

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated Interim Financial Statement and Consolidated Interim Report for Six Months of 2008

28 August 2008

Panevėžys

1. Reporting period

The consolidated annual report has been prepared for six months of the year 2008 that expired on 30 June 2008.

2. Main data about the issuer

Name of issuer	Public limited liability company Panevėžio statybos trestas
Authorized capital	16 350 000 Litas
Address of registered office	P. Puzino Str. 1, LT-35173 Panevėžys, Lithuania
Telephone	(8~45) 505 503
Fax	(8~45) 505 520
E-mail	pst@pst.lt
Legal-organization form	Public limited liability company
Registration date and place	30 October 1993, Panevėžys City Department
Registration No.	AB 9376
Code at the register of enterprises	147732969
VAT code	LT477329610
Administrator of legal entity register	State Enterprise Centre of Registers
Web address	www.pst.lt

3. Character of the main activity of the issuer

The main area of activity of the Company and subsidiaries (Group) is designing and construction of buildings, constructions, installations and communications of various purposes both in and outside Lithuania, real estate development. In addition to the mentioned activities the company rents the premises and machinery, resells utilities and communication services.

As of 30 June 2008 the company group of *Panevėžio statybos trestas* AB consists of the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Domicile address
<i>Skydmedis</i> UAB	Production of wood constructions	100	Pramonės g. 5, Panevėžys Tel.: 8 45 583341
<i>Metalo meistrai</i> UAB	Production of metal constructions	100	Tinklų g. 7, Panevėžys
<i>Vekada</i> UAB	Electrical installation activities	96	Marijonų g. 36, Panevėžys Tel.: 8 4 5461311
<i>Vilniaus papėdė</i> TŪB	Construction works	69	Švitrigailos g. 8, Vilnius Tel.: 8 5 2609405
<i>Alinita</i> UAB	Air conditioning equipment	100	Dubysos g. 31, Klaipėda Tel.: 8 46 340363
PS Trests SIA	Construction	100	Vietalvas 5, Riga
OOO Baltlitstroij	Construction	100	Sovetskij pr. 43, Kaliningrad Tel.: 0074012350435
<i>PST Investicijos</i> UAB	Real estate development	67	Konstitucijos pr. 7, Vilnius Tel.: 8 5 2728213
<u>Subsidiaries of <i>PST investicijos</i> UAB</u>			
<i>Ateities projektai</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
<i>Sakališkės</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
<i>Kauno erdvė</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
<i>Gėlužės projektai</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
<i>Verkių projektas</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
<i>Realtus</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
OOO ISK Baltevro market	Construction investment company	100	Sovetskij per. 43, Kaliningradas
<i>Smiltynių kalvos</i> UAB	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius

4. Contracts with intermediaries in security public turnover

On 7 February 2006 the contract No.3792 was signed with the public limited liability company *NORD/LB bankas* located at Basanavičiaus Str. 26 in Vilnius, this company was authorised to perform accounting of securities issued and management of personal security accounts.

5. Data of trade in the securities of the issuer at the regulated markets

The ordinary registered shares of *Panevėžio statybos trestas AB*, 16 350 000 pcs. the par value of each being one Litas, have been included in the official list of the Vilnius Stock Exchange (VSE) since 13 July 2006.

Share type	Number of shares (pcs.)	Par value (Lt)	Total par value (Lt)	Emission code
Ordinary registered shares (ORS)	16 350 000	1	16 350 000	101446

Variation in the price of the company shares at the Stock Exchange for the first half of 2008.



6. Authorized capital of the company and its structure

As of 30 June 2008 the authorized capital of the company was 16 350 000 Lt, it was divided into 16 350 000 ordinary registered shares (hereinafter referred to as ORS), the nominal value of one share being 1.00 Lt. All shares are intangible and fully paid. The property right for the shares is

proved by the record in the stock accounts. The shares of *Panevėžio statybos trestas AB* are traded in the Vilnius Stock Exchange. On 30 June 2008 the total number of the shareholders was 1617 who under the property right held or controlled more than 5 percents of the authorized capital of the company:

Name, surname of a shareholder (company name, type, headquarter address, company code)	Number of ordinary registered shares held by a shareholder under ownership right (pcs.)	Share of the authorized capital held (%)	Part of votes granted by the shares held under the ownership right (%)	Part of votes owned by the shareholder along with acting persons (%)
<i>Panevėžio keliai AB</i> S. Kerbedžio g. 7, Panevėžys, Company code: 147710353	8 138 932	49,78	49,78	---
Bank of New York as custodian or trustee for ING B One Wall Street, New York, NY 10286, USA GSP181305	1 682 023	10,29	10,29	---
Skandinaviska Enskilda Banken clients Sergels Torg 2, Stockholm, Švedija 502032-9091	1 249 559	7,64	7,64	---
Hansabank clients Liivalaia Street 8 Tallinn, Estonia Company code: 10060701	1213616	7,42	7,42	---

