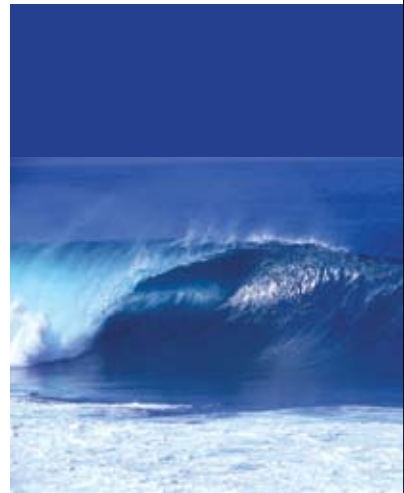
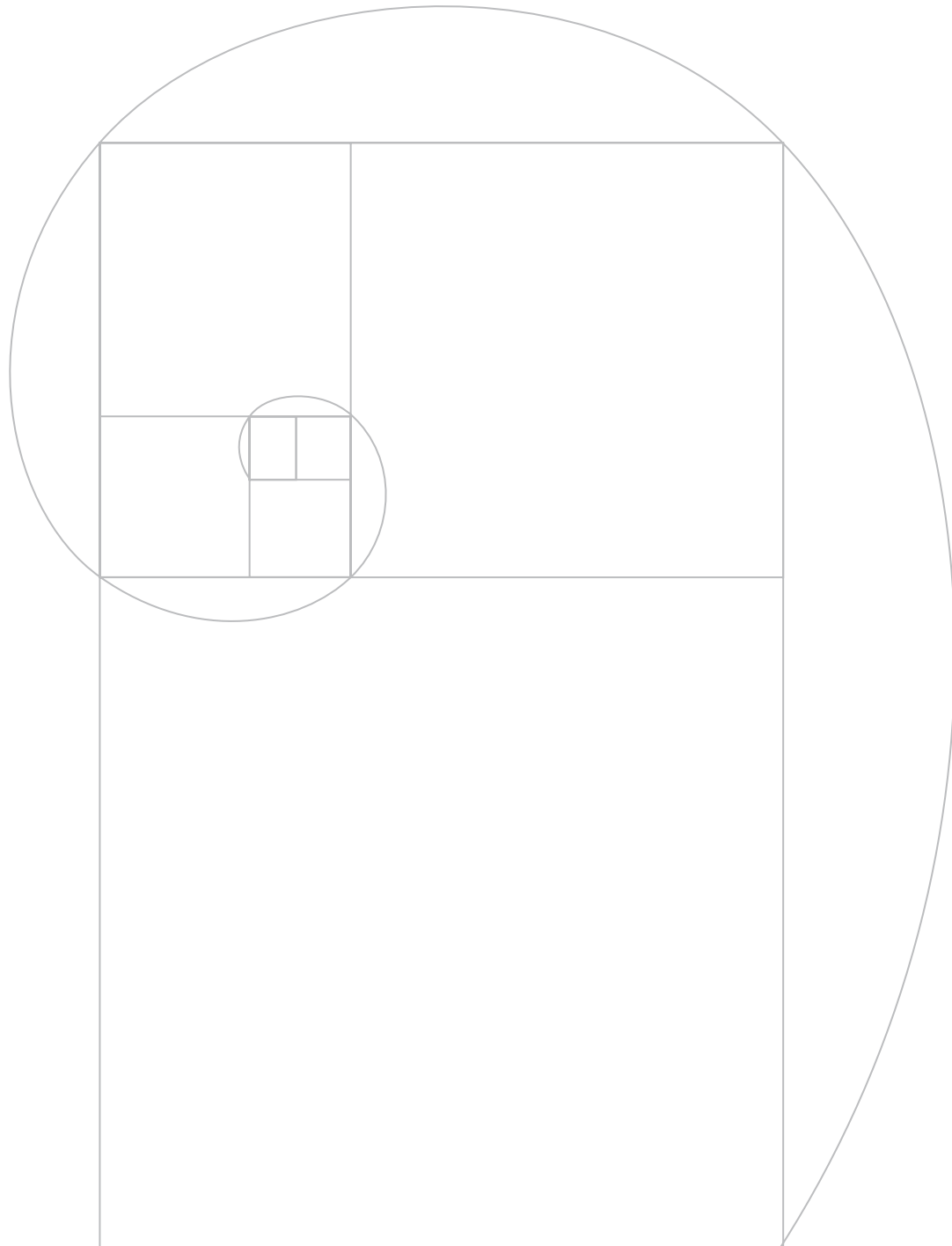


PST



2005

Annual Report

Contents

Important Events / **1**

Mature Construction Solutions – Our Road to Success / **2**

Key Figures of the PST Group / **4**

Subsidiaries of the PST / **4**

Share Capital and Shareholders / **6**

Management of the Company / **9**

Jobs Carried Out for You / **10**

Review of Activities and Finance:

■ Finance / **12**

■ Quality and Environmental Management System / **15**

■ Management of Human Resources / **16**

■ Social Responsibility / **16**



Important Events

2005

- On January 27 the Investment Bank of Finland EVLI and the FBC SUPREMA acquired 33.34 per cent of the PST shares.
- At the extraordinary meeting of the shareholders of the PST, having taken place on February 28, two members of the Board were revoked (Mindaugas Vėgelė ir Andrius Apulskis) and three new members elected (Remigijus Juodviršis, Vilius Gražys and Jonas Pilkauskas).
- At the General meeting of shareholders the Report on Activities of the PST and Financial Accounts for 2004 were confirmed and it was decided to pay the dividend amount of 562.691 Lt to shareholders.
- The PST Board took the decision to establish the branch of the company called PST BŪSTAS (PST Residence). The main task for the branch was to implement residential investment projects.
- The company signed the contract value of 97 mio. Lt with the AB PANEVĖŽIO ENERGIJA for building of combined cycle thermal power station in Panevėžys.
- The PST won the tender organised by the Šiauliai Municipality and became the general contractor for construction of the multipurpose area in Šiauliai.
- The Board of the company adopted the decision to apply to the Vilnius Stock Exchange (hereinafter VVPB) to include the PST shares into the Official Trading List of the VVPB.
- The PST won the tender for reconstruction of the Kėdainiai water cleaning equipment.
- The company signed the contract for execution of the second stage reconstruction works of the Panevėžys water cleaning equipment.

