AB Panevėžio Statybos Trestas

Annual financial statements
for the year 2009

Contents

Company details

AB Panevėžio Statybos Trestas

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

Board

Remigijus Juodviršis, Chairman
Artūras Bučas
Gvidas Drobužas
Vilius Gražys
Irma Abromavičienė

Management

Dalius Gesevičius, Managing Director

Auditor

KPMG Baltics, UAB

Banks

AB DnB NORD Bankas
AB SEB Bankas
AS UniCredit Bank Lithuania Branch
Nordea Bank Finland Plc Lithuania Branch
Swedbank AB

KPMG

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Vytauto 12
LT-08118, Vilnius
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Independent auditor's report to the shareholders of AB Panevėžio Statybos Trestas

Report on the annual financial statements

We have audited the accompanying annual financial statements of AB Panevėžio Statybos Trestas (hereinafter "the Company"), which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5-32.

Management's responsibility for the annual financial statements

Management is responsible for the preparation and fair presentation of these annual 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 annual 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 annual 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 annual financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the annual 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 annual 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 annual 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 annual financial statements give a true and fair view of the financial position of AB Panevėžio Statybos Trestas as at 31 December 2009, 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.

KPMG

Report on legal and other regulatory requirements

Furthermore, we have read the annual report for the year 2009 set out on pages 33-55 of the annual financial statements and have not identified any material inconsistencies between the financial information included in the annual report and the annual financial statements for the year 2009.

Vilnius, 31 March 2010
KPMG Balties, UAB

Domantas Dabulis
Partner
Certified Auditor

Vilmantas Karalius
ACCA and Lithuanian
Certified Auditor

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 coneerning the audited annual financial statements and the annual report for the year 2009 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 2008 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 annual financial statements, whieh have been prepared in aecordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, the liabilities, thc financial position and the result of AB Panevėžio Statybos Trestas. The annual report fairly states the rcview 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. ____________

Statement of financial position as at 31 December

In Litas

	Note	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	13	28,832,083	34,786,471
Intangible assets	14	80,009	287,261
Investments in subsidiaries	15	24,577,954	24,577,954
Other investments and long-term receivables	16	19,815,521	217,839
Deferred tax assets	12	345,408	1,887,937
Total non-current assets		**73,650,975**	**61,757,462**
Current assets			
Inventories	17	4,418,046	8,385,119
Trade receivables	18	47,623,506	103,871,477
Prepayments	19	4,198,396	3,412,379
Other assets	19	654,644	1,519,462
Cash and eash equivalents	20	53,934,684	54,770,637
Total current assets		**110,829,276**	**171,959,074**
TOTAL ASSETS		**184,480,251**	**233,716,536**

The notes on pages 10-32 are an integral part of these annual financial statements.

Managing Director Dalius Gesevičius ____________

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

Approved on
Minutes No. ____________________

Statement of financial position as at 31 December

In Litas

	Note	2009	2008
EQUITY AND LIABILITIES			
Equity			
Share capital	21	16,350,000	16,350,000
Reserves	21	11,350,624	11,340,058
Retained earnings		97,031,157	93,372,055
Total equity		**124,731,781**	**121,062,113**
Non-current liabilities			
Loans and other financial borrowings	23	4,323,901	7,148,115
Warranty provision		1,289,640	1,804,644
Deferred tax liabilities	12	1,714,517	2,426,257
Total non-current liabilities		**7,328,058**	**11,379,016**
Current liabilities			
Loans and other financial borrowings	23	2,760,113	3,522,594
Trade payables		17,967,020	60,489,169
Prepayments received		17,798,652	7,525,256
Current tax payable	12	126,597	5,372,137
Other liabilities	24	13,768,030	24,366,251
Total current liabilities		**52,420,412**	**101,275,407**
Total liabilities		**59,748,470**	**112,654,423**
TOTAL EQUITY AND LIABILITIES		**184,480,251**	**233,716,536**

The notes on pages 10-32 are an integral part of these annual finaneial statements.

Managing Director Dalius Gesevičius ____________

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

Approved on
Minutes No. ____________

Statement of comprehensive income for the year ended 31 December

In Litas

	Note	2009	2008
Revenue	5	167,704,471	558,902,531
Cost of sales	6	(139,789,187)	(469,762,064)
Gross profit		**27,915,284**	**89,140,467**
Other income	10	384,119	547,529
Sales expenses	7	(406,102)	(614,888)
Administrative expenses	8	(22,965,921)	(30,899,865)
Other expenses	10	(708,812)	(229,632)
Result from operating activities		**4,218,568**	**57,943,611**
Finance income	11	4,677,335	1,186,712
Finance expenses	11	(756,014)	(1,210,805)
Profit before income tax		**8,139,889**	**57,919,518**
Income tax expense	12	(3,325,721)	(9,304,074)
Net profit (loss)		**4,814,168**	**48,615,444**
Other comprehensive income:			
Revaluation of land and buildings		0	8,411,802
Related deferred tax liability		(0)	(1,682,360)
Total comprehensive income		**4,814,168**	**55,344,886**
Basic and diluted earnings per share	22	0.29	2.97

The notes on pages 10-32 are an integral part of these annual financial statements.

Managing Director Dalius Gesevičius ____________

Entity's code: 147732969
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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 2008	**16,350,000**	**1,635,030**	**3,296,761**	**48,195,936**	**69,477,727**
Net profit for the year				48,615,444	48,615,444
Increase in revaluation reserve			8,411,802		8,411,802
Related deferred tax liability			(1,682,360)		(1,682,360)
Change in revaluation reserve and deferred tax liability			(321,175)	321,175	0
Dividends				(3,760,500)	(3,760,500)
Equity as at 31 Deeember 2008	**16,350,000**	**1,635,030**	**9,705,028**	**93,372,055**	**121,062,113**
Net profit for the year				4,814,168	4,814,168
Change in revaluation reserve and deferred tax liability			10,566	(10,566)	0
Dividends				(1,144,500)	(1,144,500)
Equity as at 31 December 2009	**16,350,000**	**1,635,030**	**9,715,594**	**97,031,157**	**124,731,781**

The notes on pages 10-32 are an integral part of these annual financial statements.

Managing Director Dalius Gesevičius ____________________

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

Approved on
Minutes No. ________________

Statement of cash flows for the year ended 31 December

In Litas

	Note	2009	2008
Cash flow from operating activities			
Profit for the period		4,814,168	48,615,444
Adjustments for:			
Depreciation and amortization		6,484,399	5,628,530
Gain on disposal of property, plant and equipment		58,882	(71,758)
Income tax expense		3,325,721	9,304,074
Other non-cash items		(1,986,275)	3,516,067
		12,696,895	66,992,357
Change in long-term receivables		(109,258)	58,236
Change in inventories		3,967,073	2,954,356
Change in trade receivables		56,247,971	6,199,536
Change in prepayments		(786,017)	(984,471)
Change in other assets		904,184	(751,474)
Change in trade payables		(42,522,149)	(4,249,200)
Change in prepayments received		(10,273,396)	(38,237,286)
Change in other liabilities		9,985,795	2,970,595
		30,686,300	34,952,649
Income tax paid		(8,352,734)	(7,670,010)
Net cash from operating activities		**22,333,566**	**27,282,639**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(438,922)	(2,314,085)
Disposal of property, plant and equipment		57,281	108,687
Loans issued		(28,533,959)	(9,000)
Loans recovered		9,045,535	117,450
Dividends and interest received		3,263,158	0
Net cash used in investing activities		**(16,606,907)**	**(2,096,948)**
Cash flows from financing activities			
Dividends paid		(2,271,930)	(4,040,103)
Proceeds from loans and other financial borrowings		0	0
Repayment of loans and other financial borrowings		(0)	(506,732)
Payment of finance lease liabilities		(3,586,695)	(4,070,786)
Interest paid		(703,987)	(838,151)
Net cash from (used in) financing activities		**(6,562,612)**	**(9,455,772)**
Net increase in cash and cash equivalents		**(835,953)**	**15,729,919**
Cash and cash equivalents at 1 January		54,770,637	39,040,718
Cash and cash equivalents at 31 December		**53,934,684**	**54,770,637**

The notes on pages 10-32 are an integral part of these annual financial statements.

Managing Director Dalius Gesevičius ________________

Notes to the annual 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, construetions, other facilities and networks, etc. in Lithuania and abroad. The Company employed 1,129 employees as at 31 December 2008 (1,277 employees as at 31 December 2007).

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.

The main shareholders of the Company are:

- AB Panevėžio keliai (49.78%),
- Bank of New York as eustodian and trustec (8.12%),
- Skandinaviska Enskildas Banken elients (7.92%).

These annual financial statements are the Company's separate annual financial statements. The Company has also prepared the consolidated annual financial statements including the Company and its subsidiaries, whieh are disclosed in Note 15.

The shareholders of the Company have a statutory right to either approve these annual fnaneial statements or not approve them and require the Management to prepare a new set of annual finaneial statements.

2. Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgments

The preparation of annual 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.

Use of estimates and judgments (continued)

Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the annual financial statements is included in the following notes:

- Note 5 – construction contract revenue;
- Note 13 – fair value of land and buildings, useful lives of property plant and equipements;
- Note 15 – measurement of recoverable amounts of investments;
- Note 18 – impairment of trade receivables;
- Note 24 – measurement of warranty provision.

Market uncertainties

The ongoing global crisis resulted in, among other things, a lower liquidity level in financial and real estate markets and a lower level of capital market funding. In addition to that, Lithuania has been experiencing economic downturn which has affected, and may continue to affect, the activities of enterprises operating in this environment. The annual financial statements reflect management's assessment of the impact of the Lithuanian and global business environment on the operations and the financial position of the Company. The future developments in business environment may differ from management's assessment.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these annual financial statements, except as explained in a paragraph below (*Standards, interpretations and amendments to published standards that are adopted*) which addresses changes in accounting policies. 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 on monetary items is recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are 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 held-to-maturity investments, available-for-sale financial assets and financial assets at fair value through profit or loss. Other non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, 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 finaneial instruments.

Property, plant and equipment

Items of property, plant and equipment except for land and buildings are measured at cost less accumulated depreeiation 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 direetly attributable to the acquisition of the asset. The eost of self-eonstructed assets includes the cost of materials and direet labor, any other eosts 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 whieh they are located. Borrowing costs related to qualifying assets are eapitalized only for the newly aequired assets.

The fair value of land and buildings is based on market values. More detailed eomments coneerning the fair value of land and buildings are stated in Note 13.

When parts of an item of property, plant and equipment have different useful lives, they are aeeounted 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 economie benefits embodied within the part will flow to the Company and its cost can be mcasured 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.

Depreeiation 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 asscts 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 eaeh 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 intangiblc assets, which have finitc 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 thc date that they are available for use. The estimatcd 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 statement of financial position.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

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 statement of financial position. If payments received from customers exceed the income recognized, then the difference is presented as deferred income in the statement of financial position.

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.

Impairment of non-financial assets

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.

Short-term employee benefits are recognized as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits. There are no long-term employee benefits.

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.

Revenue (continued)

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 reeognized immediately in profit or loss.

Finance income and expenses

Finance income comprises interest ineome 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 reeeive 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 curreney gains and losses are reported on a net basis.

Income tax

Income tax expense comprises eurrent 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.

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

Deferred tax is recognized using the balanee sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for finaneial 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 ean 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, sueh as convertible notes and share options granted to employees.

The Company has no dilutive potential ordinary shares. Hence the diluted earnings per share are the same as the basic earnings per share.

Segment reporting

No segment reporting is provided in the annual financial statements as the Company has one reportable operating segment that would account for 90% or more of the Company's revenue and assets.

Standards, interpretations and amendments to published standards that are adopted

The Company adopted those new/revised standards and interpretations becoming mandatory for the financial years beginning on or after 1 January 2009 and applicable to the Company's operations:

- The Company applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. Amendments to IFRS 4 Insurance Contracts and IFRS 7 Financial instruments: Disclosures (effective for annual periods beginning on or after 1 January 2009) aim at requiring enhanced disclosures about fair value measurements and liquidity risk associated with financial instruments. These amendments have been adopted by the Company to the extent applicable to the Company's operations.
- The revised IAS 23 *Borrowing Costs* (mandatory for periods beginning on or after 1 January 2009) was started to be applied as of the day it came into effect.

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 2009, and have not been applied in preparing these annual financial statements. Below is the estimate of the Company's management regarding the potential effect of the new and revised standards and interpretations upon their first-time application.

