

PANEVĖŽIO STATYBOS TREŠTAS AB

Consolidated and Company Financial Statements for Nine Months Ending 30 September 2010

Unaudited

Company register given code 147732969

Address of registered office P. Puzino Str. 1, LT-35173 Panevėžys, Lithuania

STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that on the basis of the information available to us, the Consolidated Interim Financial Statement for Nine Months of 2010 made in accordance with the International Financial Reporting Standards is true and shows the assets, liabilities, financial state, and profit or loss of *Panevėžio statybos trestas AB* and companies of *Panevėžio statybos trestas* Company Group in a correct manner.

Dalius Gesevičius, Managing Director
Panevėžio statybos trestas AB

Dalė Bernotaitienė, Finance Director
Panevėžio statybos trestas AB

BALANCE SHEET

In Litas	Company	
ASSETS	30 Sept. 2010	31 Dec. 2009
Non-current assets	65063023	73650975
Intangible assets	31475	80009
Tangible assets	24972956	28832083
Investment and amounts receivable in one year	39870410	44393475
Deferred tax assets	188182	345408
Current assets	127503979	110829276
Inventories	3533087	4418046
Prepayments	554560	4198396
Trade receivables	69204456	47623506
Other current assets	23586116	654644
Cash and cash equivalents	30625760	53934684
TOTAL ASSETS	192567002	184480251

In Litas	Company	
EQUITY AND LIABILITIES	30 Sept. 2010	31 Dec. 2009
Equity	135216206	124731781
Authorized capital	16350000	16350000
Reserves	10824744	11350624
Retained profit (loss)	108041462	97031157
Translation reserve		
<i>Minority interest</i>		
Amounts payable and liabilities	57350796	59748470
Amounts payable after one year and long term liabilities	5049023	7328058
Loans and borrowings	2632071	4323901
Warranty provision	781317	1289640
Deferred tax liabilities	1635635	1714517
Amounts payable in one year and short term liabilities	52301773	52420412
Loans and borrowings	2258685	2760113
Trade payables	33906849	17967020
Prepayments received	5596773	17798652
Profit tax payable	59362	126597
Other liabilities	10480104	13768030
TOTAL EQUITY AND LIABILITIES:	192567002	184480251

BALANCE SHEET

In Litas	Group	
ASSETS	30 Sept. 2010	31 Dec. 2009
Non-current assets	29576906	40244322
Intangible assets	157672	234725
Tangible assets	28164556	32412105
Other investment and amounts receivable in one year	133548	6247855
Other non-current assets	1121130	1349637
Current assets	173409614	172830335
Inventories	36981757	53811431
Prepayments	2983530	6189074
Trade receivables	76662509	54467327
Other assets	20989081	2222936
Cash and cash equivalents	35792737	56139567
TOTAL ASSETS:	202986520	213074657

In Litas	Group	
EQUITY AND LIABILITIES	30 Sept. 2010	31 Dec. 2009
Equity	118711112	101114316
Authorized capital	16350000	16350000
Reserves	11882177	12465122
Retained profit (loss)	90109010	71488724
Translation reserve	369925	810470
Minority interest	5194788	-670604
Amounts payable and liabilities	79080620	112630945
Amounts payable after one year and long term liabilities	20991496	11575314
Loans and borrowings	16995870	6988316
Provisions	1771752	2248495
Deferred tax liabilities	1770303	1849184
Grants and subsidies	54825	60563
Other liabilities	398746	428756
Amounts payable in one year and short term liabilities	58089124	101055631
Loans and borrowings	2477432	40697653
Trade payables	36225490	22254571
Prepayments received	5903969	18201667
Profit tax payable	253423	127923
Other liabilities	13228810	19773817
TOTAL EQUITY AND LIABILITIES:	202986520	213074657

