

PANEVĖŽIO STATYBOS TREŠTAS AB

Consolidated and Company Financial Statements for the year 2010

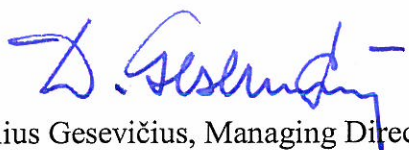
Unaudited

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 the year 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	2010	2009
Non-current assets	75247542	73650975
Intangible assets	25287	80009
Tangible assets	23967094	28832083
Investment and amounts receivable after one year	50653326	44393475
Deferred tax assets	601835	345408
Current assets	110893700	110829276
Inventories	2232619	4418046
Prepayments	856186	4198396
Trade receivables	33624138	47623506
Other current assets	44039527	654644
Cash and cash equivalents	30141230	53934684
TOTAL ASSETS	186141242	184480251

In Litas	Company	
EQUITY AND LIABILITIES	2010	2009
Equity	132588076	123587281
Authorized capital	16350000	16350000
Reserves	10754627	11350624
Retained profit (loss)	105483449	95886657
Translation reserve		
<i>Minority interest</i>		
Amounts payable and liabilities	53553166	60892970
Amounts payable after one year and long term liabilities	4436922	7328058
Loans and borrowings	2095887	4323901
Warranty provision	731694	1289640
Deferred tax liabilities	1609341	1714517
Amounts payable in one year and short term liabilities	49116244	53564912
Loans and borrowings	2185392	2760113
Trade payables	18826212	17967020
Prepayments received	14107720	17798652
Profit tax payable	0	126597
Other liabilities	13996920	14912530
TOTAL EQUITY AND LIABILITIES:	186141242	184480251

BALANCE SHEET

In Litas	Group	
ASSETS	2010	2009
Non-current assets	39144394	40244322
Intangible assets	144049	234725
Tangible assets	26981910	32412105
Other investment and amounts receivable after one year	10109516	6247855
Other non-current assets	1908919	1349637
Current assets	159155988	172830335
Inventories	38006600	53811431
Prepayments	3553000	6189074
Trade receivables	35196657	54467327
Other assets	43946331	2222936
Cash and cash equivalents	38453400	56139567
TOTAL ASSETS:	198300382	213074657

In Litas	Group	
EQUITY AND LIABILITIES	2010	2009
Equity	113754247	99969816
Authorized capital	16350000	16350000
Reserves	11804420	12465122
Retained profit (loss)	85163541	70344224
Translation reserve	436286	810470
Minority interest	5045739	-670604
Amounts payable and liabilities	79500396	113775445
Amounts payable after one year and long term liabilities	20546478	11575314
Loans and borrowings	16645051	6988316
Provisions	1710734	2248495
Deferred tax liabilities	1732022	1849184
Grants and subsidies	52913	60563
Other liabilities	405758	428756
Amounts payable in one year and short term liabilities	58953918	102200131
Loans and borrowings	2396801	40697653
Trade payables	22310164	22254571
Prepayments received	16995547	18201667
Profit tax payable	173414	127923
Other liabilities	17077992	20918317
TOTAL EQUITY AND LIABILITIES:	198300382	213074657

PROFIT (LOSS) STATEMENT

In Litas	Company			
ITEM	Jan.-Dec. 2010	Jan.-Dec. 2009	Sept.-Dec. 2010	Sept.-Dec. 2009
SALES INCOME	168500466	167704471	42586795	36116444
COST OF SALES	146693137	139789187	39237201	28503893
GROSS PROFIT (LOSS)	21807329	27915284	3349594	7612551
OPERATING EXPENSES	12298781	23471120	5879764	8347860
Sales	327374	406102	120528	82845
General and administration	11971407	23065018	5759236	8265015
TYPICAL OPERATING PROFIT (LOSS)	9508548	4444164	-2530170	-735309
OTHER ACTIVITIES	-184824	-225596	-85040	-87330
Income	544297	424335	130404	98643
Expenses	729121	649931	215444	185973
FINANCIAL AND INVESTMENT ACTIVITIES	1915722	3921321	1059284	1518235
Income	2385065	4677335	1393269	1698052
Expenses	469343	756014	333985	179817
USUAL ACTIVITY PROFIT (LOSS)	11239446	8139889	-1555926	695596
EXTRAORDINARY GAIN				
EXTRAORDINARY LOSS				
PROFIT (LOSS) BEFORE TAXATION	11239446	8139889	-1555926	695596
PROFIT TAX	1094151	3325721	-72295	323138
NET PROFIT (LOSS)	10145295	4814168	-1483631	372458