2006

- The company signed the contract value of nearly 40 mio. Lt for building the BIG trade and business centre in Vilnius.
- On March 6 the PST, Social Protection and Labour ministry and the European Social Fund Agency signed the contract for financial support to the employee training project, the total value of which is 2 mio. Lt. The project will continue until March 2008.

Mature Construction Solutions – Our Road to Success

During the year 2005 the PST continued its stable growth successfully implementing its business strategy. Efficient management of all structural units and processes, continuous upgrade of employees' competences, modernisation of equipment and technologies and efficient development of real estate projects assisted the company in achieving the good results of its activities.

Last year quite a number of important and memorable events were added to the chronicle of the company: several exclusively huge construction objects were completed, important tenders were won, company management structure was optimised and new experience obtained.

Last year the biggest part of the services portfolio consisted of jobs in private sector – 66 per cent, the remaining part was the public sector. The PST worked in extension of the production facilities of the PAROC and PANEVĖŽIO DUONA companies, constructed the building for the SCHMITZ CARGOBULL BALTIC, the SENUKAI Trade Centre in Utena, completed construction of the MASTERFOODS cleaning facilities.

RESULTS OF ACTIVITIES

- The sales revenue of the PST group of companies in 2005 as compared to 2004 went up by 27.3 per cent.
- The profit from typical activities during the period compared grew by more than 3 times.
- The company earned 10.7 mio. Lt of consolidated net profit, or 4,1 times more than during the last year.

We are happy that the jobs we have done strengthen our customers' and partners' trust in us and reinforce the basis for future co-operation.

The growing professionalism of the company is witnessed by the number of important tenders for construction services. The PST will build thermo power station in Panevėžys, the multipurpose arena in Šiauliai, the BIG Trade and Business Centre in Vilnius, will execute reconstruction of the cleaning facilities in Panevėžys and Kėdainiai and other projects as well. The jobs done in good quality manner and in time serve as a strong background for the optimistic future forecasts.

FOR THE YEAR 2006 THE PST BOARD CONFIRMED THE FOLLOWING GOALS:

- Reach 341 mio. Lt in sales revenue.
- Earn 26.4 mio. Lt in profit before interest, taxes, amortisation and depreciation.
- Invest 5 mio. Lt in renewal of equipment and new technologies.

Honest performance of obligations, development of long-term co-operation, mature construction solution shall be the main guidelines for our activities and basis for harmonious activities. This year we seek further to refine the culture of working with customers, master new technologies and apply them in practice, create the full-fledged environment for our employees providing conditions for performance of all the jobs in timely and good quality manner.

We express our gratitude to our customers, partners, shareholders, employees who assisted in attainment of the goals set before the company. We hope that support and goodwill shown by you all will help us in keeping this business successful and becoming the recognised leader in construction market.



*Thanks to All for
Your Resultative Work*

Vyntas Skeravaitis
Chairman of the Board

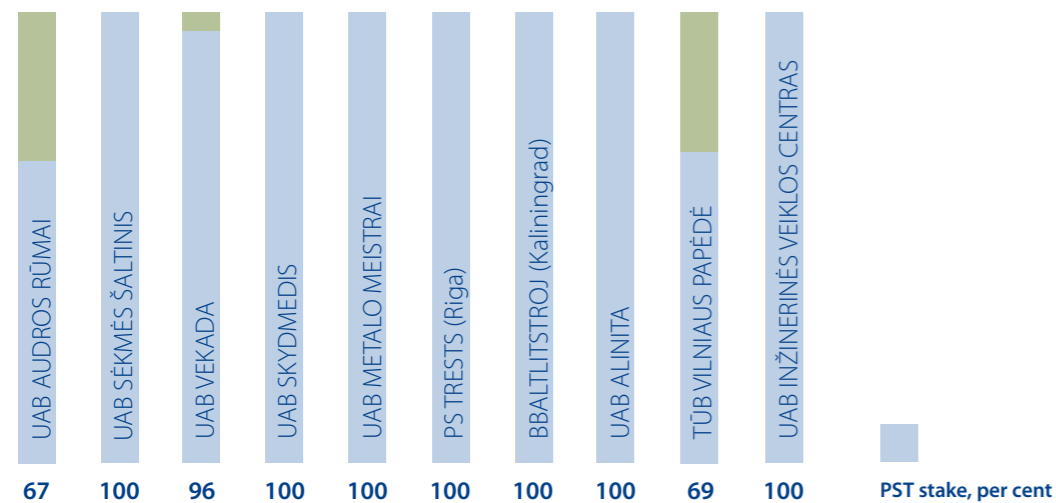
Dalius Gusevičius
Director General

Key Figures of the PST Group

Key Figures	2003	2004	2005
Sales, mio. Lt	151.8	150.5	191.6
EBITDA, mio. Lt	4.2*	7.0	16.2
Net profit, mio. Lt	0.2	2.6	10.7
Total assets, mio. Lt	67.5	87.5	97.7
Equity, mio. Lt	19.2	27.7	37.9
Book value of one share, Lt	1.18	1.70	2.33
Net profitability, %	0.1	1.7	5.6
EBITDA margin, %	2.8	4.7	8.5
Return on assets, %	0.3	3.0	11.0
Return on equity, %	1.0	9.4	28.2
Capitalisation, mio. Lt	20.4	27.6	228.9
Profit per share, Lt	0.01	0.2	0.65
Share price/earnings ratio	125	10.6	21.5