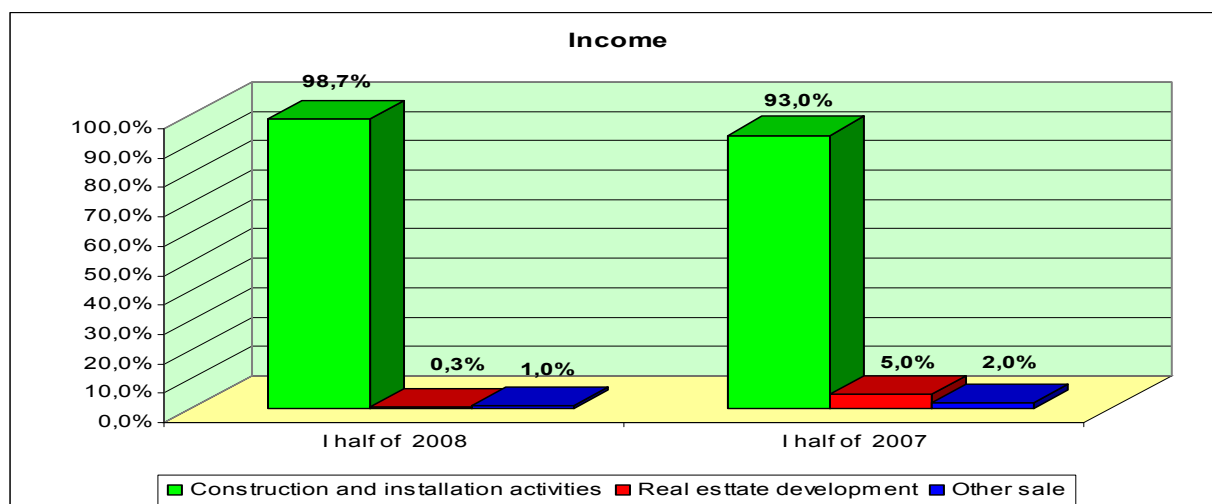
The Company has not purchased its own shares, any of its subsidiaries has not purchased any shares of the Company and no other person who would act in his/her own name but in the favour and using the means of the Company, has purchased any shares of the Company.

7. Information on the activity results of the issuer

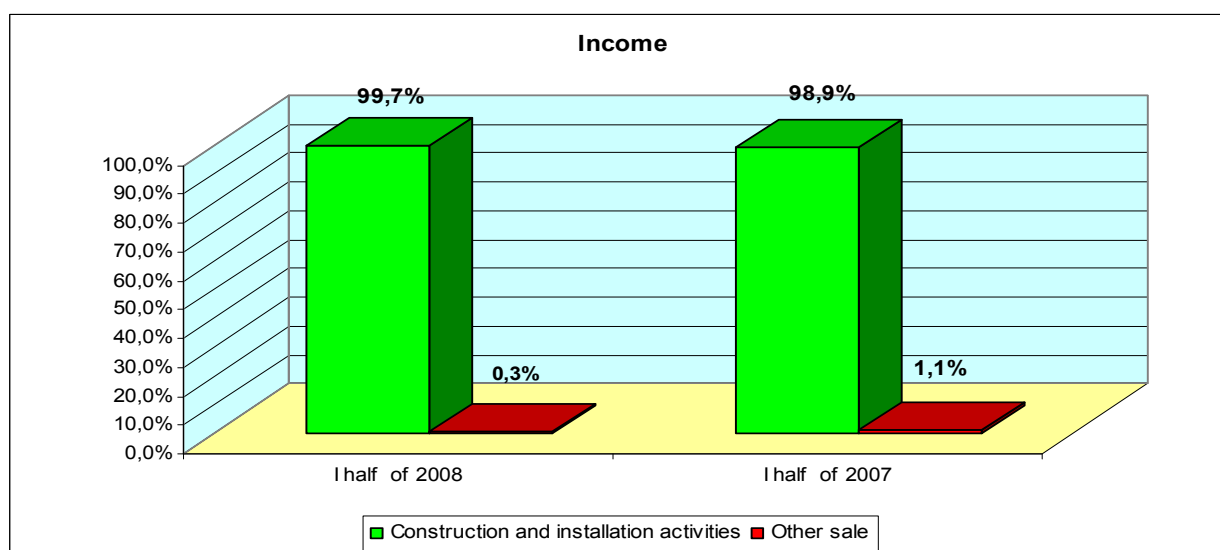
Referring to the unaudited data, the group of one of the largest construction companies in the country, *Panevėžio statybos trestas (PST)*, was on the income of 258 mln. Litass for the first half of this year – this was lower by 8 % in comparison with the same period last year and made the before tax profit in the amount of the 13.5 mln. Litass. This is 1.6 times lower in comparison with January through September 2007 when the before tax profit amounted to 22 mln. Litass.

