

## **PANEVĖŽIO STATYBOS TRESTAS AB**

### **Consolidated and Company Financial Statements for Three Months Ending 31 March 2011**

#### **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 Three Months of 2011 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

<b>In Litas</b>	<b>Company</b>	
<b>ASSETS</b>	<b>31 Mar. 2011</b>	<b>31 Dec. 2010</b>
<b>Non-current assets</b>	<b>75176731</b>	<b>75247542</b>
Intangible assets	19055	25287
Tangible non-current assets	22782534	23967094
Investment and amounts receivable in one year	51792779	50653326
Other intangible assets	582363	601835
<b>Current assets</b>	<b>107297589</b>	<b>111336306</b>
Inventories	4240086	2232619
Advance payments	2063621	856186
Accounts receivable in one year	42816623	36184693
Other current assets	29148239	31215288
Cash and cash equivalents	29029020	40847520
<b>TOTAL ASSETS</b>	<b>182474320</b>	<b>186583848</b>

<b>In Litas</b>	<b>Company</b>	
<b>EQUITY AND LIABILITIES</b>	<b>31 Mar. 2011</b>	<b>31 Dec. 2010</b>
<b>Equity</b>	<b>133235886</b>	<b>132588076</b>
Share capital	16350000	16350000
Reserves	10579333	10754627
Retained profit (loss)	106306553	105483449
Translation reserve		
<i>Minority share</i>		
<b>Amounts payable and liabilities</b>	<b>49238434</b>	<b>53995772</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>3241374</b>	<b>4436922</b>
Loans and borrowings	988210	2095887
Warranty provision	775293	731694
Deferred tax liabilities	1477871	1609341
<b>Amounts payable in one year and short term liabilities</b>	<b>45997060</b>	<b>49558850</b>
Loans and borrowings	2677612	2185392
Trade payables	17079085	18826212
Prepayments received	15215259	14107720
Current tax payable	0	0
Other liabilities	11025104	14439526
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>182474320</b>	<b>186583848</b>

## BALANCE SHEET

<b>In Litas</b>	<b>Group</b>	
<b>ASSETS</b>	<b>31 Mar. 2011</b>	<b>31 Dec. 2010</b>
<b>Non-current assets</b>	<b>37922029</b>	<b>39177628</b>
Intangible assets	136786	144049
Tangible non-current assets	25653075	26981910
Other investment and amounts receivable in one year	10208092	10109516
Other intangible assets	1924076	1942153
<b>Current assets</b>	<b>153971784</b>	<b>159597741</b>
Inventories	40217703	38006600
Advance payments	4753611	3524674
Accounts receivable in one year	51059709	37760979
Other assets	24433513	31145798
Cash and cash equivalents	33507248	49159690
<b>TOTAL ASSETS</b>	<b>191893813</b>	<b>198775369</b>

<b>In Litas</b>	<b>Group</b>	
<b>EQUITY AND LIABILITIES</b>	<b>31 Mar. 2011</b>	<b>31 Dec. 2010</b>
<b>Equity</b>	<b>114573483</b>	<b>114038887</b>
Share capital	16350000	16350000
Reserves	11610027	11804420
Retained profit (loss)	86641496	85449807
Translation reserve	-28040	434660
<b>Minority share</b>	<b>4600112</b>	<b>4820707</b>
<b>Amounts payable and liabilities</b>	<b>72720218</b>	<b>79915775</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>19453404</b>	<b>20546478</b>
Loans and borrowings	15646497	16645051
Provisions	1741801	1710734
Deferred tax liabilities	1600552	1732022
Grants and subsidies	51000	52913
Other payable amounts	413554	405758
<b>Amounts payable in one year and short term liabilities</b>	<b>53266814</b>	<b>59369297</b>
Loans and borrowings	2832078	2396801
Trade payables	21223311	22310164
Prepayments received	15730340	16995547
Current tax payable	57882	135017
Other liabilities	13423203	17531768
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>191893813</b>	<b>198775369</b>

