AB Panevėžio Statybos Trestas

Financial statements for the year 2007

Contents

Company details

AB Panevėžio Statybos Trestas

Entity's code:	147732969
Telephone:	+370 45 505 503
Telefax:	+370 45 505 520
Address:	P. Puzino 1, LT-35173 Panevėžys

Board

Remigijus Juodviršis, Chairman
Artūras Bučas
Gvidas Drobužas
Vilius Gražys

Management

Dalius Gesevičius, Managing Director

Auditor

KPMG Baltics, UAB

Banks

AB Bankas Hansabankas
AB DnB NORD Bankas
Nordea Bank Finland Plc Lithuania Branch
AB SEB Bankas

"KPMG Baltics", UAB
Vytauto g. 12
LT 08118 Vilnius
Lietuva/Lithuania

Telefonas +370 5 2102600
Telefaksas +370 5 2102659
El. paštas vilnius@kpmg.lt
Internetas www.kpmg.lt

Independent auditor's report to the shareholders of AB Panevėžio Statybos Trestas

We have audited the accompanying financial statements of AB Panevėžio Statybos Trestas (hereinafter the Company), which comprise the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5-28.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AB Panevėžio Statybos Trestas as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Įmonės kodas 111494971

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year 2007 set out on pages 29-79 of the financial statements and have not identified any material inconsistencies between the financial information included in the annual report and the financial statements for the year 2007.

Vilnius, 8 April 2008
KPMG Baltics, UAB

Leif Rene Hansen
Partner

Vilmantas Karalius
ACCA and Lithuanian
Certified Auditor

PST

Confirmation of the Company's responsible employees

To: The Securities Commission of the Republic of Lithuania
Konstitucijos 23, LT-08105 Vilnius

Vilnius Stock Exchange
Konstitucijos 7, 15fl., LT-08105 Vilnius

This confirmation of responsible employees of AB Panevėžio Statybos Trestas concerning the audited financial statements for the year 2008 and the annual report is presented in accordance with the regulations for preparation and presentation of periodical additional information as adopted by the Law on the Securities on 18 January 2007 and by the decision of the Securities Commission of the Republic of Lithuania No. 1K-3 dated 23 February 2007.

We confirm that, as to our knowledge, the presented financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the Company's assets, liabilities, financial position and its result. The annual report fairly states the review of business development and activities, the Company's position and the description of main risks and uncertainties.

AB Panevėžio Statybos Trestas
Managing Director
Dalius Gesevičius

AB Panevėžio Statybos Trestas
Finance Director
Dalė Bernotaitienė

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ______________

Balance sheet as at 31 December

In Litas

	Note	2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment	13	22,355,648	18,340,237
Intangible assets	14	300,137	93,106
Investments in subsidiaries	15	23,400,282	11,810,282
Other investments and long-term receivables	16	387,525	387,080
Deferred tax assets	12	1,639,985	1,315,019
Total non-current assets		**48,083,577**	**31,945,724**
Current assets			
Inventories	17	10,846,700	7,051,674
Trade receivables	18	113,523,585	69,911,863
Prepayments for current assets	19	2,881,764	36,179,334
Other assets	19	764,988	113,469
Cash and cash equivalents	20	39,040,718	31,830,941
Total current assets		**167,057,755**	**145,087,281**
TOTAL ASSETS		**215,141,332**	**177,033,005**

The notes on pages 10-28 are an integral part of these financial statements.

Managing Director Dalius Gesevičius ______________

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ____________

Balance sheet as at 31 December

In Litas

	Note	2007	2006
EQUITY AND LIABILITIES			
Equity			
Share capital	21	16,350,000	16,350,000
Reserves	21	4,931,791	5,016,123
Retained earnings		48,195,936	26,045,786
Total equity		**69,477,727**	**47,411,909**
Non-current liabilities			
Loans and borrowings	23	5,107,725	3,221,039
Warranty provision		1,155,495	247,194
Deferred tax liabilities	12	581,781	640,633
Total non-current liabilities		**6,845,001**	**4,108,866**
Current liabilities			
Loans and borrowings	23	2,650,805	13,308,980
Trade payables		64,738,369	47,694,091
Prepayments received		45,762,542	45,832,157
Current tax payable	12	3,652,237	3,493,841
Other liabilities	24	22,014,651	15,183,161
Total current liabilities		**138,818,604**	**125,512,230**
Total liabilities		**145,663,605**	**129,621,096**
TOTAL EQUITY AND LIABILITIES		**215,141,332**	**177,033,005**

The notes on pages 10-28 are an integral part of these financial statements.

Managing Director Dalius Gesevičius ____________

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Minutes No. ____________

Income statement for the year ended 31 December

In Litas

	Note	2007	2006
Revenue	5	487,260,957	322,065,308
Cost of sales	6	(432,724,699)	(284,527,468)
Gross profit		**54,536,258**	**37,537,840**
Other income	10	493,879	2,160,166
Sales expenses	7	(486,021)	(873,375)
Administrative expenses	8	(22,740,459)	(16,538,785)
Other expenses	10	(223,416)	(366,924)
Result from operating activities		**31,580,241**	**21,918,922**
Finance income	11	541,462	517,545
Finance expenses	11	(1,524,392)	(691,891)
Profit before income tax		**30,597,311**	**21,744,576**
Income tax expense	12	(5,751,993)	(4,116,253)
Profit for the year		**24,845,318**	**17,628,323**
Basic and diluted earnings per share	22	1.52	1.08

The notes on pages 10-28 are an integral part of these financial statements.

Managing Director Dalius Gesevičius ____________

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Approved on
Minutes No. ____________

Statement of changes in equity

In Litas

	Share capital	Legal reserve	Revaluation reserve	Retained earnings	Total equity
Equity as at 1 January 2006	**16,350,000**	**1,435,029**	**4,245,220**	**7,753,337**	**29,783,586**
Allocated reserves		184,126		(184,126)	0
Decrease of revaluation reserve, net of deferred tax liability			(848,252)	848,252	0
Profit for the year				17,628,323	17,628,323
Equity as at 31 December 2006	**16,350,000**	**1,619,155**	**3,396,968**	**26,045,786**	**47,411,909**
Allocated reserves		15,875		(15,875)	0
Dividends				(2,779,500)	(2,779,500)
Decrease of revaluation reserve, net of deferred tax liability			(100,207)	100,207	0
Profit for the year				24,845,318	24,845,318
Equity as at 31 December 2007	**16,350,000**	**1,635,030**	**3,296,761**	**48,195,936**	**69,477,727**

The notes on pages 10-28 are an integral part of these financial statements.

Managing Director Dalius Gesevičius ____________

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Approved on
Minutes No. ____________

Cash flow statement for the year ended 31 December

In Litas

	Note	2007	2006
Cash flow from operating activities			
Profit for the period		24,845,318	17,628,323
Adjustments for:			
Depreciation and amortization		4,319,578	3,063,959
Gain on sale of property, plant and equipment		53,898	(1,656,828)
Income tax expense		5,751,993	4,116,253
		34,970,787	23,151,707
Change in long-term receivables		89,567	81,614
Change in inventories		(3,795,026)	173,523
Change in trade receivables		(55,201,722)	(44,311,355)
Change in prepayments		33,297,570	(30,402,123)
Change in other assets		(651,519)	3,135,665
Change in trade payables		17,044,278	34,886,245
Change in prepayments received		(69,615)	23,261,216
Change in provisions and other liabilities		8,409,515	4,830,223
		34,093,835	14,806,715
Income tax paid		(5,977,415)	(1,803,243)
Net cash from operating activities		**28,116,420**	**13,003,472**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,148,638)	(2,156,777)
Proceeds from sale of property, plant and equipment		77,780	70,894
Acquisition of investments		(0)	(2,910,000)
Loans issued		(769,682)	(11,103,000)
Loans recovered		679,670	0
Dividends and interest received		0	497,033
Net cash used in investing activities		**(3,160,870)**	**(15,601,850)**
Cash flows from financing activities			
Dividends paid		(2,964,131)	(6,928)
Proceeds from loans and borrowings		8,447,699	11,975,347
Repayment of loans and borrowings		(19,916,314)	(0)
Payment of finance lease liabilities		(2,827,934)	(2,143,400)
Interest paid		(485,093)	(341,814)
Net cash from (used in) financing activities		**(17,745,773)**	**9,483,205**
Net increase in cash and cash equivalents		**7,209,777**	**6,884,827**
Cash and cash equivalents at 1 January		31,830,941	24,946,114
Cash and cash equivalents at 31 December		**39,040,718**	**31,830,941**

The notes on pages 10-28 are an integral part of these financial statements.

Managing Director Dalius Gesevičius ____________

Notes to the financial statements

1. Reporting entity

AB Panevėžio Statybos Trestas (hereinafter the Company) was established in 1957. The entity's code is 147732969 and it is registered at P. Puzino 1, LT-35173 Panevėžys. The Company primarily is involved in the construction of buildings, constructions, other facilities and networks, etc. in Lithuania and abroad. The Company employed 1,290 employees as at 31 December 2007 (1,192 employees as at 31 December 2006).

The Company has the following branches in Lithuania: Gerbūsta and Pastatų Apdaila. The Company also has the branch in Kaliningrad. Furthermore, the Company has a representative office in Cerepovec.

These financial statements are the Company's separate financial statements. The Company has also prepared the consolidated financial statements including the Company ant its subsidiaries, which are disclosed in note 15.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter IFRSs).

Basis of measurement

The financial statements have been prepared on the historical cost basis except for revalued land and buildings.

Functional and presentation currency

The financial statements are presented in national currency Litas, which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform to the current year's presentation.

Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss is recognized in profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. The Company has no available-for-sale financial assets and financial assets at fair value through profit or loss.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments and other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company has no derivative financial instruments.

Property, plant and equipment

Items of property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value with any surplus arising on the revaluation recognized directly in a revaluation reserve within equity and with any deficit on a revaluation recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are recognized in profit or loss as incurred.

The fair value of land and buildings is based on market values.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. The estimated useful lives are disclosed in note 13. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Intangible assets

Software and other intangible assets, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are disclosed in note 14.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognized on the Company's balance sheet.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the Company's separate financial statements.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade receivables in the balance sheet. If payments received from customers exceed the income recognized, then the difference is presented as deferred income in the balance sheet.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying construction services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Employee benefits

The Company does not have any adopted defined contribution and benefit plans and has no share based payment schemes. Post employment obligations to employees retired on pension are borne by the State.