The income of *Panevėžio statybos trestas* AB for the I half of the year 2008 was as follows:

Group income, thousands Lt	I half of 2008	I half of 2007
Construction and installation activities	254486	261314
Real estate development	855	14005
Other sale	2578	5747
Total	257919	281066



Parent company income, thousands Lt	I half of 2008	I half of 2007
Construction and installation activities	251363	258872
Other sale	784	2915
Viso	252147	261787



Income distribution on a geographical basis:

Country	GROUP				Parent company			
	I half of 2008		I half of 2007		I half of 2008		I half of 2007	
Lithuania	243474	94,40%	270148	96,12%	238134	94,4%	252664	96,5%
Russian Federation	14012	5,43%	9123	3,25%	14013	5,6%	9123	3,5%
Germany	223	0,09%	0	0,00%				
Island, Norway, Sweden	210	0,08%	1795	0,64%				
VISO	257919		281066		252147		261787	

As the construction market increases, the number of employees increased significantly both in the parent company and the group during I half of the year 2008. As of 30 June 2008 the number of employees in the group of *Panevėžio statybos trestas AB* amounted to 1633 employees (1518 employees as of 31 December 2007). 1353 employees worked at the company on 30 June 2007 (1275 employees as of 31 December 2007).

Employee groups	Listed number	Having university education	Having higher non-university education	Having college (middle) education	Having secondary education	Having unfinished secondary education
Managers	50	34	-	4	12	-
Specialists	341	234	12	68	26	1
Workers	1241	20	5	209	750	258

Employee groups	Average monthly salary
Managers	9712
Specialists	5067
Workers	2962

Employment agreements do not include any specific rights and obligations for employees or a part thereof.

The activity results of the company group of *Panevėžios statybos trestas AB* and the parent company are as follows (in thousands Lt):

	Group		Parent company	
	<i>I half of 2008</i>	<i>I half of 2007</i>	<i>I half of 2008</i>	<i>I half of 2007</i>
Income	257919	281065	252147	261787
Cost	224628	243956	221957	237659
Gross profit	33291	37109	30190	24128
Gross profit margin (percents)	12,91	13,20	11,97	9,22
Net profit margin (percents)	4,15	6,17	5,01	4,32
Profit per share (in Litass)	0,65	1,06	0,77	0,69
Return on equity (percents) (ROE)	12,83	27,87	16,07	20,30
Return on assets or asset profitability (ROA)	3,35	6,53	5,11	5,81
Return on investments (ROI)	6,89	13,67	13,99	18,17
Current liquidity ratio	1,74	1,70	1,25	1,11
Book value per share	5,85	4,63	4,81	3,41
Share price to book value (P/BV)	1,48	3.67	1,80	4,98

8. Procedure for amendment of the Articles of Association of the issuer

The Articles of Association of the company can be amended by the general meeting of the shareholders by the qualified majority of votes that cannot not less than 2/3 of all votes conferred by the shares held by the shareholders attending the meeting. The decision of the general meeting of the shareholders regarding the amendment of the Articles of Association is made in accordance with the procedure set forth in Article 27 or 30 of the Law on Companies of the Republic of Lithuania.

9. Bodies of the issuer

Referring to the Articles of Association of *Panevėžio statybos trestas AB*, the management bodies of the Company are the General Meeting of the Shareholders, the Board and the Managing Director. No Supervisory Board is formed in the company.

The competence of the General Meeting of the Shareholders has no difference from the competence of the General Meeting of the Shareholders set forth by the Law on Companies.

The Board of the company consisting of five persons is elected by the General Meeting of the Shareholders for a period not longer than 4 years. At present the Board of the company consists

of four members. The procedure for election and withdrawal of a member of the Board has no difference from the procedure set forth by the Law on Companies.

The activities of the Board are managed by the Chairman of the Board. The Chairman of the Board is elected by the Board from the members of the Board.

The Board elects and removes from the office the manager of the company – the Managing Director, fixes his salary, sets other terms of the employment contract, approves his job description, gives incentives and imposes penalties.

The manager of the company is a single-person management body of the Company who organizes the current economic activities in accordance with his authority.

The Board:

REMIGIJUS JUODVIRŠIS – the Chairman of the Board. Does not participate in the capital of the Company. Participates in the activities or capital of the following companies:

NAME OF COMPANY	POSITION	NUMBER OF SHARES	CAPITAL %	VOTES %
<i>TERTIUS UAB</i>		704 638	80	80
<i>PANEVĖŽIO KELIAI AB</i>	Member of the Board	531 675 including 43197 pledged to <i>Dangu emulsija UAB</i>	28.47	28.47
<i>LAUKTUVĖS JUMS UAB</i>	Member of the Board	11 069	50.15	50.15
<i>POKŠTAS UAB</i>		261	50	50
<i>KLOVAINIŲ SKALDA AB</i>	Member of the Board	203 526	3.78	3.78
<i>GELBERA UAB</i>	Member of the Board	34	34	34
<i>KELTECHA UAB</i>		340	17.0	17.0
<i>EMULTEKA UAB</i>		14	14.0	14.0
<i>GUSTONIŲ ŽŪT UAB</i>	Member of the Board	18 027	49.04	49.04
<i>SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB</i>		21 490	9.37	9.37
<i>IGNALINOS STATYBA AB</i>	Member of the Board	91 351	37.93	37.93
<i>TAMSUMA UAB</i>	Chairman of the Board	1467	33.34	33.34
<i>NAUJASIS UŽUPIS UAB</i>	Chairman of the Board			
<i>PANEVĖŽYS UAB</i>	Member of the Board	157173	49.97	49.97
<i>PANEVĖŽIO STATYBOS TREŠTAS AB</i>	Chairman of the Board	0	0	0