## INCOME STATEMENT

IN LITAS	Company		Group	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
SALES	27,922,755	20,232,610	40,743,784	26,149,651
COST OF SALES	24,465,651	18,209,080	35,385,681	22,771,651
<b>GROSS PROFIT (LOSS)</b>	<b>3,457,104</b>	<b>2,023,530</b>	<b>5,358,103</b>	<b>3,378,000</b>
OPERATING COSTS	2,885,324	2,507,796	4,402,422	4,001,741
Sales	80,210	57,383	152,763	75,053
General and administrative	2,805,114	2,450,413	4,249,659	3,926,688
<b>PROFIT (LOSS) FROM TYPICAL ACTIVITIES</b>	<b>571,780</b>	<b>-484,266</b>	<b>955,681</b>	<b>-623,741</b>
OTHER ACTIVITIES	-78,933	-43,134	-122,393	-170,529
Revenue	256,991	153,025	249,843	99,297
Expenses	335,924	196,159	372,236	269,826
FINANCIAL AND INVESTING ACTIVITIES	313,450	1,130,736	216,845	1,608,267
Revenue	394,275	1,287,811	388,013	2,662,340
Expenses	80,825	157,075	171,168	1,054,073
<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>806,297</b>	<b>603,336</b>	<b>1,050,133</b>	<b>813,997</b>
EXTRAORDINARY INCOME				
EXTRAORDINARY EXPENSES				
<b>PROFIT BEFORE TAXATION</b>	<b>806,297</b>	<b>603,336</b>	<b>1,050,133</b>	<b>813,997</b>
TAX ON PROFIT	158,487	130,581	273,433	390,722
<b>NET PROFIT (LOSS)</b>	<b>647,810</b>	<b>472,755</b>	<b>776,700</b>	<b>423,275</b>
FALLING TO SHAREHOLDERS OF THE COMPANY			997,296	606,103
FALLING TO MINORITY SHARE			-220,596	-182,828

## CASH FLOW STATEMENT

	Company	
	31 March 2011	31 March 2010
<b>Cash flow from operating activities</b>		
Net profit (loss)	647,810	472,755
Depreciation and amortisation costs	1,298,960	1,517,181
Profit (loss) from transfer of non-current assets	-10,403	-30,296
Income tax expense	158,487	130,581
	<b>2,094,854</b>	<b>2,090,221</b>
Change in inventories	-2,007,467	-489,557
Change in amounts receivable	-6,631,928	12,522,340
Change in prepayments	-1,207,435	2,133,022
Change in amounts receivable after one year	-198,024	-40,842
Change in other assets	8,311,058	-7,229,143
Change in trade payables	-1,747,127	-5,916,745
Change in prepayments received	1,107,539	-2,920,765
Change in provisions and other liabilities	-3,277,066	-5,185,080
	<b>-3,555,596</b>	<b>-5,036,549</b>
Income tax paid	-574,558	-507,333
<b>Net cash from operating activities</b>	<b>-4,130,154</b>	<b>-5,543,882</b>
<b>Cash flow from investing activities</b>		
Acquisition of long term assets (excl, investment)	-108,178	-54,817
Transfer of long term assets (excl, investment)	10,413	84,648
Acquisition of investments	0	0
Loans issued	-10,345,895	-4,313,241
Loans recovered	3,189,738	0
Dividends and interest received	276,546	441,860
<b>Net cash used in investing activities</b>	<b>-6,977,376</b>	<b>-3,841,550</b>
<b>Cash flow from financial activities</b>		
Dividends paid	-17,644	-63
Proceeds from loans and borrowings	0	0
Repayments from loans and borrowings	0	0
Payment of finance lease liabilities	-615,457	-874,936
Interest paid	-77,869	-122,031
<b>Net cash from (used in) financing activities</b>	<b>-710,970</b>	<b>-997,030</b>
<b>Increase (decrease) in net cash flow</b>	<b>-11,818,500</b>	<b>-10,382,462</b>
Cash and its equivalent at the beginning of the period	40,847,520	53,934,684
<b>Cash and its equivalent at the end of the period</b>	<b>29,029,020</b>	<b>43,552,222</b>