Revenue

Construction contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Finance income and expenses

Finance income comprises interest income and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established. Finance expenses comprise interest expense and impairment losses recognized on financial assets. All borrowing costs are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as convertible notes and share options granted to employees.

Segment reporting

No segment reporting is provided in the financial statements as the Company operates in one segment in terms of business and does not have reportable segments that would account for 10% or more of the Company's revenue in terms of geography.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

- Revised IFRS 2 Share-Based Payment clarifies the definition of vesting conditions and non-vesting conditions. This issue is not relevant to the Company.

- Revised IFRS 3 Business Combinations amends the scope of the Standard and expands the definition of a business. At present the management considers the impact of the revised Standards on the financial statements.

- IFRS 8 Operating Segments requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. At present the management considers the impact of the Standards on the financial statements.

- Revised IAS 1 Presentation of Financial Statements requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. At present the management considers the impact of the revised Standards on the financial statements.

- Revised IAS 23 Borrowing Costs will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. At present the management considers the impact of the revised Standards on the financial statements.

- Revised IAS 27 Consolidated and Separate Financial Statements replaces the term minority interest by non-controlling interest, and defines it as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. At present the management considers the impact of the revised Standards on the financial statements.

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. This issue is not relevant to the Company.

- IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. This issue is not relevant to the Company.

- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is not expected to have any impact on the financial statements.

- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also addresses when a minimum funding requirement might give rise to a liability. The Company has not yet determined the potential effect of the interpretation.

4. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company controls credit risk by credit policies and procedures. The Company has no significant credit risk concentration.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk. The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency Litas and the Euro, which is pegged to Litas. As the transactions are primarily denominated in Litas and the Euro, the risk is not considered as significant.

Interest rate risk. The Company's loans and borrowings are subject to variable interest rates linked to EURIBOR and VILIBOR. No financial instruments are used to manage the risk. Taking into consideration the current level of loans and borrowings, the change of interest rate would not have a material effect.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and proposes the level of dividends to ordinary shareholders based on the Company's financial results and strategic plans. There were no changes in the Company's approach to capital management during the year.

5. Revenue and gross profit

Year 2007 (in Litas)	Lithuania	Russia	Total
Revenue	474,165,719	13,095,238	487,260,957
Expenses	(442,386,392)	(13,294,324)	(455,680,716)
Result from operating activities	**31,779,327**	**(199,086)**	**31,580,241**

Year 2006 (in Litas)	Lithuania	Russia	Total
Revenue	301,626,982	20,438,326	322,065,308
Expenses	(280,019,195)	(20,127,191)	(300,146,386)
Result from operating activities	**21,607,787**	**311,135**	**21,918,922**

6. Cost of sales

(in Litas)	2007	2006
Sub-contractors	190,606,048	144,327,849
Raw materials and consumables	154,359,692	78,399,255
Personnel	51,815,300	39,336,501
Depreciation	3,401,166	2,177,659
Other costs	32,542,493	20,286,204
Total cost of sales	**432,724,699**	**284,527,468**

7. Sales expenses

(in Litas)	2007	2006
Advertising and similar expenses	219,707	490,120
Personnel	196,840	297,906
Other expenses	69,474	85,349
Total sales expenses	**486,021**	**873,375**

8. Administrative expenses

(in Litas)	2007	2006
Personnel	15,556,447	10,035,524
Purchased services for administration purposes	4,378,812	4,166,570
Depreciation	674,453	675,784
Amortization	134,323	85,628
Operating taxes	563,843	379,542
Other expenses	1,432,581	1,195,737
Total administrative expenses	**22,740,459**	**16,538,785**

9. Personnel expenses

(in Litas)	2007	2006
Wages and salaries	47,578,790	33,779,920
Compulsory social security contributions	14,805,426	10,510,417
Daily and illness allowances	2,311,267	2,072,892
Change in accrued vacation reserve and bonuses	2,873,104	3,306,702
Total personnel expenses	**67,568,587**	**49,669,931**
Included into:		
Cost of sales	51,815,300	39,336,501
Administrative expenses	15,556,447	10,035,524
Sales expenses	196,840	297,906
Total personnel expenses	**67,568,587**	**49,669,931**

Personnel expenses for the year 2007 include wages and salaries to the management amounting to 3,779,732 Litas (2,445,970 Litas for the year 2006).

10. Other income and expenses

(in Litas)	2007	2006
Gain from disposed non-current assets	0	1,707,871
Rent and other income	493,879	452,295
Total other income	**493,879**	**2,160,166**
Depreciation of rented premises and other expenses	(169,518)	(315,881)
Loss from disposed non-current assets	(53,898)	(51,043)
Total other expenses	**(223,416)**	**(366,924)**
Total other income and expenses, net	**270,463**	**1,793,242**

11. Finance income and expenses

(in Litas)	2007	2006
Interest income	482,320	497,033
Foreign currency gains	0	0
Other income	59,142	20,512
Total finance income	**541,462**	**517,545**
Interest expenses	(485,252)	(385,166)
Foreign currency losses	(1,037,869)	(128,285)
Other expenses	(1,271)	(178,440)
Total finance expenses	**(1,524,392)**	**(691,891)**
Total finance income and expenses, net	**(982,930)**	**(174,346)**

12. Income tax

Income tax expense:

(in Litas)	2007	2006
Current tax expense	6,135,811	4,826,803
Change in deferred tax	(383,818)	(710,550)
Total income tax expense	**5,751,993**	**4,116,253**

Reconciliation of current tax effective rate:

(in Litas)	2007		2006	
Profit before income tax		30,597,311		21,744,576
Income tax at standard tax rate	18.0%	5,507,516	19.0%	4,131,469
Effect of permanent differences	1.3%	405,009	0.3%	67,298
Effect of temporary differences	0.7%	223,286	2.9%	628,036
	20.0%	**6,135,811**	**22.2%**	**4,826,803**

The standard income tax rate is set to be 15%. However, a temporary additional tax of 4% for the year 2006 and 3% for the year 2007 was levied in accordance with the tax legislation. The temporary additional tax is abolished as of 1 January 2008.

Current tax payable:

(in Litas)	2007	2006
Payable as at 1 January	3,493,841	470,281
Calculated current tax for the year	6,135,811	4,826,803
Paid	(5,977,415)	(1,803,243)
Payable as at 31 December	**3,652,237**	**3,493,841**

Deferred tax:

(in Litas)	2007		2006	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Accrued vacation reserve	6,344,080	951,612	4,897,137	881,485
Accrued bonuses	3,433,657	515,049	2,007,496	361,349
Warranty provision	1,155,495	173,324	247,194	44,495
Other	0	0	153,834	27,690
Total deferred tax assets		**1,639,985**		**1,315,019**
Revaluation of land and buildings	3,878,541	581,781	4,270,887	640,633
Total deferred tax liabilities		**581,781**		**640,633**
Total deferred tax, net		**1,058,204**		**674,386**

13. Property, plant and equipment

(in Litas)	Land and buildings	Plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
Cost (fair value of land and buildings)						
Balance at 1 January 2006	17,367,150	7,853,331	5,098,683	6,593,151	29,492	36,941,807
Additions	162,285	2,134,614	1,032,283	1,886,580	0	5,215,762
Disposals	(1,610,086)	(365,799)	(168,411)	(550,802)	(29,492)	(2,724,590)
Balance at 1 January 2007	15,919,349	9,622,146	5,962,555	7,928,929	0	39,432,979
Additions	142,086	3,562,818	1,845,286	2,076,519	705,633	8,332,342
Disposals	(0)	(848,651)	(401,667)	(696,673)	(0)	(1,946,991)
Balance at 31 December 2007	16,061,435	12,336,313	7,406,174	9,308,775	705,633	45,818,330
Depreciation and impairment losses						
Balance at 1 January 2006	7,210,037	5,056,964	2,988,757	3,851,014		19,106,772
Depreciation for the year	418,953	947,261	554,097	1,058,020		2,978,331
Disposals	(356,608)	(306,215)	(96,934)	(461,311)		(1,221,068)
Impairment	228,707	0	0	0		228,707
Balance at 1 January 2007	7,501,089	5,698,010	3,445,920	4,447,723		21,092,742
Depreciation for the year	352,791	1,477,872	1,028,908	1,325,684		4,185,255
Disposals	(0)	(833,662)	(345,241)	(636,412)		(1,815,315)
Impairment	0	0	0	0		0
Balance at 31 December 2007	7,853,880	6,342,220	4,129,587	5,136,995		23,462,682
Carrying amounts						
At 1 January 2007	**8,418,260**	**3,924,136**	**2,516,635**	**3,481,206**	**0**	**18,340,237**
At 31 December 2007	**8,207,555**	**5,994,093**	**3,276,587**	**4,171,780**	**705,633**	**22,355,648**
Depreciation rates (in years)	8-40	5-15	10	3-6		

13. Property, plant and equipment (continued)

(in Litas)	2007	2006
Depreciation included into:		
Cost of sales	3,401,166	2,177,659
Administrative expenses	674,453	675,784
Other expenses	109,636	124,888
Total depreciation	**4,185,255**	**2,978,331**

Property, plant and equipment with a net carrying amount of 6,977,154 Litas as at 31 December 2007 are pledged to the bank for the loan (see note 25). At 31 December 2007 the net carrying amount of leased plant and machinery was 7,838,007 Litas (2006: 4,812,419 Litas).

14. Intangible assets

(in Litas)	Software	Other	Total
Cost			
Balance at 1 January 2006	255,704	129,077	384,781
Additions	17,126	0	17,126
Disposals	(3,007)	(0)	(3,007)
Balance at 1 January 2007	269,823	129,077	398,900
Additions	341,356	0	341,356
Disposals	(14,860)	(48,065)	(62,925)
Balance at 31 December 2007	596,319	81,012	677,331
Amortization and impairment losses			
Balance at 1 January 2006	135,676	87,496	223,172
Amortization for the year	58,652	26,976	85,628
Disposals	(3,006)	(0)	(3,006)
Impairment	0	0	0
Balance at 1 January 2007	191,322	114,472	305,794
Amortization for the year	121,983	12,340	134,323
Disposals	(14,859)	(48,064)	(62,923)
Impairment	0	0	0
Balance at 31 December 2007	298,446	78,748	377,194
Carrying amounts			
At 1 January 2007	**78,501**	**14,605**	**93,106**
At 31 December 2007	**297,873**	**2,264**	**300,137**
Amortization rates (in years)	3	3-4	

Amortization is included under operating expenses.