- Amended IFRS 3 "Business Combinations" is effective for the annual periods beginning on or after 1 July 2009. The Standard's scope was amended and the description of the purpose was expanded. Amended IFRS 3 shall be applied perspectively and hence will not have an influence on the comparative figures.
- Amended IAS 32 "Financial Instruments: Presentation" is effective for the annual periods beginning on or after 1 February 2010. The Amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The Amendment is not relevant to the Company's annual financial statements as the Company has not issued such instruments at any time in the past.

New standards and interpretations not yet adopted (continued)

- Amended IAS 39 "Financial Instruments: Recognition and Measurement" is effective for the annual periods beginning on or after 1 July 2009. The Amendment clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. The Amendment is not relevant to the Company's annual financial statements as the Company does not apply hedge aeeounting.

- IFRIC 12 "Service Concession Arrangements" is effective for the first annual reporting period beginning on or after 1 April 2009. The Interpretation provides guidance to private seetor entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. The Interpretation is not relevant to the Company's operations as the Company has not entered into any service coneession arrangements.

- IFRIC 15 "Agreements for the Construetion of Real Estate" clarifies that revenue arising from agreements for the construction of real estate is recognized by reference to the stage of completion of the contract aetivity in the few defined cases. In all other cases, revenue is recognized when all of the revenue recognition criteria of IAS 18.14 are satisfied. Based on the Company's management assessment, the Interpretation has no significant influence on the Company's annual financial statements.

- IFRIC 17 "Distributions of Non-eash Assets to Owners" is effective for the annual periods beginning on or after 15 July 2009. The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be reeognized when the dividend is appropriately authorized and is no longer at the discretion of the entity and shall be measured at the fair valuc of the assets to be distributed. The carrying amount of the dividend payable shall bc remeasured at each reporting date, with any changes in the earrying amount recognized in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognized in profit or loss. As the Interpretation is applicable only from the date of application, it will not impaet on the annual finaneial statements for periods prior to the date of adoption on the Interpretation. Further, since it relates to future dividends that will be at the discretion of thc shareholders, it is not possiblc to determine the effects of application in advance.

- IFRIC 18 "Transfers of Assets from Customers" is effective for the annual pcriods beginning on or after 1 November 2009. The Interpretation requires an entity that receives a contribution in the scope of the Interpretation to recognize the items as an asset at its fair value if the transferred item meets the criteria for property, plant and equipment in IAS 16 "Property, Plant and Equipment". The Interpretation also requires the entity to recognize the amount as revenue; the timing of revenue recognition depends on the facts and circumstances of the particular arrangement. The Interpretation is not relevant to the Company's annual financial statements as the Company does not normally reeeive contributions from eustomers.

New standards and interpretations not yet adopted (continued)

- Further to those listed above, there were also amendments in IAS 27 "Consolidated and Separate Financial Statements" (effeetive for the annual periods beginning on or after 1 July 2009) and IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for the annual periods beginning on or after 1 July 2009); however, this Standard and Interpretation are not relevant to the Company's annual finaneial statements.

4. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments: eredit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of these risks, the Company's objeetives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these annual finaneial 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 adherenee 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 whieh all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a eustomer or counterparty to a financial instrument fails to meet its eontractual obligations, and arises prineipally from the Company's receivables from customers.

The Company controls credit risk by credit policies and procedures. The Company has established a credit policy under which each new customer is analyzed for ereditworthiness before the standard payment terms and conditions are offered. Customers that fail to meet the benehmark creditworthiness may transact with the Company only on a prepayment basis.

The maximum exposure to credit risk can be specified as follows:

(In Litas)	Amount
Prepayments	4,198,396
Trade receivables	47,623,506
Other receivable amounts	20,470,165
Cash and cash equivalents	53,934,684
Total	**126,226,751**

Credit risk (continued)

Receivable amounts from municipalities and state institutions:

(in Litas)	2009	2008
Municipalities and state institutions	25,136,130	53,723,100
Other	22,487,376	50,148,377
Total trade reccivables	**47,623, 506**	**103,871,477**

Trade receivables aceording to major customers:

(In Litas)	Amount	%
1 client	12,485,609	26.2
2 client	11,104,430	23.3
3 client	5,053,444	10.6
4 client	4,202,050	8.8
5 client	2,805,908	5.9
6 client	2,681,850	5.6
7 client	1,183,743	2.5
Other clients	8,106,472	17.1
Total	**47,623,506**	**100**

Trade receivables according to geographic regions:

(In Litas)	Amount
Domestic market	46 528 161
Russia	1 095 345
Total	47 623 506

Ageing of trade receivables as at the reporting date might be specified as follows:

(In Litas)	Amount	Impairment
Not overdue	30,142,567	
Overdue 0-30 days	1,205,040	
Overdue 30-90 days	1,325,353	274,677
More than 90 days	30,054,402	14,829,179
Total	**62,727,362**	**15,103,856**

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respeet of trade receivables. The main components of this allowanee are a specifie loss component that relates to individually signifieant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Methodology used for establishing the allowanee is reviewed regularly to reduce any differences between loss estimate and actual loss experience.

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.

Payment terms of liabilities as at 31 December 2009, including calculated interest, as to the agreements, are presented below:

In thousand Litas	Balance value	Contractual net cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Liabilities						
Loans and lease liabilities	7,084,014	7,634,211	1,526,928	1,526,927	4,030,395	549,961
Trade creditors	17,967,020	17,967,020	17,967,020			
Other amounts payable	31,693,279	31,693,279	31,693,279			
Total	**56,744,313**	**57,294,510**	**51,187,227**	**1,526,927**	**4,030,395**	**549,961**

Interest rate applied for calculation of contractual net cash flows:

	2009
Loans and lease liabilities	1.87 % – 2.47 %

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. The Company does not use any financial instruments to manage its exposure to foreign exchange risk.

During the year, currency exchange rates in respect of Litas were as follows:

	31 December 2009	Average 2009
1 EUR =	3.4528	3.4528
1 USD =	2.4052	2.4828
1 RUB =	0.0795	0.0783

Market risk (continued)

The Company's exposure to foreign currency risk can be specified as follows:

Year 2009 (in Litas)	LTL	EUR	RUB	USD
Long term receivables	18,822,208		993,313	
Trade receivables	43,652,882	2,875,279	1,095,345	
Prepayments	2,223, 275	59,293	1,905,828	
Other assets	615,278		39,366	
Cash and cash equivalents	46,281,582	1,532,502	6,090,696	29,904
Loans and other financial borrowings	(0)	(7,084,014)		
Payables	(44,747,464)	(2,108,257)	(2,804,578)	
Total exposure	**66,857,761**	**(4,725,197)**	**7,319,970**	**29,904**

The functional currency of the Company is Litas. The Company faces foreign currency risk on purchases and payable amounts as well as on sales and amounts receivable that are denominated in currencies other than Litas and EUR. The risk related to transactions in EUR is considered to be insignificant as the Lithuanian Litas is pegged to EUR at a fixed rate.

A change of curenccy exchange rate of Russian rouble by 0,005 points would have decreased receivable amounts by approximately LTL 254 thousands, cash and cash equivalents – by approximately LTL 383 thousands, and payable amounts – by approximately LTL 176 thousands.

Interest rate risk. The Company's issued 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 issued loans and borrowings, the change of interest rate would not have a material effect.

Variable interest rate financial assets and liabilities were as follows:

	Currency	2009
Issued long term loans	LTL	7,660,749
Financial lease liabilities	EUR	(7,084,014)
Total		**576,735**

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 2009 (in Litas)	Lithuania	Russia	Total
Revenue	160,300,265	7,404,206	167,704,471
Expenses	(154,427,115)	(9,058,788)	(163,485,903)
Result from operating activities	**5,873,150**	**(1,654,582)**	**4,218,568**

Year 2008 (in Litas)	Lithuania	Russia	Total
Revenue	526,352,493	32,550,038	558,902,531
Expenses	(469,336,811)	(31,622,109)	(500,958,920)
Result from operating activities	**57,015,682**	**927,929**	**57,943,611**

5. Revenue and gross profit (continued)

Construction contract revenue is recognized in accordance with the stage of completion of the contract. The stage of completion is determined based on the percentage of contract costs incurred in relation to total estimated contract costs, which are revised at each reporting date.

6. Cost of sales

(in Litas)	2009	2008
Sub-contractors	61,394,141	251,684,519
Raw materials and consumables	39,842,493	115,792,341
Personnel expenses	21,920,594	57,693,280
Depreciation	4,904,235	4,658,239
Amortisation	100,929	105,724
Other costs	11,626,795	39,827,961
Total cost of sales	**139,789,187**	**469,762,064**

7. Sales expenses

(in Litas)	2009	2008
Advertising and similar expenses	208,010	329,971
Personnel expenses	173,016	216,006
Other expenses	25,076	68,911
Total sales expenses	**406,102**	**614,888**

8. Administrative expenses

(in Litas)	2009	2008
Personnel expenses	5,696,055	19,713,085
Purchased services for administration purposes	2,396,459	3,681,745
Depreciation	1,065,167	760,204
Amortization	50,266	44,789
Operating taxes	364,341	619,909
Impairment of trade receivables	8,615,702	3,451,957
Other expenses	4,777,931	2,628,176
Total administrative expenses	**22,965,921**	**30,899,865**

9. Personnel expenses

(In Litas)	2009	2008
Wages and salaries	25,566,599	54,157,452
Compulsory social security contributions	7,896,124	16,764,260
Daily and illness allowances	1,647,191	2,084,774
Change in accrued vacation reserve and bonuses	(7,320,249)	4,615,885
Total personnel expenses	**27,789,665**	**77,622,371**
Included into:		
Cost of sales	21,920,594	57,693,280
Administrative expenses	5,696,055	19,713,085
Sales expenses	173,016	216,006
Total personnel expenses	**27,789,665**	**77,622,371**

Wages, salaries and social insurance contributions, calculated to the management for the year 2009 amounted to 3,678,369 Litas (4,294,223 Litas for the year 2008).

10. Other income and expenses

(In Litas)	2009	2008
Rent and other income	384,119	475,771
Gain from disposed property plant and equipement	0	71,758
Total other income	**384,119**	**547,529**
Depreciation of rented premises and other expenses	(649,930)	(229,632)
Loss from disposed property plant and equipement	(58,882)	0
Total other expenses	**(708,812)**	**(229,632)**
Total other income and expenses, net	**(324,693)**	**317,897**

11. Finance income and expenses

(In Litas)	2009	2008
Interest income	3,245,124	1,050,101
Foreign currency exchange gain	1,082,627	0
Other income	349,584	136,611
Total finance income	**4,677,335**	**1,186,712**
Interest expenses	(703,987)	(838,151)
Foreign currency exchange loss	(0)	(369,624)
Other expenses	(52,027)	(3,030)
Total finance expenses	**(756,014)**	**(1,210,805)**
Total finance income and expenses, net	**3,921,321**	**(24,093)**

12. Income tax

Income tax expense:

(In Litas)	2009	2008
Current tax expense	2,494,931	9,389,910
Change in deferred tax	830,789	(85,836)
Total income tax expense	**3,325,721**	**9,304,074**

The applicable tax rate for the year 2009 was 20%. The rate of 15% was enacted as of 1 January 2010. The effect of the change in tax rate relating to the revalued land and buildings was included into profit or loss due to the fact that it is not significant.

12. Ineome tax (continued)

Reeonciliation of the effective rate:

(In Litas)	2009		2008	
Profit before income tax		8,139,889		57,919,518
Income tax at standard tax rate	20.0%	1,627,978	15.0%	8,687,928
Non deductible expenses / Tax exempt income	30.7%	2,502,423	2.5%	1,421,201
Change in unrealized temporary differences	(4.1%)	(332,696)	(2.3%)	(1,351,716)
Effect of change in tax rate	(5.7%)	(471,984)	0.9%)	546,661
	40.9%	**3,325,721**	**16.1%**	**9,304,074**

Current tax payable:

(In Litas)	2009	2008
Payable as at 1 January	5,372,137	3,652,237
Calculated for thc year	2,494,931	9,389,910
Adjusted for the previous year	612,263	0
Paid	(8,352,734)	(7,670,010)
Payable as at 31 December	**126,597**	**5,372,137**

Deferred tax:

(In Litas)	2009		2008	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Impairment for amounts receivable	15,103,856	2,265,578	6,488,154	1,297,631
Accrued bonuses	902,891	135,434	1,087,118	217,424
Vacation reserve	0	0	6,368,760	1,273,752
Warranty provision	1,289,640	193,446	1,804,644	360,929
Stock write down to NRV	61,394	9,209	25,541	5,108
Not recognized deferred tax assets		**(2,258,259)**		**(1,266,907)**
Total deferred tax assets		**345,408**		**1,887,937**
Revaluation of land and buildings	11,430,111	1,714,517	12,131,285	2,426,257
Total deferred tax liabilities		**1,714,517**		**2,426,257**
Total deferred tax, net		**(1,369,109)**		**(538,320)**

Decrease in value has been recognized due to uncerntaity of deferred tax realisation.

