m
 Capitalisation (30.06.99): LTL 34m

Auditor: PricewaterhouseCoopers
 Trading List: Current

Supervisory Board (participation in the company):
 Arvydas Salda (0.1%), Justinas Sartauskas (0.1%), Leonas Šniras (0.72%),
 Sigitas Baguckas (<0.1%), Kastytis Jonas Vyšniauskas (0.06%),
 Liudas Navickas (<0.1%), Mindaugas Černiauskas (0%),
 Ričardas Valskis (0.1%), Hamid Ladjevardi (0%), Abdulazis A.M.Al-Brahim (0%),
 Nadežda Novickienė (0%), Vytautas Junevičius (0.1%)

Management Board (participation in the company):
 Algirdas Butkus (0%), Donatas Savickas (<0.1%), Rima Griškienė (<0.1%),

Managing Director: Algirdas Butkus

Investment Relations: Donatas Savickas, tel. (370-1) 595602

CORPORATE HISTORY

On 6 November 1991, 95 legal entities and individuals signed an agreement according to which the existing Šiauliai Industry Department of the Bank of Lithuania was to be reorganised into a private company ŠIAULIŲ BANKAS. The new bank was registered with the Bank of Lithuania on 4 February 1992 with the share capital of Rbl 16m (LTL 160th). The Bank started operating on 17 February 1992, after the Bank of Lithuania had liquidated the Šiauliai Industry Department by transferring its clients and services to the newly established bank. From the establishment of the Bank its share capital has been increased 8 times. During the seven years the Bank has expanded its operations and has become stronger - new branches have been founded in north western region, Vilnius and Klaipėda, new services have been introduced and their quality improved.

In 1997 ŠIAULIŲ BANKAS organised the first ever syndicated loan in the Lithuanian banking history of LTL 26 million.

BUSINESS ACTIVITY

ŠIAULIŲ BANKAS is one of the most stable banks in Lithuania, the growth of which continues in the same pace year by year.

The Bank offers its customers all major banking services. The clients may access the Bank either through its central office in Šiauliai or its eight branch offices. ŠIAULIŲ BANKAS concentrates its activities in the north western Lithuania and in the largest Lithuanian towns, the economic life of which provides for a profitable Bank's performance. The Bank focuses on small and medium size clients and retail banking.

The Bank operates on the principle of the positive conservatism, i.e. the Bank constantly enhances the clients' services, analyses the clients' demands, but refrains from untraditional and risk-taking activities and operations. This guarantees the survival and the continuity of the Bank's operation, insures the name of a stable rather than a small Bank, the development of which was carried out gradually and its clients' confidence was growing. As a result, the clientele is constantly growing and exceeded 5000 last year. The Bank has established good links with correspondent banks in 16 foreign countries.

The Bank's Brokerage Department with its three licensed stockbrokers offers its customers securities purchase and sale services, helps prepare share issue prospectuses and provides consultations on a wide range of investment issues.

The Bank has installed a special banking information system which makes it possible for the Bank's customers to manage their accounts without physical presence in the Bank.

DEVELOPMENTS IN 1998

While expanding its influence in the north western part of Lithuania, ŠIAULIŲ BANKAS established new branches in Palanga and Šilutė. These branches started their activities already having their clients and the qualified staff. In 1998, the location of Vilnius branch was transferred into an economically and geographically better part of Vilnius as concerns their potential clients. The Bank has also acquired the premises for a projected Mžeikiai branch - this branch is expected to attract new money flows.

Assets of the Bank increased by 18% during the year, the loan portfolio lifted by 46%, while the amount of deposits increased by 28%. ŠIAULIŲ BANKAS was one of the first banks in Lithuania to pay its full annual (1999) deposit insurance premium, therefore the clients' deposits are secure and fully insured.

Last year the Bank was constantly improving customer services. In 1998 the Bank's computer network was completely changed, the database integration was carried out, the program to control remote workstations by modem was installed in all branches. The clients' service assortment widened during last year: currently not only VISA and MASTER CARD are attended by the Bank but VISA Electron payment cards as well.

In 1998 the Bank of Lithuania gave ŠIAULIŲ BANKAS the right to grant the World Bank loans for the Lithuanian economic development. The Bank of Lithuania also granted ŠIAULIŲ BANKAS with an additional amount of DEM 600 thousand out of the European Union PHARE program funds for financing small and medium size enterprises at the private sector. ŠIAULIŲ BANKAS was one of the winners of the Farmer Crediting competition that was announced by the Agriculture Loans Guarantee Fund established by the Government, and it will extend loans to the farmers of the north western region in the future.

The second half of the year 1998 was devoted to the introduction of euro. Therefore, corresponding euro accounts were opened at 6 banks in Western Europe.

ŠIAULIŲ BANKAS ended the year with LTL 2.39m net profit.

PLANS, PROSPECTS FOR 1999

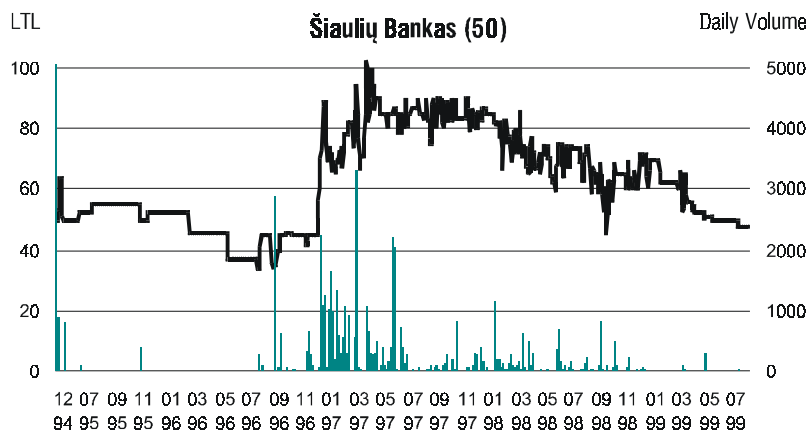
One of the main objectives of ŠIAULIŲ BANKAS is to have powerful branches in the largest Lithuanian towns and to dominate in the north western region of Lithuania. In order to achieve this objective the Bank plans to establish a branch in Kaunas. After the branch is opened, the Bank will have its branches in all major Lithuanian industrial and trade centres.

The Bank expects to attract new clients and strengthen its position in the banking sector by offering more favorable conditions than the country's other banks can offer to small and medium size businesses. In the future the possibilities to establish the Bank's subsidiaries that would operate in the fields of leasing, insurance, investment are under consideration. ŠIAULIŲ BANKAS also plans to found an asset management company. The company could work with the Bank's clients as well as with other companies. Investments into establishment of new subsidiaries would ensure a new source of additional income and compensate for a decreasing profit from interest in the traditional crediting sector.

The Bank's information system performing on-line banking and branch operations is planned to be acquired in 1999. The Bank data protection is projected to be entirely changed with other software measures, such as Oracle Server, that would form a basis for an information management system.

Seeking to insure the continuous and stable functioning of its information and payment systems in 2000, the Bank formed a committee to solve the problem of the year 2000 - the committee carries out a complete testing of internal and external systems according to the approved measure plan.

The Bank intends to become a member at the VISA organization.



STRUCTURE OF OWNERSHIP

Bank Hermis	20.80%
UAB Baltic Fund Investments	8.15%

TRADING STATISTICS	1996	1997	1998	1-2Q 1999	MARKET VALUE RATIOS	1996	1997	1998	1-2Q 1999
PRICE (LTL)									
First	52.00	45.00	85.50	67.71	Capitalisation (LTL thou)	9000	34236	46071	34 021
Max	52.00 (03 19)	102.40 (04 24)	87.00 (01 15)	71.80 (01 07)	Share book value (LTL)	52.82	54.93	55.35	57.65
Min	34.00 (09 24)	45.00 (01 03)	45.00 (10 13)	49.64 (05 20)	Price / book value ratio (P/BV)	0.85	1.56	1.22	0.87
Last	45.00	85.50	67.71	50	Earnings per share (LTL)	9.82	2.97	3.51	4.51
Change (%)	-13.46	90.00	-20.81	-26.16	Price / earnings ratio (P/E)	4.58	28.8	19.30	11.09
Number of transactions (CM)	47	517	616	42	Dividend per share (LTL)	0.00	0.00	0.50	-
Turnover CM (units)	6297	39334	13924	522	Dividend yield	-	-	0.01	-
Turnover CM (LTL)	240349	3182812	1002118	28206	Dividend payout ratio	-	-	0.14	-
Turnover BT (units)	29402	155355	286909	118377					
Turnover BT (LTL)	1211077	12542688	22065853	8433597					
CM turnover as % in total	17.64	20.20	4.63	0.44					
Total turnover (units)	35699	194689	300833	118899					
Total turnover (LTL)	1451426	15725500	23067972	8461803					
Turnover ratio (%)	17.85	48.62	44.21	17.47					
As % in the total share turnover	0.77	1.64	2.59	1.55					

Structure OF SHARE CAPITAL

Share capital: LTL 34 021 000
 Ordinary shares: – 680420 registered shares at LTL 50 par (security code 10225) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 29.11.94)

SUBSIDIARIES (Branch offices)	Date of establishment
Zokniai branch	1994
Kuršėnai branch	1995
Kelmė branch	1995
Vilnius branch	1995
Klaipėda branch	1997
Palanga branch	1995
Šilutė branch	1995
Mažeikiai branch	1997