15. Investments in subsidiaries

(in Litas)	2007		2006	
Subsidiary	Ownership	Cost	Ownership	Cost
UAB PST Investicijos	67%	21,792,300	67%	7,692,300
UAB Verkių Projektas	0%	0	100%	2,510,000
OOO Baltlitstroj	100%	1,177,672	100%	1,177,672
UAB Vekada	96%	776,482	96%	776,482
UAB Skydmedis	100%	500,000	100%	500,000
UAB Alinita	100%	240,000	100%	240,000
UAB Metalo Meistrai	100%	81,500	100%	81,500
SIA PS Trests	100%	13,175	100%	13,175
TŪB Vilniaus Papėdė	69%	10,000	69%	10,000
Impairment		(1,190,847)		(1,190,847)
Total investments in subsidiaries		**23,400,282**		**11,810,282**

The Company's subsidiary UAB PST Investicijos has the following subsidiaries:

(in Litas)	2007	2006
UAB Ateities Projektai	100%	100%
UAB Audros Rūmai	0%	100%
OOO Baltevromarket	100%	100%
UAB Gėlužės Projektai	100%	100%
UAB Kauno Erdvė	100%	100%
UAB Realtus	100%	100%
UAB Sakališkės	100%	100%
UAB Smiltynų Kalvos	100%	100%
UAB Verkių Projektas	100%	0%

During the year 2007 the Company made a contribution of 14,100,000 Litas into the share capital of UAB PST Investicijos. The contribution was made by the capitalized loan of 11,590,000 Litas and by the contributed shares of UAB Verkių Projektas of 2,510,000 Litas.

Financial information about the subsidiaries can be specified as follows:

(in Litas)	Nature of activities	Equity as at 31/12/2007	Net result for the year 2007
UAB PST Investicijos (consolidated)	Development of real estate	33,271,264	4,235,483
OOO Baltlitstroj	Constructions	(2,989,876)	74,108
UAB Vekada	Constructions: electricity	2,905,333	531,313
UAB Skydmedis	Constructions: wood houses	760,362	(128,953)
UAB Alinita	Constructions: conditioning	414,144	197,262
UAB Metalo Meistrai	Constructions	1,302,724	466,334
SIA PS Trests	Constructions	(814,500)	(2,691)
TŪB Vilniaus Papėdė	Development of real estate	10,294	158

16. Other investments and long-term receivables

Other investments and long-term receivables mainly include issued loans, etc.

17. Inventories

(in Litas)	2007	2006
Raw materials and consumables	10,832,858	7,014,104
Goods for resale	18,634	61,168
Write-down to net realizable value	(4,792)	(23,598)
Total inventories	**10,846,700**	**7,051,674**

18. Trade receivables

(in Litas)	2007	2006
Invoiced receivables	106,883,585	68,081,480
Accrued receivables in accordance to the stage of completion	6,961,708	2,103,382
Allowance for bad and doubtful receivables	(321,708)	(272,999)
Total trade receivables	**113,523,585**	**69,911,863**

As at 31 December 2007 trade receivables include retentions of 17,834,294 Litas (11,667,725 Litas as at 31 December 2006) relating to construction contracts in progress.

19. Prepayments for current assets and other assets

Prepayments for current assets include the prepayments to sub-contractors and suppliers in connection with the construction contracts in progress. Other assets mainly include prepaid taxes, deferred expenses, etc.

20. Cash and cash equivalents

(in Litas)	2007	2006
Cash at bank	39,013,113	31,781,905
Cash at hand	27,605	49,036
Total cash and cash equivalents	**39,040,718**	**31,830,941**

21. Capital and reserves

The Company's authorized share capital consists of 16,350,000 ordinary shares with a nominal value of 1 Litas each. There were no changes in the share capital during the year 2007.

Reserves can be specified as follows:

(in Litas)	2007	2006
Revaluation reserve	3,296,761	3,396,968
Legal reserve	1,635,030	1,619,155
Total reserves	**4,931,791**	**5,016,123**

The revaluation reserve relates to the revaluation of land and buildings and is equal to the carrying amount of revaluation less the related deferred tax liability (see note 12).

Legal reserve is a compulsory reserve allocated in accordance to the legislation. An annual allocation of at least 5% of the net profit is required until the reserve is not less than 10% of the authorized share capital. The reserve can not be distributed.

22. Earnings per share

(in Litas)	2007	2006
Net result for the year	24,845,318	17,628,323
Average number of shares	16,350,000	16,350,000
Earnings per share	**1.52**	**1.08**

23. Loans and borrowings

(in Litas)	2007	2006
Loan from AB Bankas Hansabankas	0	10,000,000
Loan from AB SEB Bankas	506,732	1,975,347
Finance lease liabilities	7,251,798	4,554,672
Total loans and borrowings	**7,758,530**	**16,530,019**
Non-current	5,107,725	3,221,039
Current	2,650,805	13,308,980
Total loans and borrowings	**7,758,530**	**16,530,019**

The loan from AB SEB Bankas carries an annual interest rate equal to three months term EURIBOR plus 1.1% and should be repaid during the year 2008. Pledged property, plant and equipment are disclosed in note 25. Borrowings include finance lease liabilities to UAB SEB Lizingas, UAB Hansa Lizingas and UAB Nordea Finance for the acquired plant and equipment with a net carrying amount of 7,838,007 Litas as at 31 December 2007.

Finance lease liabilities are payable as follows:

Year 2007 (in Litas)	Minimum payments	Interest	Principal amount
Less than one year	2,407,747	263,674	2,144,073
Between one and five years	5,413,000	305,275	5,107,725
	7,820,747	**568,949**	**7,251,798**

Year 2006 (in Litas)	Minimum payments	Interest	Principal amount
Less than one year	1,483,258	149,625	1,333,633
Between one and five years	3,402,288	181,249	3,221,039
	4,885,546	**330,874**	**4,554,672**

24. Other liabilities

(in Litas)	2007	2006
Accrued vacation reserve	6,344,080	4,897,137
Accrued bonuses	3,433,657	2,007,496
Payable salaries and related taxes	5,016,177	4,200,452
Deferred income in accordance to the stage of completion	4,385,954	2,128,402
Other liabilities	2,834,783	1,949,674
Total other liabilities	**22,014,651**	**15,183,161**

25. Off-balance sheet liabilities

The Banks have issued guarantees amounting to 17,688,930 Litas in connection with the Company's obligations under the performed construction contracts. The maturity of these guarantees varies from 23 January 2008 to 12 July 2010. Property, plant and equipment with a net carrying amount of 6,977,154 Litas as at 31 December 2007, as well as cash amounting to 11,157,996 Litas, are pledged to the banks for the loan and guarantees.

26. Related party transactions

(in Litas)	Type of transaction	Amount
Sales during the year 2007:		
UAB Constructus	Goods and services	1,768,061
AB Panevėžio Keliai	Goods and services	517,586
UAB Aukštaitijos Traktas	Goods and services	20,190
UAB Zarasų Automobilių Keliai	Goods and services	1,950
Purchases during the year 2007:		
AP Panevėžio Keliai	Goods and services	11,347,242
UAB Aukštaitijos Traktas	Goods and services	421,581
UAB Constructus	Goods and services	26,087
UAB Zarasų Automobilių Keliai	Goods and services	12,668
UAB Sostinės Gatvės	Goods and services	225

(in Litas)	Amount
Receivables as at 31 December 2007:	
UAB Constructus	151,306
Payables as at 31 December 2007:	
AP Panevėžio Keliai	2,366,821
UAB Aukštaitijos Traktas	473,641
UAB Sostinės Gatvės	266

All transactions with related parties have been priced on an arm's length principle.

27. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair value of the assets and liabilities reported in the balance sheet as at 31 December 2007 do not differ significantly from their carrying amounts.

28. Subsequent events

There were no subsequent events which would have an effect on the financial statements or require a disclosure.

Managing Director Dalius Gesevičius ____________________

AB „PANEVĖŽIO STATYBOS TRESTAS“
CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2007

1. ACCOUNTABLE PERIOD THE ANNUAL REPORT IS COVERING

The report is covering the year 2007.

2. ISSUER AND ITS CONTACT DETAILS

Name of issue	Public Limited Liability Company „Panevėžio statybos trestas“
Authorised capital	16 350 000 Litas
Domicile address	P. Puzino g. 1, LT-35173 Panevėžys, Lithuania
Telephone	(8~45) 505 503
Fax	(8~45) 505 520
E-mail	pst@pst.lt
Legal-organisational form	Public limited liability company
Date and place of registration	October 30, 1993, Panevėžys City Board
Registration No.	AB 9376
Company register code	147732969
VAT code of the company	LT477329610
Administrator of the Legal Persons Register	State Enterprise Centre of Registers
Website	www.pst.lt

3. PRINCIPLE NATURE OF ACTIVITIES OF THE ISSUER

The main sphere of activities of the Company and its subsidiaries (Group) is designing and construction of buildings, structures, equipment and communications and other objects for various applications/purposes in Lithuania and out of it, real estate development. In addition to above activities the Company is engaged in lease of premises and mechanisms, resale of utility and telecommunication services.

4. CONTRACTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

On February 7, 2006 the Agreement No.3792 was signed with the Public limited Liability Company DnB NORD bankas, located at Basanavičiaus g. 26, Vilnius, by which the latter has been assigned accounting of the issued securities and accounting/record keeping of the personal security accounts.

5. DATA ON TRADING IN SECURITIES OF THE ISSUER IN REGULATED MARKETS

The ordinary registered shares of the AB „Panevėžio statybos trestas", total number of 16 350 000, one Litas in nominal value each, have been on the Official trading list of the Vilnius Securities Exchange (VVPB) on July 13, 2006.

6. FAIR REVIEW OF AN ENTITY'S POSITION, THE PERFORMANCE AND DEVELOPMENT OF THE ENTITY'S BUSINESS, DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES THAT IT FACES

The AB „Panevėžio statybos trestas" (hereinafter referred toas the Company) continues to remain one of the biggest construction companies in Lithuania. In 2007 the Company had the following active branches: „Gerbusta" – specialized in construction of engineering networks and amenities, and „Pastatų apdaila" – interior and exterior finishing work. These branches conduct their own accounting, but their assets, liabilities and financial result is included in to the Company's reporting. As the PST scope of work was increasing, the Vilnius branch „Genranga" was established. This branch was registered on September 5, 2007. The Vilnius branch „Genranga" is engaged on general contracting and project management in the Vilnius region. This branch took over all the projects previously in development by the PST in the Vilnius region. The Company has a representative office in Cherepovets and a branch in Kaliningrad. The activities of said branch and the representative office in the Russian Federation are construction-erection works. The branch in St.Petersburg was deregistered from the Register of Legal Persons of Russia on July 19, 2007.