Change in deferred tax:

(In Litas)	2009	2008
Net deferred tax at 1 January	(538,320)	1,058,204
Recognised directly in equity	0	(1,682,360)
Recognised in the statement of comprehensive income	(830,789)	85,836
Net deferred tax at 31 December	**(1,369,109)**	**(538,320)**

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 2008	16,061,435	12,336,313	7,406,174	9,308,775	705,633	45,818,330
Additions	190,631	4,515,441	2,399,847	1,596,092	964,132	9,666,143
Disposals	(0)	(544,160)	(660,673)	(323,203)	(0)	(1,528,036)
Reclassifications	1,669,765	0	0	0	(1,669,765)	0
Updated valuation of land and buildings	8,411,802	0	0	0	0	8,411,802
Balance at 1 January 2009	26,333,633	16,307,594	9,145,348	10,581,664	0	62,368,239
Additions	22,790	252,018	81,548	73,665	0	430,021
Disposals	(0)	(171,266)	(685,636)	(437,790)	(0)	(1,294,692)
Balance at 31 December 2009	26,356,423	16,388,346	8,541,260	10,217,539	0	61,503,568
Depreciation and impairment losses						
Balance at 1 January 2008	7,853,880	6,342,220	4,129,587	5,136,995	0	23,462,682
Depreciation for the year	311,950	2,234,706	1,306,743	1,624,618	0	5,478,017
Depreciation of the assets disposed	(0)	(474,712)	(583,256)	(300,963)	(0)	(1,358,931)
Balance at 1 January 2009	8,165,830	8,102,214	4,853,074	6,460,650	0	27,581,768
Depreciation for the year	1,003,556	2,502,251	1,359,391	1,468,006	0	6,333,204
Depreciation of the assets disposed	(0)	(171,258)	(646,727)	(425,502)	(0)	(1,243,487)
Balance at 31 December 2009	9,169,386	10,433,207	5,565,738	7,503,154	0	32,671,485
Carrying amounts						
At 1 January 2009	**18,167,803**	**8,205,380**	**4,292,274**	**4,121,014**	**0**	**34,786,471**
At 31 December 2009	**17,187,037**	**5,955,139**	**2,975,522**	**2,714,385**	**0**	**28,832,083**
Depreciation rates (in years)	8-40	5-15	5-10	3-6		

13. Property, plant and equipment (continued)

An external independent valuation company UAB Matininkai, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, valued the Company's land and buildings on 31 December 2008. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Based on the assessment of the Company's management, taking into consideration the market indications of the changes of market valnes of real estate and the calculated depreciation of buildings during the year 2009, the carrying amounts of land and bnildings presented in the statement of financial position should not differ materially from their fair values as at 31 December 2009.

(In Litas)	2009	2008
Depreciation included into:		
Cost of sales	4,904,235	4,658,239
Administrative expenses	1,087,780	760,204
Other expenses	341,189	59,574
Total depreciation	**6,333,204**	**5,478,017**

Property, plant and equipment with a net carrying amount of 9,358,905 Litas as at 31 December 2009 are pledged to the banks (refer to Note 26). At 31 December 2009, the net carrying amount of leased property, plant and equipment was 7,731,011 Litas (2008: 11,286,272 Litas).

14. Intangible assets

(In Litas)	Software	Other	Total
Cost			
Balance at 1 January 2009	596,319	81,012	677,331
Additions	56,443	81,196	137,639
Disposals	(0)	(29,006)	(29,006)
Balance at 1 January 2009	652,762	133,202	785,964
Additions	8,901	0	8,901
Disposals	(0)	(116,922)	(116,922)
Balance at 31 December 2009	661,663	16,280	677,943
Amortization and impairment losses			
Balance at 1 January 2008	298,446	78,748	377,194
Amortization for the year	148,252	2,261	150,513
Amortisation of the assets disposed	(0)	(29,004)	(29,004)
Balance at 1 January 2009	446,698	52,005	498,703
Amortization for the year	134,957	16,238	151,195
Amortisation of the assets disposed	(0)	(51,964)	(51,964)
Balance at 31 December 2009	581,655	16,279	597,934
Carrying amounts			
At 1 January 2009	**206,064**	**81,197**	**287,261**
At 31 December 2009	**80,008**	**1**	**80,009**
Amortization rates (in years)	3	3-4	

15. Investments in subsidiaries

(In Litas)	2009		2008	
Subsidiary	Ownership	Cost	Ownership	Cost
UAB PST Investicijos	67%	21,792,300	67%	21,792,300
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		(13,175)		(13,175)
Total investment		**24,577,954**		**24,577,954**

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

(In Litas)	2009	2008
UAB Ateities Projektai	100%	100%
OOO Baltevromarket	100%	100%
UAB Gėlužės Projektai	100%	100%
UAB Kauno Erdvė	100%	100%
UAB Realtus (merged to UAB PST Investicijos)	0%	100%
UAB Sakališkės	100%	100%
UAB Smiltynų Kalvos	100%	100%
UAB Verkių Projektas	100%	100%

Financial information about the subsidiaries can be specified as follows:

(In Litas)	Type of activities	Net equity as at 31/12/2009	Net profit (loss) for 2009
UAB PST Investieijos (consolidated)	Development of real estate	(3,246,829)	(16,598,381)
OOO Baltlitstroj	Construetions	(1,973,419)	(1,316,746)
UAB Vekada	Constructions: electricity instalments	5,095,316	19,159
UAB Skydmedis	Constructions: wooden houses	843,779	4,624
UAB Alinita	Constructions: conditioning equipment	219,395	(260,778)
UAB Metalo Meistrai	Constructions	1,156,730	(399,593)
SIA PS Trests	Constructions	(806,757)	(3,700)
TŪB Vilniaus Papėdė	Development of real estatc	15,054	(7)

Based on the management's estimations, the investment in UAB PST Investicijos is not impaired taking into consideration the expected recoverable amount of this investment, whieh was based on the valuations performed by the external independent valuation company of the real estate projects developed by UAB PST Investicijos and its subsidiaries. A significant portion of the recoverable amount of the investment in UAB PST Investieijos is related to the real estate project being developed by OOO Baltevromarket in Kaliningrad. Following the decision of the mayor of Kaliningrad, the land plots for the project development were provided to OOO Baltevromarket, which are currently rented from the municipality until 3 August 2010. OOO Baltevromarket is obliged to perform preparatory works in order to obtain the permission for construetion of real estate in these land plots. At present these preparatory works are being carried out and the management expects that the permission for construction will be obtained.

16. Other investments and amounts receivable in one year

(In Litas)	Interest rate	Maturity	2009	2008
UAB PST Investicijos (receivable)	n/a	n/a	10,983,035	
UAB PST Investicijos (loan)	3 m VILIBOR+1,9%	2012/05/12	1,495,197	
UAB PST Investicijos (interest)	3 m VILIBOR+1,9%	2012/05/12	112,638	
AB Panevėžio Keliai (loan)	3 m VILIBOR+1,9%	2011/01/11	6,153,552	
OOO Baltlistroj (loan)	n/a	2011/01/30	993,313	139,673
SIA PS Trests (loan)	5,02%-7,5%	2012/01/02	12,000	6,000
Other			65,786	72,166
Total			**19,815,521**	**217,839**

The receivable amount from UAB PST Investicijos was booked after the Company has repaid the bank loan instead of UAB PST Investicijos. No interest is calculated for this amount. The Company intends to increase the share capital of UAB PST Investicijos by this amount.

17. Inventories

(In Litas)	2009	2008
Raw materials and consumables	4,475,936	8,397,940
Goods for resale	3,504	12,720
Write-down to net realizable value	(61,394)	(25,541)
Total inventories	**4,418,046**	**8,385,119**

18. Trade receivables

(In Litas)	2009	2008
Invoiced receivables	61,443,814	110,271,833
Accrued receivables in accordance to the stage of completion	1,283,548	87,798
Impairment	(15,103,856)	(6,488,154)
Total trade receivables	**47,623,506**	**103,871,477**

As at 31 December 2009 aggregate costs incurred under construction contracts in progress and recognized profits, net of recognized losses, amounted to 119,565,223 Litas (2008: 207,840,624 Litas). Progress billings and advances received from customers under open construction contracts amounted to 122,264,544 Litas (2008: 212,943,822 Litas). Billings in excess of costs incurred and recognized profits are presented as deferred income and amounted to 2,699,321 Litas as at 31 December 2009 (2008: 5,103,198 Litas).

As at 31 December 2008, trade receivables include retentions of 8,309,051 Litas (12,972,430 Litas as at 31 December 2008) relating to construction contracts in progress.

For valuation of trade receivables refer to Note 4.

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)	2009	2008
Cash at bank	53,889,346	54,737,595
Cash in hand	45,338	33,042
Total cash and cash equivalents	**53,934,684**	**54,770,637**

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. The Company's authorized share capital is fully paid. The holders of the ordinary shares are entitled to one vote per share in the meeting of the Company and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. There were no changes in the share capital during the year 2009.

Reserves can be specified as follows:

(In Litas)	2009	2008
Revaluation reserve	9,715,594	9,705,028
Legal reserve	1,635,030	1,635,030
Total reserves	**11,350,624**	**11,340,058**

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.

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 cannot be distributed.

22. Earnings per share

(In Litas)	2009	2008
Net result for the year	4,814,168	48,615,444
Average number of shares	16,350,000	16,350,000
Basic and deluted earnings per share	**0.29**	**2.97**

23. Loans and borrowings

(In Litas)	2009	2008
Non-current liabilities	4,323,901	7,148,115
Current liabilities	2,760,113	3,522,594
Total loans and borrowings	**7,084,014**	**10,670,709**

23. Loans and borrowings (continued)

Borrowings include finance lease liabilities to UAB SEB Lizingas, UAB Swedbank Lizingas, UAB DnB Nord Lizingas and UAB Nordea Finance for the plant and equipment acquired by financial lease with a book value of 7,731,011 Litas as at 31 December 2009.

Finance lease liabilities are payable as follows:

In 2009 (in Litas)	Minimum payments	Interest	Principal amount
Payable within one year	3,053,855	293,742	2,760,113
Between one and five years	4,580,356	256,455	4,323,901
	7,634,211	**550,197**	**7,084,014**

In 2008 (in Litas)	Minimum payments	Interest	Principal amount
Payable within one year	3,966,448	443,854	3,522,594
Between one and five years	7,699,009	550,894	7,148,115
	11,665,457	**994,748**	**10,670,709**

24. Warranty provision

A provision for warranties is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Change of provision for warranties is as follows:

	Amount
Provision for warranties as at 31/12/2008	**1,804,644**
Accrued bonuses for employees	(713,690)
Accrued vacation reserve	198,686
Provision for warranties as at 31/12/2009	**1,289,640**

25. Other liabilities

(In Litas)	2009	2008
Accrued vacation reserve	2,199,206	6,368,760
Accrued bonuses for employees	4,874,168	8,024,863
Payable salaries and related taxes	2,061,951	4,460,148
Deferred income in accordance to the stage of completion	2,699,321	5,103,198
Other liabilities	1,933,384	409,282
Total other liabilities	**13,768,030**	**24,366,251**

26. Off-balance sheet liabilitics

The banks issued guarantees to third parties amounting to 13,910,667 Litas in connection with the Company's obligations under the construction contracts performed by the Company. The maturity of these guarantees varies from 15 January 2010 to 30 September 2011. Property, plant and equipment with a net carrying amount of 9,358,905 Litas as at 31 December 2009, present and future cash in account up to 20,000,000 Litas, eash in account at Swedbank AB and the rights in connection with the Company's construction eontract with Tauragė municipality and UAB Tauragės Vandenys are pledged to the banks for the credit lines and guarantees.