BALANCE SHEET (LTL thou)	99 06 30	1998	1997	1996
ASSETS				
Cash, precious metals and other valuables	5850	5427	9747	6232
Claims on central banks	7707	18896	12446	3893
Claims on credit institutions and financial institutions	11431	8743	12755	6122
Short-term government securities	7936	11886	15153	3884
Net value of granted loans	96551	80595	53929	36972
Debt securities	10	-	-	-
Equity investments	5599	5030	2491	354
Intangible assets (less amortization)	854	-	-	-
Tangible fixed assets (less depreciation)	12755	12609	7162	6784
Accrued income and deferred expenses	1122	880	1778	713
Other assets	7853	6986	5390	5720
Total assets	159268	151052	128400	70674
LIABILITIES				
Liabilities to central banks	8729	9876	7857	5643
Funds of credit institutions and financial institutions	16437	5683	7586	-
Liabilities to credit and financial institutions	12300	8739	8395	11244
Deposits and letters of credit	78193	85117	66747	31017
Accrued expenses and deferred income	517	551	402	208
Other liabilities	3867	3426	1188	1411
Total liabilities	120043	113392	92175	49523
EQUITY				
Capital and reserves	39225	37660	36225	21151
registered share capital (less own shares)	34021	34021	34021	19938
bought up own shares	(482)	(1701)	(1049)	(83)
share premium	-	-	-	(109)
revaluation reserve	429	443	574	578
retained earnings (loss)	14	(1716)	(2603)	(4536)
profit (loss) of current financial year	1017	2387	1956	3933
other capitals and reserves	4226	4226	3326	1347
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	159268	151052	128400	70674
PROFIT AND LOSS STATEMENT (LTL thou)	99 06 30	1998	1997	1996
Interest income	6325	11036	9392	7231
Interest expense	2527	4340	3821	3646
Net interest income	3798	6696	5571	3585
Expenses for provisions	115	(59)	(691)	(1893)
Net interest income after specific provisions	3683	6637	6262	5478
Service fees and commission income	1473	2474	2350	1819
Service fees and commission expense	217	406	1310	1403
Net interest, service and commission income	4939	8705	7302	5894
Income on equity investment	11	105	21	-
Profit (loss) from operations with foreign currency	677	1349	1503	1464
Profit (loss) from operations with securities and financial instruments	(71)	(255)	(563)	69
Result of primary activities	5556	9904	8263	7427
Other bank income	141	271	-	-
Operating expenses	3677	5533	4339	2984
Other bank expenses	758	1926	517	-
Depreciation and amortisation	380	546	458	405
Expenses for other specific provisions	-	-	993	-
Result of ordinary bank activities	882	2170	1956	4038
Result of exceptional and extraordinary activities (profit (loss))	147	289	-	-
Profit (loss) before taxes	1029	2459	1956	4038
Profit tax	12	72	-	105
Net profit (loss)	1017	2387	1956	3933
Net profit per LTL 1 of a share	-	0,07	0,07	0,19
CASH FLOW STATEMENT (LTL thou)		1998	1997	1996
Cash flows from banking activities				
Interest income		11312	8901	7826
Interest expenses		(4206)	(3740)	(3601)
Net income from operations with foreign currency		1460	1576	1464
Net income from operations with securities		(749)	74	69
Net income for services and fees		386	530	416
Expenses associated with payment of salaries		(4495)	(3032)	(2156)
Other income (expenses)		(591)	(1987)	(1104)
Result of activities		3120	2323	2918
Changes in short-term assets		(18723)	(39084)	(9366)
Changes in liabilities		18441	43380	6273
Net cash flows from bank activities before taxes		2838	6619	(175)
Profits tax		-	(730)	105
Net cash flows from bank activities after taxes		2838	5889	(280)
Cash flows from investing activities				
(Acquisition) sales of tangible long-term and intangible assets		(3153)	(844)	(1615)
(Investment) into securities and sales thereof		(2045)	(2757)	(290)
Dividends received		105	4	0
Net cash flows from investment activities		(5093)	(3597)	(1905)
Cash flows from financing activities				
Issue of own securities/only paid up part/		0	14000	10021
(Purchase) of own securities		(872)	(1779)	575
Net cash flows from investment activities		(872)	12221	10596
Increase (decrease) in cash		(3127)	14513	8411
Cash as at December 31		26912	30039	15526
Cash as at January 1		30039	15526	7115

ŪKIO BANKAS

BANKING

Address: J.Gruodžio g. 9, 3000 Kaunas
 Phone: (370-7) 301301
 Fax: (370-7) 323188

Registration date: 19.11.1992
 Registration code: 1202013
 Established: 1989
 Number of employees: 398
 Authorised capital: LTL 60m
 Capitalisation (30.06.99): LTL 16.25m

Auditor: Deloitte & Touche
 Trading List: Current

Supervisory Board (participation in the company): Ulf Lowenhav, Chairman (0%), Jurgis-Drasutis Mockevičius (0.119%), Kim Byung Ho (0%), Olga Gončaruk (0.04%), Gražina Jakavičienė (0.006%), Stevan Beloglić (0.396%), Song In Hwan (0.0025%), Giedrius Pukas (0%), Ala Kurauskienė (0.005%)

Management Board (participation in the company): Liutauras Varanavičius, Chairman (0.0437%), Jonas Saulėnas (0%), Edita Navickaitė (0.0005%), Gintaras Ugianskis (0.0005%), Audrius Globys (0%)

Managing Director: Liutauras Varanavičius, tel. (370-7) 301301

Investment Relations: Edita Navickaitė, tel. (370-7) 301330

CORPORATE HISTORY

ŪKIO BANKAS was established as a new commercial bank in June 1989, when Lithuania was still part of the Soviet economic bloc. Local businesses, together with some state enterprises, took advantage of new openings under Perestroika to create their own private sector bank with capital of RBL 5 million. When full independence from the USSR was won in 1992, the shareholders of ŪKIO BANKAS registered their ownership with the new Central Bank of Lithuania. ŪKIO BANKAS was the first bank entered into the register. ŪKIO BANKAS was among the first two banks to be granted licence by the Bank of Lithuania to carry out international banking activities in Lithuania in addition to its domestic banking operations. These included foreign currency lending, international operations and correspondence banking.

Since December 1995 the Bank has been engaged in a twinning arrangement, under the Phare programme with ING of the Netherlands and Unibank of Denmark. Projects undertaken as a result of the twinning programme have included strategic planning review, improvement of assets/liability management systems, internal audit and credit monitoring.

BUSINESS ACTIVITY, LATEST DEVELOPMENTS

ŪKIO BANKAS, the oldest commercial bank in Lithuania, enters a new decade of its activities. The Bank realises its strategy through a network of 17 modern branch offices based in the main urban areas of Lithuania. ŪKIO BANKAS provides its clients with all basic banking services. The 1998 net profit of the Bank from the banking services constituted LTL 20.387m.

Lithuanian companies and residents are the main Bank's clients. After the Bank started the aggressive activity on the deposits market in October 1998, the deposits augmented by LTL 10.1m by the end of the year. This shows the increasing trust in the Bank. At the end of 1998, ŪKIO BANKAS had LTL 120m of term deposits and funds on demand on the accounts. The residents' term deposits constituted 44%, companies' term deposits came to 30% of all deposits at the Bank.

ŪKIO BANKAS has more and more clients that co-operate with foreign partners, therefore, the income from international payment orders is constantly increasing (in 1998, it accounted for 53% of all the income received from payment orders). The 1998 income from commissions on all payment orders constituted LTL 2.02m and accounted for 13% of all the Bank's operating income. With the expanding number of clients that co-operate with foreign partners, document resettlement is becoming more popular. The import collection volume underwent a significant increase during 1998 and exceeded the 1997 level by 216%. The amount of import letters of credit augmented by 30%.

At the beginning of 1998, ŪKIO BANKAS started to provide its clients with credit lines and was one of the first to introduce the overdraft services in Lithuania. At the end of the year, the factoring service was launched. All this allowed the Bank to take a better position in the banks' strategic segment - financing of trading companies. Risk evaluation of new services became stricter, which resulted in the significant improvement of the loan portfolio quality. Income yielding loan portfolio augmented by LTL 16m (37%) during 1998 and constituted 64% of the loan portfolio at the end of the year. The revised Bank crediting policy was mainly oriented towards financing of trading companies. The same as in the previous years, short term loans to finance the working capital of companies and international trading dominated in the credit portfolio. Long term loans for small and medium-sized companies were also granted. The portfolio of bad loans diminished by LTL 47m or by 57% during 1998. The Bank took over LTL 22.9m worth of assets for non-repaid loans in 1998.

In 1998, the Bank gained LTL 1.387m of net income from cash operations (9% of all the bank's operating income). The net income was received from operations in litas, expenses and income from currency operations were almost equal.

ŪKIO BANKAS' net income from trading in currency constituted LTL 4.6m. Two thirds of the income were received from cash exchange in the currency exchanges, approximately 30% - from currency exchange by transfer, 2% - from dealers' trading in currency.

Active trading in derivatives was started on the interbank market in 1998 (turnover - LTL 830m, income - LTL 337thou). This service was also offered to the Bank's clients.

The specialised brokerage division of ŪKIO BANKAS performed and registered at the NSEL 1121 securities transactions during the year. The total market value of the Bank's stock portfolio stored at the specialised brokerage division constituted LTL 9.6m, while the client stock portfolio was worth LTL 3.3m. Income from the Bank's interest on government securities reached LTL 274thou, profit from operations in securities accounted for LTL 348thou, and income from clients' commissions constituted LTL 25thou last year.

In 1998, ŪKIO BANKAS subsidiary UAB Ūkio Banko Lizingas had 861 leasing contracts in operation, the leasing loan portfolio reached LTL 3.7m. According to the property value, industrial (26.17%) and household (23.55%) equipment accounted for the biggest part of the leasing portfolio. According to the number of contracts, household equipment leasing contracts constituted even 81.18%.

Currently, the investment activity of ŪKIO BANKAS is being performed by UAB Ūkio Banko Investicinė Grupė. The company was founded in July 1998 to carry out the investment projects of ŪKIO BANKAS both in Lithuania and abroad. ŪKIO BANKAS participates in the investment projects organised by the company as one of financial partners. The company is successfully working at large-scale privatisation and investment projects in Ukraine, Uzbekistan and in the Balkans.