The year 2007 has been very special year for the Company especially due to growth of turnover and profit. The turnover kept on increasing due to successful completion of large scale projects. Net profit growth was determined by efficient project management, application of modern technologies and purchasing of some materials and equipment in beforehand what allowed to control the growth of project costs.

The personnel training conducted last year also significantly contributed to the good results of our activities. In 2007 the Company spent 504 thou.Litas on training. In the course of the year 898 employees were improving and upgrading their qualifications, i.e.69 per cent of the total number of employees of the Company. Education was partially financed from the EU funds.

The Company has successfully completed and continues working on environmental projects: it is engaged in several stages of reconstruction of the waste water cleaning facilities in Panevėžys and Biržai, it is putting to life the waste management projects in Utena and Panevėžys regions. The experience accrued in the course of implementation of various environmental projects helps to be competitive in the market and manage the processes more efficiently.

The Šiauliai Sports Arena, completed in 2007 was awarded the gold medal in the „Product of the Year“ contest. The company won the tender for building the Panevėžys Universal Sports Arena and has already begun works there.

During 2007 the designing office „PST projektai“ was expanding its activities. The total number of designing engaged staff in designing offices of Panevėžys, Vilnius and Kaunas was 37. Turnover from designing jobs was 6,1 mio. Litas, including 3,5 mio Litas by ourselves. The employees of the „PST projektai“ acted as the principal designers in developing such Company important projects as the Panevėžys Universal Sports Arena, „Megrame“ plant, block of commercial and residential buildings BIG2 in Klaipėda, the waste landfills of the Panevėžys and Utena regions. The package of designing and construction services creates the added value to customers and significantly contributes to the profitability of our Company activities.

The revenue of the group for 2007 compared against 2006 went up by 52,3 per cent and reached 517 mio.Litas (339,5 mio Litas in 2006). Income of the company grew by 51,3 per cent to 487,3 mio Lt (322 mio Lt in 2006). The consolidated net profit of the company increased 2,2 times to 30 mio.Lt. (13,5 mio.Lt in 2006). The net profit of the company went up by 41 per cent and was equal to 24,8 mio Lt (17,6 mio Lt in 2006).

In 2007 the company devoted exceptional attention to the quality of the jobs, environmental issues and labour safety. The company has successfully introduced and maintains the quality management system LST EN ISO 9001:2001 and the environmental management system LST EN ISO 14001:2005. Last year the National Accreditation Bureau accredited the construction laboratory as conforming to the requirements of LST EN ISO/IEC 17025:2005, what gives the right for the laboratory perform testing of building materials.

The following objects were completed and transferred to customers during the current year: „ADAX“ production facility in Panevėžys, Šiauliai Sports Arena, shopping centre „Tilžė“ in Šiauliai, trade and entertainment centre„Babilonas 2“ in Panevėžys, sports club „Impuls“ in Panevėžys, thge Bassilian monastery complex in Vilnius. We also completed the second stage of reconstruction of the Panevėžys waste waster cleaning facility and renovation of the Kėdainiai waste water cleaning facility. The works in process are: „Megrame“ plant, Panevėžys Universal Sports Arena, block of commercial and residential building BIG2 in Klaipėda, waste landfills in the Utena and Panevėžys regions, renovation of the water supply infrastructure in Ukmergė.

Good results of the company for 2007 were determined by:

- Highly qualified and experienced employees;
- The certificates, licenses and approval, also widely recognised and valued experience;
- Previous experience of building complicated objects;
- Project management start to completion;

- Flexibility in the market of the designing unit;
- Wide range of activities and geography;
- Financial stability;
- Well known and reputable name of the company;
- Opinion of the market players that the company is an experienced developer and contractor of huge and complicated projects;
- Positive image.

Risk factors related to the activities of the company:

- Rising prices of buildings materials and mechanisms;
- Rising prices of energy resources;
- Rise of labour payment level;
- Shortage of high qualification specialists;
- Increasing competition between construction companies due to negative changes in real estate market.

7. INFORMATION ABOUT SUBSIDIARIES OF THE COMPANY

As for 31-12-2007 the group of the AB „Panevėžio statybos trestas" companies included the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Domicile address
UAB "Skydmedis"	Production of wood constructions	100	Pramonės g. 5, Panevėžys Tel.: 8 45 583341
UAB "Metalo meistrai"	Production of metal constructions	100	Tinklų g. 7, Panevėžys
UAB "Vekada"	Electrical installation works	96	Marijonų g. 36, Panevėžys Tel.: 8 4 5461311
TŪB "Vilniaus papėdė"	Construction works	69	Švitrigailos g. 8, Vilnius Tel.:8 5 2609405
UAB "Alinita"	Air conditioning equipment	100	Dubysos g. 31, Klaipėda Tel.: 8 46 340363
PS Trests SIA	Construction	100	Vietalvas 5, Riga
Baltilstroij OOO	Construction	100	Sovetskij pr. 43, Kaliningrad Tel.: 0074012350435
UAB "PST Investicijos"	Real estate development	67	Konstitucijos pr. 7, Vilnius Tel.:8 5 2728213

Subsidiaries of the *UAB „PST investicijos“*			
UAB „Ateities projektai“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Sakališkės“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Kauno erdvė“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Gėlužės projektai“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Verkių projektas“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Realtus“	Real estate development and sales	100	Konstitucijos pr.7, Vilnius
OOO ISK Baltevromarket	Construction investment company	100	Sovetskij per.43, Kaliningradas
UAB „Smiltynių kalvos“	Real estate development and sales	100	Konstitucijos pr.7, Vilnius

The financial statements of the PS Trests SIA and the Baltilstroij OOO were not consolidated in the financial reporting of the Group due to their insignificance.

UAB „Skydmedis“ (company code 148284718) was established and began its activities on 17-06-1999. The main activities of the company os production and assembly of prefabricated wooden panel houses. The year 2007 were quite complicated for our company what suggested review the strategy our the activities. In 207 compared to 2006 the turnover went down by 19,03 per cent. Like in previous years the main buyer of the prefabricated panel houses were foreign customers: in foreign countries we erected 14 houses, thus in Lithuania only 8. Order form foreign countries accounted for 61,5 per cent of the income in 2007. Profitability of the houses produced for foreign markets is higher than the same for the Lithuanian market, 14 and 12 per cent respectively, however profitability of export is reduced by high administrative expenses. Nevertheless the Scandinavian and other Nordic countries still remain our priority export market. At the end of 2007 the UAB „Skydmedis“ employed 62 people. The authorised capital is divided into one thousand ordinary shares of 500 Lt nominal value each. The principal shareholder is the AB "Panevėžio statybos trestas" holding 100 % of shares.

UAB „Metalo meistrai“ (company code 148284860) was founded on 16-06-1999 and launched it activities on 01-07-1999. The company is engaged in fabrication of various metal constructions and elements, another business line is lease of small scale scaffold. The articles produced by the company are used in construction of production, commercial and residential objects. In 2007 the company manufactured 1696 mt of metal constructions and sold 56 mt of metal scrap (total of 1752 mt). The list of bigger sites where we supplied our constructions is: Panevėžys thermo power station; Trade and entertainment centre at Klaipėdos 143A in Panevėžys; expansion of the milk powder plant in Pasvalys; reconstruction of pigfarm into a grain storage facility in Kėdainių region; shopping centre „Tilžė" in Šiauliai; car parts shop with servicing centre in Panevėžys; plant in Guostų Vill., Region of Trakai. Due to good organisation of works, improvement of quality and efficiency, higher qualification sof the staff the company reached the sales 9297 thou.Lt, i.e. 15,3 % more than in 2006. Net profitability was 5 % . At the end of 2007 the company employed 51 people.

During the current year the authorised capital of the company has been increased by 418500 Lt and at the year ending 2007 it was equal to 500000 Lt . The share capital is divided into 1000 ordinary shares of 500 Lt nominal value each. The principal shareholder is the AB "Panevėžio statybos trestas" holding 100 % of shares.

UAB „Vekada" (company code 147815824) was established on 01-01-1963 and had the name of „Elektros montavimo valdyba" (Electrical installation board), later in 16-05-1994 it was re-registered as the UAB „Vekada". The main activities of the company are electrical installation works on subcontracts. At the end of 2007 the company employed 67 people. In 2007 the revenue from the electrical installation works was 10,094 mio.Lt. (97,8 %) of the total income, 38 thou. Lt. (0,36%) came from designing jobs on direct contracts and 189,2 thou.Lt. (1,84%) accounted for other income (lease of premises, mechanisms, resale of goods, etc.)

The biggest object of the company were: the thermo power station in Panevėžys, shopping centre „Panorama" in Vilnius (to be continued next year), UAB „Megrame" plant (to be continued next year). In 2007 the UAB "Vekada" generated 10,321 mio. Lt of income and earned 531,3 thou.Lt in net profit. The annual turnover compared with 2006 (8,889 mio.Lt) increased by 16,1 %.

During the accounting year the size of the authorised capital and composition of shareholders underwent no changes, i.e.the authorised capital is 211488 Lt and is divided into 52872 ordinary shares of 4 Lt of nominal value each. The principal shareholder is the AB "Panevėžio statybos trestas" holding 95,6 % of shares, the rest is held by natural persons.

TŪB „Vilniaus papėdė" (company code 12545197) is the general partnership founded in 2000. The partnership has been founded for the period of building of the Royal Palace and should wind its activities in 2009. It activities are related exclusively to the Royal Palace. The company does not generate any notable profit from its activities – it just distributes the expenses and gets interest paid by banks and this way earns insignificant profit (due to the provisions of the regulations on taxable profit).

The capital of the company consists of contributions of its founders (total 14500 Lt). The AB „Panevėžio statybos trestas" contribution is 10000 Lt accounting for 69 per cent. Other founders are also legal persons.

In 2008 its is planned to allocate 42,50 mio Lt (incl.VAT) into designing, research, and construction program. During this year all general construction works should be finished, special erection, finishing and interior works are to be continued in the southern and western blocks, the eastern and northern blocks should be prepared for execution of special erection and finishing work to take place in winter, and the summer period will be spend doing amenities arrangements in the southern part of the complex.