26. Off-balance sheet liabilities (continued)

As at 31 December 2009 a credit line of 15,000,000 Litas has been issued to the Company by AB SEB Bankas with the maturity until 31 January 2010. The credit line mentioned above has not been used by the Company as at the end of 2009.

27. Transactions with related parties

The Company had sales and purchase transactions during 2009/2008 with subsidiaries, parent company AB Panevėžio keliai and with subsidiaries of AB Panevėžio keliai. Transactions with related parties during 2009 are as follows:

(In Litas)	Type of transaction	Amount
Sales in 2009:		
Companies under control		
UAB PST Investicijos	Goods and services	95,488
OOO Baltlitstroj	Goods and services	418,236
UAB Metalo Meistrai	Goods and services	204,631
UAB Vekada	Goods and services	309,286
UAB Skydmedis	Goods and services	77,050
UAB Alinta	Goods and services	11,593
UAB Verkių Projektas	Goods and services	1,419
Other related companies		
AB Panevėžio Keliai	Goods and services	4,610,066
Purchasea in 2009:		
Companies under control		
OOO Baltlitstroj	Goods and services	3,053,044
UAB Metalo Meistrai	Goods and services	2,146,743
UAB Vekada	Goods and services	4,133,216
UAB Alinta	Goods and services	602,361
UAB Skydmedis	Goods and services	192,111
UAB PST Investicijos	Goods and services	51,000
TŪB Vilniaus Papėdė	Goods and services	18,744
Other related companies		
AB Panevėžio Keliai	Goods and services	3,091,477
UAB Aukštaitijos Traktas	Gooda and services	17,296
UAB Zarasų Automobilių Keliai	Goods and services	26,654
UAB Sostines Gatvės	Goods and services	85,717
Amounts receivable as at 31 December 2009:		
Companies under control		
UAB PST Investicijos		11,095,673
OOO Baltlitstroj		517,234
UAB PST Investicijos		112,638
UAB Skydmedis		12,311
SIA PS Tresti		1,379
Other related companies		
AB Panevėžio Keliai		2,786,914
UAB Constructus		8,068
Amounts payable as at 31 December 2009:		
Companies under control		
UAB Vekada		744,462
UAB Metalo Meistrai		115,028
UAB Alinta		127,974
Other related companies		
UAB Aukštaitijos Traktas		48,963

Long-term loans receivable as at 31 Deeember 2009:

AB Panevėžio Keliai	6,153,552
UAB PST Investicijos	1,495,197
OOO Baltlitstroj	993,313
SIA PS Trest	12,000

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

28. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exehanged 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.

Carrying amount of trade amounts receivable, amounts payable and short-term credit lines is close to their fair value. The fair value of the long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

The fair value of the assets and liabilities reported in the statement of financial position as at 31 December 2009 do not differ significantly from their carrying amounts.

29. Subsequent events

During the Company's board meeting held on 24 February 2010 it was decided to propose to the Board of UAB PST Investicijos to eall the shareholders' meeting concerning the increase of the share capital of UAB PST Investicijos by the newly issued shares to be paid by additional cash and in-kind contributions resulting in the capitalization of the receivable amount paid by the Company to AB DnB Nord Bankas instead of UAB PST Investicijos (see Note 16).

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

Managing Director Dalius Gesevičius ____________________

PANEVĖŽIO STATYBOS TRESTAS AB

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2009

1. ACCOUNTING PERIOD COVERED BY THE ANNUAL REPORT

The report is covering the year 2009.

2. THE ISSUER AND ITS CONTACT DETAILS

Name of issuer	Public limited liability company *Panevėžio statybos trestas*
Authorised capital	16,350,000 Litas
Address of registered office	P. Puzino Str. 1, LT-35173 Panevėžys, Lithuania
Telephone	(+370 45) 505 503
Fax	(+370 45) 505 520
E-mail	pst@pst.lt
Legal-organisational form	Publie limited liability company
Date and place of registration	30 October 1993, Panevėžys City Board
Registration No.	AB 9376
Company Register code	147732969
VAT code	LT477329610
Administrator of Legal Entity Register	State Enterprise Centre of Registers
Website	www.pst.lt

3. PRINCIPLE NATURE OF ACTIVITIES OF THE ISSUER

The main area of activities of the company and its subsidiaries (Group) is designing and construction of buildings, structures, equipment and communications and other objects for various applieations in and outside Lithuania, real estate development. In addition to the above activities, the company is engaged in rent of premises and mechanisms, resale of utility and telecommunication services.

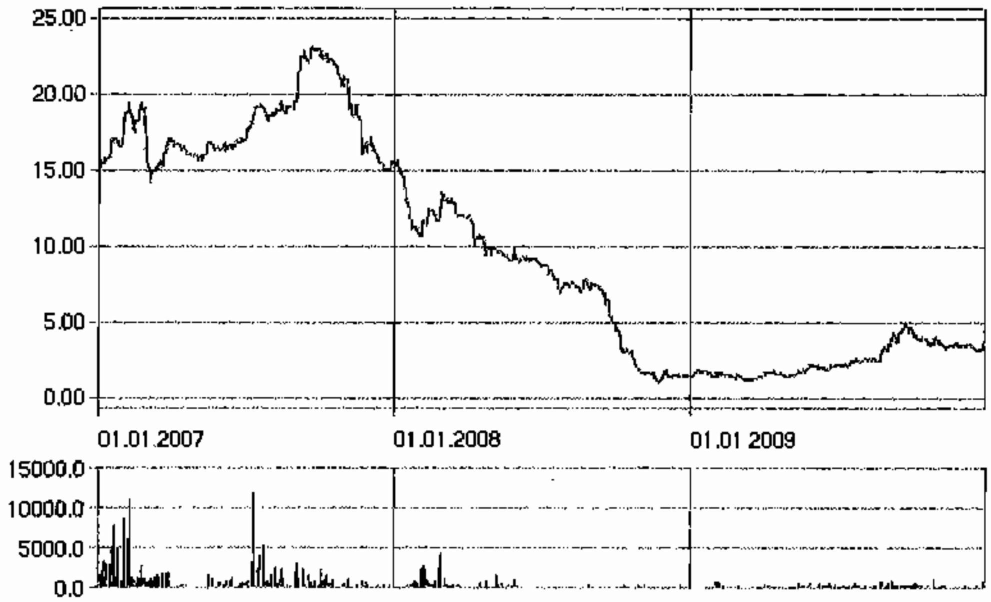
4. CONTRACTS WITH INTERMEDIARY OF PUBLIC TRADING IN SECURITIES

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

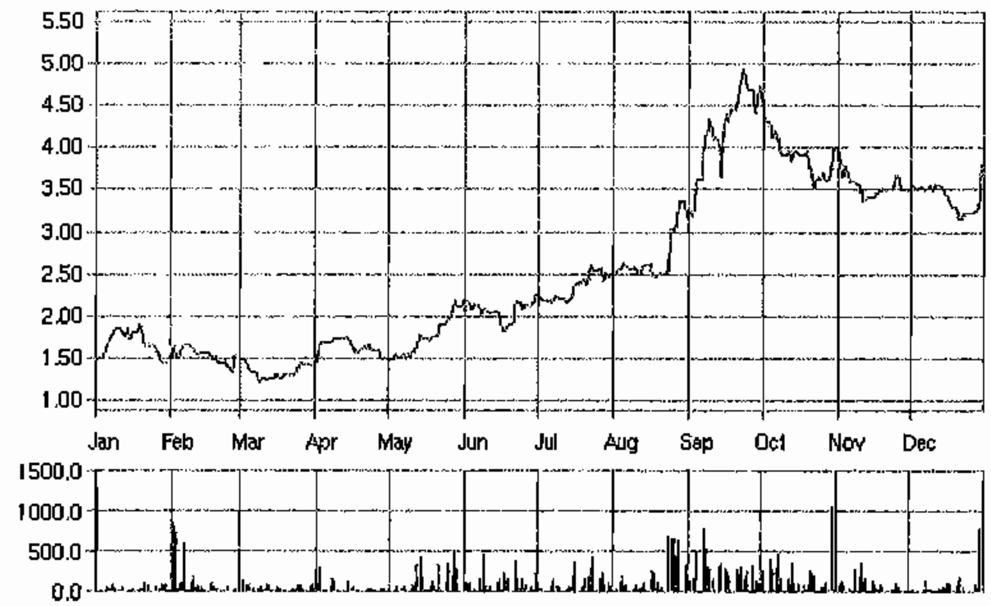
5. DATA ON TRADING IN SECURITIES OF THE ISSUER IN REGULATED MARKETS

The ordinary registered shares of the *Panevėžio statybos trestas* AB, totalling 16,350,000 pcs., the nominal value of each being one Litas, have been on the Official Trading List of the Vilnius Stock Exchange (VSE) since 13 July 2006.

Company share price variation at VSE in 2007 through 2009



Company share price variation at VSE in 2009



Last share price as of 31 Dec. 2008	*Highest share price*	*Lowest share price*	*Last share price as of 31 Dec. 2009*
1.5	*5.05*	*1.16*	*3.79*

Capitalization, mln. Lt		
2007	*2008*	*2009*
255.06	24.53	61.97

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

In the year 2009 after rapid economical growth, the entire economy of the country was hard hit by recession. The hard times in economy havc inevitably affected both *Panevėžio statybos trestas* AB and PST Company Group. In 2009 there was a significant decrease in income for the Group – down to 184.7 mln. Litas and for the company – down to 167.7 mln. Litas. Compared to the last year the income decreased by 3.2 times. Last year the company had considered the situation in the declining construction market, revised all its operating expenses and with the help of rational decisions made on sites made a profit of 4.8 mln. Litas. The gross profit margin amounting 16.6 percents (15.9 percents in 2008) shows that in case of significant ineome decrease the company managed to withstand losing performance. The loss of PST Group in the amount of 15.5 mln. Litas was influenced by negative changes in the real estate market. Due to reduced possibilities in project development finaneing, the subsidiary of PST, *PST investicijos*, suspended development of most of the projects by its eompanies in 2009, thus staying with loan management and tax expenses.

In 2009 the company maintained strong balance: high liquidity and low debt level. PST Group reduced its financial liabilities by 14 mln. Litas. Book money amounts 56 mln. Litas, the liquidity ratio of the group is 1.7 and that of the company is 2.11, therefore there should be no problems with likely insolvency. Equity capital of the company makes 68 % of total assets and that of PST Group - 47 %, and this is considered a good indicator.

Last year the projeets of Rokiškis Waste Water Treatment Plant Reconstruction and Panevėžys Region Waste Handling System Developmcnt were completed. In 2009 PST was awarded the gold medal at the contest *Lithuanian Product of the Year* for the construction of Panevėžys Arena.

Market members value the company as cxperienced builder of large and technologically complieated objects. Such approach of customers has bcen achieved in the result of hard work and continuous internal improvement of the company – qualified and experienced employees work for the company, the company has a few licences and certificates attesting that management of the company is done in a qualitative manner and meets the requiremcnts of the European standards.

The company paid great attention to the quality of works carried out, environment protection and safety. The company has suecessfully implemented and is working in accordancc with the quality managcment system LST EN ISO 9001:2008 and environment management system LST EN ISO 14001:2005. To ensure prevention of accidents at work, occupational safety and health violations of organizational manner in the company and reduce the number of occupational diseases the company has implemented the occupational safety and hcalth managcment system meeting the requircmcnts of the international standard BS OHSAS 18001:2007 (LST 1977:2008).

In 2008 thc National Accreditation Bureau of Lithuania rencwed accreditation for the Construction Laboratory of the company for 5 more years in accordance with LST EN ISO/IEC 17025:2005 thus granting the right to perform tcsts with construction materials.

Valuable expcrience in the construction of complicated objects was gained in the course of the ycars. The activities are widcly developed in terms of both – scrviccs and geography because projects are implemented not only in Lithuania. There are subdivisions in such cities of the Russian Federation as Cherepovcts and Kaliningrad.

Risk factors related to the company activities:

- General dccline in construction market;
- Drop in construction prices;
- Extremcly increased and intense competition;
- Damping;
- Delays in paymcnts made by customers;
- Stringent credit terms at the banks;
- Black economy.