In 1998, the Bank also provided other banking services: traded in travel and other cheques, offered collection services, provided safe custody for the clients' valuables, distributed payment cards of the Globus system and attended to Visa and Eurocard/Mastercard payment cards. The Bank's income from all those services amounted to LTL 1.37m in 1998. Though the income is rather small in the Bank income structure and accounts only for 7.43%, the services play a significant role while striving to provide the clients with as full as possible service package.

The year 1998 was ended with the net profit of LTL 5.46m.

PLANS, PROSPECTS FOR 1999

In order to use its potential more effectively, in 1999 ŪKIO BANKAS started the strategy of aggressive growth. The Bank intends to increase the value of income earning assets by developing credit activities and becoming stronger in the international financial market.

One of the most important Bank's objectives is to build up a stable client base. Therefore, ŪKIO BANKAS intends to give its loyal customers a complex of services. Exceptional attention is paid to the quality of customer service, expanding the range of the banking products and improving their presentation.

In 1999, ŪKIO BANKAS intends to start organising the distribution of international payment cards Eurocard/Mastercard, Maestro.

While expanding the company's leasing activity, the Bank plans to offer new services to its clients - the leasing of software and used transport means. In 1999, the leasing services, which until now were in operation only in Kaunas, will be developed in other towns of Lithuania.

The Bank intends to expand its investment banking by taking a more active policy on the Lithuanian market.

This year, having a share capital of LTL 60m, ŪKIO BANKAS is planning to distribute a new share issue of LTL 24m.

BALANCE SHEET (LTL thou)	Bank				Group		
	99 07 01	1998	1997	1996	1998	1997	1996
ASSETS							
Cash, precious metals and other valuables	10990	10382	12392	17156	10988	11792	17156
Claims on central banks	12408	12923	30043	19405	12923	30643	19405
Claims on credit institutions and financial institutions	9856	22131	23491	14326	22131	23491	14326
Net value of loans to credit and financial institutions	10229	2956	-	161	-	-	161
Short-term government securities	2006	2261	7184	3373	2261	7184	3373
Net value of granted loans	71269	76589	85854	108896	76589	84596	108896
Leasing	-	-	-	-	3466	-	-
Equity investments	9605	9602	1502	77	3161	1502	77
Intangible assets (less amortization)	67	13	82	4	16	82	4
Tangible fixed assets (less depreciation)	24244	22225	21977	23913	27827	21977	23913
Accrued income and deferred expenses	867	739	1107	984	742	2032	984
Other assets	58583	46943	26804	9036	51934	27137	9036
Total assets	210124	206764	210436	197331	212038	210436	197331
LIABILITIES							
Liabilities to central banks	5266	5965	5582	6371	5965	5582	6371
Funds of credit institutions and financial institutions	199	-	-	-	-	-	-
Liabilities to credit and financial institutions	3061	4490	14083	19936	4430	14105	19936
Deposits and letters of credit	158054	154227	156934	145184	153927	156912	145184
Deposits under custody agreements	98	-	-	-	-	-	-
Special and lending funds	-	-	-	963	-	-	963
Accrued expenses and deferred income	1424	1290	1775	1100	1290	1775	1100
Other liabilities	4601	3495	4651	2315	3555	4651	2315
Total liabilities	172703	169467	183025	175869	169167	183025	175869
EQUITY							
Capital and reserves	37421	37297	27411	21462	37297	27411	21462
registered share capital	60000	60000	60000	42000	60000	60000	42000
bought up own shares	(3000)	-	-	-	-	18747	1110
share premium	-	-	18747	1110	-	(4427)	(2577)
revaluation reserve	-	-	(4427)	(2577)	(28162)	(19071)	(11325)
retained earnings (loss)	(24703)	(28162)	(19071)	(11325)	5459	(27838)	(7746)
profit (loss) of current financial year	1623	5459	(27838)	(7746)	-	-	-
other capitals and reserves	3501	-	-	-	5574	-	-
Minority interest	-	-	-	-	42871	27411	21462
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	210 124	206 764	210 436	197 331	212 038	210 436	197 331

PROFIT AND LOSS STATEMENT (LTL thou)	99 07 01	1998	1997	1996	1998	1997	1996
Interest income	7024	13592	13284	25939	13825	13284	25939
Interest expense	4505	8979	11246	16008	8975	11246	16008
Net interest income	2519	4613	2038	9931	4850	2038	9931
Expenses for provisions	(3730)	369	18905	11982	369	18955	11982
Net interest income after specific provisions	6249	4244	(16867)	(2051)	4481	(16917)	(2051)
Service fees and commission income	2974	5985	6949	7294	5964	6453	7294
Service fees and commission expense	284	1076	901	-	1072	857	-
Net interest, service and commission income	8939	9153	(10819)	5243	9373	(11321)	5243
Income on equity investment	1	-	-	-	-	-	-
Profit (loss) from operations with foreign currency	1624	4600	5532	5863	4593	5549	5863
Profit (loss) from operations with securities and financial instruments	(4)	(214)	-	-	(227)	(17)	-
Result of primary activities	10560	13539	(5287)	11106	13739	(5287)	11106
Other bank income	809	2904	-	-	6279	554	-
Operating expenses	7535	15582	17685	15534	19120	17737	15534
Other bank expenses	1659	-	-	-	-	-	-
Depreciation and amortisation	887	1945	1929	1828	1970	1929	1828
Expenses for other specific provisions	299	(6543)	(63)	187	(6543)	(63)	187
Result of ordinary bank activities	989	5459	(24838)	(6443)	5471	(24838)	(6443)
Result of exceptional and extraordinary activities (profit (loss))	634	-	(3000)	(935)	-	(3000)	(935)
Profit (loss) before taxes	1623	5459	(27838)	(7378)	-	(27838)	(7378)
Profit tax	-	-	-	368	0	0	368
Minority profit	-	-	-	-	(12)	-	-
Net profit (loss)	1623	5459	(27838)	(7746)	5459	(27838)	(7746)

CASH FLOW STATEMENT (LTL thou)	99 07 01	1998	1997	1996	1998	1997	1996
Cash flows from banking activities							
Interest income		12330	12606	25756			
Interest expenses		(9381)	(11246)	(16008)			
Result of activities		3409	(7077)	7605			
Changes in short-term assets		(13418)	(19812)	33820			
Changes in liabilities		(10157)	7203	(51555)			
Net cash flows from bank activities before taxes		(20166)	(19686)	(10130)			
Profits tax		-	-	(368)			
Net cash flows from bank activities after taxes		(20166)	(19686)	(10498)			
Net cash flows from investment activities		35	(3285)	(58)			
Net cash flows from financing activities		0	26757	16947			
Increase (decrease) in cash		(20131)	3786	6391			
Cash as of December 31 of the current financial year		16523	36654	32868			
Cash as of January 1 of the current financial year		36654	32868	26477			

VILNIAUS BANKAS

BANKING

Address: Gedimino pr. 12, 2600 Vilnius
 Phone: (370-2) 682800, 682428
 Fax: (370-2) 626557, 612629

Registration date: 25.02.1994
 Registration code: 1202123
 Established: 1990
 Number of employees: 915
 Authorised capital: LTL 150m
 Capitalisation (30.06.99): LTL 403.8m

Auditor: Arthur Andersen
 Trading List: Official

Supervisory Board (participation in the company):
 Liudvikas Miškinis, Chairman (0.01%),
 Monica Caneman (0%), Mats Kjaer (0%),
 Tord Olofsson (0%), Andreas Zeisler (0%),
 Algimantas Kazlauciūnas (0%), Antanas Levanas (0.01%)

Management Board:
 Julius Niedvaras, Chairman (0.47%),
 Gintautas Bareika (0.02%), Raimondas Kutra (0.01%),
 Raimondas Kvedaras (0.09%), Virginija Skunciškienė (0.004%),
 Mattias Styrman (0%)

Investment Relations: Raimondas Kvedaras, tel. (370-2) 682514

BANKING HISTORY

VILNIAUS BANKAS started its activity on 2 March 1990. The Bank's headquarters are located in Vilnius. All the branches, the number of which amounts to 14, operate in Lithuania.

In 1991, VILNIAUS BANKAS joined the international VISA system. In 1993, the Bank became a member of S.W.I.F.T. VILNIAUS BANKAS was the first among Lithuanian banks to receive credit lines from Western banks. In the third quarter of 1995, the Bank established the first leasing subsidiary in Lithuania Vilniaus Lizingas. At the end of 1995, leading investment funds from Germany, Great Britain, Sweden and the USA acquired the Bank's shares. During 1996, VILNIAUS BANKAS distributed the issue of Global Depository Receipts (GDRs) for the total amount of US\$ 17.1m in the international financial markets. The Vilniaus Bankas GDRs are quoted at the Luxembourg Stock Exchange.

On 15 September 1997, VILNIAUS BANKAS signed an agreement regarding establishment of a new company - Lithuanian Export and Import Insurance. The main goal of the company is to encourage Lithuanian export to risky Eastern markets. The five founders became shareholders, the company's stock in excess of LTL 19.6m was divided into 1960 shares at LTL 10 thou par. VILNIAUS BANKAS holds 479 shares.

On 16 September 1997, VILNIAUS BANKAS acquired a Latvian financial firm Latvijas KIF Grupa and established its first foreign subsidiary VB Financial Markets. Besides brokerage operations, the company was engaged in custody and bookkeeping of securities, Latvian market research, corporate finance projects and client portfolio management. In 1998, this company became a subsidiary of the brokerage company VB Vilfima, where the Bank holds 70% of the stock.

On 19 December 1997, the Securities Commission issued a license to VB Turto Valdymas to engage in investment management. The company actively invests into capital development projects, also manages corporate and individual investment portfolios.

At the end of 1997 the Bank became a member of EUROPAY INTERNATIONAL.

The general shareholders' meeting held on 31 March 1998 decided to uniform the par value of all VILNIAUS BANKAS shares and to convert ordinary registered shares with LTL 50 par into ordinary registered shares with LTL 10 par at the rate of 1 to 5.