PROFIT (LOSS) STATEMENT

In Litas	Company			
ITEM	Jan.-Sept. 2010	Jan.-Sept. 2009	July-Sept. 2010	July-Sept. 2009
SALES INCOME	125913671	131588027	53110302	36791271
COST OF SALES	107455936	111285294	45297628	30901099
GROSS PROFIT (LOSS)	18457735	20302733	7812674	5890172
OPERATING EXPENSES	6419017	15123260	2819198	3794841
Sales	206846	323257	72014	111082
Doubtful debt rating	-3677297	4899821	-115470	1939994
General and administration	9889468	9900182	2862654	1743765
TYPICAL OPERATING PROFIT (LOSS)	12038718	5179473	4993476	2095331
OTHER ACTIVITIES	-99784	-138266	-74385	-42284
Income	413893	325692	83085	144508
Expenses	513677	463958	157470	186792
FINANCIAL AND INVESTMENT ACTIVITIES	856438	2403086	-758835	1462254
Income	991796	2979283	-887680	1643619
Expenses	135358	576197	-128845	181365
USUAL ACTIVITY PROFIT (LOSS)	12795372	7444293	4160256	3515301
WINDFALL PROFIT			0	
LOSSES			0	
PROFIT (LOSS) BEFORE TAXATION	12795372	7444293	4160256	3515301
PROFIT TAX	1166446	3002583	323153	1215109
NET PROFIT (LOSS)	11628926	4441710	3837103	2300192

PROFIT (LOSS) STATEMENT

In Litas ITEM	Group			
	Jan.-Sept. 2010	Jan.-Sept. 2009	July-Sept. 2010	July-Sept. 2009
SALES INCOME	147254807	145208544	62737010	37587245
COST OF SALES	122736343	123545312	52080042	31203665
GROSS PROFIT (LOSS)	24518464	21663232	10656968	6383580
OPERATING EXPENSES	11450884	19339933	4744698	5077336
Sales	363334	386133	136331	129385
Doubtful debt rating	-3677297	4899821	-115470	1939994
General and administration	14764847	14053979	4723837	3007957
TYPICAL OPERATING PROFIT (LOSS)	13067580	2323299	5912270	1306244
OTHER ACTIVITIES	-370704	-255321	-92270	-99821
Income	304973	311824	113154	124730
Expenses	675677	567145	205424	224551
FINANCIAL AND INVESTMENT ACTIVITIES	10522947	-1324489	-2443479	336578
Income from other financial activities	1661381	3035542	-2472466	1630781
Income from corporate control loss	11599912	0	0	0
Other financial activity expenses	1143990	4360031	-28987	1294203
Expenses of corporate control loss	1594356	0	0	0
USUAL ACTIVITY PROFIT (LOSS)	23219823	743489	3376521	1543001
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	23219823	743489	3376521	1543001
PROFIT TAX	1387448	2701848	254612	1113626
NET PROFIT (LOSS)	21832375	-1958359	3121909	429375
ATTRIBUTABLE TO SHAREHOLDERS	19182776	167801	3793347	1029988
ATTRIBUTABLE TO MINORITY INTEREST	2649599	-2126160	-671438	-600613

CASH FLOW STATEMENT

	Company	
	Jan. - Sept. 2010	Jan. - Sept. 2009
Cash flow from operating activities		
Net profit (loss)	11.628.926	4.441.710
Depreciation and amortization costs	4.363.633	4.918.494
Profit (loss) from transfer of non-current assets	-103.731	-9.815
Income tax expense	1.166.446	3.002.583
	<u>17.055.274</u>	<u>12.352.972</u>
Change in inventories	884.959	5.120.345
Change in amounts receivable	-21.580.950	44.008.199
Change in prepayments	3.643.836	-1.526.015
Change in amounts receivable after one year	-213.691	-1.200
Change in other assets	-11.240.609	-9.605.636
Change in trade payables	15.939.829	-34.717.401
Change in prepayments received	-12.201.879	10.383.530
Change in provisions and other liabilities	-2.771.289	-12.612.126
	<u>-10.484.520</u>	<u>13.402.668</u>
Income tax paid	-1.601.688	-7.512.694
Net cash flow from operating activities	-12.086.208	5.889.974
Cash flow from investing activities		
Acquisition of long term assets (excl. investment)	-560.021	-406.876
Transfer of long term assets (excl. investment)	213.280	57.281
Acquisition of investments	-4.377	
Loans issued	-7.365.925	-13.289.051
Loans recovered	352.192	4.439.326
Dividends and interest received	930.880	1.662.264
Net cash flow from investing activities	-6.433.971	-7.537.056
Cash flow from financial activities		
Dividends, bonuses paid	-2.268.094	-2.256.526
Proceeds from loans and borrowings		
Repayments from loans and borrowings		
Payment of finance lease liabilities	-2.193.258	-2.835.981
Interest paid	-327.393	-550.906
Net cash flow from financing activities	-4.788.745	-5.643.413
Increase (decrease) in net cash flow	-23.308.924	-7.290.495
Cash and its equivalents in the beginning of the period	53.934.684	54.770.637
Cash and its equivalents at the end of the period	30.625.760	47.480.142