7. INFORMATION ON SUBSIDIARIES OF THE COMPANY

As of 31 December 2009 the Company Group of *Panevėžio statybos trestas* AB included the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
Skydmedis UAB	Production of wood constructions	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
Metalo meistrai UAB	Production of metal constructions	100	Tinklų Str. 7, Panevėžys, Tel. 8 45 464677
Vekada UAB	Electrieal installation works	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
Vilniaus papėdė TŪB	Construetion works	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
Alinita UAB	Air conditioning equipment	100	Dubysos Str. 31, Klaipėda Tel.: +370 46 340363
PS TRESTS SIA	Construction	100	Vietalvas Str. 5, Riga
BALTILSTROIJ OOO	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
PST Investicijos UAB	Real estate development	67	Konstitucijos Ave. 7, Vilnius Tel.:+370 5 2728213
Subsidiaries of *PST investicijos* UAB:			
Ateities projektai UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
Sakališkės UAB	Real estate development and sales	100	Konstitueijos Ave. 7, Vilnius
Kauno erdvė UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
Gėlužės projektai UAB	Real estate development and sales	100	Konstitueijos Ave. 7, Vilnius
Verkių projektas UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
Novigo UAB	Real estate development and sales	50	Konstitueijos Ave.7, Vilnius
ISK Baltevromarket OOO	Construetion investment company	100	Sovetskij Ave. 43, Kaliningrad
Smiltynių kalvos UAB	Real estate development and sales	100	Konstitucijos Ave.7, Vilnius

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

Skydmedis **UAB** (company code 148284718) was established and began its activities on 17 June 1999. The main activity of the company is fabrication of wood structures and joinery for construction purposes, cutting and planing of wood, wholesale and retail in construction materials, production of pallets, stands and other wooden items for loading, building outfit.

In 2009 the income of the company amounted 2,613 thousand Litas and the company earned 4.6 thousand Litas of net profit.

The main activity indicators of *Skydmedis* UAB are as follows:

	2009	**2008**	**2007**
Income from sales, thousands Lt	2613.6	5695.7	5796.4
Gross profit, thousands Lt	483.4	1093.0	968.8
Net profit, thousands Lt	4.6	78.8	-129.0
Gross profitability	18.5%	19.2%	16.7%
Net profitability	0.2%	1.4%	-2.2%
Return on equity (ROE)	0.55	9.39	-16.96
Current liquidity ratio	2.3	1.96	1.43
Acid test (Quick) ratio	2.0	1.37	0.68

At the end of 2009 *Skydmedis* UAB had 42 employees. The share capital is divided into one thousand ordinary shares the value of one share being 500 Litas. The main share holder is *Panevėžio statybos trestas* AB holding 100 % of shares.

Metalo meistrai **UAB** (company code 148284860) was founded on 16 June 1999 and started its activity on 1 July 1999. The company is engaged in fabrication of various metal structures and their elements; another business line is rent of small-size scaffolding. At the end of 2009 the company had 31 employees.

The main aetivity indicators of *Metalo meistrai* UAB are as follows:

	2009	**2008**	**2007**
Income from sales, thousands Lt	2539	9017.2	9215.6
Gross profit, thousands Lt	-2.4	1109.7	1228.0
Net profit, thousands Lt	-400	253.6	466.3
Gross profitability	-0.1%	12.3%	13.3%
Net profitability	-15.8%	2.8%	5.1%
Return on equity (ROE)	-34.55	16.29	35.80
Current liquidity ratio	1.99	1.48	0.92
Acid test (Quick) ratio	0.73	0.94	0.49

There were no ehanges in authorized share eapital and the share holder strueture, i.e. as before, the share capital totalling 500,000 Litas is divided into 1 000 ordinary shares the value of one share being 500 Litas. The main share holder is *Panevėžio statybos trestas* AB holding 100 % of shares.

***Vekada* UAB** (company code 147815824) was establishcd on 1 January 1963 and had the name of *Elektros montavimo valdyba* (Electrical Installation Department), later on 16 May 1994 it was re-registered as *Vekada* UAB. The main activities of the company are electrical installation works on subcontracts. At the end of 2009 the company had 57 employees.

The main activity indicators of *Vekada* UAB arc as follows:

	2009	2008	2007
Income from sales, thousands Lt	9494.8	17034.5	10282.9
Gross profit, thousands Lt	1213.2	3786.6	1667.3
Net profit, thousands Lt	19.2	1652.0	531.3
Gross profitability	12.8%	22.2%	16.2%
Net profitability	0.2%	9.7%	5.2%
Return on equity (ROE)	0.38	32.83	18.29
Currcnt liquidity ratio	3.17	2.35	3.68
Acid test (Quick) ratio	2.87	1.97	3.05

During the accounting year therc were no changes in the authorised shear capital of thc company and structure of the share holders, i.e. as beforc, the share capital amounting 211,488,000 Litas is divided into 52,872 ordinary shares the value of one share being 4 Litas. The main sharc holder is *Panevėžio statybos trestas* AB holding 95.6 % of shares, other part is hold by legal persons.

***Alinita* UAB** (company code 141619046) was established on 8 December 1997. The main activities of the company are ventilation, air-conditioning and heating systems in buildings. District hcating supply units and boiler houses; indoor water supply sewerage and firc fighting systcms. Pump stations. In 2009 thc company had 20 employees.

The main activity indicators of *Alinita* UAB are as follows:

	2009	2008	2007
Income from sales, thousands Lt	1173	2128.6	2661.6
Gross profit, thousands Lt	49.9	571.0	757.4
Net profit, thousands Lt	-260.8	66.0	197.3
Gross profitability	4.3%	26.8%	28.5%
Net profitability	-22.2%	3.1%	7.4%
Return on equity ((ROE)	-118.86	13.75	47.63
Current liquidity ratio	1.31	3.74	1.80
Acid test (Quick) ratio	1.18	3.49	1.63

The share capital of the company totalling 10,000 Litas is divided into 100 ordinary shares the value of one share being 100 Litas. In 2004 *Panevėžio statybos trestas* AB acquired 100 % of shares.

Vilniaus papėdė **TŪB** (company code 12545197) is the general partnership founded in 2000. The partnership was established for the period of building of thc Royal Palace and will continue its activities until the projeet is fully completed. The partnership does not make any profit from its activities (except interest calculated for the balance of the bank account), and its expenses are distributed among the partnership members in proportion to their activities carried out. The capital of the company is comprised of contributions of its founders totalliug 14,500 Litas. 10,000 Litas accounting for 69 per eents was the contribution of *Panevėžio statybos trestas* AB. Other founders are also legal persons.

Baltlitstroij **OOO** (company code 236006) was founded and started its activities on 20 Oetober 2000. The main activity of the company is construction works. In 2009 the company had 17 employees.

The main activity indicators of BALTLITSTROIJ OOO are as follows:

	2009	2008
Income from sales, thousands Lt	12219	28995.3
Gross profit, thousands Lt	224.5	2456.0
Net profit, thousands Lt	-1317	2064.4
Gross profitability	1.8%	8.5%
Net profitability	-10.8%	7.1%
Current liquidity ratio	0.80	1.26
Acid test (Quick) ratio	0.78	1.26

The authorised capital of the company amounts 12,000 thousand Roubles, 100 % of shares are held by *Panevėžio statybos trestas* AB.

PST investicijos UAB (company code 124665689) was founded on 23 December 1998. The main activity of the company is preparation and sales of real estate. On 31 December 2009 the company group of *PST investicijos* UAB consisted of the parent company *PST investicijos* UAB and the following subsidiary companies: *Sakališkės* UAB, *Gelužės projektai* UAB, *Kauno erdvė* UAB, *Smiltynų kalvos* UAB, *Ateities projektai* UAB, *Verkių projektas* UAB, *Novigo* UAB, *Baltevromarket* OOO ISK.

The main activity indicators of *PST investicijos* UAB are as follows:

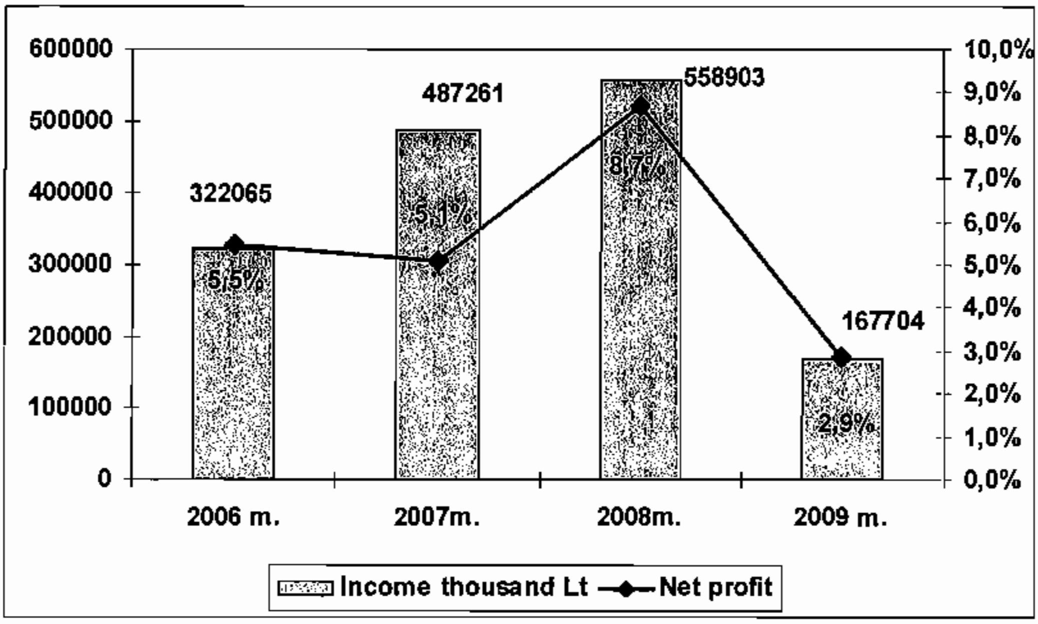
	2009	2008	2007
Income from sales, thousands Lt	-192.3	3896	17000.0
Gross profit, thousands Lt	-380	2404	12414.0
Net profit, thousands Lt	-16598	-25970	4078.0
Current liquidity ratio	1.26	10.13	27.64
Acid test (Quick) ratio	1.23	9.91	26.77

The main share holders of the company are *Panevėžio statybos trestas* AB (66.83 %) and *Panevėžio keliai* AB (24.68 %). The remaining part of shares is hold by several legal persons (8.49 %). As of 31 December 2009, the authorized capital of the company is 37,267,900 Litas and it is divided into 372,679 registered ordinary shares the nominal value of one share being 100 Litas.

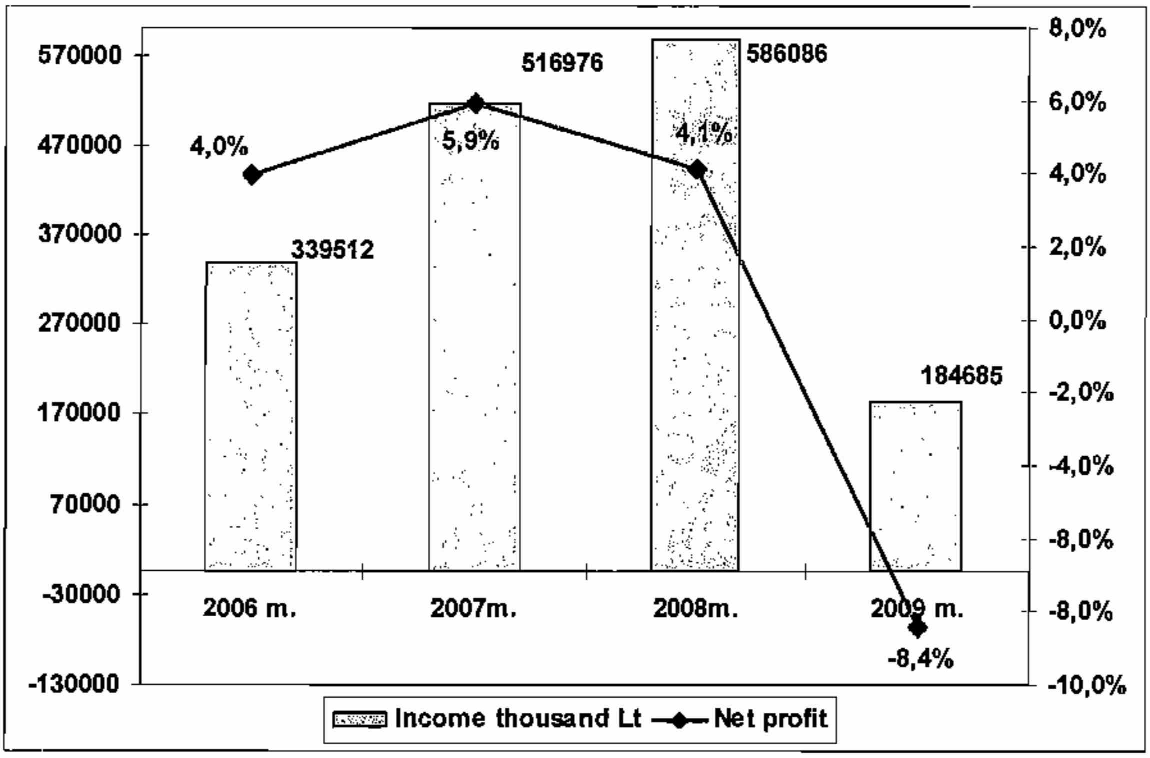
8. ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE, INFORMATION RELATED TO ENVIRONMENTAL AND EMPLOYEE MATTERS

In 2009 the income of the group decreased by 3.2 times compared to 2008 and amounted 184.7 mln. Litas (586.1 mln. Litas in 2008). The income of the company decreased by 3.3 times down to 167.7 mln. Litas (558.9 mln. Litas in 2008). During the accounting year the PST Group incurred losses in the amount of 15.5 mln. Litas (24.184 mln. Litas profit in 2008). In 2009 the net profit of the company was 4.8 mln. Litas, whereas in 2008 it was 48.6 mln. Litas.