BUSINESS ACTIVITY

VILNIAUS BANKAS is engaged in accepting deposits and other repayable funds and extending loans, and carries out other operations established in the Law on Commercial Banks of the Republic of Lithuania. The Bank undertakes all risks and obligations arising from this activity. VILNIAUS BANKAS distributes VISA payment cards: VISA BUSINESS, VISA CLASSIC, VISA ELECTRON, VISA GOLD.

On 1 January 1999, VILNIAUS BANKAS had over 53,000 current accounts and 28,000 time deposit accounts for individual persons. The market share of the Bank's individual clients' deposits constituted 18.6% at that time.

Loans, document settlement and conversion are the most popular services provided to the business clients. On 1 January 1999, the Bank had 40.6thou of business clients. The number of business clients having their accounts at the Bank augmented by 25% during the year.

The Bank was among the first that started to provide mortgage loans - this activity was launched at the end of 1997. Currently, VILNIAUS BANKAS offers mortgage loans in USD for a ten-year period for acquisition or repairs of dwellings. Though almost a third of all the Bank clients are interested in those loans, the total sum of those loans is rather small - LTL 18m (01/01/99). The Bank plans to offer new mortgage loans.

DEVELOPMENTS IN 1998

1998 was the year of rapid growth and substantial profit for VILNIAUS BANKAS. The Bank generated net profit in excess of LTL 59.78m (25.4% more than in 1997), gaining LTL 167.1m of net banking income (33% more than in 1997), the assets of the Bank lifted by more than 1.5 times - from LTL 1802.9m to LTL 2,757m. According to its assets, the Bank occupied 26.4% of the market at the end of 1998. Further strengthening its positions and expanding its activity on the country's market, VILNIAUS BANKAS gained the biggest profit among the banks from the Baltic region, and more than all the other banks together on the Lithuanian market, i.e. 54.6% of the total Lithuanian banks' profit.

At the end of 1998, the liquidity ratio of VILNIAUS BANKAS was 80.75%, which means it exceeded the minimum (30%) defined by the Bank of Lithuania almost 2.7 times.

The circle of the Bank clients expanded rapidly during 1998. At the end of the year, VILNIAUS BANKAS had over 1,900 clients that had been granted with loans (at the end of 1997 - about 1,000) and about 147thou clients that had opened accounts and acquired cards at the Bank (at the end of 1997 - about 84thou).

During 1998, the deposits increased by 21.9% to LTL 1,420.7m, deposits constituted 61.2% of all Bank's liabilities at the end of the year (70.7% in 1997). The clients' time deposits augmented by 52.9% during 1998 (3.6% per month on average). As in the previous year, companies' funds formed the main part in the clients' deposits. The total amount of the granted loans reached LTL 1,462.4m (1.5 times more than in 1997). The part of the long-term loans increased from 28.4% in 1997 to 39.9% in 1998. At the end of the year, the average loan interest rate stood at 11%. The market share of the loans granted by the Bank experienced a significant increase from 21.8% in 1997 to 26.4% at the end of 1998.

In 1998, the international bank rating agency Thomson BankWatch granted a higher long term debt rating BB+ (against BB held before), which coincides with Lithuania's credit rating.

In March 1998, VILNIAUS BANKAS arranged a USD 30m syndicated loan, the lead manager of which was Dresdner Bank Luxembourg S.A. From May to October, the Bank succeeded in strengthening its capital base by 4 subordinated loans: a six-month USD 3m loan from Swedfund Financial Markets, a seven-month DEM 10m loan from the German DEG, a six-month DEM 20m loan from the EBRD, and a seven-month DEM 10m loan from the Dutch FMO.

During 1998, the Bank liabilities augmented by 40.8% to LTL 2.3bn. The increase resulted from the loans taken mainly from the West banks through credit lines, from the syndicated and subordinated loans, as well as from the growth of the clients' deposits.

In 1998, the Bank signed strategic co-operation contracts with two banks from the Baltic region, namely with Eesti Hhispank and A/S Latvijas Unibanka. The purpose of the contracts is to expand the operating field of the three banks. A possibility to have a strategic partner that would invest into the three banks was taken into account while considering the implementation of the above-mentioned plans. At the end of 1998, the Strategic Investment Contract between VILNIAUS BANKAS and the Swedish Skandinaviska Enskilda Banken (SEB) was signed.

On 31 December 1998, the share capital of the Bank was increased by LTL 48m. All the share issue was bought by the SEB, that became the largest strategic investor holding 35.8% of the Bank's share capital. Due to this increase in the Bank's share capital, the capital adequacy ratio reached 31.47% on 31 December 1998.

The journal Central European ranked VILNIAUS BANKAS as the best Lithuanian bank in 1998, and its subsidiary VB Vilfima as the best brokerage company.

In 1998, VB Vilfima carried out 32.8% of the country's share trading and 26.9% of all stock trading. In the sphere of companies' financing, VB Vilfima chose AB Lietuvos Energija, AB Žemaitijos Pienas, AB Lietuvos Žemės Ūkio Bankas, AB Lietuvos Kuras, Tolaram Investments, AB Kausta, YIT Corporation to be its partners - strategic co-operation contracts were signed with those economically significant market participants.

VILNIAUS BANKAS subsidiary UAB VB Lizingas signed 990 contracts for the total sum of LTL 204m. The number of leased cars underwent a great increase (from 730 in 1997 to 1,245 at the end of 1998). The balance leasing portfolio of the company augmented almost 2.4 times during the year (from LTL 115m in 1997 to LTL 274m in 1998). The net VB Lizingas profit constituted over LTL 1.39m in 1998.

Investment (LTL 4.96m) into a new UAB Baltijos TV (television station) share issue became the most significant event during the 1998 activity of the Bank's subsidiary UAB VB Turto Valdymas. Currently, VB Turto Valdymas holds 19.88% of Baltijos TV share capital. At the end of 1998, VB Turto Valdymas concluded a call option contract with Tolaram Investments for AB ALytaus Tekstiles share portfolio, which was sold to Tolaram Investments.

In 1998, VILNIAUS BANKAS invested LTL 12m into VB Lizingas, LTL 8.9m into VB Turto Valdymas, and LTL 3.9m into VB Vilfima.

PLANS, PROSPECTS FOR 1999

The net interest income will further constitute the main part of the revenue. As concerns expenses, special control will be imposed on the employees' cost. In 1999, the average number of employees is planned to increase by 64 people, expenses for employees will account for 24.9% of the net Bank's income (by 4.8% less than in 1998).

The estimated funds utilisation efficiency will be higher than in 1998, the income yielding equity will form 77% of all assets (69.4% in 1998).

In 1999, more attention will be paid to the loan structure. The loans in litas are planned to increase to 30.2% since those loans earn higher interest than currency loans. Consumer loans and mortgage loans are among the most expensive ones, therefore extension of those loans will become more active, their part in the loan portfolio will be increased to 4%.

The estimated Bank assets in 1999 constitute LTL 3.7bn, the total loan portfolio is expected to reach LTL 2.6bn, including loans for clients, which will come to LTL 1.9bn. The attracted clients' deposits are expected to lift to LTL 2.1bn.

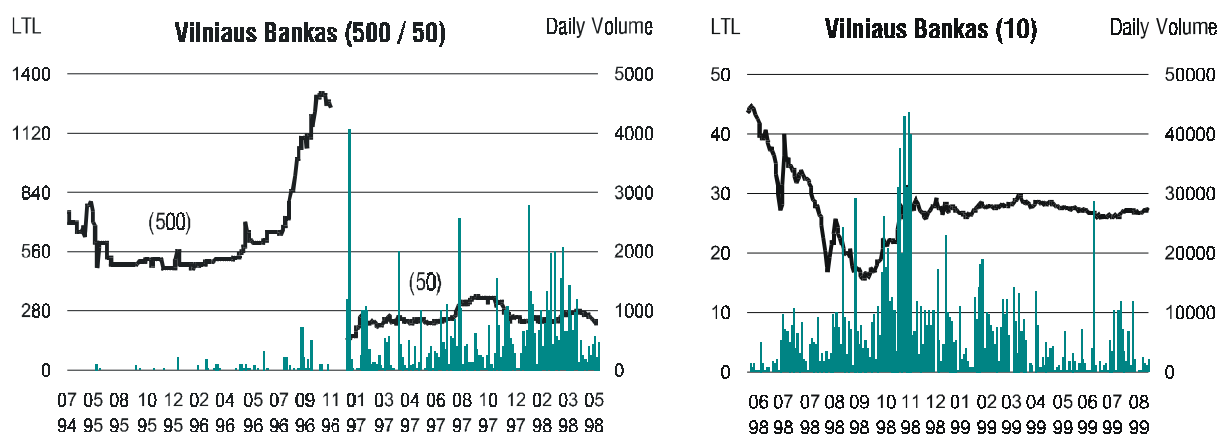
While co-operating with the strategic partner Skandinaviska Enskilda Banken, new bank products will be launched, retail banking will be expanded in comparison with other services provided by the bank. LTL 54.9m are planned to be put into the Bank automatization and enhancement of the material basis, 50.7% of the sum will be used for upgrading the information technologies.

VILNIAUS BANKAS foresees additional investment of LTL 41m into subsidiaries, LTL 18.5m of the sum will be invested into VB Lizingas, LTL 15m - into VB Turto Valdymas, LTL 2m - into VB Vilfima, LTL 5.5m - into a life insurance company that is currently being established.

On 25 February 1999, the Bank Management Board decided to establish a subsidiary - a life insurance company with the authorised capital of LTL 4m and LTL 1m as the organisational fund.

In 1999, the VILNIAUS BANKAS group plans to gain LTL 71.9m of net profit or by 20.2 more than in 1998. From 1999 the Bank will start paying the profit tax of 14.5%.

On 8 July 1999, the heads of VILNIAUS BANKAS and Bankas Hermis signed a contract regarding conditions and procedure of a possible merger of the two Banks. The contract provides that the banks will seek to merge on an equal basis into a new bank with a new name - the new bank will take over the rights and obligations of both VILNIAUS BANKAS and Bankas Hermis.