* Company data

Subsidiaries of the PST

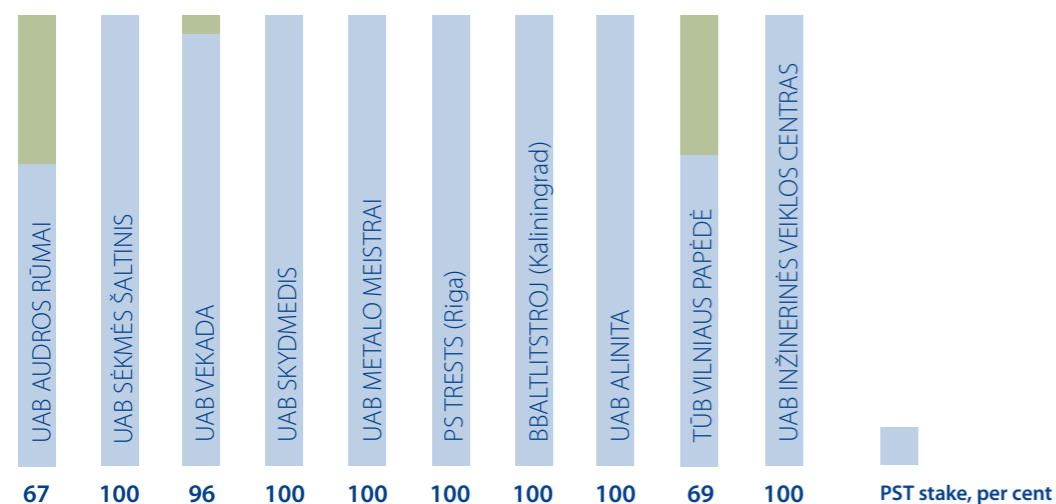


Key Figures of the PST Group

Key Figures	2003	2004	2005
Sales, mio. Lt	151.8	150.5	191.6
EBITDA, mio. Lt	4.2*	7.0	16.2
Net profit, mio. Lt	0.2	2.6	10.7
Total assets, mio. Lt	67.5	87.5	97.7
Equity, mio. Lt	19.2	27.7	37.9
Book value of one share, Lt	1.18	1.70	2.33
Profitability			
Net profitability, %	0.1	1.7	5.6
EBITDA margin, %	2.8	4.7	8.5
Return on assets, %	0.3	3.0	11.0
Return on equity, %	1.0	9.4	28.2
Capitalisation			
Capitalisation, mio. Lt	20.4	27.6	228.9
Profit per share, Lt	0.01	0.2	0.65
Share price/earnings ratio	125	10.6	21.5

* Company data

Subsidiaries of the PST



BUSINESS STRATEGY AND PHILOSOPHY

Vision

To become the acknowledged leader in the construction market using the advanced technologies and ensuring exclusive quality and the work implementation terms agreed.

We will seek being the most desirable construction partner to our clients.

RESPECT RESPONSIBILITY PROFESSIONALISM

BUSINESS STRATEGY AND PHILOSOPHY

Vision

To become the acknowledged leader in the construction market using the advanced technologies and ensuring exclusive quality and the work implementation terms agreed.

We will seek being the most desirable construction partner to our clients.

RESPECT RESPONSIBILITY PROFESSIONALISM

Share Capital and Shareholders

SHARES

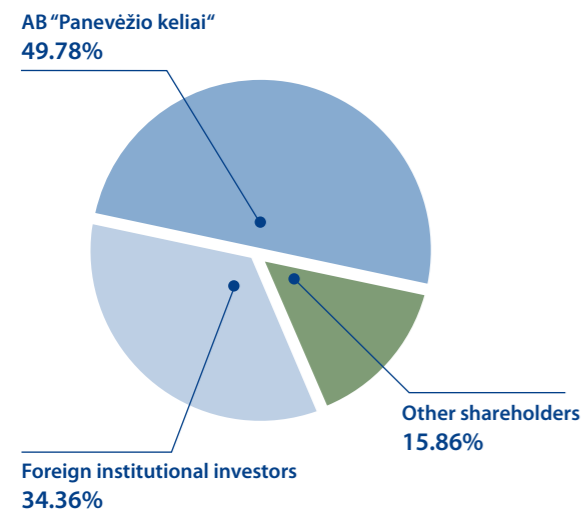
As for the year ended on December 31, 2005 the authorised capital of the company was 16 350 000 Lt, and it was divided into 16 350 000 common registered shares (hereinafter CRS). The nominal value of a share was 1.00 Lt. All shares are uncertificated and have been paid in full. The proof of the ownership right to the shares is the entry into the securities accounts maintained by the financial brokerage companies or specialised finance brokerage departments of the banks.

SHAREHOLDERS

As for December 31, 2005 there were 770 shareholders in the company: foreign institutional investors held 34.36 per cent of shares, the AB "Panevėžio keliai" – 49.78 per cent, the rest of the shareholders had 15.86 per cent of the authorised capital.

All shares of the same nominal value. One share shall grant one vote to its holder at the general meeting of shareholders.