Income and net profit variation for the company:



Income and net profit variation for the group:



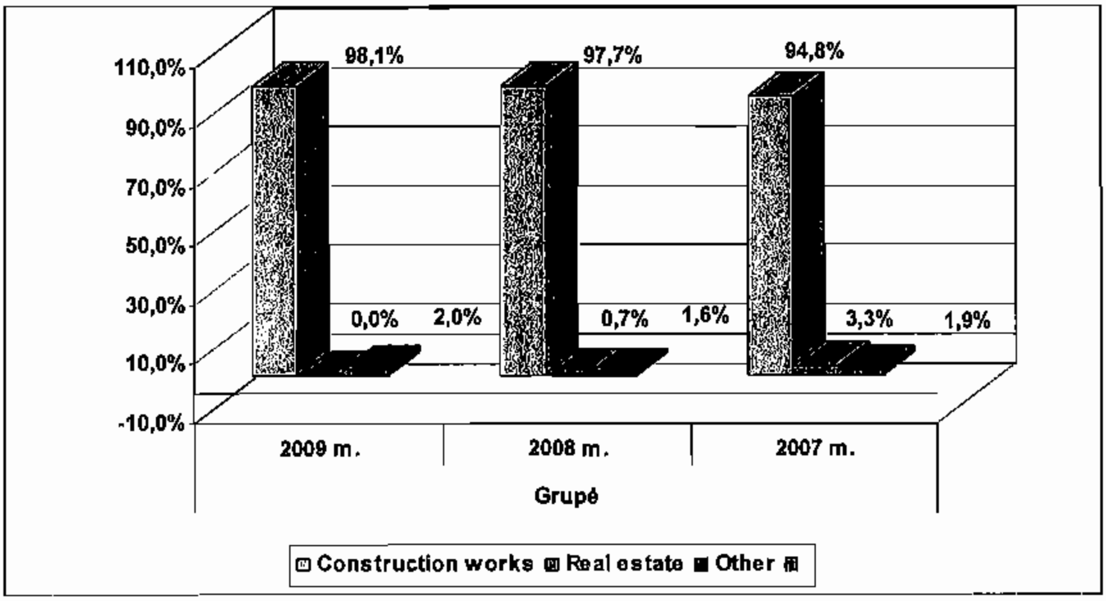
All financial data in the present annual report have been calculated following the International Financial Accounting Standards (IFAS) and expressed in the national currency of Lithuania - the Litas (Lt).

The results (thousands Litas) of the parent company and the Company Group of *Panevėžio statybos trestas* AB for the years 2007 through 2009 are as follows:

Group			Items	Company		
Year 2009	**Year 2008**	**Year 2007**		**Year 2009**	**Year 2008**	**Year 2007**
184.685	586.086	516.976	*Income*	167.704	558.903	487.261
154.896	485.422	445.027	*Cost*	139.789	469.762	432.725
29.789	100.664	71.949	*Gross profit*	27.915	89.140	54.536
16.13	17.18	13.92	*Gross profit margin (per cent)*	16.65	15.95	11.19
-0.003	44.472	46.41	*Profit before taxes, interest, depreciation and amortisation* ***EBITDA***	15.328	64.386	35.402
-8.38	4.1	5.91	*Net profit margin (per cent)*	2.87	8.7	5.1
-0.61	2	1.78	*Profit per share (Litas)*	0.29	2.97	1.52
-15.31	21.53	40.4	*Return on equity (percent)* ***(ROE)***	3.86	40.16	35.76
-7.29	8.47	10.94	*Average return on assets or average profitability of assets (ROA)*	2.61	20.80	11.55
-13.82	17.41	22.58	*Return on investment (ROI)*	3.65	36.71	33.05
1.71	1.66	1.72	*Current liquidity ratio*	2.11	1.7	1.19
0.56	0.39	0.31	*Cash ratio*	1.03	0.54	0.28
6.15	7.15	5.1	*Book value of a share*	7.63	7.40	4.25
-6.2	0.7	8.76	*Ratio of share price and profit* ***(P/E)***	12.90	0.50	10.3
0.62	0.21	3.06	*Ratio of share price and book value* ***(P/BV)***	0.50	0.20	3.67

Referring to business segments, the main income was from building and construction activities. In 2009 the income of the group from the building and construction activitics totalled 98 %, the made products and other income amounted to 2 %. The group had no income from real estate. In 2008 the corresponding figures were as follows: construction and installation – 97.7 %, real estate – 0.7 % and other activities – 1.6 %.

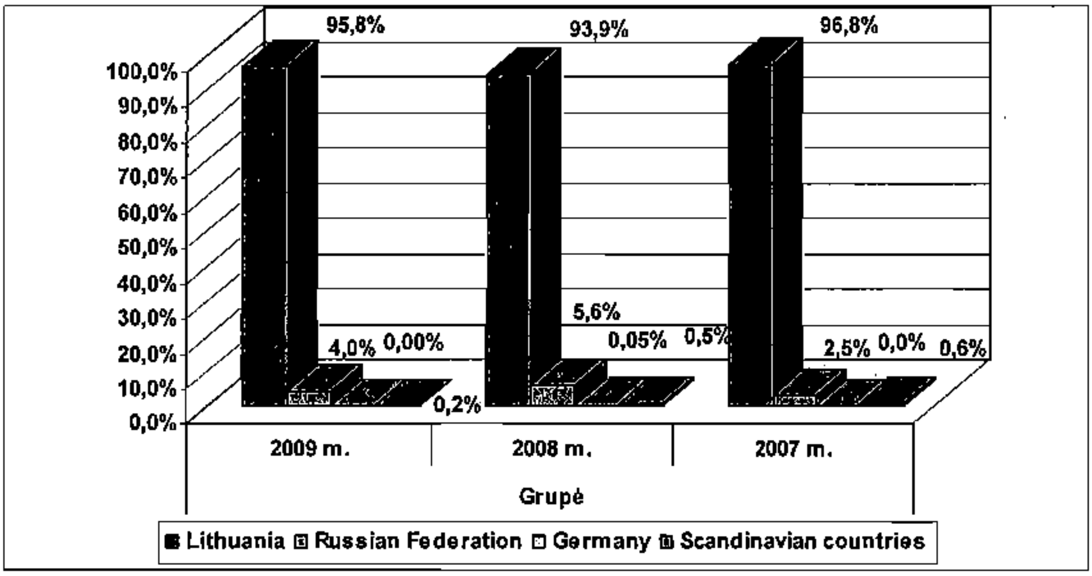
(thousands Lt)	Group			Company		
	Year 2009	**Year 2008**	**Year 2007**	**Year 2009**	**Year 2008**	**Year 2007**
Construction works	181.17	572.53	490.21	167.70	558.90	487.26
Real estate	-0.19	3.90	17.00			
Products produced	2.01	4.21	4.79			
Other	1.70	5.45	4.97			

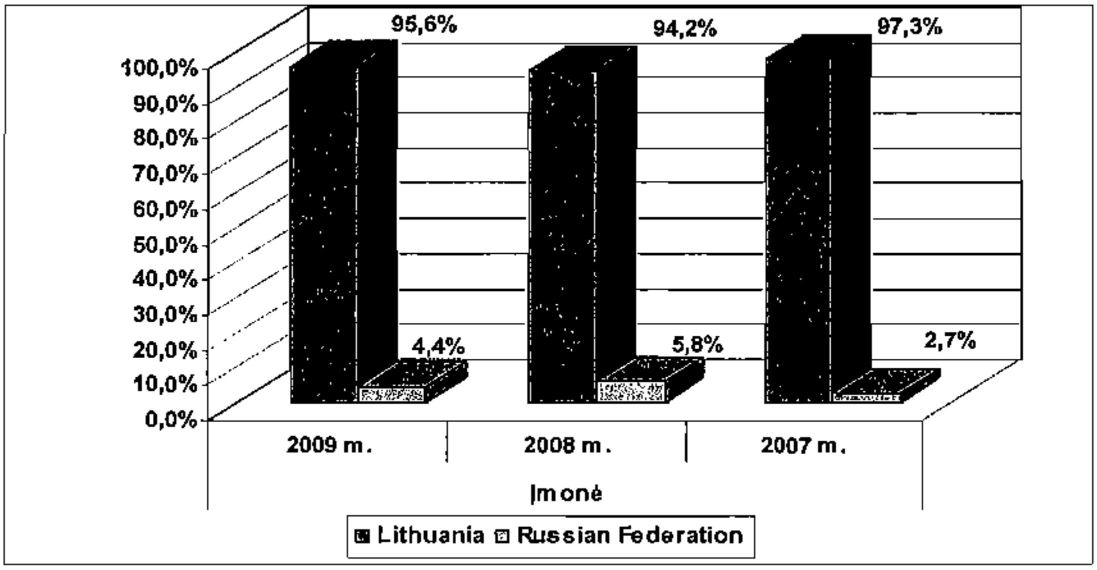


Income from main activity (thousands Lt) by geographical segments:

	Group			Company		
	Year 2009	**Year 2008**	**Year 2007**	**Year 2009**	**Year 2008**	**Year 2007**
Lithuania	176.97	550.23	500.32	160.30	526.35	474.17
Russian Federation	7.40	32.55	13.10	7.40	32.55	13.10
Germany, Ireland	0.00	0.27	0.21			
Scandinavian countries	0.31	3.04	3.35			

In the year 2009 the main activity of the company was performed in Lithuania and made 95.6 % of all works carried out by the company (94.2 % in 2008). The income of the group from the works performed inside Lithuania made 95.8 % of the income whereas in 2008 it was 93.9 %.





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

There were no important events sinee the end of the preceding year.

10. PERFORMANCE PLANS AND FORECASTS OF THE COMPANY

The coming year is likely not to be easy both for the company and the whole construction sector. At present the largest problem is unwillingness of banks to credit projects and negative tendencies in the tenders arranged by the potential customers where the construction companies seeking to win the tender at any price often offer unreasonably low project implementation costs which later on do not allow ensuring the project quality, and as a matter of fact jeopardise the project completion.

Panevėžio statybos trestas AB is planning to make a reach of good results in the year 2010 and exceed the sales level of 2009. Though the economical background in the country and construction sector is not favourable, next year we will try to maintain stability by proceeding with the already started activities, looking for possibilities for new project implementation and striving for the goal to remain the largest construction company in Lithuania.

11. AUTHORISED CAPITAL OF THE ISSUER AND ITS STRUCTURE

As of 31 December 2009 the authorised capital of the company amounted to 16,350,000 Litas, divided into 16,350,000 ordinary registered shares (ORS) the nominal value of eaeh share being 1.00 Lt. All shares are non-certificated and fully paid. The proof of ownership is the record in the securities accounts.