UAB „PST investicijos“ (company code 124665689) was established on December 23, 1998. The activities of the company include development and sales of real estate. The main shareholder of the company are the AB „Panevėžio statybos trestas“ (66,83 %) and the AB „Panevėžio keliai“ (24,68%). The remaining part of the share capital (8,49) belongs to several natural persons. On June 12, 2007 the authorised capital of the company was increased by 21 099 200 Litas and currently is equal to 37 267 900 Litas. The authorised capital is divided into 372 679 ordinary registered shares 100 Litas nominal value each. As for December 31, 2007 the UAB „PST investicijos" company group comprised of the parent company UAB "PST investicijos" and its secondary enterprises: UAB "Realtus", UAB "Sakališkės", UAB "Gėlužės projektai", UAB "Kauno erdvė", UAB "Smiltynų kalvos", UAB "Ateities projektai", UAB "Verkių projektas", OOO ISK "Baltevromarket".

The UAB „PST investicijos“ is taking part in the investment projects itself or via its subsidiaries. Such organisation of activity (by way of establishing a separate company for a particular project) has been chosen seeking to get the most accurate results of each project.

The UAB „PST investicijos“ is in control of the 7.765 sq. m.land plot, located at Šeškinės g. 4, Vilnius, and 4.807 kv. m. of the total area is in the ownership of the UAB „PST investicijos“ ; appro 2.958 sq. m. part is controlled by the UAB „PST investicijos“ on sublease rights; on the land plot of 9.051 sq. m. held by the UAB „PST investicijos“ on sublease rights there are two 16-level residential houses with underground parking. It is planned to build a multifunctional commercial building on the unoccupied part of the land plot with trade-commercial areas on the first level and the rest would be made to accommodate offices. The subsidiaries of the company own land plots in the City and Region of Vilnius, in the Region of Kaunas and Palanga. It is planned to change the purpose of land use from agricultural to residential, develop detailed plans, split the land plots to smaller one for residential and private dwellings.

The income of the UAB „PST investicijos“ enterprise group presented in the Profit (Loss) account were: revenue from sales of investment into the UAB „Audros rūmai“ – 11 386 660 Litas, revenue from supervision of real estate development projects – 5 613 511 Lt, other activities – 485 795 Lt, income from financial activities – 1 634 140 Lt. During 2007 the UAB „PST investicijos“ enterprise group earned the profit of 4 077 556 Lt.

During 2008 the UAB „PST investicijos“ plans to actively participate in development of the projects by its subsidiaries. No search for new projects in underway. In 2008 its is expected to sell 100 per cent shares of the UAB „Verkių projektas“ and 15 per cent shares of the OOO „Baltevromarket“.

UAB „Alinita“ (company code 141619046) was established on December 8, 1997. The main activities of the company are design works of ventilation, air-conditioning and installation of ventilation, air-conditioning, heating, internal sewerage, water supply, electricity installation and automation. The company has effective certificates for implementation of such activities. In 2007, the staff of the company was 27.

In 2007 the company planned to perform works for Litas 2,600 thou Lt and actually performed for 2,663 thou Lt. including approx.200 thou Lt from subcontracts.

The company began the year 2007 without any ongoing contracts. Difficulties were caused by competitors who managed to quote unbelievably low prices at various tenders. Only during the third and fourth quarters the company managed to cover its losses and end the year at a profit.

The authorised capital of the company is 10000 Lt and it is divided into 100 ordinary shares of 100 Lt in nominal value. The AB "Panevėžio statybos trestas" holds 100 % of the shares.

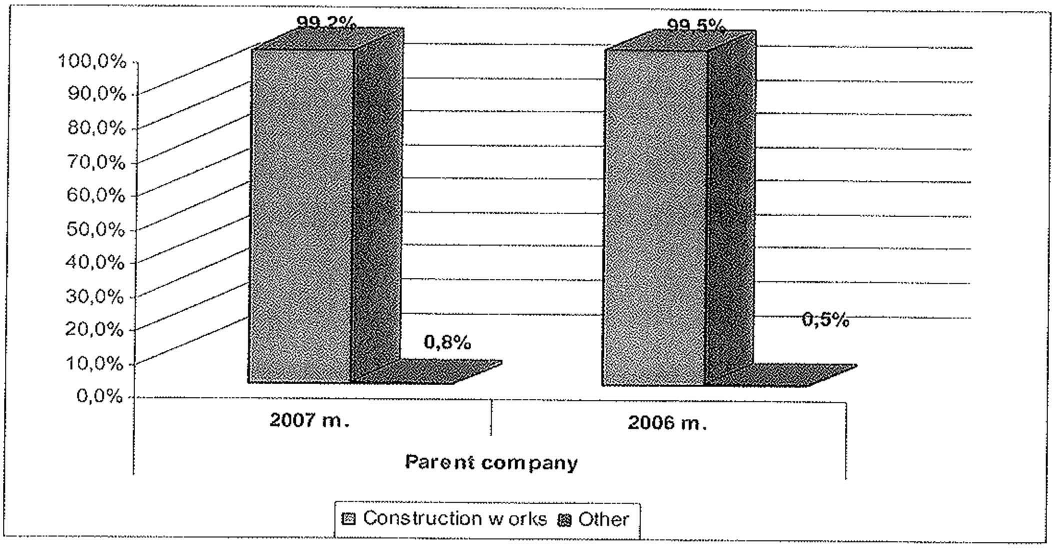
8. ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE, INFORMATIONRELATING TO ENVIRONMENTAL AND EMPLOYEE MATTERS

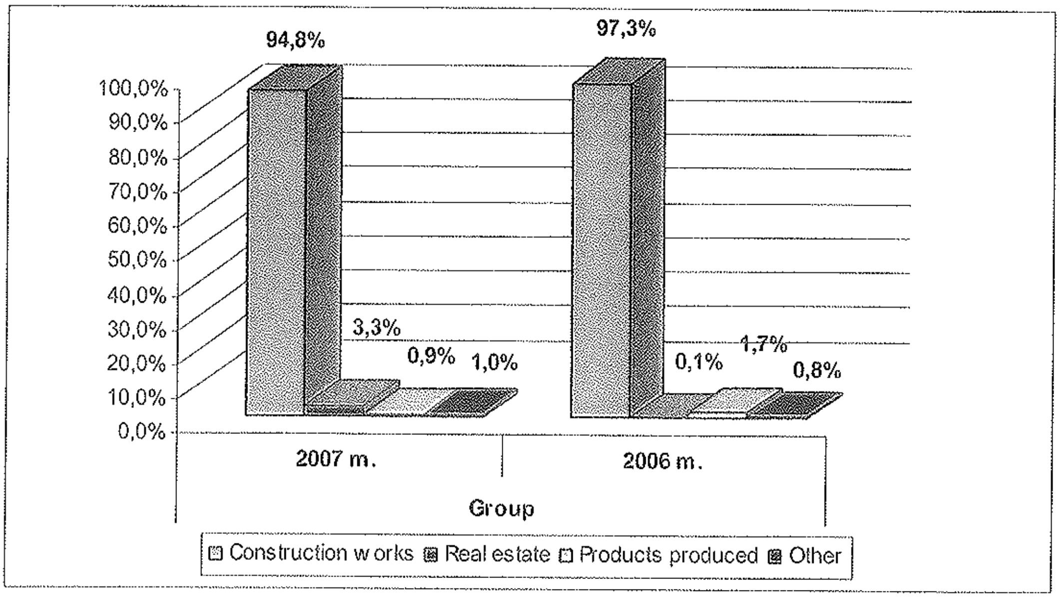
The results of the AB „Panevėžio statybos trestas“ company group and the parent company during the years 2006 and 2007 (thou.Lt):

Group		Items	Parent company	
2007	**2006**		**2007**	**2006**
516,976	339,512	Income	487,261	322,065
445,027	296,837	Cost	432,725	284,527
71,949	42,675	Gross profit	54,536	37,538
13,92	12,57	Gross profit margin (per cent)	11,19	11,66
46,410	21,632	Profit before taxes, interest, depreciation and amortisation **EBITDA**	35,402	25,189
5,82	3,97	Net profit margin (per cent)	5,10	5,47
1,87	0,82	*Profit per share (Litas)*	1,52	1,08
40,40	27,42	*Return on equity (percent)* ***(ROE)***	35,76	37,18
10,92	5,66	*Average return on assets or average profitability of assets* ***(ROA)***	11,55	9,96
22,75	12,74	*Return on investment* ***(ROI)***	33,05	34,38
1,71	1,60	*Current liquidity ratio*	1,19	1,15
5,10	3,29	*Book value of a share*	4,25	2,90
8,7	18,32	*Ratio of share price and profit* ***(P/E)***	10,3	14,00
3,06	4,59	*Ratio of share price and book value* ***(P/BV)***	3,67	5,21

The main revenue from activities as to business segments came from construction – erection works. The income of the parent company from construction – erection works in 2007 accounted for 99,2 per cent (in 2006– 99,5 per cent). As to income of the group the construction erection works in 2007 accounted for 94,8 per cent, real estate – 3,3 per cent, products and other income - 1,9 per cent. In 2006 construction-erection works accounted for 97,3 per cent, real estate 0,1 per cent and other activities 2,5 per cent of the total income.