<i>PANODEN</i> UAB	Member of the Board			
<i>PST INVESTICIJOS</i> UAB	Member of the Board	16407	4.4	4.4
<i>PAKNOVUS</i> UAB	Member of the Board	35	35	35
<i>KIRTIMŲ AUTOTRANSPORTAS</i> AB	Member of the Board	-		
<i>CONSTRUCTUS</i> UAB	Member of the Board	1 669	4,5	4,5
<i>REALTUS</i> UAB	Member of the Board			
<i>VILNIAUS VAIZDAS</i> UAB	Member of the Board	50	50	50
<i>CONVESTUS</i> UAB	Vice-president Chairman of the Board	50 000	50	50
<i>UPĖS SLĖNIS</i> UAB		1810 and 1969 bonds	18	18
<i>ALPROKA</i> UAB	Chairman of the Board	100 bonds		

Term of office May 1999 through May 2003

Term of office May 2003 through April 2004

Term of office February 2005 through April 2008

Clean record.

GVIDAS DROBUŽAS – the Member of the Board. Does not participate in the capital of the Company. Participates in the activities or capital of the following companies:

NAME OF COMPANY	POSITION	NUMBER OF SHARES	CAPITAL %	VOTES %
<i>PANEVĖŽIO KELIAI</i> AB	Chairman of the Board	529 861 including 43197 pledged to <i>Dangų emulsija</i> UAB	28,33	28,33
<i>LAUKTUVĖS JUMS</i> UAB	Member of the Board	10 999	49.84	49.76
<i>POKŠTAS</i> UAB	Director	261	50.0	50.0
<i>KELTECHA</i> UAB		340	17.0	17.0
<i>KLOVAINIŲ SKALDA</i> AB		203 129	3.77	3.77
<i>GELBERA</i> UAB	Member of the Board	34	34	34
<i>EMULTEKA</i> UAB		12	12.0	12.0
<i>GUSTONIŲ Ž.Ū.T.</i> UAB	Member of the Board	18 028	49.04	49.04
<i>KIRTIMŲ AUTOTRANSPORTAS</i> AB	Member of the Board			
<i>IGNALINOS STATYBA</i> AB	Member of the Board	91 351	37.93	37.93
<i>TAMSUMA</i> UAB	Member of the	1467	33.34	33.34

Board				
<i>PANEVĖŽIO STATYBOS TREŠTAS AB</i>	Member of the Board	-	-	-
<i>AB "UKMERGĖS KELIAI"</i>		10	-	-
<i>UAB „PANEVĖŽYS“</i>	Member of the Board	155 957	49.58	49.58
<i>SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB</i>		21 470	9.28	9.28
<i>PST INVESTICIJOS UAB</i>	Chairman of the Board Director	10644	2.9	2.9
<i>PANODEN UAB</i>	Chairman of the Board			
<i>PAKNOVUS UAB</i>	Member of the Board			
<i>CONSTRUCTUS UAB</i>	Director Chairman of the Board	1 669	4.5	4.5
<i>REALTUS UAB</i>	Chairman of the Board			
<i>AUDROS RŪMAI UAB</i>	Member of the Board			
<i>NAUJASIS UŽUPIS UAB</i>	Member of the Board			
<i>VILNIAUS VAIZDAS UAB</i>	Chairman of the Board	50	50	50
<i>CONVESTUS UAB</i>	President Member of the Board	50 000	50	50
<i>UPĖS SLĖNIS UAB shares</i>		810 1969 bonds of <i>Upės slėnis</i> UAB	18	18
<i>ALPROKA UAB</i>	Member of the Board			
<i>MAŽEIKIŲ NAFTA AB</i>		1229		
<i>RYTŲ SKIRSTOMIEJI TINKLAI AB</i>		5000		

Term of office May 1999 05 through May 2003

Term of office May 2003 through April 2004

Term of office April 2004 through April 2008

Clean record.

VILIUS GRAŽYS – the Member of the Board. Participates in the activities of the following companies:

NAME OF COMPANY	POSITION	NUMBER OF SHARES	CAPITAL %	VOTES %
<i>KELTECHA UAB</i>		250	11	11
<i>EMULTEKA UAB</i>		11	11	11
<i>BASS UAB</i>		40	40	40
<i>PANEVĖŽIO STATYBOS TREŠTAS AB</i>	Member of the Board			
<i>PANEVĖŽIO KELIAI AB</i>	Member of the Board	100 085	5.36	5.36

Term of office February 2005 through April 2008

Clean record.

ARTŪRAS BUČAS – the Member of the Board. University education. Does not participate at the capital of the Company. Since 2005 acts as the Member of the Board *Panevėžio keliai* AB in the Board

NAME OF COMPANY	POSITION	NUMBER OF SHARES	CAPITAL %	VOTES %
<i>DVARČIONIŲ KERAMIKA</i> AB	Shareholder	356		

Term of office 27 October 2006 through the regular general meeting of the shareholders

Clean record.