CASH FLOW STATEMENT

	Group	
	Jan. - Sept. 2010	Jan. - Sept. 2009
Cash flow from operating activities		
Net profit (loss)	21.832.375	-1.958.359
Elimination of other non-monetary items		
Depreciation and amortization costs	5.062.546	5.708.417
Corporate control loss	-10.225.774	0
Other non-monetary items	37.905	440.385
	<u>16.707.052</u>	<u>4.190.443</u>
Change in inventories	-976.028	3.798.739
Change in amounts receivable	-22.195.182	41.691.129
Change in prepayments	3.205.544	-440.346
Change in other assets	-11.607.555	4.513.076
Change in trade payables	14.112.864	-32.577.150
Change in prepayments received	-12.297.698	10.031.955
Change in provisions and other liabilities	-1.936.705	-14.875.678
	<u>-14.987.708</u>	<u>16.332.168</u>
Elimination of results from financial and investing activities	-15.886	2.003.873
Net cash flow from operating activities	-15.003.594	18.336.041
Cash flow from investing activities		
Acquisition of non-current assets (except investments)	-689.860	-464.172
Transfer of non-current assets (except investments)	68.202	171.188
Loans issued		-6.160.412
Loans recovered		50.002
Dividends and interest received	843.340	1.638.200
Net cash flow from investing activities	221.682	-4.765.194
Cash flow from financial activities		
Dividends, bonuses paid	-2.268.094	-2.256.526
Proceeds from loans and borrowings	468.594	1.852.637
Repayments from loans and borrowings		-12.220.746
Payment of finance lease liabilities	-2.436.313	-3.246.200
Interest paid	-1.329.105	-3.678.772
Net cash from financing activities	-5.564.918	-19.549.607
Increase (decrease) in net cash flow	-20.346.830	-5.978.760
Cash and cash equivalent in the beginning of the period	56.139.567	57.143.406
Cash and cash equivalent at the end of the period	35.792.737	51.164.646

STATEMENT OF EQUITY CHANGES

Company

In Litas	Authorized capital	Share premium	Non-current TA revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as of 31 December 2008	16.350.000		9.705.028		1.635.030		93.372.055	121.062.113
Revaluation of non-current tangible assets								0
Related deferred tax liability							525.880	0
Unrecognized net profit (loss) for 2009			-525.880				4.441.710	4.441.710
Net profit (loss) for 2009							-1.144.500	-1.144.500
Dividend								0
Increase (decrease) of authorized capital								0
Balance as of 30 September 2009	16.350.000	0	9.179.148	0	1.635.030	0	97.195.145	124.359.323
Balance as of 31 December 2009	16.350.000	0	9.715.594	0	1.635.030	0	97.031.157	124.731.781
Revaluation of non-current tangible assets								0
Related deferred tax liability								0
Deferred profit tax liability related to reappraisal of tangible assets							525.880	0
Unrecognized net profit (loss) for 2010			-525.880				11.628.926	11.628.926
Net profit (loss) for 2010							-1.144.501	-1.144.501
Dividend								0
Reserves formed								0
Reserves used								0
Increase (decrease) of authorized capital								0
Balance as of 30 September 2010	16.350.000	0	9.189.714	0	1.635.030	0	108.041.462	135.216.206