TRADING STATISTICS	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	501.00 / 140.00	165.00	229.00	29.40
Max	1310.00 (10 17) / 165.00 (12 24)	349.00 (09 17)	276.19 (04 22)	29.61 (04 08)
Min	485.00 (01 18) / 140.00 (12 11)	165.00 (01 03)	15.63 (10 09)	26.02 (02 04)
Last	1240.00 / 165.00	229.00	29.40	26.92
Change (%)	229.34*	38.79	-35.81*	-8.44
Number of transactions (CM)	417	1862	13570	3636
Turnover CM (units)	4297 / 7785	55319	15809537	567076
Turnover CM (LTL)	4887073	14745496	15809537	567076
Turnover BT (units)	28016 / 11860	112816	384558	384558
Turnover BT (LTL)	18299626	28699001	10930038	10930038
CM turnover as % in total	21.08	32.90	59.59	59.59
Total turnover (units)	32313 / 19645	168135	951634	951634
Total turnover (LTL)	23186699	43444497	26739574	26739574
Turnover ratio (%)	-	8.25	25.68	6.34
As % in the total share turnover	12.27	4.53	4.90	4.90

STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 2689.	
Skandinaviska Enskilda Banken AB (Sweden)	37.30%
Holders of GDRs (Depository: Bankers Trust Company Ltd.)	31.30%
Swedfund Financial Markets AB (Sweden)	6.60%

MARKET VALUE RATIOS

	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	134970	466702	299880	396 450
Share book value (LTL)	57.48	80.71	29.03	30.35
Price / book value ratio (P/BV)	2.87	2.84	1.01	0.87
Earnings per share (LTL)	12.02	23.32	3.99	4.80
Price / earnings ratio (P/E)	13.72	9.8	7.38	5.50
Dividend per share (LTL)	0.65	0.60	0.60	-
Dividend yield	0.00	0.003	0.02	-
Dividend payout ratio	0.05	0.03	0.15	-

SUBSIDIARIES

SUBSIDIARIES	Date of establishment	Authorised capital	Participating interest
VB Lizingas (leasing)	1995	LTL 10m	100%
VB Turto Valdymas (assets management)	1997	LTL 20m	100%
VB Vilfima (brokerage)			70%

Structure OF SHARE CAPITAL

Authorised capital:	LTL 150 000 000
Ordinary shares:	- 15000000 registered shares at LTL 10 par (security code 10134) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 04.01.94, listed on the Official List on 07.04.1997)

BALANCE SHEET (LTL thou)	Bank				Group			
	99 06 30	1998	1997	1996	99 06 30	1998	1997	1996
ASSETS								
Cash on hand	48397	59464	64884	53228	48439	59526	65631	53231
Balances with the Bank of Lithuania	271350	619694	173846	100446	271350	619841	173846	100446
Due from banks	277869	218002	227781	229230	277961	220869	227781	229230
Short-term treasury bonds	297155	183671	208956	84584	304178	189515	209659	84584
Loans to credit and financial institutions	202414	251892	131742	12777	3231	5516	43022	3470
Loans to customers, net	1408000	1141220	806645	344041	1408120	1141340	806645	344041
Financial lease receivable	-	-	-	-	229401	273465	115057	12707
Long-term treasury bonds	39702	39653	59462	-	39702	39653	59462	-
Investments in equity securities	86969	78300	29271	10162	50707	69648	16430	300
Intangible fixed assets (less amortisation)	1136	1305	618	852	1159	1398	628	865
Tangible fixed assets (less depreciation)	129215	125169	88367	71379	135830	131811	89152	73458
Other assets	48291	38637	11442	8489	69056	50208	28887	9174
Total assets	2810498	2757007	1803014	915188	2839134	2802790	1836200	911506
LIABILITIES								
Amounts owed to the Bank of Lithuania	9378	10618	9898	11364	9378	10618	9898	11364
Amounts owed to credit and financial institutions	629546	748007	432147	172731	629778	752387	432138	172731
Debt securities issued	7882	-	-	-	22618	-	-	-
Deposits from the public	1556493	1420743	1165888	589627	1556653	1421404	1164209	588807
Deferred expenses and accrued income	22620	15603	-	2317	23517	15199	292	2317
Subordinated loans	96674	107804	-	-	104674	115804	8000	-
Other liabilities and provisions	32622	18787	30588	22063	35773	50267	67088	19201
Total liabilities	2355215	2321562	1638521	798102	2382391	2365679	1681625	794420
MINORITY INTERESTS	-	-	-	-	1460	1666	12	-
SHAREHOLDERS' EQUITY								
Paid in capital	150000	150000	102000	102000	150000	150000	102000	102000
Restricted retained earnings	270308	225658	14915	15024	270308	225658	14915	15030
Unappropriated retained earnings	34975	59787	47578	62	34975	59787	37648	56
Total shareholders' equity	455283	435445	164493	117086	455283	435445	154563	117086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2810498	2575007	1803014	915188	2839134	2802790	1836200	911506
PROFIT AND LOSS STATEMENT (LTL thou)	99 06 30	1998	1997	1996	99 06 30	1998	1997	1996
Interest income	109388	175058	105495	67499	112377	184869	110712	67748
Interest expenses	(46817)	(69752)	(31048)	(17374)	(47715)	(71765)	(32103)	(17341)
Net interest income	62571	105306	74447	50125	64662	113104	78609	50407
Provisions for loan losses	(6393)	(17554)	(14563)	(13765)	(6633)	(17554)	(14563)	(13765)
Provisions for guarantees	144	195	(1625)	(537)	144	195	(1625)	(537)
Other provisions	(438)	(617)	(42)	(2263)	(734)	(2061)	(42)	(2263)
Net interest income after provisions	55884	87330	58217	33560	57439	93684	62379	33842
Net service charges and other income	30660	63609	47906	32523	35342	64640	47739	32918
Net income on equity investment	904	(2509)	275	38	(93)	162	27	-
Profit (loss) from operations with securities	56	(1902)	(85)	-	1114	(3248)	(123)	-
Net foreign exchange gain	9067	20592	19212	14156	8951	20425	18650	14153
Deposit insurance expenses	(4839)	(6509)	(2717)	-	(4839)	(6509)	(2717)	-
Staff costs	(25582)	(47999)	(41426)	(33719)	(28778)	(52900)	(42981)	(34075)
Other administrative expenses	(22530)	(36917)	(25822)	(17798)	(25225)	(39837)	(26954)	(18070)
All taxes except profit tax	(4468)	(15908)	(7982)	(4320)	(4880)	(16469)	(8121)	(4320)
Result before profit tax and minority interests	39152	59787	47578	24440	39031	59948	47899	24448
Profit tax	(4177)	-	-	-	(4258)	(609)	(324)	(8)
Minority interests	-	-	-	-	202	448	3	-
Net income	34975	59787	47578	24440	34975	59787	47578	24440
CASH FLOW STATEMENT (LTL thou)		1998	1997	1996		1998	1997	1996
Cash flows from banking activities								
Net cash from operating activities before change in operating assets		79399	75422	43471		79247	75791	43413
(Increase) Decrease in operating assets		(926269)	(669193)	(430922)		(777785)	(596777)	(418481)
Net increase (decrease) in operating liabilities		(4776)	(1716)	12658		626	35663	14337
Net cash from banking activities before income tax		(851646)	(595487)	(374793)		(697912)	(485323)	(360531)
Income tax paid		-	-	-		(609)	(324)	(8)
Net cash from banking activities after income tax		(851646)	(595487)	(374793)		(698521)	(485647)	(360539)
Cash flows from investing activities								
Net cash flows from investment activities		(54108)	(226897)	(92458)		(216301)	(335137)	(105930)
Cash flows from financing activities								
Paid in by shareholders		220800	-	64281		220800	-	64281
(Purchase) of own shares		295	(164)	(88)		295	(164)	(88)
(Decrease) increase in amounts borrowed from the Bank of Lithuania		720	(1466)	2386		720	(1466)	2386
(Decrease) increase in amounts borrowed from credit and financial institutions		315860	259416	83710		320249	259407	83710
(Decrease) increase in deposits from the public		254855	576261	345860		257195	575402	345000
Increase in subordinated loans		107804	-	-		107804	-	-
(Decrease) increase in minority interests		-	-	-		1654	12	-
Change according to the Bank of Lithuania requirements		-	3	-		-	3	-
Cash flows from other financial activities		-	(10)	-		-	(10)	-
Net cash flows from financing activities		900334	834040	493502		908717	833184	492714
Net increase (decrease) in cash		(5420)	11656	26251		(6105)	12400	26245
Cash as at 1 January		64884	53228	26977		65631	53231	26986
Cash as at 31 December		59464	64884	52228		59526	65631	53231

INSURANCE

The Baltic insurance industry is driven by the dominant non-life sector, which accounts for 85% of the total premium income. Last year the market totaled LTL 327m, however due to regulatory changes in accounting for premiums in Lithuania, the figure cannot be directly compared to LTL 255m for the previous year. The non-life sector is mainly driven by the motor TPL along with the private and commercial property lines. Even though the life business has been growing at modest rates, generally the Baltic Market, fueled by the rapidly expanding non-life insurance lines and growing economy, have shown outstanding growth records.

The Lithuanian insurance market is dominated by the non-life sector with Casco, Property and Motor TPL lines topping the list. The growing popularity of Casco Insurance pushed its share in total premium portfolio from 22% to 27%, while the share of Property lines fell down from 32% to 24%. After the introduction of the mandatory Motor TPL insurance this line will clearly be the dominant one in the total non-life portfolio and account for around 35-40% of the market.

In contrast to the non-life market in Lithuania, premium growth rates were very modest in the life sector with the number of newly concluded life contracts dropping in 1998. The low disposable income and the weak awareness of the life insurance products contributed to the modest growth of the life insurance lines. However, with the growth of individual savings and expected introduction of the voluntary pension system, growth of the life sector should gradually accelerate.

Presently, over seventy insurance companies operate in the region with the Top-5 holding 40% of the market. Besides being an absolute leader in the domestic market, Lietuvos Draudimas is also the largest insurer in the Baltics by holding 17% of the total market.