Administration:

DALIUS GESEVIČIUS – Head of the Company Administration, Managing Director. Holds 15 shares of the company. University education (1984, VISI), construction engineer. Clean record.

DANGUOLĖ ŠIRVINSKIENĖ – Chief Accountant of the company. Holds no shares of the company. University education (1983, LŽUA) qualification of accountant-economist.

Clean record.

9. Information disseminated in public

Since the beginning of the year 2008 up to the day of this report presentation the Company disseminated the following information in public through the system of OMX Client News Service:

Title of announcement	Category of announcement	Language	Date
Financial statement for the Q1 2008 of <i>Panevėžio statybos trestas</i> AB	Interim information	Lt, En	29.05.2008
Performance Results for the First Quarter of 2008	Notification on material event	Lt, En	28.05.2008
Resolutions of the annual general meeting of the shareholders	Notification on material event	Lt, En	25.04.2008
Company's and consolidated financial statements for the year 2007	Annual information	Lt, En	24.04.2008
Draft resolution of the annual general meeting of the shareholders	Notification on material event	Lt, En	15.04.2008

General meeting of shareholders agenda was supplemented	Notification on material event	Lt, En	09.04.2008
Annual general meeting of shareholders	Notification on material event	Lt, En	19.03.2008
<i>Panevėžio statybos trestas AB</i> group forecasts the profit of 23 mln. litas for 2008	Notification on material event	Lt, En	15.03.2008
<i>PST AB</i> is ready to participate in the tender for the nuclear power plant construction	Other information	Lt, En	04.03.2008
<i>Panevėžio statybos trestas AB</i> has not published any information on dividend payment	Other information	Lt, En	03.03.2008
<i>PST AB</i> Non audited Financial Statements for the year 2007	Interim information	Lt, En	29.02.2008
Turnover of <i>PST</i> increased by 1.5 times in 2007	Notification on material event	Lt, En	28.02.2008
Notification of loss of a block of shares	Notification about acquisition (disposal) of a block of shares	Lt, En	13.02.2008
Notification of loss of a block of shares	Notification about acquisition (disposal) of a block of shares	Lt, En	13.02.2008

The content of the above listed announcements can be found on the website of the Vilnius Stock Exchange

[HTTP://WWW.BALTIC.OMXGROUP.COM/MARKET/?CURRENCY=0&PG=DETAILS&INSTRUMENT=LT0000101446&LIST=2](http://www.baltic.omxgroup.com/market/?currency=0&pg=details&instrument=LT0000101446&list=2) and on the Company website [HTTP://WWW.PST.LT](http://www.pst.lt)

10. Information on compliance with the Governance Code

The Company complies with the procedure of company management set forth by the Law on Companies of the Republic of Lithuania. The Company partially complies with the Governance Code applicable to the companies that are on the list of the Vilnius Stock Exchange. In accordance with the Articles of Association of the Company the bodies of the Company are the General Meeting of the Shareholders, the Board and the Managing Directors. No Supervisory Board is formed in the Company. The annual report of the company will include the more detailed explanation of how the Company complies with the recommendations of the Governance Code.

BALANCE SHEET

In Litas	Group		Company	
	<i>30 June 2008</i>	<i>2007</i>	<i>30 June 2008</i>	<i>2007</i>
ASSETS				
Non-current assets	34819112	31519095	51051685	48083577
Intangible assets	1447827	1495343	249929	300137
Tangible non-current assets	30106189	27197687	25430190	22355648
Financial assets	723853	748505	23731581	23787807
Other intangible assets	2541243	2077560	1639985	1639985
Current assets	284628803	247649072	196461343	167057755
Inventories	15997683	15248424	11232843	10846700
Advance payments	5724913	2581874	4452016	2881764
Contracts in progress	68153981	65496361		
Accounts receivable in one year	163439002	117378072	160848851	113523585
Other current assets	1815990	2334829	356315	764988
Cash and cash equivalents	29497234	44609512	19571318	39040718
TOTAL ASSETS	319447915	279168167	247513028	215141332

In Litas	Group		Company	
	<i>30 June 2008</i>	<i>2007</i>	<i>30 June 2008</i>	<i>2007</i>
EQUITY AND LIABILITIES				
Equity	83403905	75571978	78358473	69477727
Share capital	16350000	16350000	16350000	16350000
Reserves	5196244	5279017	4852261	4931791
Retained profit (loss)	61657281	53820670	57156212	48195936
Translation reserve	200380	122291		
Minority share	12309045	7869553		
Amounts payable and liabilities	223734965	195726636	169154555	145663605
Amounts payable in one year and long term liabilities	59712950	51749181	11731638	6845001
Loans and borrowings	57465984	49841995	9586216	5107725
Warranty provision	1602240	1265486	1563641	1155495
Deferred tax liabilities	644726	641700	581781	581781
Amounts payable in one year and short term liabilities	164022015	143977455	157422917	138818604
Loans and borrowings	821048	3323435	357843	2650805
Trade payables	96708052	66260161	95155664	64738369
Prepayments received	38502687	45928684	37653737	45762542
Current tax payable	5811836	4502537	4836457	3652237
Other liabilities	22178392	23962638	19419216	22014651
TOTAL EQUITY AND LIABILITIES	319447915	279168167	247513028	215141332