Group

In Litas	Authorized capital	Share bonus	Revaluation reserve	Legal reserve	Influence of change in exchange rate	Accumulated profit	Losses per parent company share	Minority part	Total
Balance as of 1 January 2009	16.350.000		10.452.776	2.003.361	681.774	82.844.071	112.331.982	4.545.502	116.877.484
Decrease in revaluation reserve			-583.176			583.176			0
Net profit (loss) for 2009						167.801	167.801	-2.126.428	-1.958.627
Dividend						-1.144.501	-1.144.501		-1.144.501
Legal reserves formed				115.132		-115.132			0
Change in exchange rate					1.275.243		1.275.243		1.275.243
Balance as of 30 September 2009	16.350.000	0	9.869.600	2.118.493	1.957.017	82.335.415	112.630.525	2.419.074	115.049.599
Balance as of 31 December 2009	16.350.000	0	10.445.141	2.019.981	810.470	71.488.724	101.114.316	-670.604	100.443.712
Decrease in revaluation reserve			-583.176			583.176			0
Deferred tax liability									0
Net profit (loss) for 2010						19.181.841	19.181.841	2.649.598	21.831.439
Dividend						-1.144.500	-1.144.500		-1.144.500
Influence of change in exchange rate					-440.545		-440.545	-61.106	-501.651
Reserves formed				231		-231			0
Company transfer								3.276.900	3.276.900
Balance as of 30 September 2010	16.350.000	0	9.861.965	2.020.212	369.925	90.109.010	118.711.112	5.194.788	123.905.900

EXPLANATORY NOTE

General Information

Panevėžio statybos trestas AB (hereinafter “the Company”) was established in 1957 and for a long time was known as the North Lithuania Construction Trust (*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 No. 013732, issued on 27 September 2004 by the State Register Centre Panevėžys Branch.

In January through September 2010 the following subsidiaries were functioning in the company: *Gerbusta*, *Pastatų apdaila*, *Genranga* and *Klaipstata*. These subsidiaries keep separate records, but their assets, liabilities and financial results are included when preparing financial accountability of the Company. The Company has its representative offices in Tchrepovec and a subsidiary in Kaliningrad. Financial year of the Company is calendar year. The period of commercial-economic activities of the Company 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 Company rents out premises and equipment, resells utility and communication services.

As of 31 December 2010 the Group includes the parent company and 9 subsidiaries:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
<i>Skydmedis UAB</i>	Production of wood constructions	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai UAB</i>	Production of metal constructions	100	Tinklų Str. 7, Panevėžys
<i>Vekada UAB</i>	Electrical installation activities	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Vilniaus papėdė TŪB</i>	Construction works	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita UAB</i>	Air conditioning equipment	100	Dubysos Str. 31, Klaipėda Tel.: +370 46 340363
KINGSBUD Sp.zo.o.	Construction works	100	A.Patli Str. 16-400 Suwalki, Poland
PS Trests SIA	Construction	100	Vietalvas Str. 5, Riga
ООО Балтлитстрой	Construction	100	Sovetskij Ave. 43, Kaliningrad

			Tel.: 0074012350435
<i>PST Investicijos</i> UAB	Real estate development	67	Lvovo Str. 25, Vilnius
			Tel.: +370 5 2102130
<u>Subsidiaries of <i>PST investicijos</i> UAB:</u>			
<i>Ateities projektai</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Sakališkės</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Kauno erdvė</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Verkių projektas</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
OOO ISK Baltevro market	Construction investment company	100	Cherniachovsk Str. 6 Kaliningrad

Basis of interim financial statement preparation

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

The same accounting principles were applicable to both - the interim financial statement and to the annual financial statement.

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

Currency	30 Sept. 2010	31 Dec. 2009	30 Sept. 2009
1 EUR	3.4528	3.4528	3.4528
10 RUB	0.8342	0.7947	0.7845

Principles of consolidation

Subsidiary companies are the companies controlled by the parent company. Such control is defined as a capability to a company to have determinant effect on other company, manage and influence financial and economic activities to get benefit from that company. For the purposes of control assessment the total available number of shareholders' votes at the General Meeting of Shareholders is considered. The financial statements of subsidiary companies are included into the Consolidated Financial Statement from the day of control gain and are excluded from the day of control loss. As in June 2010 the Group lost control of *Gelužės projektai* UAB and *Smiltynų kalvos* UAB, the financial statements of these companies for nine months of the year 2010 have not been consolidated.

During consolidation of financial statement the income and expenses, amounts receivable and payable and unrealized results of the Company Group are eliminated.

Investment in non-current assets

In January through September 2010 the investments of the Group in acquisition of non-current assets amounted to 689,860 Litas: *Panevėžio statybos trestas AB* acquired non-current assets for 560,020 Litas. Over three quarters the costs related to depreciation and amortization of assets of the Group amounted to 5,062,546 Litas, including 4,363,633 Litas accounted for in the Financial Statement of *Panevėžio statybos trestas AB*.