Shareholders of the PST



Shareholders of the company as for December 31, 2005	Number of shares	%
AB "Panevėžio keliai"	8 138 932	49.78
Suprema AS (Estonia)	669 198	4.09
Suprema Securities (Estonia)	598 649	3.66
Clients of SEB Uhispank (Estonia)	600 750	3.67
Clients of SEB (Finland)	404 155	2.47
Erste Bank der Oesterreichischen Sparkassen AG (Austria)	250 000	1.53
Clients of Nordea Bank Finland Plc.	202 600	1.25
Other foreign insitutional investors	2 892 170	17.69
Others	2 593 546	15.86
Total	16 350 000	100.00



Share Capital and Shareholders

SHARES

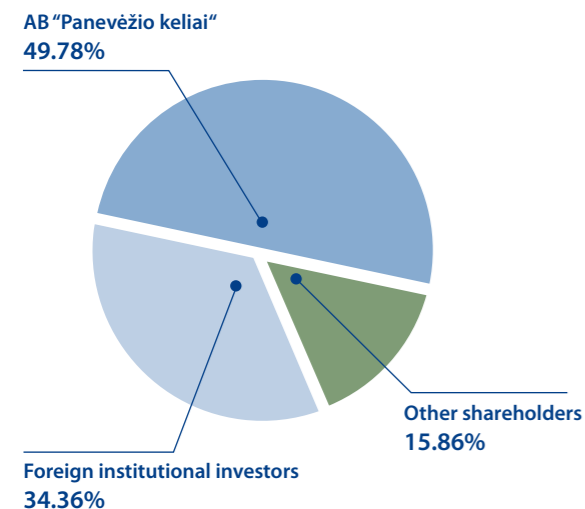
As for the year ended on December 31, 2005 the authorised capital of the company was 16 350 000 Lt, and it was divided into 16 350 000 common registered shares (hereinafter CRS). The nominal value of a share was 1.00 Lt. All shares are uncertificated and have been paid in full. The proof of the ownership right to the shares is the entry into the securities accounts maintained by the financial brokerage companies or specialised finance brokerage departments of the banks.

SHAREHOLDERS

As for December 31, 2005 there were 770 shareholders in the company: foreign institutional investors held 34.36 per cent of shares, the AB "Panevėžio keliai" – 49.78 per cent, the rest of the shareholders had 15.86 per cent of the authorised capital.

All shares of the same nominal value. One share shall grant one vote to its holder at the general meeting of shareholders.

Shareholders of the PST



Shareholders of the company as for December 31, 2005	Number of shares	%
AB "Panevėžio keliai"	8 138 932	49.78
Suprema AS (Estonia)	669 198	4.09
Suprema Securities (Estonia)	598 649	3.66
Clients of SEB Uhispank (Estonia)	600 750	3.67
Clients of SEB (Finland)	404 155	2.47
Erste Bank der Oesterreichischen Sparkassen AG (Austria)	250 000	1.53
Clients of Nordea Bank Finland Plc.	202 600	1.25
Other foreign insitutional investors	2 892 170	17.69
Others	2 593 546	15.86
Total	16 350 000	100.00

BUSINESS STRATEGY AND PHILOSOPHY

Mission

Our goal is harmony in activity.

By fulfilling our obligations in honest manner, developing long term co-operation and offering mature construction solutions, we create higher quality environment for business, communities and people. We do uphold the company's culture on daily basis so that our employees could successfully work and grow.

RESPECT RESPONSIBILITY PROFESSIONALISM

BUSINESS STRATEGY AND PHILOSOPHY

Mission

Our goal is harmony in activity.

By fulfilling our obligations in honest manner, developing long term co-operation and offering mature construction solutions, we create higher quality environment for business, communities and people. We do uphold the company's culture on daily basis so that our employees could successfully work and grow.

R E S P E C T R E S P O N S I B I L I T Y P R O F E S S I O N A L I S M

Share Capital and Shareholders

TRADING IN SHARES

Trading in the PST shares is done via the Vilnius Stock Exchange (hereinafter VVPB) (www.lt.omxgroup.com), which belongs to the OMX, the biggest operator in securities in Northern Europe. The shares of the company are on the Current list of the VVPB.

Trade in shares of the PST at the Vilnius Stock Exchange during 2004-2005



HISTORY OF SHARE PRICE AND MARKET INDICATORS

Indicators	2003	2004	2005
Highest price, Lt	1.48	1.79	14.00
Lowest price, Lt	0.46	1.25	1.65
Last year session price, Lt	1.25	1.69	14.00
Number of shares	16 350 000	16 350 000	16 350 000
Capitalisation year ending, Lt	20 438 000	27 632 000	228 900 000

Management of the Company

THE BOARD



Vygantas Sliesoraitis

Chairman of the Board since April 2004.
Holds no shares in the company.



Antanas Pavalkis

Member of the Board since February 1992.
Vice chairman of the Board since May 1999.
Holds 100 shares of the company (0 per cent).



Remigijus Juodviršis

Member of the Board since February 2005.
Holds 300 336 shares of the company,
giving 1.84 per cent of votes.



Gvidas Drobužas

Member of the Board since May 1999.
Holds no shares in the company.



Vilius Gražys

Member of the Board since February 2005.
Holds no shares in the company.

The PST has three-level management bodies: the General meeting of shareholders, the Board and the head of the company – Director General. The company carries out its activities following the Law on Companies of the Republic of Lithuania, Articles of Association of the company and other normative acts of the Republic of Lithuania.

TOP MANAGERS

Operative business of the PST is attended by six top managers:

Dalius Gesevičius

Director General
Since May 2004

Dalius Kuncė

Construction Director
Since July 2000

Vidas Šlivinskas

Technical Director
Since March 2005

Dalia Bernotaitienė

Chief Accountant
Since March 2004

Rimantas Kazlauskas

Administration Director
Since September 2005

Robertas Šulskis

Sales Director
Since May 2005

Jobs Carried Out for You...