The Lithuanian market is characterised by the tough competition among the 31 registered insurance companies. Intensifying competition primarily results from the expanding price-cutting by the numerous smaller competitors attempting to gain their share in the market. This in effect produced surging loss ratios especially in Casco and Motor TPL lines posing financial difficulties for most of the companies. A tough competitive and macroeconomic environment as well as the stringent requirements of the Insurance Supervisory are believed to drive the small companies out of the market. At the same time more pressure is expected from the Western insurers like Swiss Zurich Financial Services, German Alte Leipziger, Seesam-American International Group and Finnish Pohjola, and Scottish Hodgson Martin that acquired the local insurers or established branches in Lithuania. British investment fund New Europe Insurance Ventures has taken a 49% stake in Preventa, Lithuania's third largest insurance firm. 3 Latvian insurance companies also signed an agreement on purchasing shares in the Lithuanian Baltic Polis insurance company.

Lithuanian commercial banks are also seen expanding their activities on insurance market. Savings bank, the largest bank by assets, considers entering the market. The largest private bank Vilniaus bankas established the life insurance company. The company will closely cooperate with Trygg Liv, the life insurance subsidiary of Sweden's SEB.

Economists share the one opinion that with the entrance of Denmark's Codan, that acquired more than a half of the insurance market, competition on local market would only increase. Therefore, the small insurance companies would suffer, as they unlikely are able to resist competitive pressure from the bigger companies and will either have to merge or to be liquidated.

Competition on the market is expected to increase even more when Finnish concern Sampo, which unsuccessfully bid for acquisition of state stake in Lietuvos Draudimas, begins operations in Lithuania. Sampo has not abandoned its plans to enter the Lithuanian insurance market and has been eyeing the other insurer on the market and option to set a new company here is also not ruled out.

On whole, Central and Eastern Europe enjoys positive prospects for its insurance industry in the coming years. Insurance industries are expected to grow more rapidly than Western markets. The largest expectations are connected with life insurance growth, as this sector is highly underdeveloped in Central and Eastern Europe. It is obvious that Lithuanian market would follow this trend.

Lithuanian market has the best prospects for growth in the Baltics. The country is the largest in terms of economic size and population in the region, thus having the widest base of insurable property and individuals. Moreover, low insurance penetration (0.93%), and per capita premium (LTL 106.9) figures compared to the neighboring countries suggest higher growth levels in the coming years.

LIETUVOS DRAUDIMAS

INSURANCE

Address: J.Basavičiaus g. 12, 2600 Vilnius
 Phone: (370-2) 618233
 Fax: (370-2) 617668

Registration date: 10.12.1996
 Registration code: 1005183
 Established: 1921
 Privatised: 1996, 1999
 Number of employees: 2025
 Authorised capital: LTL 13.96m
 Capitalisation (30.06.99): LTL 82.5m

Auditor: PricewaterhouseCoopers
 Trading list: Current

Supervisory Board:
 Morgens Andersen, Soren Theilgaard, Hans Peter Hansen

Management Board:
 Kęstutis Šerpytis, Chairman (4.3385%),
 Roma Brūzgienė (0.0968%), Stasys Jakeliūnas (0%),
 Darius Kamuntavičius (0.0008%), Vidmantas Maksimaitis (0%),
 Gintaras Markevičius (0%), Algimantas Rinkevičius (0%)

Managing Director: Kęstutis Šerpytis

Investment Relations: Kęstutis Šerpytis, tel. (370-2) 616 711

CORPORATE HISTORY

On 21 December 1920, the Lithuanian Parliament approved Articles of Association of the STATE INSURANCE ENTERPRISE. The Articles were officially published on 4 February 1921, which is considered the establishment date of LIETUVOS DRAUDIMAS.

During 1939 the Enterprise collected about LTL 4m in premiums and had over 76 thousand insurance contracts, including: 95% insurance of property against fire, 3.5% marine and cargo insurance, while other insurance products accounted for mere 1.5 per cent. From the day of its inception, the Enterprise was led by a famous statesman Gustavas Feterauskas.

In 1940, when Lithuania was annexed by the Soviet Union, private insurance companies and their capital were nationalised. The STATE INSURANCE ENTERPRISE became an integral part of the Gosstrach monopoly.

After Lithuania regained independence in 1990, the Lithuanian Government approved Articles of Association of the STATE INSURANCE ENTERPRISE.

It was registered with the Ministry of Economy in March 1991. Since then it has been an independent insurance organisation, the largest not just in Lithuania, but also in the Baltics. In December 1996, the state enterprise was transformed into a joint stock company LIETUVOS DRAUDIMAS. 70% of the stock were retained by the state, while 30% were acquired by natural and legal persons.

On 17 January 1997, the general shareholders' meeting decided to raise capital out of the company's reserves and to increase the share face value from LTL 10 to LTL 35. At present, LIETUVOS DRAUDIMAS stock capital totals LTL 14 million.

In compliance with the existing EU standards, the Lithuanian Government passed a new Law on Insurance in 1997, which requires the companies to separate their life- and non-life insurance lines. In reaction to the new regulation, LIETUVOS DRAUDIMAS acquired two companies: Draudimo Fondas and Vaidra. The first one was renamed LD Gyvybės Draudimas to provide life insurance, the latter was called LD Kredito Draudimas and will focus on credit insurance.

BUSINESS ACTIVITY

The company operates as both a life- and non-life insurance provider. It can boast an outstanding market share in the Lithuanian insurance market (56%).

During 1998 a comparative weight of voluntary risk insurance underwent a significant increase from 63.6% to 73.4%, a comparative weight of life insurance reduced to 26.6%.

Vehicle insurance of legal and natural persons dominates in non-life insurance and constitutes 27.8%, company and organisation property insurance accounts for 21.5%, civil liability insurance covers 12.9% of all premiums for this branch of insurance. A considerable part of premiums was earned from residential building insurance - 10%, accident insurance constitutes 9%. Furthermore, LIETUVOS DRAUDIMAS has a firm position in marine and aircraft insurance.

Endowment insurance, children and marriage insurance occupies a smaller part of life insurance - 40.3% of premiums. With-profit insurance accounts for 59.1% of premiums earned from all life insurance contracts.

The services of LIETUVOS DRAUDIMAS are provided in all cities, towns, and regions of Lithuania. The company has 51 branches in Lithuania.

LIETUVOS DRAUDIMAS co-operates with insurance and reinsurance companies, insurance brokers, loss regulation centres of many countries. Protecting itself against large insurance claims, the company reinsures its exposures with famous reinsurance companies. The contracts were concluded with high rated reinsurance companies of the USA, Germany, Switzerland, Ireland, Sweden.

DEVELOPMENTS IN 1998

In 1998 premiums collected from insurance, including reinsurance, amounted to LTL 175.96m, i.e. augmented by 25.5% compared with 1997. Payments for claims lifted from LTL 66m to LTL 73m in 1998 due to the increased insurance volumes and a bigger number of losses in some insurance types (vehicle, live-stock insurance). Measures to reduce the losses have been taken: tariffs are being modified, the selection of the policy holders is being improved, etc.

LIETUVOS DRAUDIMAS carries out a broad reinsurance programme by insuring objects of high value (company property, residential buildings) and offering new services such as business interruption insurance. Under the main reinsurance programme, all industrial risks under LTL 40m were reinsured in 1997; in 1998 this amount reached LTL 80m. In 1997 reinsurance costs amounted to LTL 4m, in 1998 they constituted LTL 60.7m.

In 1998 LIETUVOS DRAUDIMAS invested LTL 3m into the authorised capital of its subsidiary UAB Lietuvos Draudimo Gyvybės Draudimas. Consequently, the authorised capital of the subsidiary increased from LTL 1m to LTL 4m.

On 30 March 1999 the general shareholders' meeting decided to deepen the authorised capital of UAB Lietuvos Draudimo Kreditų Draudimas from LTL 1m to LTL 7m by issuing 60,000 ordinary registered shares at LTL 100 par, that were acquired by LIETUVOS DRAUDIMAS.

The company follows a conservative investment policy, therefore the main part of the funds is invested into government securities (about LTL 154m) and real estate (LTL 33.5m).

LIETUVOS DRAUDIMAS reported a LTL 8m net profit for 1998.

In May 1999 a contract regarding purchase of 70% of LIETUVOS DRAUDIMAS shares was signed at the State Property Fund. The Danish company Codan acquired the controlling block having paid LTL 105.3m for the shares. Codan is to invest LTL 100m within five years.

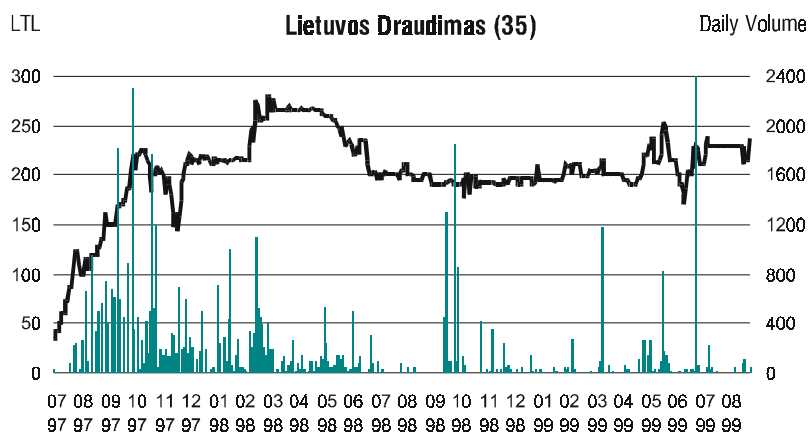
PLANS, PROSPECTS FOR 1999

LIETUVOS DRAUDIMAS plans to retain its status of the largest insurance company in the Baltic countries, strengthen its position on the market, expand its activities by attracting new clients and introducing new services.

In 1999 the Danish company Codan, that holds 70% of the company's shares, intends to deepen the share capital of LIETUVOS DRAUDIMAS by LTL 60m.