PROFIT (LOSS) STATEMENT

Group			Company	
ITEM Litas	01 - 06 2008	01 - 06 2007	04 - 06 2008	04 - 06 2007
SALE	257918745	281065701	164701453	153726874
COST OF SALE	224627882	243956507	142719194	128005460
GROSS PROFIT (LOSS)	33290863	37109194	21982259	25721414
OPERATING EXPENSES	18595304	14472955	11213429	8068006
Sale	369089	252282	196727	156786
General and administration	18226215	14220673	11016702	7911220
TYPICAL OPERATING PROFIT (LOSS)	14695559	22636239	10768830	17653408
OTHER ACTIVITIES	-60593	37805	-9244	133315
Income	101538	278497	54718	221354
Expenses	162131	240692	63962	88039
FINANCIAL AND INVESTMENT ACTIVITIES	-1130224	-622613	-691820	-53515
Income	1071839	740468	338051	454950
Expenses	2202063	1363081	1029871	508465
USUAL ACTIVITY PROFIT (LOSS)	13504742	22051431	10067766	17733208
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	13504742	22051431	10067766	17733208
PROFIT TAX	2800313	4723148	2395836	3641244
NET PROFIT (LOSS)	10704429	17328283	7671930	14091964
ATTRIBUTABLE TO SHAREHOLDERS	11514338	15562912	8116592	11936163
ATTRIBUTABLE TO MINORITY INTEREST	-809909	1765371	-444662	2155801

Company					
ITEM		01 - 06	01 - 06	04 - 06	04 - 06
Litas		2008	2007	2008	2007
SALE		252146804	261787457	161943033	137681338
COST OF SALE		221956945	237659842	141920863	123383017
GROSS PROFIT (LOSS)		30189859	24127615	20022170	14298321
OPERATING EXPENSES		14629406	10082698	9076556	5349287
Sale		341773	227273	184118	131777
General and administration		14287633	9855425	8892438	5217510
TYPICAL OPERATING PROFIT (LOSS)		15560453	14044917	10945614	8949034
OTHER ACTIVITIES		154937	94133	57432	56527
Income		255153	205303	105211	112120
Expenses		100216	111170	47779	55593
FINANCIAL AND INVESTMENT ACTIVITIES		-37413	75251	30289	48692
Income		424076	441122	187964	213972
Expenses		461489	365871	157675	165280
USUAL ACTIVITY PROFIT (LOSS)		15677977	14214301	11033335	9054253
WINDFALL PROFIT					
LOSSES					
PROFIT (LOSS) BEFORE TAXATION		15677977	14214301	11033335	9054253
PROFIT TAX		3036731	2907244	2354351	1911519
NET PROFIT (LOSS)		12641246	11307057	8678984	7142734

CASH FLOW STATEMENT

	Group		Company	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Cash flow from operating activities				
Net profit (loss)	10.704.429	17.328.283	12.641.246	11.307.057
Elimination of other non-monetary items				
Depreciation and amortisation costs	3.151.332	2.434.496	2.663.088	2.006.636
Profit (loss) from transfer of non-current assets	-59.670	-22.137	-56.233	-21.360
Other non-cash items	-446.803	791.640	13.854	7.369
	13.349.288	20.532.282	15.261.955	13.299.702
Changes in operating capital:				
Decrease (increase) in inventories	-749.259	2.874.296	-443.228	595.491
Change in long-term receivables				
Decrease (increase) in trade receivables	-46.061.521	-58.634.612	-47.325.266	-58.412.482
Decrease (increase) in prepayments	-3.143.039	27.387.187	-1.397.454	27.108.285
Decrease (increase) in contracts in progress	-2.657.620	5.780.005	57.085	3.624.819
Decrease (increase) in amounts receivable and other assets	554.354	-7.006.875	464.078	-444.303
Increase (decrease) in trade payables	30.447.891	38.575.905	30.417.295	40.183.381
Increase (decrease) in provisions	386.754	367.803	408.147	411.803
Increase (decrease) in prepayments received	-7.425.997	-24.445.061	-8.108.805	-23.983.152
Increase (decrease) in profit tax obligations	1.309.299	3.935.179	1.184.220	2.421.913
Increase (decrease) in employment related liabilities	1.779.952	1.285.957	984.124	853.176
Increase (decrease) in other payables and liabilities	-3.305.619	-1.240.764	-3.270.981	-1.300.559
	-15.515.517	9.411.302	-11.768.830	4.358.074
Elimination of results of financial and investing activities	766.128	622.613	44.234	-75.251
Net cash flow from operating activities	-14.749.389	10.033.915	-11.724.596	4.282.823
Cash flow from investing activities				
Acquisition of long term assets (excl. investment)	-1.541.764	-1.466.558	-1.207.248	-1.518.385
Transfer of long term assets (excl. investment)	105.740	80.724	56.239	77.780
Acquisition of investments				
Transfer of investment	9.999			
Loans issued	-297.092	-399.480	-6.000	-681.560
Loans recovered				
Dividends and interest received	543.677	467.532	417.066	404.704
Other increase in cash flow from investing activities	499			
Other decrease in cash flow from investment activities				
Net cash flow from investing activities	-1.178.941	-1.317.782	-739.943	-1.717.461
Cash flow from financial activities				
Cash flow related to owners of the company	1.180.322	-1.167.613	-4.069.079	-2.917.463
Increase in financial liabilities	4.617.004			
Decrease in financial liabilities	-1.015.689	-15.557.110	-506.732	-11.975.347
Interest paid	-1.969.723	-1.164.538	-296.251	-241.460
Leasing (financial lease) payments	-2.369.773	-1.905.188	-1.974.571	-1.639.896
Increase in other cash flow from financial activities	1.076.238	37.960	53.004	35.847
Decrease in other cash flow from financial activities	-780.416	-73.273	-211.232	-554
Net cash flow from financing activities	737.963	-19.829.762	-7.004.861	-16.738.873
Increase (decrease) in net cash flow	-15.190.367	-11.113.629	-19.469.400	-14.173.511
Result of changes in currency rate on the balance of cash and its equivalents	78.089	28.534		
Cash and its equivalent at the beginning of the period	44.609.512	32.891.037	39.040.718	31.830.941
Cash and its equivalent at the end of the period	29.497.234	21.805.942	19.571.318	17.657.430