UAB PAROC PLANT

The PST executed expansion of the PAROC plant in Vilnius. This project provided the conditions for the insulation production plant to increase its capacity more than two times.



UAB SENUKAI TRADE CENTRE

In July the company completed construction of the SENUKAI Trade Centre in Utena. Its total area is 7.144 thou. sq. m.



TRADE CENTRE IKI ROŽYNAS

During the period June to November the PST built the 4 thous. sq. m. trade and entertainment centre IKI ROŽYNAS.



VILNIUS RAILWAY STATION. UNDERGROUND PASSES, PLATFORMS.

The PST was doing reconstruction of this unique architectural heritage object. Renovation of exclusively complicated engineering structures – central underground passage for pedestrians and five platforms - was executed.



Jobs Carried Out for You...



UAB PAROC PLANT

The PST executed expansion of the PAROC plant in Vilnius. This project provided the conditions for the insulation production plant to increase its capacity more than two times.



UAB SENUKAI TRADE CENTRE

In July the company completed construction of the SENUKAI Trade Centre in Utena. Its total area is 7.144 thou. sq. m.



TRADE CENTRE IKI ROŽYNAS

During the period June to November the PST built the 4 thous. sq. m. trade and entertainment centre IKI ROŽYNAS.



VILNIUS RAILWAY STATION. UNDERGROUND PASSES, PLATFORMS.

The PST was doing reconstruction of this unique architectural heritage object. Renovation of exclusively complicated engineering structures – central underground passage for pedestrians and five platforms - was executed.

BUSINESS STRATEGY AND PHILOSOPHY

Values

RESPONSIBILITY

PROFESSIONALISM

RESPECT TO CLIENTS, EMPLOYEES AND SOCIETY

The base of our success is the harmonised and well-balanced development. Feeling respect to our customers, employees and society we seek professional and responsible management of all functions and processes of the organisation.

RESPECT RESPONSIBILITY PROFESSIONALISM

BUSINESS STRATEGY AND PHILOSOPHY

Values

RESPONSIBILITY

PROFESSIONALISM

RESPECT TO CLIENTS, EMPLOYEES AND SOCIETY

The base of our success is the harmonised and well-balanced development. Feeling respect to our customers, employees and society we seek professional and responsible management of all functions and processes of the organisation.

R E S P E C T R E S P O N S I B I L I T Y P R O F E S S I O N A L I S M

Review of Activities and Finance

FINANCE

In 2005 the consolidated turnover of the PST was 191.6 mio. Lt and was 27.3 per cent higher compared to 2004, when the total sales reached 150.5 mio. Lt.

During the last year the group of companies earned 10.7 mio. Lt of net profit or 4,1 times more compared with 2004. The successful results of the PST were influenced by the fast development of the construction market, increase of prices for construction services and bigger company's projects portfolio.

The assets of the PST was value of 97.7 mio. Lt and the assets became 11.7 per cent bigger then in previous year. The value of fixed assets was 21.2 mio. Lt, the value of current assets – 76.4 mio. Lt.

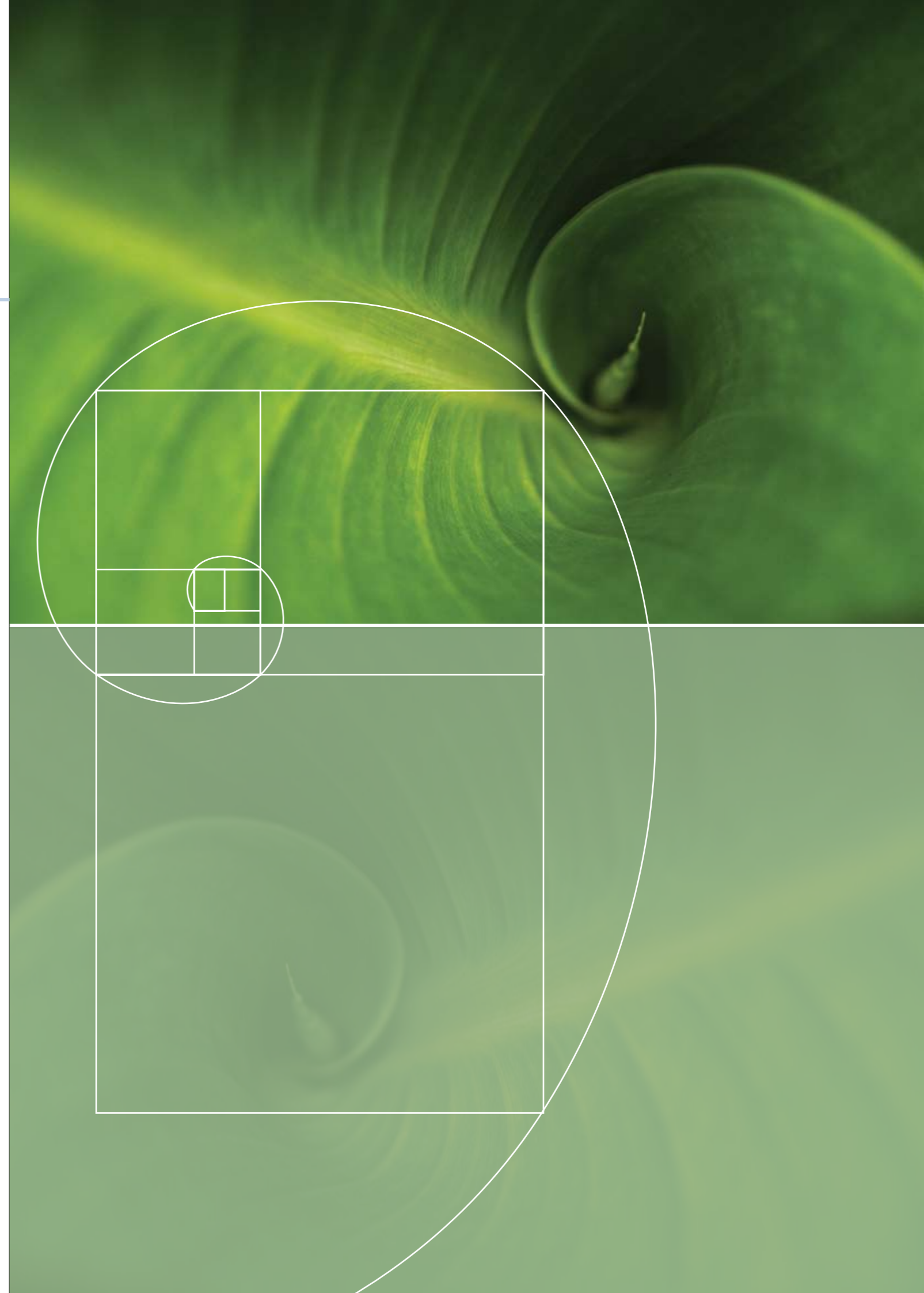
Due to efficiency of the company's activities the equity of the company went up by 36.8 per cent: from 27.7 mio. Lt in 2004 to 37.9 mio. Lt in 2005. Amounts payable and liabilities changed insignificantly and at the end of the year were 59.8 mio. Lt.