On 22 April 2010 as per decision of the Annual General Meeting of Shareholders of *PST investicijos UAB* the authorized capital of the company was increased by 12,136,600 Litas (by additional issue of 121,366 pieces of ordinary registered shares) and registered at the Register of Legal Persons on 12 August 2010.

On 28 April 2010 the Share Purchase Agreement was signed between *Panevėžio statybos trestas AB* and *PST investicijos UAB* based on which *Panevėžio statybos trestas AB* acquired 88,597 pieces of ordinary registered shares for the amount of 8,859,700 Litas by paying, settling amounts receivable from *PST investicijos UAB* paid to *DnB NORD bankas AB* based on the Surety Agreement.

Loans

As of 30 September 2010 the long-term loans of the Company Group of *PST investicijos UAB* amounted to 13,995,328 Litas including bank credits totaling 13,526,734 Litas. For using credits *SEB AB* is paid the interest rate 1 month VILIBOR + 1.1%, for other loans the interest rate is 3 months VILIBOR and the interest margin is 1.9%.

Guarantees, sureties

As of 30 September 2010 the guarantees of the liabilities of *Panevėžio statybos trestas AB* by credit institutions amounted to 23,779,487 Litas, including 20,104,219 Litas for the Environmental Project Management Agency of the Ministry of Environment of the Republic of Lithuania.

The Board of *Panevėžio statybos trestas AB* made a decision to stand surety (guarantor) OOO Baltlitstroj for performance of obligations to the administration of Sovetsk City Council regarding work performance on-site for the amount not exceeding 99.995.440 Roubles.

Transactions with associated parties

As per resolution adopted by the Board of *Panevėžio statybos trestas AB* dated 20 July 2009, *Panevėžio keliai AB* had been given a loan amounting 6.2 mln. Litas that was accounted for in current assets in the Financial Statement dated 30 June 2010.

Dividends

The Annual General Meeting of the Shareholders of *Panevėžio statybos trestas AB* that took place on 5 May 2010 made the decision to pay dividends in the amount of 1,144,500 Litas (0.07 Litas per share) and bonuses in the amount of 1,144,500 Litas.

Bonuses were paid during the first half of the year. Dividends are paid by DnB NORD bank in accordance with the contract. As of 30 September 2010, 98 percents of dividends have been paid.

Significant changes in the interim financial statement during the reporting period

In January through September 2010 the Group made the net profit amounting to 23.2 mln. Litas, whereas it suffered the loss of 0.74 mln. Litas in January through September of 2009. The profit in the amount of 10 mln. Litas was made due to control loss of the companies of *PST investicijos UAB: Gelužės projektai UAB* and *Smiltynų kalvos UAB*. (In June 2010 *Gelužės projektai UAB* was sold and bankruptcy proceedings were initiated to *Smiltynų kalvos UAB* based on the resolution of Vilnius Regional Court). After control of *Gelužės projektai UAB* and *Smiltynų kalvos UAB* had been lost, the loans payable to credit institutions decreased by 24.1 mln. Litas and contracts in progress decreased by 14.6 mln. Litas in the Financial Statements of the Group. The result of 3.6 mln. Litas was improved by decrease in operating expenses after receivable doubtful debts evaluated in 2009 had been recovered.

Key Indicators of Panevėžio statybos trestas AB Company Group (thousands Lit):

	Group		Company	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Income	147255	145208	125914	131588
Cost price	122736	123545	107456	111285
Gross profit	24518	21663	18458	20303
Gross profit margin (per cent)	16.65	14.92	14.66	15.43
Net profit margin (per cent)	14.83	-1.35	9.24	3.38
Earnings before taxes and interest, EBIT (thousands Lit)	24548	4425	12468	6893
Earnings before taxes, interest, depreciation and amortisation EBITDA (thousands Lit)	29611	10131	16832	11811
Profit per one share (Lit)	1.17	0.01	0.71	0.27
Return on equity (per cent) (ROE)	18.39	-1.74	8.60	3.57
Return on assets (ROA)	10.76	-0.85	6.04	2.31
Return on investment (ROI)	15.07	-1.43	8.29	3.32
Current liquidity ratio	2.99	2.01	2.44	2.20
Book value of a share	7.26	6.81	8.27	7.61
Share price/book value ratio (P/BV)	0.70	0.69	0.61	0.62