PROFIT (LOSS) STATEMENT

In Litas	Group			
ITEM	<i>Jan.-Dec. 2010</i>	<i>Jan.-Dec. 2009</i>	<i>Sept.-Dec. 2010</i>	<i>Sept.-Dec. 2009</i>
SALES INCOME	200144976	184685381	52890169	39476837
COST OF SALES	170626974	154896185	47890631	31350873
GROSS PROFIT (LOSS)	29518002	29789196	4999538	8125964
OPERATING EXPENSES	21816683	40720924	10365799	21380991
Sales	597620	477691	234286	91558
General and administration	21219063	40243233	10131513	21289433
TYPICAL OPERATING PROFIT (LOSS)	7701319	-10931728	-5366261	-13255027
OTHER ACTIVITIES	-464048	-499701	-93344	-244380
Income	445366	360224	140393	48400
Expenses	909414	859925	233737	292780
FINANCIAL AND INVESTMENT ACTIVITIES	11844923	-1057880	1321976	266609
Income from other financial activities	3352961	4292795	1691580	1257253
Income from corporate control loss	11599912			
Other financial activity expenses	1513594	5350675	369604	990644
Expenses of corporate control loss	1594356			
USUAL ACTIVITY PROFIT (LOSS)	19082194	-12489309	-4137629	-13232798
EXTRAORDINARY GAIN				
EXTRAORDINARY LOSS				
PROFIT (LOSS) BEFORE TAXATION	19082194	-12489309	-4137629	-13232798
PROFIT TAX	1276904	2989765	-110544	287917
NET PROFIT (LOSS)	17805290	-15479074	-4027085	-13520715
ATTRIBUTABLE TO SHAREHOLDERS	15304740	-9976207	-3878036	-10144008
ATTRIBUTABLE TO MINORITY INTEREST	2500550	-5502867	-149049	-3376707

CASH FLOW STATEMENT

	Company	
	Jan.-Dec. 2010	Jan.-Dec. 2009
Cash flow from operating activities		
Net profit (loss)	10.145.295	4.814.168
Depreciation and amortization	5.686.922	6.484.399
Result of non-current asset transfer	-108.718	58.882
Income tax expense	1.276.904	3.325.721
Other non-monetary items	-1.638.507	-1.986.275
	15.361.896	12.696.895
Change in inventories	2.185.427	3.967.073
Change in amounts receivable	10.184.576	56.247.971
Change in prepayments	3.342.210	-786.017
Change in amounts receivable after one year	-280.583	-106.258
Change in other assets	-40.865.437	904.184
Change in trade payables	-3.690.932	-42.522.149
Change in prepayments received	859.192	10.273.396
Change in provisions and other liabilities	515.297	-9.985.795
	-12.388.354	30.689.300
Income tax paid	-2.109.691	-8.352.734
Net cash flow from operating activities	-14.498.045	22.336.566
Cash flow from investing activities		
Acquisition of long term assets (excl. investment)	-881.211	-438.922
Transfer of long term assets (excl. investment)	228.218	57.281
Acquisition of investments	-4.377	
Loans issued	-16.663.885	-28.533.959
Loans recovered	11.787.421	9.045.535
Dividends and interest received	1.741.035	3.263.158
Net cash flow from investing activities	-3.792.799	-16.606.907
Cash flow from financial activities		
Dividends, bonuses paid	-2.273.770	-2.271.930
Repayments from loans and borrowings		
Payment of finance lease liabilities	-2.802.735	-3.586.695
Interest paid	-426.105	-703.987
Net cash flow from financing activities	-5.502.610	-6.562.612
Increase (decrease) in net cash flow	-23.793.454	-832.953
Cash and its equivalents in the beginning of the period	53.937.684	54.770.637
Cash and its equivalents at the end of the period	30.144.230	53.937.684