	Group	
	31 March 2011	31 March 2010
<b>Cash flow from operating activities</b>		
Net profit (loss)	776,700	423,275
Elimination of other non-monetary items		
Depreciation and amortization costs	1,507,003	1,759,310
Other non-monetary items	-123,795	151,052
	<b>2,159,908</b>	<b>2,333,637</b>
Change in inventories	-2,211,103	-2,555,216
Change in amounts receivable	-13,298,730	8,866,338
Change in prepayments	-1,228,937	2,998,507
Change in other assets	8,496,520	-7,709,192
Change in trade payables	-1,086,853	-5,066,738
Change in prepayments received	-1,265,207	-2,848,144
Change in provisions and other liabilities	-4,593,806	-4,403,491
	<b>-13,028,208</b>	<b>-8,384,299</b>
Elimination of results from financial and investing activities	46,755	159,407
<b>Net cash from operating activities</b>	<b>-12,981,453</b>	<b>-8,224,892</b>
<b>Cash flow from investing activities</b>		
Acquisition of non-current assets (except investments)	-169,107	-57,486
Transfer of non-current assets (except investments)	10,413	9,536
Loans issued	-2,575,380	
Loans recovered	692,569	
Dividends and interest received	115,719	431,554
<b>Net cash used in investing activities</b>	<b>-1,925,786</b>	<b>383,604</b>
<b>Cash flow from financial activities</b>		
Cash paid by minority interest		
Dividends paid	-17,644	-63
Proceeds from loans and borrowings	109,123	
Repayments from loans and borrowings		
Payment of finance lease liabilities	-672,400	-952,733
Interest paid	-164,282	-999,110
<b>Net cash from (used in) financing activities</b>	<b>-745,203</b>	<b>-1,951,906</b>
<b>Increase (decrease) in net cash flow</b>	<b>-15,652,442</b>	<b>-9,793,194</b>
Cash and cash equivalent in the beginning of the period	49,159,690	56,139,567
<b>Cash and cash equivalent at the end of the period</b>	<b>33,507,248</b>	<b>46,346,373</b>

STATEMENT of CHANGES IN SHAREHOLDERS' EQUITY

Company In Litas	Authorised capital	Share premium	FA revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as for 31 December 2009	16,350,000	0	9,715,594	0	1,635,030	0	97,031,157	124,731,781
Net profit (loss) 2010 unrecognized			-175,293				175,293	0
Net profit (loss) 2010							472,755	472,755
Dividend							0	0
Balance as for 31 March 2010	16,350,000	0	9,540,301	0	1,635,030	0	97,679,205	125,204,536
Balance as for 31 December 2010	16,350,000	0	9,119,597	0	1,635,030	0	105,483,449	132,588,076
Net profit (loss) 2010 unrecognized			-175,294				175,294	0
Net profit (loss) 2010							647,810	647,810
Dividend							0	0
Balance as of 31 March 2011	16,350,000	0	8,944,303	0	1,635,030	0	106,306,553	133,235,886



Group In Lit	Authorized capital	Share premium	Revaluation reserve	Legal reserve	Currency fluctuation impact	Accrued profit	Equity share falling to parent company share	Minority share	Total
Balance as of 1 January 2010	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 reappraisal reserve			-194,391			194,392	1		1
Net profit (loss) for 201009						606,103	606,103	-182,828	423,275
Dividend							0		0
Influence of currency rate change					-408,150		-408,150	-61,106	-469,256
Reserves formed							0		0
Balance as of 31 March 2010	16,350,000	0	10,250,750	2,019,981	402,320	72,289,219	101,312,270	-914,538	100,397,732
Balance as of 31 December 2010	16,350,000	0	9,784,208	2,020,212	434,660	85,449,807	114,038,887	4,820,707	118,859,594
Decrease in reappraisal reserve			-194,393			194,393	0		0
Net profit (loss) for 2010						997,296	997,296	-220,595	776,701
Dividend							0		0
Influence of currency rate change					-462,700		-462,700		-462,700
Reserves formed							0		0
Company transfer							0		0
Balance as of 31 March 2011	16,350,000	0	9,589,815	2,020,212	-28,040	86,641,496	114,573,483	4,600,112	119,173,595