STATEMENT OF CHANGES IN EQUITY

Group					Influence of change in		Losses per		
Litas	Authorised capital	Share bonus	Revaluation reserve	Legal reserve	exchange rate	Accumulated profit	company share	Minority part	Total
Balance as of 31 December 2006	16.350.000		3.780.063	1.619.155	10.906	27.376.954	49.137.078	4.692.136	53.829.214
Decrease in value of revaluated assets									0
and postponed tax liability			-106.088			106.088		-1.224	-1.224
Change in postponed tax									0
Net profit (loss) for 2007						15.562.170	15.562.170	1.766.223	17.328.393
Dividend						-3.010.500	-3.010.500		-3.010.500
Legal reserves formed				23.563		-23.563			0
Currency rate change					28.534		28.534		28.534
Increase of minority share								6.999.200	6.999.200
Company transfer				355.007		102.036	457.043		457.043
Balance as of 30 June 2007	16.350.000	0	3.673.975	1.997.725	39.440	40.113.185	62.174.325	13.456.335	75.630.660
Balance as of 31 December 2006	16.350.000	0	3.636.299	1.642.718	122.291	53.820.670	75.571.978	7.869.553	83.441.531
Fixed assets revaluation			-106.090			106.090		-1.222	-1.222
Depreciation of revaluated part of FA									0
Postponed tax related liability									0
Paid up capital								5.249.400	5.249.400
Net profit (loss) 2008						11.514.338	11.514.338	-808.686	10.705.652
Dividend						-3.760.500	-3.760.500		-3.760.500
Influence of currency rate change					78.089		78.089		78.089
Minority share gain									0
Minority share loss									0
Reserves formed				23.317		-23.317			0
Company transfer									0
									0
Balance as of 30 June 2008	16.350.000	0	3.530.209	1.666.035	200.380	61.657.281	83.403.905	12.309.045	95.712.950

Company

In Litas	Authorised capital	Share premium	FA revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as of 31 December 2006	16.350.000		3.396.968		1.619.155		26.045.786	47.411.909
Revaluation of fixed assets								0
Postponed tax related liability								0
Postp. tax liability related to revaluation of FA								0
Net profit (loss) 2007			-79.530				11.386.587	11.307.057
Reserves formed					15.875		-15.875	0
Dividend							-3.010.500	-3.010.500
Balance as of 30 June 2007	16.350.000	0	3.317.438	0	1.635.030	0	34.405.998	55.708.466
Balance as of 31 December 2007	16.350.000	0	3.296.761	0	1.635.030	0	48.195.936	69.477.727
Revaluation of fixed assets								0
Related postponed tax liability								0
Postponed profit tax related to revaluation of FA								0
Net profit (loss) 2008 unrecognised			-79.530				79.530	0
Net profit (loss) 2008							12.641.246	12.641.246
Dividend							-3.760.500	-3.760.500
Reserves formed								0
Reserves used								0
Increase (decrease) of authorised capital								0
Balance as of 30 June 2008	16.350.000	0	3.217.231	0	1.635.030	0	57.156.212	78.358.473

EXPLANATORY NOTE

General information

Panevėžio statybos trestas AB (hereinafter „the Company“) was established in 1957 and for a long time was known as Šiaurės Lietuvos Statybos Trestas. In 1991 the Company was registered as a State Capital Company. On 30 October 1993 the State Capital Company was reorganized to a Public Limited Liability Company. Company code 147732969, VAT code LT477329610. Registration certificate Nr. 013732, issued on 27 September 2004 by the State Register Centre Panevėžys Branch.

During the I half of the year 2007 the Company had the following branches: *Gerbusta*, *Pastatų apdaila* and *Genranga*. These branches have accounting independent of the parent company but their assets, liabilities and financial results are included in the financial statement of the Company. The company has its representative office in Cherepovec, and two branches in Saint-Petersburg and Kaliningrad. The branch in Saint-Petersburg does not perform any economic activities. The financial year of the Company is the calendar year. The anticipated period of commercial-economic activities is unlimited.