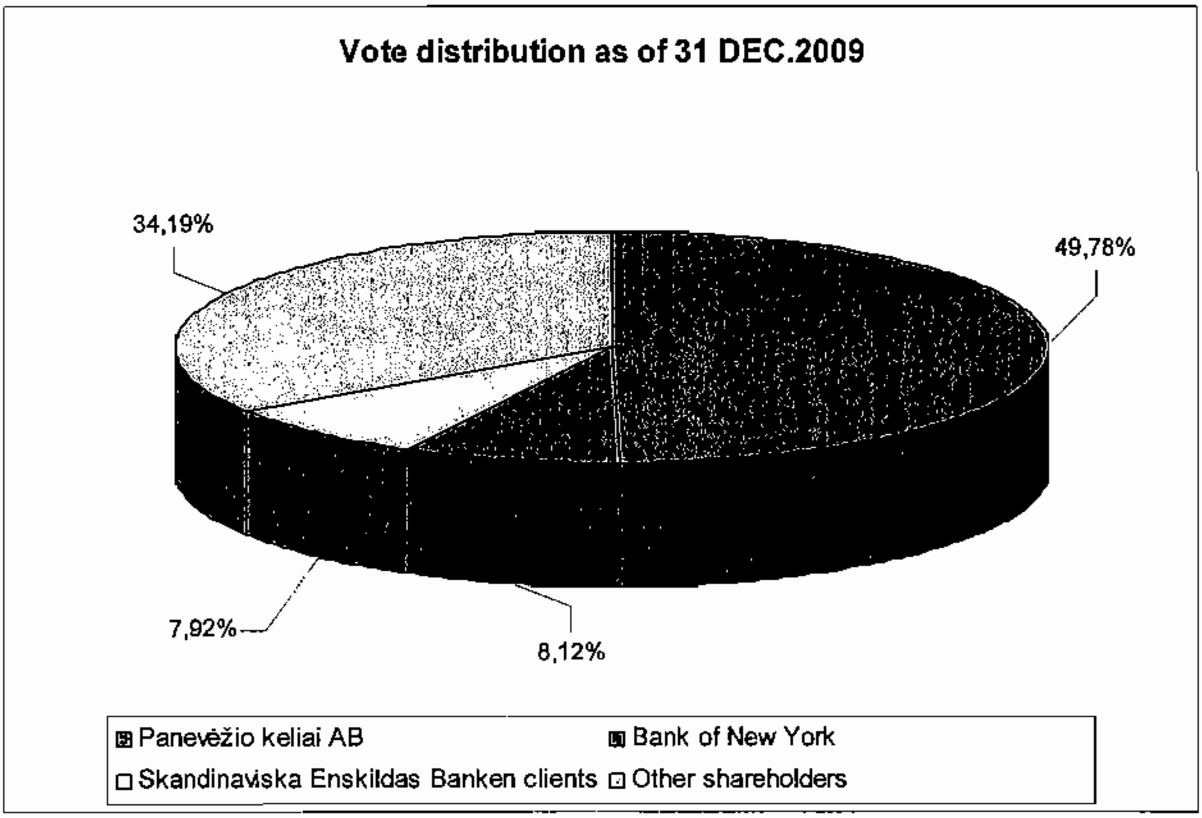
The composition of the issuer's authorised eapital is as follows:

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

12. INFORMATION ON THE SHAREHOLDERS OF THE ISSUER

The number of shareholders holding or controlling more than 5 percents of the authorised capital of the company as of 31 December 2009 was 1982:

Shareholder's full name (company name, type, registered address, code in the Register of Enterprises)	Number of ordinary registered shares hcld 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 thc persons aeting together (%)
Panevėžio keliai AB 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, USA GSP181305	1,327,137	8,12	8,12	---
Skandinaviska Enskildas Banken clients, Liivalaia 8, 15040 Tallinn, Estonia, 502032-9081	1,294,157	7,92	7,92	---



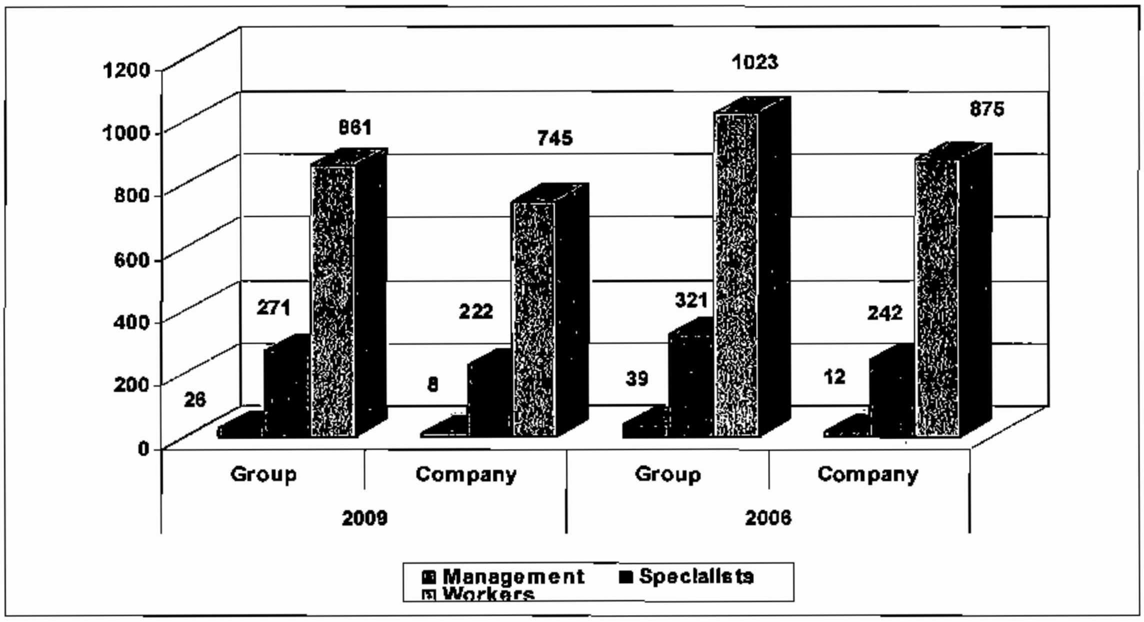
None of the shareholders of the issuer has any special control rights. All shareholders have equal rights prescribed by Section 4 of the Law on Companies of the Republic of Lithuania.

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

13. EMPLOYEES

The number of employees in the Group as of 31 December 2009 was 1030, in the company – 857.

Average number of employees	Year 2009		Year 2008	
	Group	Company	Group	Company
Management	26	8	39	12
Specialists	271	222	321	242
Workers	861	745	1023	875

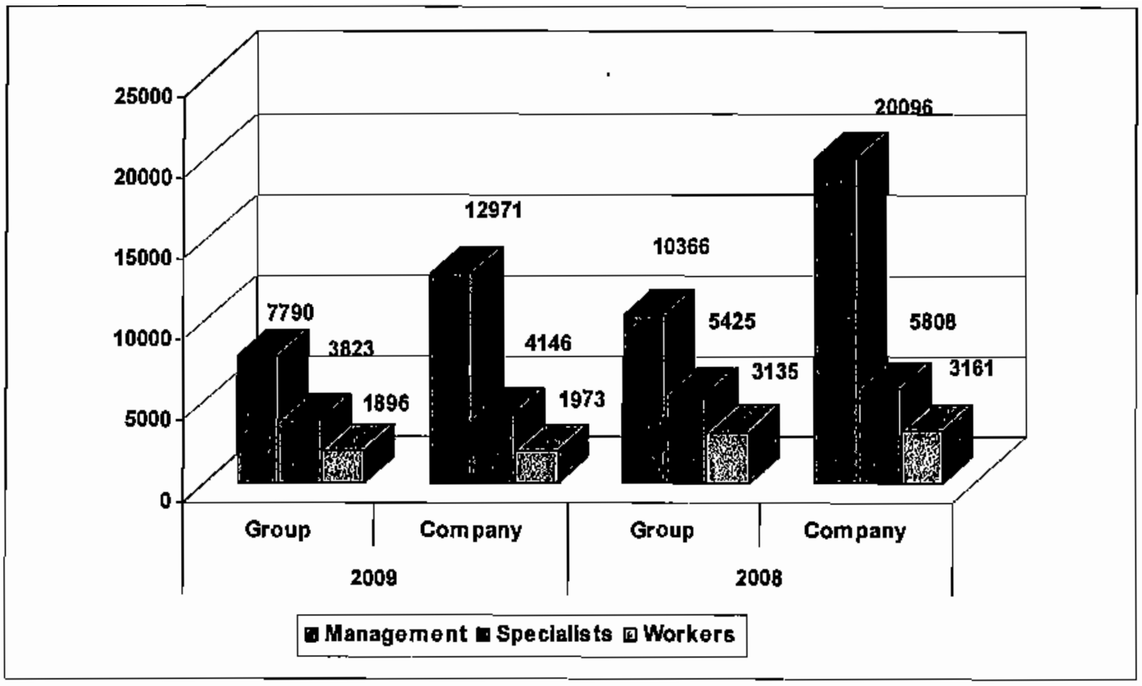


Education level of the Company employees for the end of the period:

Groups of employees	Payroll number	Higher university level education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Management	29	24	0	5	0	0
Specialists	261	182	12	50	16	1
Workers	740	13	3	109	486	129

Average gross wages:

Average wages	Year 2009		Year 2008	
	Group	Company	Group	Company
Management	7790	12971	10366	20096
Specialists	3823	4146	5425	5808
Workers	1896	1973	3135	3161



The deerease in wages was eonditioned by the drop of construetion prices and reduction in the scope of work.

The labour contracts do not include any speeial rights or obligations of employees or some part of them.

In 2009 the company paid much attention to qualification improvement. Training in the company is done in four directions using:

1. Services of Lithuanian Builders Association (means of EU Structural Funds).
2. Serviees of training arranging institutions (external training).
3. Services of higher education institutions (employee studies).
4. Internal human resourccs and technical basis (internal training).

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

The Articles of Association of thc Company may bc amended on by the General Meeting of Shareholdcrs by at least 2/3 majority vote of the total votes of the shareholders attending the meeting. The resolution amcnding the Articles of Association shall be adoptcd in the procedure set forth in Articles 27 or 30 of the Law on Companies of the Republic of Lithuania.

15. MANAGEMENT BODIES OF THE ISSUER

Referring to the Articles of Assoeiation of *Panevėžio statybos trestas* AB, the management bodies of the company are the General Meeting of Shareholders, the Board and the Managing Director. The Supervisory Couneil shall not be formed in the Company.

The eompetenee of the General Meeting of Shareholders shall not be different from that of the eompetence speeified in the Law on Companies.

The Board of the Company consisting of five members shall be elected by the General Meeting of Shareholders for a period not longer than 4 years. At present there are four members in the Board. The procedure of electing and dismissing the members of the Board shall not different from that prescribed by the Law on Companies.

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

The Board shall elect and dismiss the Head of the Company – Managing Director, fix his salary, set other terms and conditions in the employment contract with him, approve his job description, give incentives and impose penalties.

The Head of the Company shall be the single-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 – the Chairman of the Board. No membership in the capital of the company. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL,%	VOTES, %
TERTIUS UAB		704,638	80	80
PANEVĖŽIO KELIAI AB	Member of the Board	531,675	28.47	28.47
LAUKTUVĖS JUMS UAB	Member of the Board	11,069	50.15	50.15
POKŠTAS UAB		261	50	50
KLOVAINIŲ SKALDA AB		203,526	3.78	3.78
GELBERA UAB	Member of the Board	34	34	34
KELTECHA UAB	Member of the Board			
EMULTEKA UAB		14	14.0	14.0
GUSTONIŲ ŽŪT UAB	Member of the Board	18,027	49.04	49.04
SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB		21 490	9,29	9,29
IGNALINOS STATYBA UAB	Member of the Board	91,351	37.93	37.93
TAMSUMA UAB	Chairman of the Board	1,467	33.34	33.34
NAUJASIS UŽUPIS UAB	Chairman of the Board			
PANEVĖŽYS UAB	Member of the Board	157,191	49.98	49.98

PANEVĖŽIO STATYBOS TRESTAS AB	Chairman of the Board	0	0	0
PANODEN UAB	Member of the Board			
PST INVESTICIJOS UAB	Member of the Board	16,407	4.4	4.4
PAKNOVUS UAB	Member of the Board	35	35	35
KIRTIMŲ AUTOTRANSPORTAS AB	Member of the Board	-		
CONSTRUCTUS UAB	Member of the Board	1,669	4.5	4.5
VILNIAUS VAIZDAS UAB	Member of the Board	50	50	50
CONVESTUS UAB	Vice-President, Chairman of the Board	50,000	50	50
UPĖS SLĖNIS UAB		810 1969 bonds	18	18
ALPROKA UAB	Chairman of the Board			

Terms of offiee: Oetober 2006 through Oetober 2010

No previous convictions.