## 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, a subsidiary in Kaliningrad and a permanent establishment in the United Kingdom of Great Britain and Northern Ireland. 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 March 2011 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> TŪB	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 material wholesale	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</i> UAB	Real estate development	68	Lvovo Str. 25, Vilnius Tel.: +370 5 2102130
<b>Subsidiaries of <i>PST investicijos</i> UAB:</b>			
<i>Ateities projektai</i> UAB	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:

<b>Currency</b>	<b>31 March 2011</b>	<b>31 Dec. 2010</b>
1 EUR	3.4528	3.4528
10 RTUB	0.8633	0.8554
1 LV	4.8679	4.8643
1 PLN	0.8655	0.8716
1 GBP	3.9329	4.0494

### **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. 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 the first quarter of 2011 the investments of the Group in acquisition of non-current assets amounted to 169,107 Litas: *Panevėžio statybos trestas AB* acquired non-current assets for 108,177 Litas. During the year 2011 the costs related to depreciation and amortization of assets of the Group amounted to 1,507,003

Litas, including 1,298,960 Litas accounted for in the Financial Statement of *Panevėžio statybos trestas AB*.

### **Loans**

As of 31 March 2011 the long-term loans of the Company Group of *PST investicijos UAB* amounted to 14,369,282 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 31 March 2011 the guarantees of the liabilities of *Panevėžio statybos trestas AB* by credit institutions amounted to 14,538,749 Litas.

On 29 April 2011 an Agreement of Financial Liability Limit was signed with *DnB Nord bankas*. On the basis of this agreement the Performance Bond for the amount of 14,708,193 Litas has been issued to *Akmenės cementas AB*.

### **Transactions with associated parties**

As per resolution adopted by the Board of *Panevėžio statybos trestas AB* dated 20 July 2009, the loan of *Panevėžio statybos trestas AB* to *Panevėžio keliai AB* amounts 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 22 April 2011 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 2,000,000 Litas. Dividends are paid by DnB NORD bank in accordance with the contract.

### **Significant changes in the interim financial statement during the reporting period**

Referring to the unaudited data, during three months of 2011 the Group of *Panevėžio statybos trestas AB* (PST) was on the income of 40.7 mln. Litas (11.8 mln. EUR), that is by 1.56 times more than last year, and made by 29 percents higher before tax profit amounting 1.05 mln. Litas (0.3 mln. EUR). The company of PST made before tax profit in the amount of 0.806 mln. Litas (0.233 mln. EUR) and was on the income of 27.9 mln. Litas (8.087 mln. EUR).

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

	Company		Group Company	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Income	27923	20234	40744	26150
Cost price	24466	18209	35386	22772
Gross profit	3457	2024	5358	3378
Gross profit margin (per cent)	12.38	10.00	13.15	12.92
Net profit margin (per cent)	2.32	2.34	1.91	1.62
Earnings before taxes and interest, <b>EBIT</b> (thousands Litas)	884	725	1214	1813
Earnings before taxes, interest, depreciation and amortisation <b>EBITDA</b> (thousands Litas)	2183	2242	2721	3572
Profit per one share (Litas)	0.04	0.03	0.06	0.04
Return on equity (per cent) <b>(ROE)</b>	0.49	0.38	0.68	0.42
Return on assets <b>(ROA)</b>	0.36	0.28	0.40	0.21
Return on investment <b>(ROI)</b>	0.47	0.36	0.56	0.38
Current liquidity ratio	2.33	2.53	2.89	1.82
Book value of a share	8.15	7.66	7.01	6.20
Share price/book value ratio <b>(P/BV)</b>	0.79	0.54	0.92	0.66