Capitalisation during the current period grew up by more than eight times: from 27.6 mio. Lt in 2004 to 228.9 mio. Lt in 2005.

Private entities were the major customers of the company and accounted for 66 per cent of the total customers. The remaining part – 34 per cent of customers – were the public sector entities.

The greatest part of the projects implemented in 2005 are classified as construction of engineering and non-residential structures. These types of structures accounted for 33 per cent of the total construction services package each. Cultural heritage and residential construction accounted for 24 per cent and 10 per cent of the total respectively.

In 2006 the PST is expecting even faster growth. It is planned at the end of the year to receive 341 mio. Lt in revenue and earn 26.4 mio. Lt in profit before interest, taxes, amortisation and depreciation.



Review of Activities and Finance

FINANCE

In 2005 the consolidated turnover of the PST was 191.6 mio. Lt and was 27.3 per cent higher compared to 2004, when the total sales reached 150.5 mio. Lt.

During the last year the group of companies earned 10.7 mio. Lt of net profit or 4,1 times more compared with 2004. The successful results of the PST were influenced by the fast development of the construction market, increase of prices for construction services and bigger company's projects portfolio.

The assets of the PST was value of 97.7 mio. Lt and the assets became 11.7 per cent bigger then in previous year. The value of fixed assets was 21.2 mio. Lt, the value of current assets – 76.4 mio. Lt.

Due to efficiency of the company's activities the equity of the company went up by 36.8 per cent: from 27.7 mio. Lt in 2004 to 37.9 mio. Lt in 2005. Amounts payable and liabilities changed insignificantly and at the end of the year were 59.8 mio. Lt.

Capitalisation during the current period grew up by more than eight times: from 27.6 mio. Lt in 2004 to 228.9 mio. Lt in 2005.

Private entities were the major customers of the company and accounted for 66 per cent of the total customers. The remaining part – 34 per cent of customers – were the public sector entities.

The greatest part of the projects implemented in 2005 are classified as construction of engineering and non-residential structures. These types of structures accounted for 33 per cent of the total construction services package each. Cultural heritage and residential construction accounted for 24 per cent and 10 per cent of the total respectively.

In 2006 the PST is expecting even faster growth. It is planned at the end of the year to receive 341 mio. Lt in revenue and earn 26.4 mio. Lt in profit before interest, taxes, amortisation and depreciation.

Faithful to harmony...
Decidedly striving...
Caring...

RESPECT RESPONSIBILITY PROFESSIONALISM

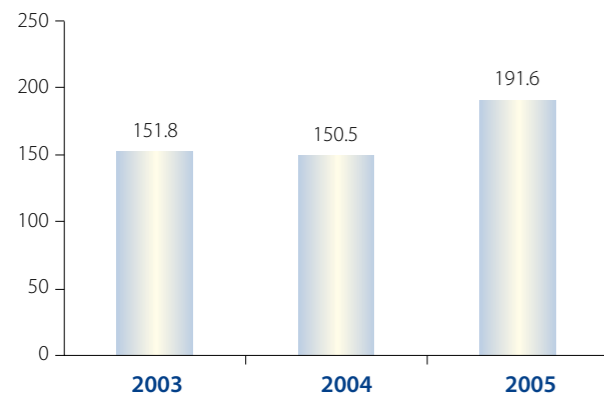
Faithful to harmony...

Decidedly striving...

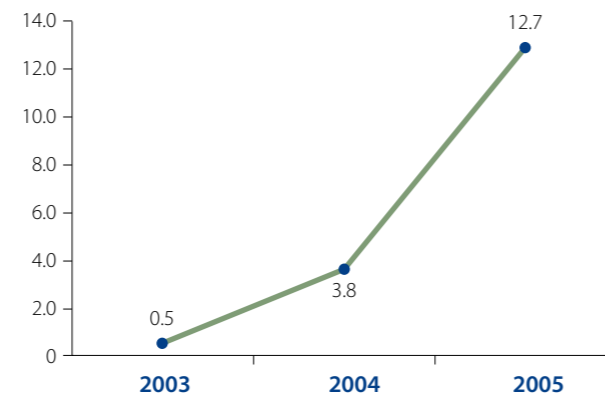
Caring...