The main activity of the Company and its subsidiaries (hereinafter “the Group”) is designing and construction of various buildings, structures, facilities, communications and other similar objects in Lithuania and abroad, real estate development. In addition to the listed activities the Group rents out premises and equipment, resells utility and communication services.

Basis of interim financial statement preparation

The figures in the interim financial statement are presented in the national currency of Lithuania the Litas which is also the Company’s functional currency.

The same accounting principles were applicable to the interim financial statement as to the annual financial statement.

The following currency rates were used when preparing the interim financial statement:

Currency	June 2008	Dec. 2007	June 2007
1 EUR	3,4528	3,4528	3,4528
10 SEK	3,6698	3,6437	3,7386
10 RUB	0,93536	0,96085	0,99356

Principles of consolidation

The consolidated financial statement incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activity.

The financial results of the subsidiary companies, acquired or sold during the year, are included in the consolidated operating statement covering the period from the subsidiary company acquisition date till the subsidiary company selling date. The financial statements of the subsidiary companies are revised so that they comply with the accounting policies applicable by the group in case they were different.

For consolidation purposes all significant balance, dealings and unrealized profit (loss) of the operations between the companies the companies of the Group were eliminated from the financial statement.

Investments in non-current assets

In the I half of 2007 the investments of the Group in acquisition of non-current assets amounted to 6 062 374 Lt.: *Panevėžio statybos trestas AB* acquired non current assets for 5 525 840 Lt.

Loans

As of 30 June 2008 the long-term bank credits of the company Group of *PST investicijos UAB* amounted to 46 680 545 Lt. All loans to be repayable during the period from September 2008 through July 2009. The interest rate 6 months Vilibor + 1.05 – 1.55 %.

Guarantees, sureties

On 30 June 2008 guarantee credit institutions granted liabilities to the Company for the Environmental Project Management Agency of the Ministry of Environment of the Republic of Lithuania and *Lietuvos geležinkeliai AB* had 26 147 034 Lt. of the Company guarantees *PST investicijos UAB* dispensation of duties on Credit Agreement with AB DnBNORD for the amount of 4 164 124 USD.

Transactions with associated parties

Commercial transactions:

Company of the Group	Transaction type	Sales Jan. through June	Result accounted	Amount receivable as of 30 June 2008
<i>PSTI</i> UAB	sales	849.082	192.026	284.712
<i>Metalo meistrai</i> UAB	sales	193.838	0	0
<i>Skydmedis</i> UAB	sales	137.816	0	0
<i>Vekada</i> UAB	sales	106.622	4.106	0
<i>Verkių projektas</i> UAB	sales	1.703	0	335
<i>Vilniaus papėdė</i> TŪB	sales	19.004.273	0	4.360.741
<i>Alinita</i> UAB	sales	6.446	0	3.006
		<u>20.299.780</u>	<u>196.132</u>	<u>4.648.794</u>

Company of the Group	Transaction type	Purchase Jan. through June	Unrealised result	Amount due as of 30 June 2008
<i>Metalo meistrai</i> UAB	purchase	4.757.481	1.017	739.958
<i>Skydmedis</i> UAB	purchase	147.239	0	21.377
<i>Alinita</i> UAB	purchase	42.297	2.739	0
<i>Vekada</i> UAB	purchase	3.816.096	142	2.566.701
OOO Baltlistroj	purchase	7.922.593	0	3.078.416
<i>Vilniaus papėdė</i> TŪB	purchase	10.027	0	9.850.000
		<u>16.695.733</u>	<u>3.898</u>	<u>16.256.452</u>

Loans:

Company of the Group	Loans allowed Jan. through June	Loan balance as of 30 June 2008	Income from loans per 01-06 mėn.	Loans receivable as of 30 June 2008
PS Trest	6.000	9.000	268	504
OOO Baltlistroj	0	250.302	0	0
	<u>6.000</u>	<u>259.302</u>	<u>268</u>	<u>504</u>

Dividends

The annual General Meeting of the Shareholders of *Panevėžio statybos trestas* AB that took place on 25 April 2008 took the decision to pay dividends in the amount of 3 760 500 Lt. (0.23 Lt. per share) and bonuses in the amount of 326 000 Lt.

Significant changes in the interim financial statement during the reporting period

Referring to the unaudited data, the group of one of the largest construction companies in the country, *Panevėžio statybos trestas (PST)*, was on the income of 258 mln. Litas for the first half of this year – this was lower by 8 % in comparison with the same period last year and made the before tax profit in the amount of the 13.5 mln. Litas. This is 1.6 times lower in comparison with January through September 2007 when the before tax profit amounted to 22 mln. Litas.

For the first half of the year 2008 the *PST* Group had no income from the real estate development activities whereas the sales of the first quarter of the year 2007 were significantly increased by the income from the real estate sales which had conditioned higher net profitability for the first quarter of 2007.

In the year 2008 the management is planning to reach the consolidated turnover amounting to 530 mln. Litas and net profit amounting to 23 mln Litas.