CASH FLOW STATEMENT

	Group	
	Jan.-Dec. 2010	Jan.-Dec. 2009
Cash flow from operating activities		
Net profit (loss)	17.805.290	-15.479.074
Elimination of other non-monetary items		
Depreciation and amortization costs	6.608.352	7.519.689
Corporate control loss	-10.225.774	0
Other non-monetary items	-865.064	15.014.459
	13.322.804	7.055.074
Change in inventories	-2.000.871	3.655.428
Change in amounts receivable	19.270.670	46.741.780
Change in prepayments	2.636.074	-209.989
Change in other assets	-44.532.430	3.978.009
Change in trade payables	197.592	-37.632.343
Change in prepayments received	-1.206.120	9.724.184
Change in provisions and other liabilities	-1.338.570	-14.614.318
	-13.650.851	18.697.825
Elimination of results from financial and investing activities	1.506.243	4.966.098
Net cash flow from operating activities	-12.144.608	23.663.923
Cash flow from investing activities		
Acquisition of non-current assets (except investments)	-1.043.964	-704.461
Transfer of non-current assets (except investments)	267.120	213.967
Investment transfer		
Loans issued	-10.013	-6.176.069
Loans recovered	1.670	
Dividends and interest received	1.422.810	3.240.863
Net cash flow from investing activities	637.623	-3.425.700
Cash flow from financial activities		
Dividends, bonuses paid	-2.273.770	-2.271.930
Proceeds from loans and borrowings	733.425	13.644.480
Repayments from loans and borrowings		-23.615.540
Payment of finance lease liabilities	-3.132.594	-4.032.974
Interest paid	-1.506.243	-4.966.098
Net cash from financing activities	-6.179.182	-21.242.062
Increase (decrease) in net cash flow	-17.686.167	-1.003.839
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	38.453.400	56.139.567

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		92.227.555	119.917.613
Revaluation of non-current tangible assets								0
Related deferred tax liability			711.740				-711.740	0
Unrecognized net profit (loss) for 2009			-701.174				701.174	0
Net profit (loss) for 2009							4.814.168	4.814.168
Dividend							-1.144.500	-1.144.500
Balance as of 31 December 2009	16.350.000	0	9.715.594	0	1.635.030	0	95.886.657	123.587.281
Revaluation of non-current tangible assets								0
Related deferred tax liability								0
Net profit (loss) for 2010			-595.997				10.741.292	10.145.295
Dividend							-1.144.500	-1.144.500
Reserves formed								0
Reserves used								0
Increase (decrease) of authorized capital								0
Balance as of 31 December 2010	16.350.000	0	9.119.597	0	1.635.030	0	105.483.449	132.588.076

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	81.699.571	111.187.482	4.545.502	115.732.984
Decrease in revaluation reserve			-7.635			7.635	0		0
Net profit (loss) for 2009						-9.976.207	-9.976.207	-5.502.867	-15.479.074
Dividend						-1.144.500	-1.144.500		-1.144.500
Change of exchange rate					128.696		128.696	61.106	189.802
Reserves formed				16.620		-16.620			0
Increase of minority share						-225.655	-225.655	225.655	0
Balance as of 31 December 2009	16.350.000	0	10.445.141	2.019.981	810.470	70.344.224	99.969.816	-670.604	99.299.212
Change of revaluation reserve and deferred tax			-660.933			660.933	0		0
Net profit (loss) for 2010						15.303.115	15.303.115	2.500.549	17.803.664
Dividend						-1.144.500	-1.144.500		-1.144.500
Influence of change in exchange rate					-374.184		-374.184	-61.106	-435.290
Reserves formed				231		-231	0		0
Increase of authorised capital							0	3.276.900	3.276.900
Balance as of 31 December 2010	16.350.000	0	9.784.208	2.020.212	436.286	85.163.541	113.754.247	5.045.739	118.799.986