	Group		Parent company	
	2007	2006	2007	2006
Construction works	490,214	330,49	483,569	320,395
Real estate	17,000	0,458		
Products produced	4,791	5,738	0,1	0
Other	4,971	2,827	3,691	1,670

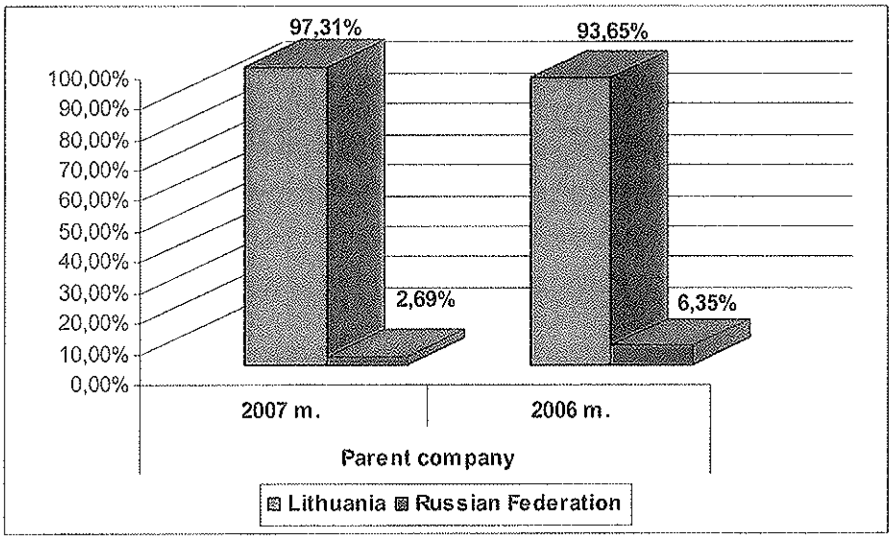


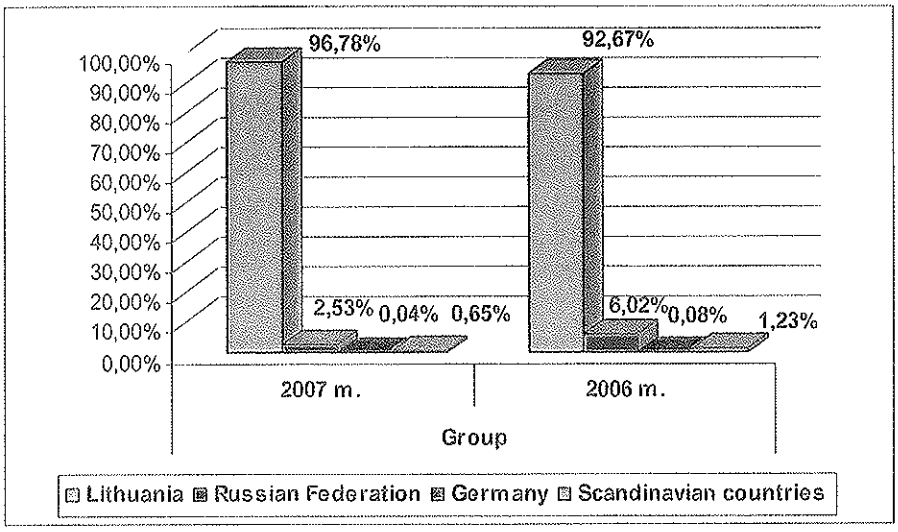


Income from main activities as per geographic segments in thou.Lt:

	Group		Parent company	
	2007	2006	2007	2006
Lithuania	500,317	314,625	474,166	301,627
Russian Federation	13,095	20,438	13,095	20,438
Germany	0,209	0,278		
Scandinavian countries	3,354	4,171		

During 2007 the main activities of the patron company were carried out mainly inside the country and accounted for 97,3 per cent of the total works executed (in 2006 – 93,7 per cent). The income generated from the activities inside the country accounted for 96,8 per cent of the total, in 2006 - 93 per cent.





All financial data in the present annual report have been calculated following the International Financial Accounting Standards (IFAS) and expressed in the national currency of Lithuanian the Litas (Lt).

9. IMPORTANT EVENTS HAVING OCCURRED SINCE THE END OF THE PRECEDING FINANCIAL YEAR

On March 15, 2008 the AB „Panevėžio statybos trestas“ announced forecast of the group activities for 2008. No other important events happened since the end of the previous financial year.

10. OPERATING PLANS AND FORECASTS OF THE COMPANY

In 2008 the AB „Panevėžio statybos trestas“ plans to keep on holding leadership and forecasts further growth of the company via developing construction-erection and real estate projects. It is planned that the consolidated turnover of the company would grow to reach 530 mio Litas and the net profit will amount 23 mio Litas.

During 2008 the AB PST will continue to reinforce its position of a reputed contractor in the spheres of construction of production, infrastructure and public structures.

11. ISSUER'S AUTHORISED CAPITAL AND ITS STRUCTURE

As for December 31, 2007 the authorised capital of the company amounted to 16 350 000 Lt, divided into 16 350 000 ordinary registered as shares (hereinafter the ORS), nominal value of which is 1,00 Lt each. All shares are uncertificated and have been paid in full. The proof of ownership is the record in the securities accounts.

The composition of the issuer's authorised capital:

Type of shares	Number of shares (pcs)	Nominal value (Lt)	Total nominal value (Lt)	Issuance code
Ordinary registered shares (PVA)	16 350 000	1	16 350 000	101446

12. INFORMATION ABOUT THE SHAREHOLDERS OF THE ISSUER

The number of shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2007 was 1049:

Shareholder's name, surname (company's name, type, domicile address, code in the Register of Enterprises)	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held (%)	Percentage of votes granted by the shares held on property ownership right (%)	Percentage of votes held together with the persons acting together (%)
AB Panevėžio keliai, S. Kerbedžio g. 7, Panevėžys, Company code 147710353.	8 138 932	49,78	49,78	---
Bank of New York as custodian or trustee One Wall Street, New York, NY 10286, JAV GSP181305	2 578 833	15,77	15,77	---
Hansabank customers Liivalaia street 8 Talinas, Estija Company code: 10060701	1 177 268	7,20	7,20	---

None of the shareholders of the Issuer has any special control rights. All shareholders have equal rights determined in Sec.4 of the Law on Companies of the Republic of Lithuania..

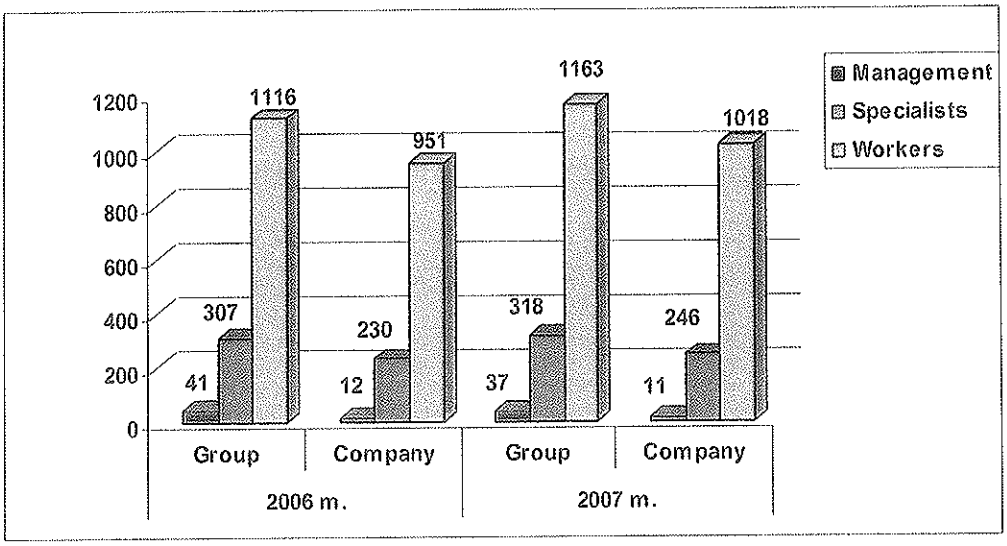
The number of shares carrying votes at the general meeting of shareholders of the AB „Panevėžio statybos trestas" is 16 350 000.

The Company has not been notified about restrictions on voting rights or any other agreement between the shareholders due to which transfer of securities could be encumbered.

13. EMPLOYEES

The number of employees in the Group as for December 31, 2007 was 1518, in the Company - 1290.

Number of employees on payroll	2006		2007	
	Group	Company	Group	Company
Management	41	12	37	11
Specialists	307	230	318	246
Workers	1116	951	1163	1018

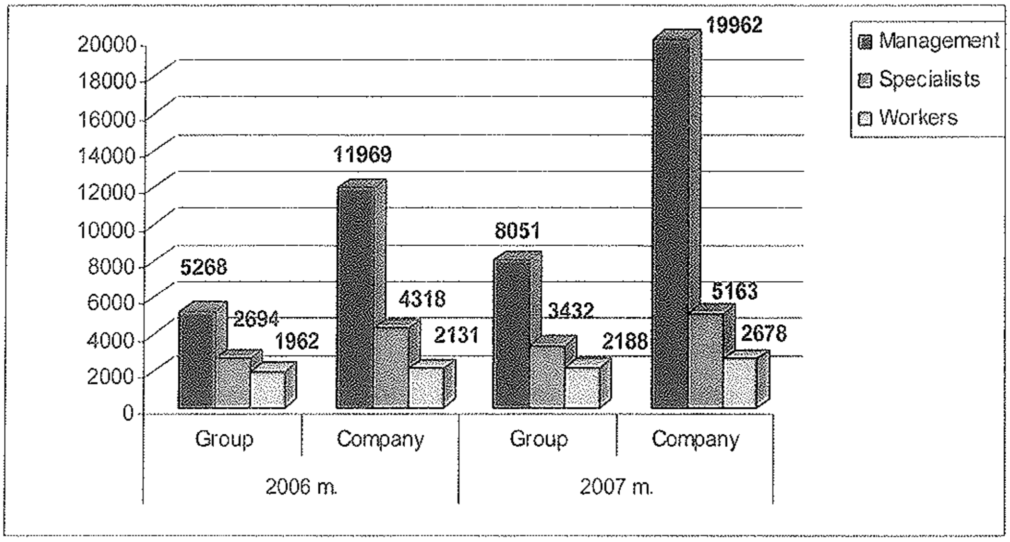


Education level of the group employees as for period ending:

Groups of employees	Payroll number	Higher university level education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Management	37	32	-	5	-	-
Specialists	318	206	11	68	33	-
Workers	1163	22	5	221	620	295

Average gross salary/wage:

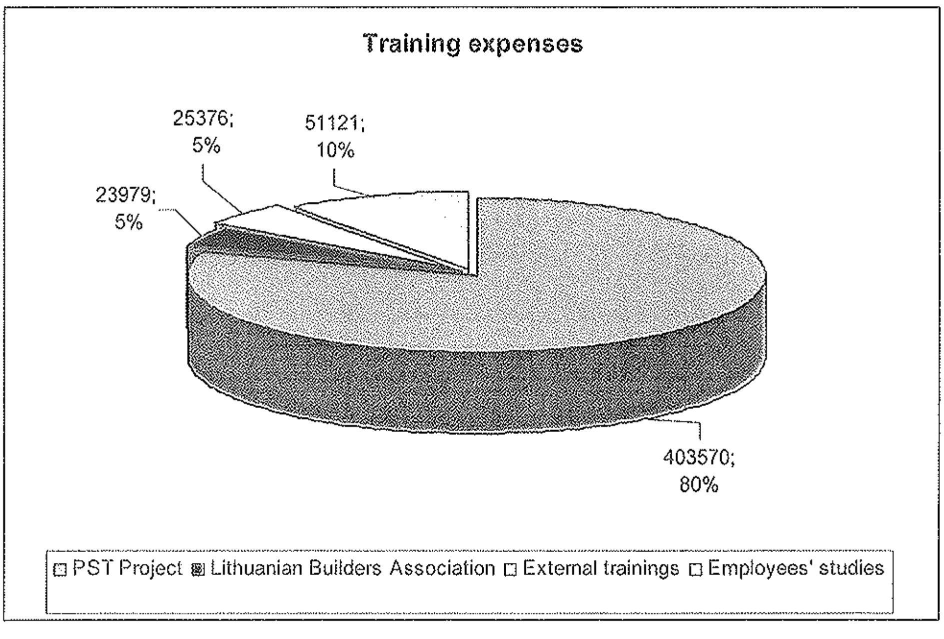
Average salary/wage	2006		2007	
	Group	Company	Group	Company
Management	5268	11969	8051	19962
Specialists	2694	4318	3432	5163
Workers	1962	2131	2188	2678