RESPECT RESPONSIBILITY PROFESSIONALISM

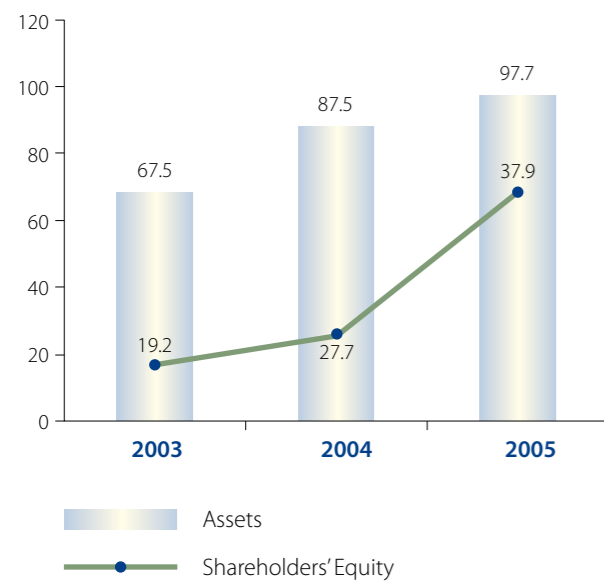
TURNOVER DYNAMICS, mio. Lt



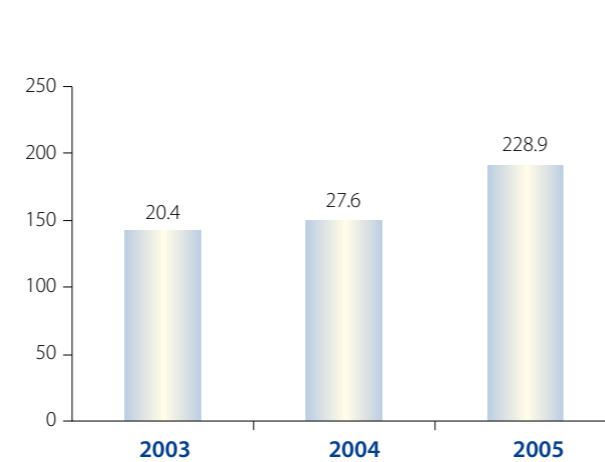
PRE-TAX PROFIT, mio. Lt



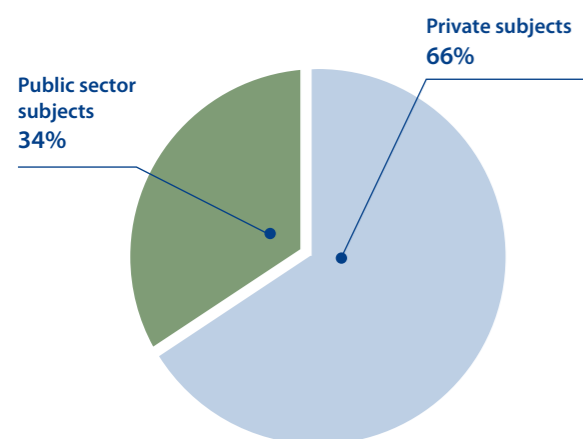
ASSETS AND SHAREHOLDERS' EQUITY, mio. Lt



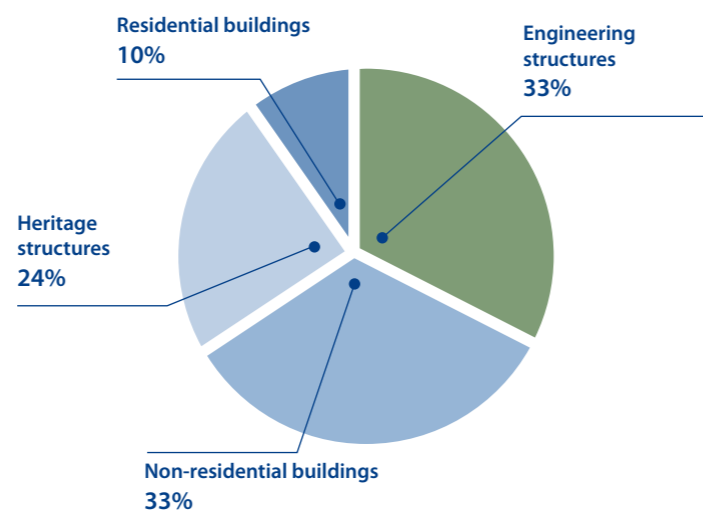
CAPITALISATION, mio. Lt



STRUCTURE OF ORDERS



TYPES OF CONSTRUCTION



Review of Activities and Finance

Faithful to harmony...

QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM

The year 2005 is the seventh year in turn of the PST activities following the Quality Management standard ISO 9001.

Last year England company BM TRADA conducted follow-up audits on maintenance of the standard and confirmed that the PST was carrying its activities in conformity with strict requirements of the Quality Management standard ISO 9001.

Last year the company took part in the NATIONAL QUALITY PRIZE contest organised by the Ministry of Economy of the Republic of Lithuania and Quality Council and was evaluated as one of the best performing companies as far as quality is regarded.

The PST executes construction jobs all over the territory of Lithuania, so it is very important for the company to efficiently coordinate quality processes. In 2005 the database of quality and environment protection systems was created and made accessible to all users over the Internet. This database provides a possibility to all employees share their experience, improve processes and protect environment in every stage of activities.

Last year the BM TRADA also conducted the audit of environment protection systems of the company and found that the level reach by the company while improving its activities permitted the company to exercise integrated care about the quality of services, communities and environment.

The environment protection management system introduced by the PST, complying to the requirements of the international standard ISO 14001 is an excellent evidence of the company's maturity and determination to run all processes in the environment friendly manner.

Decidedly striving...