GVIDAS DROBUŽAS – the Member of the Board member. No membership in the capital of the company. Membership in the activities or capital of the companics below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
PANEVĖŽIO KELIAI AB	Chairman of the Board	529,861	28.33	28.33
LAUKTUVĖS JUMS UAB	Member of the Board	11,001	49.85	49.85
POKŠTAS UAB	Director	261	50.0	50.0
KELTECHA UAB				
KLOVAINIŲ SKALDA AB		203,129	3.77	3.77
GELBERA UAB	Member of the Board	34	34	34
EMULTEKA UAB		12	12.0	12.0
GUSTONIŲ ŽŪT UAB	Member of the Board	18,028	49.04	49.04
IGNALINOS STATYBA UAB	Member of the Board	91,351	37.93	37.93
TAMSUMA UAB	Member of the Board	1,467	33.34	33.34
PANEVĖŽIO STATYBOS TRESTAS AB	Member of the Board	-	-	-
PANEVĖŽYS UAB	Member of the Board	157,225	49.98	49.98
SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB		21,470	9.28	9.28
PST INVESTICIJOS UAB	Chairman of the Board, Director	12,644	2.9	2.9
PAKNOVUS UAB	Member of the Board			
CONSTRUCTUS UAB	Chairman of the Board	1,669	4.5	4.5
NAUJASIS UŽUPIS UAB	Member of the Board			
VILNIAUS VAIZDAS UAB	Chairman of the Board	50	50	50
CONVESTUS UAB	President, Member of the Board	50,000	50	50
Shares of *UPĖS SLĖNIS* UAB		810 1969 bonds of *Upės slėnis* UAB	18	18
ALPROKA UAB	Member of the Board			
RYTŲ SKIRSTOMIEJI TINKLAI AB		5,000		

Terms of office: October 2006 through October 2010

No previous convictions

IRMA ABRAMAVIČIENĖ – the Member of the Board. Membership in the capital of the company below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
CONVESTUS UAB	Internal auditor	-	-	-

Terms of office: April 2008 through October 2010

No previous convictions

VILIUS GRAŽYS – the Member of the Board. No membership in the capital of the company. Membership in the aetivities or capital of the companics below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
AKVALDA UAB		500	33,33	33,33
EMULTEKA UAB		11	11	11
BASS UAB		40	40	40
PANEVĖŽIO STATYBOS TRESTAS AB	Member of the Board			
PANEVĖŽIO KELIAI AB	Member of the Board	101735	5.45	5.45

Terms of office: October 2006 through October 2010

No previous convictions

ARTŪRAS BUČAS – the Member of the Board. No membership in the capital of the company.

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
DVARČIONIŲ KERAMIKA AB	Shareholder	356	0.0036	0.0036
AUKŠTAITIJOS TRAKTAS UAB	Member of the Supervisory Board			
PANEVĖŽIO KELIAI AB	Member of the Board			

Terms of office: October 2006 through October 2010

No previous convictions

Administration:

DALIUS GESEVIČIUS - Head of the Company Administration, Managing Direetor. Holds 15 shares of the Company. University education (VISI, 1984, construction engineering).

No previous convictions.

DANGUOLĖ ŠIRVINSKIENĖ – Chief Accountant of the Company. Holds no shares of the Company. University Education (LŽUA, 1983, accounting- economics).
No previous eonviction.

Information on money amounts during the accounting period (Litas):

	Board of the Company
Total calculated amount	1247009
Average per member	249402

	Head of the Company	Chief Accountant
Calculated money amount	289331	93227

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 THE 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 SIGNIFICANT TRANSACTIONS BETWEEN THE RELATED PARTIES

All transactions between the related parties are provided in the Annual Financial Statement.

19. INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

20. PUBLICLY DISCLOSED INFORMATION

Title of announcement	Category of anuouucement	Language	Date
Preliminary Results of PST Group for the 2009	Interim information	Lt, En	26 Feb. 2010
Regarding Obligatory Non-Competitive Formal Offer	Notification on material event	Lt, En	17 Dec. 2009
Financial Statement for the 3rd quarter of 2009 of *Panevėžio statybos trestas* AB	Interim information	Lt, En	30 Nov.2009
Results of PST Group for Nine Months of 2009	Notification on material event	Lt, En	30 Nov. 2009
Mandatory Takeover BID	Other information	Lt, En	30 Oct. 2009
Draft Resolution of the Extraordinary General Meeting of the Shareholders	Notification on material event	Lt, En	11 Sept. 2009
Draft Resolution of the Extraordinary General Meeting of the Shareholders	Notification on material event	Lt, En	1 Sept. 2009
Interim Report for the 6 months of 2009	Interim information	Lt, En	25 Aug. 2009
Results of PST Group for First Half of the Year 2009	Notification on material event	Lt, En	25 Aug. 2009
Convening of Extraordinary General Meeting of the Shareholders	Notification on material event	Lt, En	7 Aug. 2009
Panevėžio statybos trestas AB Will Install Water Supply and Waste Water Network in Šiauliai	Notification on material event	Lt, En	29 May 2009
Financial Statement for the 1st Quarter of 2009 of *Panevėžio statybos trestas* AB	Notification on material event	Lt, En	28 May 2009
Performance Results for the First Quarter of 2009	Notification on material event	Lt, En	28 May 2009
Resolutions of the Reconvened General Meeting of the Shareholders	Notification on material event	Lt, En	15 May 2009
Reconvening of Annual General Meeting of the Shareholders	Notification on material event	Lt, En	27 April 2009
The General Meeting of *Panevėžio statybos trestas* AB Did Not Take Place	Notification on material event	Lt, En	24 Aril 2009
Audited Company and Consolidated Financial Statement for 2008	Annual information	Lt, En	24 April 2009
Draft Resolution of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	14 April 2009
The Shareholder of *Panevėžio statybos trestas* AB, *Panevėžio keliai* AB, and Other Legal Persons Are Supposed to Present a Formal Offer	Notifieation on material event	Lt, En	7 April 2009
Panevėžio statybos trestas AB Will Build Waste Water Treatment Plant in Tauragė	Notification on material event	Lt, En	26 March 2009
Annual General Meeting of the Shareholders	Notification on material event	Lt, En	26 March 2009
Non-Audited Financial Statements of *Panevėžio statybos trestas* AB for the year 2008	Interim information	Lt, En	9 Mareh 2009
Income of PST Group Increased by 13.4 Percents in 2008	Notification on material event	Lt, En	27 Feb. 2009

All notices of *Panevėžio statybos trestas* AB to be made public in accordanee with the legal requirements are announced following the timelines preseribed by the laws and legal acts of the Republie of Lithuania. Notices of material events of the Company are presented to the Securities Commission of the Republie of Lithuania, Vilnius Stock Exchange, information disclosurc and disseminations system *OMX Company News Service* and published on the webpage of the Company.

Managing Director Dalius Gesevičius

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 eompliance with the Governanee Code, approved by the VSE for the companies listed on the regulated market, and its speeific 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 notiees for the Vilnius Stock Exchange and in the periodic notices to the BNS news ageney, notices in the newspapers, at the press conferenees.
1.2. All management bodies of a company should act in furtherance of the declared strategie objectives in view of the need to optimize shareholder value.	Yes	
1.3. A eompany's supervisory and management bodies should aet in elose 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 conneeted with the eompany's operation, are duly respected.	Yes	
Principle II: The corporate governance framework **The eorporate governance framework should ensure the strategic guidanee of the company, the effeetive oversight of the company's management bodies, an appropriate balance and distribution of funetions between the eompany'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	
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.

[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 (e.g. formation of the committees), 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 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.

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 recommendatious, 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]

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] 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.

3.2. 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 desired composition of the collegial body shall be determined 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. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	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.
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);		Four members of the Board are the members of the Board of the largest shareholder – the related company. One member of the Board works for the company that has important business relations – provided internal audit and consultancy services.

[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.

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);

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 2009 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.

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.

[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.

[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.

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, decisiou-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 deeision of the collegial body is against the interests of the company. Should a collegial body have passed deeisions 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.
4.4. Where deeisions of a collegial body may have a different effeet 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 communieating with and committing to shareholders.	Yes	

[9] It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to partieipate 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, whieh ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

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. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	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[11]. 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 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. On 15 May 2009 the audit committee was elected during the reconvened Annual General Meeting of the Shareholders
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 exercise independent judgement and integrity when exercising its functions as well as 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.	Yes	
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	Yes	The audit committee consists of three members. One member conforms to the requirements for independence. The audit committee is elected for the period of one year.

11 The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

collegial body. In cases when the company chooses not to 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. 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.	Yes	The rules of the audit committee were approved and published on the website of the company
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.	Yes	Applicable to the audit committee

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 committee is 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; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of	Not applicable	The committee is not formed.

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. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		

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 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).		On 15 May 2009 the audit committee was elected during the reconvened Annual General Meeting of the Shareholders. The audit committee consists of three members. The audit committee organizes its work following the rules of the audit committee approved during the meeting of the shareholders.

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 condneting 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 earried out according to the sehedule approved in advanee 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 conveued at such intervals, whieh 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[12].	Yes	The meeting of the company's eollegial 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 eonvened in advance in order to allow suffieient 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 eertain issues of great importance to the company require immediate resolution.	Yes	Each member of the board ean 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 elosely 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 removul of the board members, their liability or remuneration are diseussed.	Not applieable	The supervisory board is not formed.
Principle VI: The equitable treatment of shareholders and shareholder rights		

[12] 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 frequeney of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

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.		
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.[13] 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 1/20 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.	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 21 days prior to the meeting the shareholders are allowed to familiarize themselves to the draft resolutions.

[13] 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. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the eompany not only in Lithuanian language, but in English and /or other foreign languages in advanee. 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 Lithuanian, English and/or other foreign languages. Doeuments referred to in this recommendation may be published on the publiely accessible website of the company to the extent that publishing of these doeuments is not detrimeutal to the company or the company's eommereial secrets are not revealed.	Yes	
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in abseutia. Shareholders should not be prevented from voting in writing iu advance by eompleting the geueral voting ballot.	Yes	Each shareholder can partieipate in the meeting in person or delegating the partieipation to some other person.
6.7. With a view to inereasing the shareholders' opportunities to partieipate effectively at shareholders' meetings, the eompanies are recommended to expaud use of modern technologies by allowing the shareholders to participate and vote in general meetings via eleetronic means of communication. In sueh eases seeurity of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, 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 governanee 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.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in whieh his/her personal interests are in conflict or may be in conflict with the company's interests. In ease 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, indieate 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) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The company observes the motivation system of 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; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to 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; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.		
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. 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 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. 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. 8.5.2. 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. 8.5.3. 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 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. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report 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.	No	Recommendations provided in item 8.1 are not followed.

8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Yes	The motivation system of the directors defining evaluation criteria of performance results has been approved in the company since 9 March 2007.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Yes	The motivation system of the directors defining evaluation criteria of performance results has been approved in the company since 9 March 2007.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	The motivation system of the directors defining evaluation criteria of performance results has been approved in the company since 9 March 2007.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	No	
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	No	Redundancy pay are allowed following the law of the Republic of Lithuania
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	No	Redundancy pay are allowed following the law of the Republic of Lithuania
8.12. 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.	Yes	
8.13. Shares should not vest for at least three years after their award.	Not applicable	
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria	Not applicable	

8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	
8.18. 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.	Not applicable	
8.19. 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.	Not applicable	
8.20. 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.	Not applicable	

8.21. Should national law or company's Articles of Association allow, any discounted option arrangement uuder 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 exereise price is determined, should also be subject to the shareholders' approval.	Not applicable	
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to sehemes allowing for participation under similar conditions to company's employces or employees of any subsidiary company whose employees are eligible to partieipate in the seheme and which has been approved in the shareholders' annual general meeting.	Not applicable	
8.23. Prior to the annual general meeting that is intended to consider deeision stipulated in Article 8.19, 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 partieipants in the sehemes. 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.	Not applicable	

Principle IX: The rolc of stakeholders in corporate governance

The corporate governance frnmework should recognize the rights of stnkeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainahility. 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 eorporate 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. 10.2. It is recommended to the company, which is the parent of other companies, 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. 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.	Yes Yes Yes Yes	
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 or in cases provided by the legal acts free of charge 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 biržo*, 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 reports and interim reports 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.	Yes	In 2009 the company had a tax service agreement with the audit company. Both the candidacy of the audit company and the specific auditor have been agreed with the Securities Commission.