Structure OF SHARE CAPITAL

Share capital: LTL 13 956 600
 Ordinary shares: – 398760 registered shares at LTL 35 par (security code 12194) accounting for 100% of the auth. capital (admitted to trading at the NSEL on 14.07.97)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 337.
 Codan Insurance Ltd. (Denmark) 70%
 Merita Bank (Finland) 15.99%

BALANCE SHEET (LTL)

	1996	1997	1998	1-2Q1999
LONG TERM ASSETS	34633947	42839197	77398952	77989139
SHORT TERM ASSETS	110248064	129826146	164556822	179884582
Stock	1282291	1027038	1393466	1483359
Amounts receivable				
within one year	2434389	4100075	2728130	3887456
TRANSFER ACCOUNTS	2015531	6135733	1401473	1761142
TOTAL ASSETS	146897542	178801076	243357247	259634863
CAPITAL AND RESERVES	17520687	24439173	29680107	30803917
Capital	3987600	13956600	13956600	13956600
Subscribed capital	3987600	13956600	13956600	13956600
Share premium account	0	0	0	0
Revaluation reserve	3250257	0	0	0
Reserves	7157062	766209	766599	1395660
Profit (loss) brought forward	3125768	9716364	14956908	15451657
Amounts payable after one year and long-term liabilities	0	0	0	0
Amounts payable within year and long-term liabilities	4015688	4434862	19881012	23315315
ACCRUED CHARGES AND DEFERRED INCOME	25576875	1375765	445273	2142315
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	146897542	178801076	243357247	259634863

PROFIT (LOSS) ACCOUNT (LTL)

	1996	1997	1998	1-2Q1999
SALES AND SERVICES	110340904	126229721	189752322	78233359
COST OF GOODS SOLD AND SERVICES RENDERED	112874972	131072847	135446997	48927550
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	19202317	7356806	8107955	2514903

TRADING STATISTICS

	1997	1998	1-2Q 1999
PRICE (LTL)			
First	35.00	219.00	191.50
Max	226.00 (10 20)	280.00 (03 13)	253.95 (05 27)
Min	35.00 (07 16)	176.30 (10 15)	170.50 (06 18)
Last	219.00	191.50	207.00
Change (%)	525.71	-12.56	8.09
Number of transactions (CM)	791	808	347
Turnover CM (units)	25443	24380	5175
Turnover CM (LTL)	4577116	5549079	1127797
Turnover BT (units)	46788	116259	4031
Turnover BT (LTL)	7986733	26407805	865360
CM turnover as % in total	35.22	17.34	56.21
Total turnover (units)	72231	140639	9206
Total turnover (LTL)	12563849	31956884	1993157
Turnover ratio (%)	18.11	35.27	2.31
As % in the total share turnover	1.31	3.59	0.37

MARKET VALUE RATIOS

	1996	1997	1998	1-2Q1999
Capitalisation (LTL thou)	-	87328	76363	91655
Share book value (LTL)	43.94	61.29	74.43	77.25
Price / book value ratio (P/BV)	-	3.57	2.57	2.98
Earnings per share (LTL)	48.16	18.45	20.33	8.73
Price / earnings ratio (P/E)	-	11.87	9.42	26.33
Dividend per share (LTL)	1.00	3.50	3.15	-
Dividend yield	-	0.02	0.02	-
Dividend payout ratio	0.02	0.19	0.15	-

SUBSIDIARIES

UAB Lietuvos Draudimo Gyvybės Draudimas
 UAB Lietuvos Draudimo Kredity Draudimas

Date of establishment

1997
 1997

Authorised capital

LTL 4m
 LTL 1m

Participating interest

100%
 100%

INVALDA

HOLDING

Address: A.Juozapavičiaus g. 6/2, 2600 Vilnius
 Phone: (370-2) 727922
 Fax: (370-7) 725685

Management Board (participation in the company):
 Alfonsas Rimkus, Chairman (7.42%),
 Alvydas Banys (4.78%), Algirdas Bučas (7.87%),
 Dailius Juozapas Mišeikis (9.95%), Petras Povilas Čėsna (0%)

Registration date: 20.03.1991
 Registration code: 2130434
 Established: 1991
 Number of employees: 32
 Authorised capital: LTL 38m

Managing Director: Algirdas Bučas

Investment Relations: Alvydas Banys, tel. (370-2) 721 292

Auditor: Auditas UAB
 Trading list: Current

CORPORATE HISTORY

Initially, INVALDA was established as an investment stock company. Pursuant to the Law on Investment Companies, INVALDA was reregistered into a holding company in December 1997. The new entity took over all rights and obligations and continued the activities of the investment stock company Invalda.

After the initial public offering in 1993, the company's share capital equalled LTL 8 million. In April 1995, INVALDA's shareholders resolved to raise share capital by LTL 1.5 million. In August 1996, the share capital was increased by LTL 28.5m out of revaluation reserve. Newly issued shares were distributed free of charge among the shareholders in proportion to their holdings.

The company has been paying dividends since 1995: 10% of the share face value in the first year, 1% in 1996, 3% in 1997 and 3% in 1998.

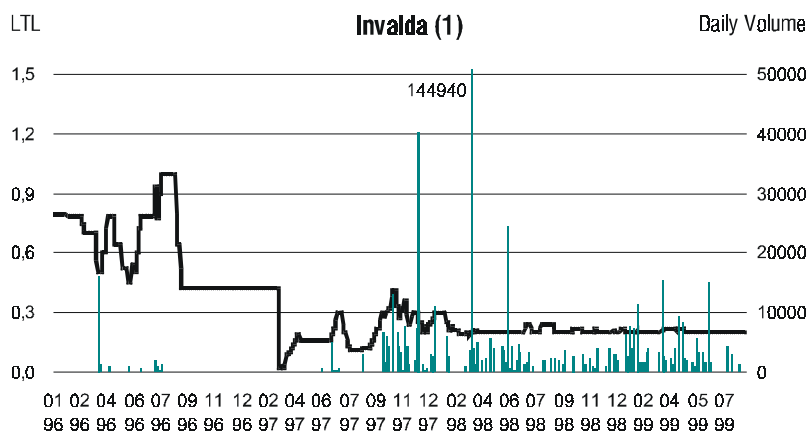
BUSINESS ACTIVITY, LATEST DEVELOPMENTS

The main activity of the company is investment, reinvestment and trading in securities. INVALDA has invested into 35 entities, including Baltijos Laivų Statykla (shipyard, 0.07% of the shares), which is listed on the National Stock Exchange of Lithuania. In the group of unlisted public companies, INVALDA had substantially invested in AB Liejiniai (aluminium cast, 76.8%), AB Klijai (glue, 70.4%), Vilniaus Baldų Kombinas AB (furniture, 65.7%), Ažuolas AB (furniture, 57.3%), AB Jonavos Agroservisas (agriculture, 50.0%), AB Chemija (44.9%). INVALDA holds 100% of the financial brokerage firm Finasta. In 1998, 15.9% of the company's net assets were invested in the Lithuanian government securities.

During the last accountable period (01.04.1998 - 01.04.1999) INVALDA generated LTL 25.6m revenue from investment into securities and from securities trading, which accounted for 94.2% of the total income. In 1998, the company suffered a loss of LTL 2.13m (gained LTL 5.4m of net profit in 1997), which is to be covered by the 1997 profit brought forward. The company's profit brought forward constituted LTL 154,551 at the end of the accounting period (01.04.1999).

Structure OF SHARE CAPITAL

Share capital: LTL 38 000 000
 Ordinary shares: – 38000000 registered shares at LTL 1 par (security code 10227) accounting for 100% of the auth. capital (admitted to the trading at the NSEL on 18.12.95)



STRUCTURE OF OWNERSHIP

Total number of shareholders amounts to 15183. Management and employees hold 30.97% of the stock.

Dailius Juozapas Mišeikis	9.95%
Algirdas Bučas	7.87%
Alfonsas Rimkus	7.42%

BALANCE SHEET (LTL)

	1996	1997	1998	1-2Q1999
LONG TERM ASSETS	49088918	47951513	41297870	42852890
SHORT TERM ASSETS	1231856	3751892	11185938	9795345
Stock	1423	3091	15632	15689
Amounts receivable				
within one year	1068702	269042	1881277	1801814
TRANSFER ACCOUNTS	0	9262	35489	22841
TOTAL ASSETS	50320774	51712667	52519297	52671076
CAPITAL AND RESERVES	50171323	50866921	51016874	51094060
Capital	38000000	38000000	38000000	38000000
Subscribed capital	38000000	38000000	38000000	38000000
Share premium account	542669	542669	542669	542669
Revaluation reserve	1132185	11324185	11324185	11324185
Reserves	213423	225985	995469	993419
Profit (loss) brought forward	91046	774082	154551	233787
Amounts payable after one year and long-term liabilities	0	0	123140	102113
Amounts payable within year and long-term liabilities	149451	845746	1379283	1474903
ACCRUED CHARGES AND DEFERRED INCOME	0	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	50320774	51712667	52519297	52671076

PROFIT (LOSS) ACCOUNT (LTL)

	1996	1997	1998	1-2Q1999
SALES AND SERVICES	6689460	4360522	26946189	2734258
COST OF GOODS SOLD AND SERVICES RENDERED	6076129	2462873	29011999	2251254
NET PROFIT OF THE CURRENT YEAR FOR APPROPRIATION (LOSS)	-107042	767312	-2159140	80684