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 Cherepovec 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</i> UAB	Production of wood constructions	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai</i> UAB	Production of metal constructions	100	Tinklų Str. 7, Panevėžys
<i>Vekada</i> UAB	Electrical installation activities	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Vilniaus papėdė</i> TUB	Construction works	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita</i> UAB	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
OOO Baltlitstroj	Construction	100	Sovetskij Ave. 43, Kaliningrad

			Tel.: 0074012350435
<i>PST Investicijos UAB</i>	Real estate development	68	Lvovo Str. 25, Vilnius
			Tel.: +370 5 2102130
<u>Subsidiaries of PST investicijos UAB:</u>			
<i>Ateities projektai UAB</i>	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Šeškinės projektai UAB</i>	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Sakališkės UAB</i>	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Kauno erdvė UAB</i>	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Verkių projektas UAB</i>	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	31 Dec. 2010	31 Dec. 2009
1 EUR	3.4528	3.4528
10 RUB	0.85538	0.7947
1 LV	4.8643	4.8679
1 PLN	0.8716	0.83536

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 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 2010 the investments of the Group in acquisition of non-current assets amounted to 1,043,964 Litai: *Panevėžio statybos trestas AB* acquired non-current assets for 881,212 Litai. During the year 2010 the costs related to depreciation and amortization of assets of the Group amounted to 6,608,352 Litai, including 5,686,922 Litai 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 Litai (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 Litai by paying, settling amounts receivable from *PST investicijos UAB* paid to *DnB NORD bankas AB* based on the Surety Agreement.

Loans

As of 31 December 2010 the long-term loans of the Company Group of *PST investicijos UAB* amounted to 14,260,159 Litai including bank credits totaling 13,526,734 Litai. 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 31 December 2010 the guarantees of the liabilities of *Panevėžio statybos trestas AB* by credit institutions amounted to 17,914,014 Litai.

At the meeting on 6 September 2010, the Board of *Panevėžio statybos trestas AB* made a decision to stand surety (guarantor) for performance of OOO Baltlitstroj 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

Based on the resolution adopted by the Board of *Panevėžio statybos trestas AB* on 20 July 2009, *Panevėžio statybos trestas AB* gave *Panevėžio keliai AB* an additional loan in the amount of 3.8 mln. Litas, the loan totalling 10 mln. Litas. By the resolution adopted by the Board of *Panevėžio statybos trestas AB* on 18 February 2011, the repayment period was extended until 11 January 2013.

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, 99 per cent of dividends have been paid.

Significant changes in the interim financial statement during the reporting period

In 2010 the Group made the net profit amounting to 17.8 mln. Litas, whereas it suffered the loss of 15.5 mln. Litas in 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 14.1 mln. Litas in the Financial Statements of the Group.

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

	Group		Company	
	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
Income	200145	184685	168500	167704
Cost price	170627	154896	146693	139789
Gross profit	29518	29789	21807	27915
Gross profit margin (per cent)	14,75	16,13	12,94	16,65
Net profit margin (per cent)	8,90	-8,38	6,02	2,87
Earnings before taxes and interest, EBIT (thousands Litas)	20588	-7523	11665	8844
Earnings before taxes, interest, depreciation and amortisation EBITDA (thousands Litas)	27196	-3	17352	15328
Profit per one share (Litas)	0,94	-0,61	0,62	0,29
Return on equity (per cent) (ROE)	15,65	-15,48	7,65	3,90
Return on assets (ROA)	8,98	-7,26	5,45	2,61
Return on investment (ROI)	12,78	-13,96	7,40	3,68
Current liquidity ratio	2,70	1,69	2,26	2,07
Book value of a share	6,96	6,11	8,11	7,56
Share price/book value ratio (P/BV)	0,78	0,62	0,67	0,50