MANAGEMENT OF HUMAN RESOURCES

The main creator of the added value in our company is the man, so we always strive to evaluate his effort and educate him. Progressive principles of human resources management are coordination of the company and individual interests, partnership, optimal working conditions and constant improvement – these are the grounds for our success of our activities.

Last year the PST employed 963 people or by 81 people more than in 2004. The number of employees has increased due to growth in demand for construction services and development of company's activities.

The employees are motivated not only by material incentives like competitive pay, investment cumulative insurance, modern bonus system, but also by fine quality of the working environment.

In every stage of activities we seek to create atmosphere of trust and team work providing conditions for every employee to feel being valuable expert in his/her field of occupational activity. The results of the interviews carried out last year show that the employees are satisfied with the work and working conditions in the company.

In present circumstances the competence of employees is one of the key issues as far as competitiveness and efficiency of the company is concerned. That is the PST devotes its exclusive attention and funds to continuous training of employees of all levels.

Caring...

SOCIAL RESPONSIBILITY

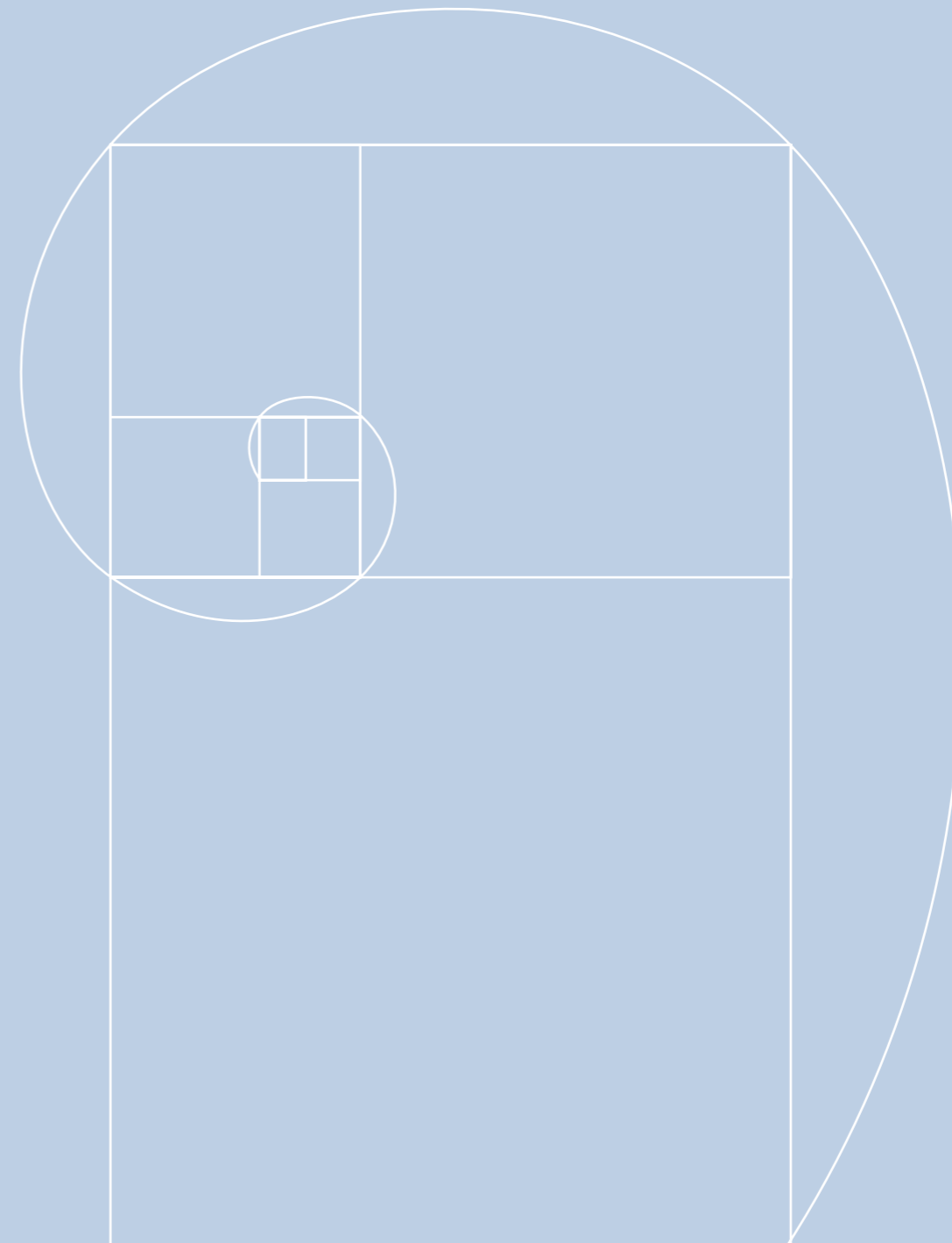
When designing, building and managing complex production processes we seek to coordinate development of services and responsibility of a business. Care about environment and good working conditions, safety and quality are integral components of our business policy.

By actively conducting altruistic and charity activities, the PST is creating and fostering nicer environment and warmer relations with the community.

Last year the company was the principal sponsor of the events devoted to marking the birthday of the City of Panevėžys, it also allocated funds for the 4th International Youth Art Festival „We are coming!“.

The PST supports the Panevėžys Basketball Club, the City Basketball Federation, Football Club „Ekranas“, the Lithuanian Triathlon Federation, fans of automotive and other sports, quite a number of the organisations involved in fostering cultural life of the country.

In every stage of our working activities we are closely following the requirements of the ISO 14001 standard. We seek alliance of economic and environmental goals, because we care for the possibilities of future generations to satisfy their needs and objectives.



PST

P. Puzino g. 1,
LT-35173 Panevėžys
Phone 8 45 505503
Fax 8 45 505520
E-mail pst@pst.lt

www.pst.lt