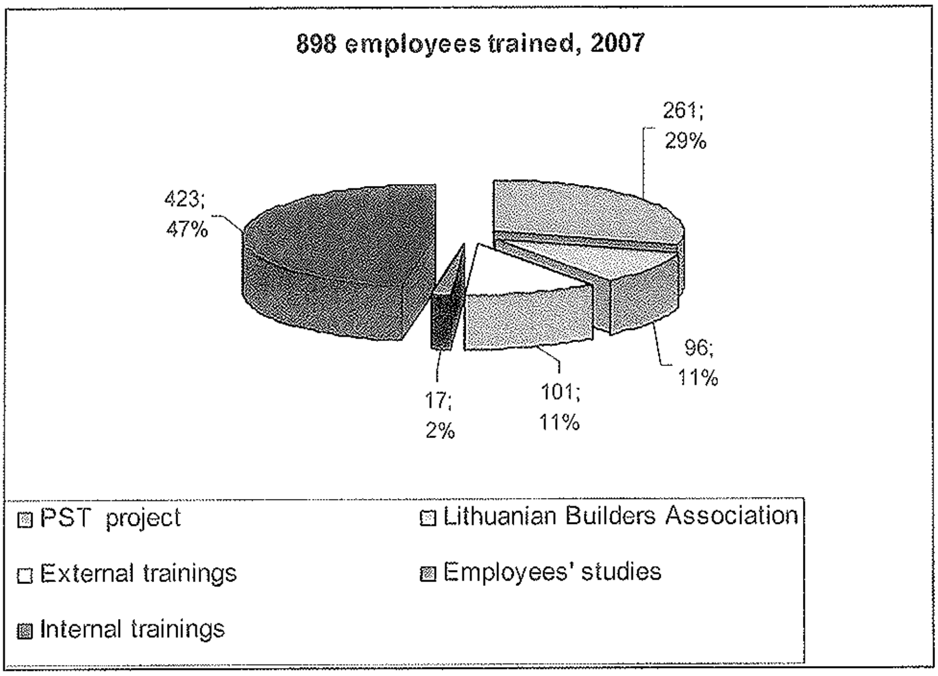


As the scope of construction works is going up it is expected that the number of employees in the Group and the Company in 2008 will be increasing. No special rights or duties for the employees or any of their group are provided for in the employment contracts.

The Company devotes special attention to improvement of employees‘ qualification. In 2007 898 employees underwent training, i.e. 69 per cent of the total number of employees. Training is carried out in four directions utilising:

1. EU structural funds.
2. services of training institutions (external training).
3. services of higher educational institutions (studies of employees).
4. internal human resources and technical base (internal training).





14. PROCEDURE FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE ISSUER

The Articles of Association of the Company may be amended on by the general meeting of shareholders by 2/3 majority vote of the total votes of the shareholders attending the meeting. The resolution amending the Articles of Association shall be adopted in the order provided for in Art.27 or 30 of the Law on Companies of the Republic of Lithuania.

15. MANAGEMENT BODIES OF THE ISSUER

As determined by the Articles of Association of the AB „Panevėžio statybos trestas“ the management bodies of the Company are the General meeting of shareholders, the Board and the Director General. The Supervisory Council shall not be formed in the Company

The competence of the General meeting of shareholders is not different from that of the competence specified in the Law on Companies.

The Board of the Company of five members shall be elected by the General meeting of shareholders for not longer than 4 years in office. At present there are four members in the Board. The order of electing and dismissing the members of the Board is not different from that prescribed by the Law on Companies.

The Board is led by the Chairman of the Board. The Board shall elect it chairman from among the members of the Board.

The Board shall elect and dismiss the Head of the Company – Director General, fix his salary, other terms and conditions in employment contract with him, confirm job description, motivate him an impose penalties.

The Head of the Company shall be the one-person management body of the Company in charge to organise current business activities of the Company based on the authority granted.

The Board:

REMIGIJUS JUODVIRŠIS – Chairman of the Board. No membership in the Company's capital.

Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL%	VOTES %
UAB "TERTIUS"		704 638	80	80
AB "PANEVĖŽIO KELIAI"	Board member	531 675, 43197of them pledged to UAB „Dangų emulsijai"	28,47	28,47
UAB "LAUKTUVĖS JUMS"	Board member	11 069	50,15	50,15
UAB "POKŠTAS"		261	50	50
AB "KLOVAINIŲ SKALDA"	Board member	203 526	3,78	3,78
UAB "GELBERA"	Board member	34	34	34
UAB "KELTECHA"		340	17,0	17,0
UAB "EMULTEKA"		14	14,0	14,0
UAB "GUSTONIŲ ŽŪT"	Board member	18 027	49,04	49,04
AB" SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA"		21 490	9,37	9,37
AB "IGNALINOS STATYBA"	Board member	91 351	37,93	37,93
UAB "TAMSUMA"	Chairman of the Board	1467	33,34	33,34
UAB „NAUJASIS UŽUPIS"	Chairman of the Board			
UAB „ PANEVĖŽYS"	Board member	157173	49,97	49,97
AB „ PANEVĖŽIO STATYBOS TRESTAS"	Chairman of the Board	0	0	0
UAB „PANODEN"	Board member			
UAB „PST INVESTICIJOS"	Board member	16407	4,4	4,4
UAB" PAKNOVUS"	Board member	35	35	35
AB "KIRTIMŲ AUTOTRANSPORTAS"	Board member	-		
UAB "CONSTRUCTUS"	Board member	1 669	4,5	4,5
UAB "REALTUS"	Board member			
UAB „VILNIAUS VAIZDAS"	Board member	50	50	50
UAB „CONVESTUS"	Vice President, Chairman of the Board	50 000	50	50
UAB „UPĖS SLĖNIS"		810 1969 debentures	18	18
UAB „ALPROKA"	Chairman of the Board	100 debentures		

Terms in office: 05-1999 to 05-2003

05-2003 to 04-2004

02-2005 to 04-2008

No previous conviction.

GVIDAS DROBUŽAS – board member. No membership in Company's capital. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
AB "PANEVĖŽIO KELIAI"	Chairman of the Board	529 861, 43197 of them pledged to UAB„Dangų emulsija"	28,33	28,33
UAB "LAUKTUVĖS JUMS"	Board member	11001	49,85	49,85
UAB "POKŠTAS"	Director	261	50,0	50,0
UAB "KELTECHA"		340	17,0	17,0
AB "KLOVAINIŲ SKALDA"		203 129	3,77	3,77
UAB "GELBERA"	Board member	34	34	34
UAB "EMULTEKA"		12	12,0	12,0
UAB "GUSTONIŲ Ž.Ū.T."	Board member	18 028	49,04	49,04
AB "KIRTIMŲ AUTOTRANSPORTAS"	Board member			
AB "IGNALINOS STATYBA"	Board member	91 351	37,93	37,93
UAB "TAMSUMA"	Board member	1467	33,34	33,34
AB "PANEVĖŽIO STATYBOS TRESTAS"	Board member	-	-	-
UAB „ PANEVĖŽYS"	Board member	157165	49,96	49,96
AB "SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA"		21 470	9,36	9,36
UAB PST INVESTICIJOS	Chairman of the Board, Director	12644	3,4	3,4
UAB "PANODEN"	Chairman of the Board			
UAB "PAKNOVUS"	Board member			
UAB "CONSTRUCTUS"		1 669	4,5	4,5
UAB "REALTUS"	Chairman of the Board			
UAB „NAUJASIS UŽUPIS"	Board member			
UAB „VILNIAUS VAIZDAS"	Chairman of the Board	50	50	50
UAB „CONVESTUS"	President, Board member	50 000	50	50
UAB „UPĖS SLĖNIS" akcijos		810 1969 debentures of UAB „Upės slėnis"	18	18
UAB „ALPROKA"	Valdybos narys			
AB „RYTŲ SKIRSTOMIEJI TINKLAI"		5000		

Terms in office: 05-1999 to 05-2003

05-2003 to 04-2004

02-2004 to 04-2008

No previous conviction.

VILIUS GRAŽYS – board member. No membership in Company's capital. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
UAB „KELTECHA“		250	11	11
UAB "EMULTEKA“		11	11	11
UAB „BASS“		40	40	40
AB „ PANEVĖŽIO STATYBOS TRESTAS“	Board member			
AB „PANEVĖŽIO KELIAI“	Board member	100 085	5.36	5.36

Term in office 02-2005 to 04– 2008

No previous conviction.

ARTŪRAS BUČAS – Board member. No membership in Company's capital. Since 2005 is representing the member of the AB „Panevėžio keliai“ board.

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
AB „DVARČIONIŲ KERAMIKA“	shareholder	356		

Terms in office: 27-10-2006 to the general meeting of shareholders in 2010

No previous conviction.

Administration:

DALIUS GESEVIČIUS – Head of the Company administration, Director General. Holds 15 shares of the Company. Education – higher, VISI, 1984, construction engineering.

No previous conviction.

DANGUOLĖ ŠIRVINSKIENĖ – chief accountant of the Company. Holds no shares of the Company. Education – higher (LŽUA, 1983, accounting, economics).

No previous conviction.

Information about money amounts during the accounting period (Lt):

	Board of the Company
Total calculated amount	231000
Average per member	57750

	Head of the Company	Chief Financial office
Calculated money amount	402616	106441

16. ALL MATERIAL AGREEMENTS TO WHICH THE ISSUER IS A PARTY AND WHICH WOULD COME INTO EFFECT, BE AMENDED OR TERMINATED IN CASE OF CHANGE IN THE ISSUER'S CONTROL, ALSO THEIR IMPACT EXCEPT THE CASES WHERE TEH DISCLOSURE OF THE NATURE OF THE AGREEMENTS WOULD CAUSE SIGNIFICANT DAMAGE TO THE ISSUER.