TRADING STATISTICS

	1996	1997	1998	1-2Q 1999
PRICE (LTL)				
First	0.80	0.42	0.25	0.22
Max	1.00 (08 22)	0.42 (03 12)	0.30 (01 28)	0.22 (05 04)
Min	0.42 (09 05)	0.02 (03 24)	0.18 (03 17)	0.20 (06 30)
Last	0.42	0.25	0.22	0.20
Change (%)	-47.5	-40.48	-12.00	-9.09
Number of transactions (CM)	53	121	184	173
Turnover CM (units)	24931	137936	314000	165263
Turnover CM (LTL)	14973.22	40340	64935	33850
Turnover BT (units)	20	1965856	7254183	727135
Turnover BT (LTL)	15.4	410996	1654600	145427
CM turnover as % in total	99.92	6.56	4.15	18.52
Total turnover (units)	24951	2103792	7568183	892398
Total turnover (LTL)	14988.62	451335	1719535	179277
Turnover ratio (%)	0.07	5.54	19.92	2.35
As % in the total share turnover	0.008	0.05	0.19	0.03

Brokerage Departments of Banks

1. BD of **BANKAS HERMIS**

Address: Gedimino pr. 26, 2001 Vilnius
 Phone: 370-2 226490
 Fax: 370-2 617963
 Brokers: Arvydas Kvietkauskas, Vladas Sungaila, R.Kirdulis
 Head: Tomas Andrijauskas

2. BD of **BANKAS SNORAS**

Address: A.Vivulskio g. 7, 2600 Vilnius
 Phone: 370-2 652867, 262759
 Fax: 370-2 652395
 Brokers: Olga Jarema, Laisvūnas Bartkevičius, G.Šlepikas
 Head: Audris Imbrasas

3. BD of **HANSABANKAS**

Address: Gedimino pr. 26, 2001 Vilnius
 Phone: 370-2 390601
 Fax: 370-2 390641
 Broker: J. Ščeponavičiūtė
 Head: Raimonda Kizienė

4. BD of **INDUSTRIJOS BANKAS**

Address: Kražių g. 21, 2001 Vilnius
 Phone: 370-2 226377
 Fax: 370-2 225511
 Broker: Audrius Statulevičius
 Head: Audrius Statulevičius

5. BD of **LIETUVOS TAUPOMASIS BANKAS**

Address: Pamėnkalnio g. 13, 2001 Vilnius
 Phone: 370-2 230789
 Fax: 370-2 230800
 Brokers: Arūnas Urbonas, Justinas Alekna,
 Naglis Paičius, Marius Čiuželis
 Head: Justinas Alekna

6. BD of **LIETUVOS ŽEMĖS ŪKIO BANKAS**

Address: Vilniaus g. 18-303, 2630 Vilnius
 Phone: 370-2 629764
 Fax: 370-2 627762
 Brokers: Audrius Trinkas, Jurgita Šilėnaitė,
 Martynas Kulvinskas, Julius Čiburys,
 Edgaras Butrimas
 Head: Vytautas Kupliauskas

7. BD of **MEDICINOS BANKAS**

Address: Pamėnkalnio g. 40, 2600 Vilnius
 Phone: 370-2 629058
 Fax: 370-2 624481
 Broker: Egidijus Norvaišas
 Head: Egidijus Norvaišas

8. BD of **ŠIAULIŲ BANKAS**

Address: Tilžės g. 149, 5400 Šiauliai
 Phone: 370-21 595653, 595654
 Fax: 370-21 430774
 Brokers: Pranas Gedgaudas, Jolanta Dobiliauskienė,
 Rimantas Januševičius
 Head: Pranas Gedgaudas

9. BD of **ŪKIO BANKAS**

Address: J.Gruodžio g. 9, 3000 Kaunas
 Phone: 370-7 301430, 301433
 Fax: 370-7 301430, 301433
 Brokers: Vidmantas Kniūkšta, Antanas Suraučius
 Head: Vidmantas Kniūkšta

Category A

1. BC CJSC **BALTICUM MANAGEMENT**

Address: K.Stulginskio g. 4/7, 2600 Vilnius
Phone: 370-2 624014
Fax: 370-2 611820
Broker: Audrius Kamienas
Head: Algimantas Kržižinauskas

2. BC PLC **FINASTA**

Address: Ukmergės g. 41-510, 2662 Vilnius
Phone: 370-2 723463
Fax: 370-2 723491
Brokers: Darius Šulnis, A.Rimkus, D.Kaziūnas
Head: Darius Šulnis

3. BC CJSC **FINBALTUS**

Address: Ukmergės g. 41-660, 2662 Vilnius
Phone: 370-2 725861
Fax: 370-2 725869
Brokers: Valdas Varanavičius, Regimantas Čepukas
Head: Valdas Varanavičius

4. BC CJSC **NAUGVILDA**

Address: Naugarduko g. 99, 2609 Vilnius
Phone: 370-2 686737, 686736
Fax: 370-2 333805
Brokers: Violeta Tvarijonienė, Dalia Karmazinienė
Head: Violeta Tvarijonienė

5. BC CJSC **VB VILFIMA**

Address: Žirmūnų g. 70, 2600 Vilnius
Phone: 370-2 390400
Fax: 370-2 390499
Brokers: Vaidotas Tauras, Linas Grinevičius, R.Beržinskas
Head: Alvydas Žabolis

Category B

1. BC CJSC **ACHEMOS VERTYBINIAI POPIERIAI**

Address: Taurostos g. 26, 5005 Jonava
 Phone: 370-19 56716
 Fax: 370-19 56911
 Broker: Kęstutis Balutis
 Head: Kęstutis Balutis

2. BC CJSC **AEQUITAS**

Address: Bernardinų g. 3-3, 2600 Vilnius
 Phone: 370-2 395335
 Fax: 370-2 395336
 Brokers: M.Šilininkas, R.Paulauskas
 Head: Gintaras Brencius

3. BC CJSC **ALPHA BALTIC**

Address: Ukmergės g. 41-507, 2662 Vilnius
 Phone: 370-2 724774, 721891
 Fax: 370-2 725254
 Brokers: Petras Šlekys, A.Skanas, V.Bizokas, E.Veselka
 Head: Petras Šlekys

4. BC CJSC **BALTIJOS VERTYBINIAI POPIERIAI**

Address: Gedimino pr. 60, 2600 Vilnius
 Phone: 370-2 313833, 313834
 Fax: 370-2 313840
 Brokers: Artūras Liaudanskas, D.Dutovas, V.Jurkevičius
 Head: Artūras Liaudanskas

5. BC CJSC **DISKONTAS**

Address: Beržų g. 52, 5319 Panevėžys
 Phone: 370-54 35757, 36339
 Fax: 370-54 30279
 Brokers: Albinas Šveikauskas, Mindaugas Pranys
 Head: Albinas Šveikauskas

6. BC CJSC **FINANSINIŲ PARTNERIŲ GRUPĖ**

Address: A.Jakšto g. 5, 2600 Vilnius
 Phone: 370-2 616983, 624794
 Fax: 370-2 616983
 Brokers: Jonas Gabijūnas, D.Verbyla
 Head: Jonas Gabijūnas

7. BC CJSC **FINANSŲ SPEKTRAS**

Address: Gedimino g. 22-3, 3000 Kaunas
 Phone: 370-7 323893
 Fax: 370-7 322793
 Brokers: Ramūnas Valančiauskas, Artūras Černiauskas, A.Valatkienė
 Head: Ramūnas Valančiauskas

8. BC CJSC **FINVESTA**

Address: Ukmergės g. 41-516, 2662 Vilnius
 Phone: 370-2 721623
 Fax: 370-2 721624
 Broker: Igoris Ivanovas, Ž.Jaskelevičius
 Head: Igoris Ivanovas

9. BC CJSC **ICI CAPITAL**

Address: E.Ūžeškieš g. 7, 3005 Kaunas
 Phone: 370-7 227784
 Fax: 370-7 227688
 Brokers: Donatas Frejus, A.Launikonis
 Head: Andrius Barštys

10. BC CJSC **JŪSŲ TARPININKAS**

Address: Zanavykų g. 25, 3000 Kaunas
 Phone: 370-7 331676
 Fax: 370-7 331629
 Brokers: Ričardas Elijošius, Irina Lisovskaja
 Head: Tomas Dubnikovas

11. BC CJSC **KLAIPĖDOS VERTYBINIAI POPIERIAI**

Address: S.Šimkaus g. 8, 5800 Klaipėda
 Phone: 370-6 210780
 Fax: 370-6 252483
 Brokers: Raimundas Palaitis, Marius Augutis Saltonas
 Head: Raimundas Palaitis

12. BC CJSC **LEODANA**

Address: Ukmergės g. 41-502, 2662 Vilnius
 Phone: 370-2 721465
 Fax: 370-2 721465
 Brokers: Artūras Šilinis, A.Pridotkas
 Head: Artūras Šilinis

13. BC CJSC OBLIGACIJA

Address: Draugystės g. 19, 3000 Kaunas
Phone: 370-7 354056
Fax: 370-7 354057
Brokers: Dalius Kalėda, Mindaugas Tolkevičius
Head: Dalius Kalėda

14. BC CJSC SINKUS

Address: Ukmergės g. 41-608, 2662 Vilnius
Phone: 370-2 723485, 721517
Fax: 370-2 723483
Brokers: A.Lekevičius, Julija Gerko, S.Misiūnaitė, D. Gerulaitis,
S.Chadzevičius, V. Jonutis, G. Butkienė
Head: Romas Matiukas

15. BC CJSC SPEKONIS IR GASTONAS

Address: Ukmergės g. 41-602, 2662 Vilnius
Phone: 370-2 721441, 721655
Fax: 370-2 721441
Brokers: Mindaugas Vėgelė, A.Apulskis, E.Levickaitė,
R.Mockus, R.Mažintaitė
Head: Mindaugas Vėgelė

16. BC CJSC SUPREMA

Address: T.Ševčenkos g. 21, 2009 Vilnius
Phone: 370-2 392090
Fax: 370-2 392091
Brokers: Aidas Galubickas, Arvydas Jacikevičius
Head: Aidas Galubickas

17. BC CJSC VIVUM

Address: Ukmergės g. 41-612, 2662 Vilnius
Phone: 370-2 721489
Fax: 370-2 721489
Broker: Vidūnas Mekšrūnas
Head: Vidūnas Mekšrūnas

Note:

BD stands for brikerage department
BC for brokerage company
CJSC for closed joint stock company