None

17. ALL AGREEMENTS OF THE ISSUER AND THE MEMBERS OF ITS MANAGEMENT BODIES OR THE EMPLOYEE AGREEMENTS PROVIDING FOR A COMPENSATION IN CASE OF THE RESIGNATION OR IN CASE THEY ARE DISMISSED WITHOUT DUE REASON OR THEIR EMPLOYMENT IS TERMINATED IN VIEW OF THE CHANGE OF CONTROL OF THE ISSUER

None

18. INFORMATION ON THE SIGNIFICANT TRANSACTIONS BETWEEN THE RELATED PARTIES

On February 22, 2007the company of the Group the UAB „PST investicijos“ increased it authorised capital by 21 099 200 Lt., out of which the shares value of 14 100 000 Lt. Were acquired by the AB „Panevėžio statybos trestas“ : 2 510 000 Lt comprised the transfer of the UAB „Verkių projektas“ to the ownership of the UAB „PST investicijos“ , the other part of 11 100 000 Lt is the monetary contribution.

19. INFORMATION ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The information regarding compliance with the corporate governance code is presented in the Appendix 1 to the Annual Report.

20. PUBLICLY DISCLOSED INFORMATION

Notice title	Notice category	Language	Date
The principal shareholder of the PST obligated to present the official bid	Notice of a material event	Lt, En	2007,01,25
The turnover of of the PST in 2006 increased by 77 per cent	Company notice	Lt, En	2007,02,28
Profit of the "Panevėžio statybos trestas" forecast for 2007 is 15,6 mio Lt	Notice for investors' information	Lt, En	2007,03,19
General meeting of shareholders to be convened	Notice of convening a GMS	Lt, En	2007,03,22
Draft resolutions of the General meeting of shareholders of the	Notice of convening a GMS	Lt, En	2007,04,13
Audited financial statements of the AB PST and Annual Report	Annual Report/ Statements	Lt, En	2007,04,17
The GSM of the AB PST did not take place	Company notice	Lt, En	2007,04,25
Repeat General meeting of shareholders to be convened	Notice of convening a GMS	Lt, En	2007,04,25
Resolutions of the repeat General meeting of shareholders	Resolutions of the GMS	Lt, En	2007,05,14
PST will built Sport Arena in Panevėžys	Notice for investors' inormation	Lt, En	2007,05,15
2007 1st quarter results of activities	Company notice	Lt, En	2007,05,15
Audited financial statements of the AB PST and Annual Report for 2006	Annual Report/ Statements	Lt, En	2007,05,15
Financial statements of the AB Panevėžio statybos trestas for 2007 1st quarter	Quarterly report	Lt, En	2007,05,31
Prospectus-Report, 2006 of the AB PST	Annual information	Lt, En	2007,06,08
PST will build "Megrame" plant in Traikai Region	Notice of a material event	Lt, En	2007,06,15
PST and UAB "Baltijos investicijos grupe" (BIG) signed contract for execution of works	Notice of a material event	Lt, En	2007,07,02

Notice title	Notice category	Language	Date
1st half year profit of PST went up significantly	Notice of a material event	Lt, En	2007,08,10
Notice of acquisition of block of shares	Notice of acquisition/disposal of block of shares	Lt, En	2007,08,16
Notice of acquisition of block of shares	Notice of acquisition/disposal of block of shares	Lt, En	2007,08,16
Iterim report for 6 month of 2007	Interim information	Lt, En	2007,08,29
"Panevėžio statybos trestas" opens a branch in Vilnius	Notice of a material event	Lt, En	2007,09,06
Extraordinary meeting of shareholders to be convened	Notice of a material event	Lt, En	2007,11,12
PST reviews forecasts for 2007	Notice of a material event	Lt, En	2007,11,13
3 quarters 2007 interim financial statements	Interim information	Lt, En	2007,11,30
Draft resolutions of the extraordinary meeting of shareholders	Notice of a material event	Lt, En	2007,12,07
Resolutions of the extraordinary meeting of shareholders	Notice of a material event	Lt, En	2007,12,18

All notices of the AB „Panevėžio statybos trestas" to be made public as per legal requirements are announced following the timelines determined by the laws and legal acts of the Republic of Lithuania. Notices of material events of the Company are presented to the Securities Commission of the Republic of Lithuania, Vilnius Securities Exchange, information disclosure and disseminations system „OMX Company News Service" and published on the webpage of the Company.

Director General   Dalius Gesevičius

Appendix to the Consolidated annual report

Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market

The public limited liability company „*Panevėžio statybos trestas*", following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The company's strategy and objectives are made public in the website http//www.pst.lt and notices for the Vilnius Stock Exchange and in the periodic notices to the BNS news agency, notices in the newspapers, at the press conferences.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The board of the company is responsible not only for the strategic management of the company but also analyses and evaluates the material on all items of the company activities presented by the managers: implementation of activity strategy, activity arrangement, financial status, etc.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	

Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The collegial management body – the board and one-person management body – managing director are set up in the company. The collegial supervisory body – supervisory board is not formed.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	No	The supervision of the company's activities and the responsibility and control of the chief executive officer are ensured by the board analyzing and evaluating the material on all items of the company activities presented by the chief executive officer.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	One collegial management body is formed – the board that effectively supervises the functions performed by the company's chief executive officer.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	Yes	

[1] Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board, should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general

2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	Yes	The company board is made of 5 members and this number is considered to be sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	The supervisory board is not formed.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairman of the board is not and has never been the chief executive officer of the company.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]

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meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

[2] Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

[3] Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The mechanism of the board formation ensures that the minority shareholders were properly represented in the board.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	The company collects and discloses all information about the members of the collegial body, their professional background, qualification, conflicts of interests in the periodic reports of the company that are published.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The board is formed considering the company's structure and activities, the experience of its members, diversity of knowledge related to the company activities allow doing the work properly.

3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	The new members are introduced with the company and the regulations of the company board. The members of the board constantly participate at various refresher courses and seminars where they collect information about the essential changes in the legal acts regulating the company's activities.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	No	Historically the company exhibits the situation that the sufficiency of the independent members has not been considered. As the trading of the company shares takes place actively and the minority shareholders take an active part in the management of the company, the company will seek implementation of this principle.

[4] The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

[5] It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);	No	Three members of the board are the members of the board of the largest shareholder – the associated company; the fourth is authorized to represent one of the members in the board of the largest shareholder of the associated company.

5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents. 3.8. The determination of what constitutes independence is		

fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6]. The general shareholders' meeting should approve the amount of such remuneration.	Yes	The company has remunerated the members of the board for their work for the year 2006 from the company's funds and plans to do this in future. The general meeting of the shareholders approves the following amount for remuneration.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.

[6] It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

[7] See Footnote 3.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	Yes	Once a quarter the board hear out the report of the chief executive officer and the finance director of the company, analyzes their activity and evaluates its effectiveness and provides recommendations, if required. The board analyzes, evaluates the draft of annual financial accountability of the company and draft profit (loss) allocation, and presents them to the general meeting of the shareholders.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The members of the company board participated at the meetings of the board and each member gave enough time to perform the duties of a board member.

[8] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

[9] It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	Yes	

[10] In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	The collegial body of the company's management is a board performing the functions of the nomination, remuneration and control committees. The board of the company selects the candidate for the chief executive officer - managing director of the company and the candidates for the other managers of the company. It constantly evaluates their experience, professional capabilities and implementation of the company's strategic goals, hears out the reports. The board of the company selects the candidate for the external audit and provides proposals to the general shareholders' meeting for approval. It also ensures the efficiency of the functions of internal audit.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Not applicable	The committees are not formed.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to	Not applicable	The committees are not formed.

set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Not applicable	The committees are not formed.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Not applicable	The committees are not formed.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	Not applicable	The committees are not formed.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;	Not applicable	The committees are not formed.

• Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		

4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers	Not applicable	The committees are not formed.

and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	

5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[11].	Yes	The meeting of the company's collegial body – the board takes place based on the periodicity approved in advance and in accordance with the planned agenda.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	Each member of the board can introduce himself/herself to the documents of the meeting, reports, and draft decisions three days prior to the meeting day.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Not applicable	The supervisory board is not formed.

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

[11] The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The company's capital is comprised from ordinary registered shares granting equal personal and non-property rights to their owners.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[12] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	The Articles of Association do not assign the decision making to the general shareholders' meeting if they are related to the long-term assets the balance sheet value of which is higher than 1/10 of the company's authorized capital, investment transfer, rent, mortgage, purchase, etc.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The place, date and time of the general shareholders' meeting are chosen in a manner ensuring the possibilities to all shareholders to attend the shareholders' meeting actively. The shareholders are informed about the convening of the general shareholders' meeting in public and no later than 10 days prior to the meeting the shareholders are allowed to familiarize themselves to the draft resolutions.

[12] The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance[13]. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	No	
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Each shareholder can participate in the meeting in person or delegating the participation to some other person.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	No	

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

[13] The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574).

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The company follows the remuneration policy for the directors approved by the board.

8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	Recommendations provided in item 8.1 are not followed.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	Recommendations provided in item 8.1 are not followed.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	Recommendations provided in item 8.1 are not followed.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	

8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	Recommendations provided in item 8.1 are not followed.
8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme	No	The annual report of the company discloses information about the remuneration to the chairman of board and head of administration – managing director during the reporting period. It also includes the loans, warranties and guarantees given to the mentioned persons.

during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes. 8.9. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	No	

8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.		
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	No	

9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	No	

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes Yes	
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	No	

10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The company presents the information through the information disclosure system used by „OMX Company News Service" in the Lithuanian and English languages at the same time. The company does not disclose any information that might have effect on the price of its securities in the comments, interviews or any other ways before such information is announced through the information system of the exchange.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The company plans to sign a contract with *Vilniaus vertybinių popierių birža*, AB (Vilnius Stock Exchange) regarding the creation of the column for the link with the investors in the website of the company where all information published by the information disclosure and distribution system *OMX Company News Service* was also published in the website of the company.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	

Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The audit of annual financial statement and annual report is conducted by the independent audit company.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not applicable	In the year 2007 the company's firm of auditors has not rendered any non-audit services to the company and has not been paid for this by the company. Both the candidate of the audit company and the specific auditor are agreed with the Securities Commission.