

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and Company Financial Statements for 9 Months Ending 30 September 2009 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 9 months of 2009 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. 2009	2008
Non-current assets	63944557	61757462
Intangible assets	173272	287261
Tangible assets	30339724	34786471
Investments and amounts receivable in one year	32410389	24795793
Deferred tax assets	1021172	1887937
Current assets	127941902	171959074
Inventories	3264774	8385119
Advance payments	4949806	3412379
Accounts receivable in one year	61125083	103871477
Other current assets	11122097	1519462
Cash and cash equivalents	47480142	54770637
TOTAL ASSETS	191886459	233716536

In Litas	Company	
EQUITY AND LIABILITIES	30 Sept. 2009	2008
Equity	124359323	121062113
Share capital	16350000	16350000
Reserves	10814178	11340058
Retained profit (loss)	97195145	93372055
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	67527136	112654423
Amounts payable in one year and long term liabilities	9432217	11379016
Loans and borrowings	5706574	7148115
Warranty provision	1404562	1804644
Deferred taxes	2321081	2426257
Amounts payable in one year and short term liabilities	58094919	101275407
Loans and borrowings	2139566	3522594
Trade payables	25771768	60489169
Prepayments received	17908786	7525256
Current tax payable	737677	5372137
Other liabilities	11537122	24366251
TOTAL EQUITY AND LIABILITIES	191886459	233716536

In Litas	Group	
ASSETS	30 Sept. 2009	2008
Non-current assets	42697099	42500612
Intangible assets	355529	486123
Tangible non-current assets	34005016	39265580
Financial assets	82366	78166
Other intangible assets	8254188	2670743
Current assets	187579656	243080438
Inventories	61510963	65309702
Advance payments	6471067	5979085
Accounts receivable in one year	66749311	108447300
Other assets	1683669	6200945
Cash and cash equivalents	51164646	57143406
TOTAL ASSETS	230276755	285581050

In Litas	Group	
EQUITY AND LIABILITIES	30 Sept. 2009	2008
Equity	112630525	112331982
Share capital	16350000	16350000
Reserves	11988093	12456137
Retained profit (loss)	82335415	82844071
Translation reserve	1957017	681774
Minority share	2419074	4545502
Amounts payable and liabilities	115227156	168703566
Amounts payable in one year and long term liabilities	21861135	21997805
Loans and borrowings	16242172	16135788
Warranty provision	1470263	1861300
Deferred tax liabilities	2614305	2719481
Other payable amounts	1534395	1281236
Amounts payable in one year and short term liabilities	93366021	146705761
Loans and borrowings	31884741	45554215
Trade payables	27309764	59886914
Prepayments received	18509438	8477483
Current tax payable	757506	5554439
Other liabilities	14904572	27232710
TOTAL EQUITY AND LIABILITIES	230276755	285581050

Income Statement

Company				
EQUITY AND LIABILITIES In Litas	Jan.-Sept. 2009	Jan.-Sept. 2008	July-Sept. 2009	July-Sept. 2008
SALE	131588027	458325665	36791271	206178861
COST OF SALE	111285294	387575416	30901099	165618471
GROSS PROFIT (LOSS)	20302733	70750249	5890172	40560390
OPERATING EXPENSES	15123260	25588897	3794841	10959491
Sale	323257	474164	111082	132391
General and administration	14800003	25114733	3683759	10827100
TYPICAL OPERATING PROFIT (LOSS)	5179473	45161352	2095331	29600899
OTHER ACTIVITIES	-138266	181507	-42284	26570
Income	325692	373920	144508	118767
Expenses	463958	192413	186792	92197
FINANCIAL AND INVESTMENT ACTIVITIES	2403086	22216	1462254	59629
Income	2979283	604957	1643619	180881
Expenses	576197	582741	181365	121252
USUAL ACTIVITY PROFIT (LOSS)	7444293	45365075	3515301	29687098
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	7444293	45365075	3515301	29687098
PROFIT TAX	3002583	7756308	1215109	4719577
NET PROFIT (LOSS)	4441710	37608767	2300192	24967521

Group					
In Litas	ITEM	Jan.-Sept. 2009	Jan.-Sept. 2008	July-Sept. 2009	July-Sept. 2008
	SALE	145208544	471517162	37587245	213598417
	COST OF SALE	123545312	394821609	31203665	170193727
	GROSS PROFIT (LOSS)	21663232	76695553	6383580	43404690
	OPERATING EXPENSES	19339933	49681729	5077336	31086425
	Sale	386133	620664	129385	251575
	General and administration	18953800	49061065	4947951	30834850
	TYPICAL OPERATING PROFIT (LOSS)	2323299	27013824	1306244	12318265
	OTHER ACTIVITIES	-255321	-162242	-99821	-101649
	Income	311824	166632	124730	65094
	Expenses	567145	328874	224551	166743
	FINANCIAL AND INVESTMENT ACTIVITIES	-1324489	-2608963	336578	-1478739
	Income	3035542	870675	1630781	-201164
	Expenses	4360031	3479638	1294203	1277575
	USUAL ACTIVITY PROFIT (LOSS)	743489	24242619	1543001	10737877
	WINDFALL PROFIT				
	LOSSES				
	PROFIT (LOSS) BEFORE TAXATION	743489	24242619	1543001	10737877
	PROFIT TAX	2701848	7946893	1113626	5146580
	NET PROFIT (LOSS)	-1958359	16295726	429375	5591297
	ATTRIBUTABLE TO SHAREHOLDERS	167801	23955779	1029988	12441441
	ATTRIBUTABLE TO MINORITY INTEREST	-2126160	-7660053	-600613	-6850144

CASH FLOW STATEMENT

	Company	
	30 Sept. 2009	30 Sept. 2008
Cash flow from operating activities		
Net profit (loss)	4.441.710	37.608.767
Depreciation and amortisation costs	4.918.494	4.145.388
Profit (loss) from transfer of non-current assets	-9.815	-56.742
Income tax expense	3.002.583	7.756.308
	12.352.972	49.453.721
Change in inventories	5.120.345	-697.416
Change in amounts receivable	44.008.199	-105.359.015
Change in prepayments	-1.526.015	-2.711.310
Change in amounts receivable after one year	-1.200	62.825
Change in other assets	-9.605.636	2.755.042
Change in trade payables	-34.717.401	64.035.001
Change in prepayments received	10.383.530	-20.327.877
Change in provisions and other liabilities	-12.612.126	2.625.618
	13.402.668	-10.163.411
Profit tax paid	-7.512.694	-6.358.353
Net cash from operating activities	5.889.974	-16.521.764
Cash flow from investing activities		
Acquisition of long term assets (excl. investment)	-406.876	-1.170.449
Transfer of long term assets (excl. investment)	57.281	56.748
Acquisition of investments		0
Loans issued	-13.289.051	-6.000
Loans recovered	4.439.326	95.216
Dividends and interest received	1.662.264	514.888
Net cash used in investing activities	-7.537.056	-509.597
Cash flow from financial activities		
Dividends, bonuses paid	-2.256.526	-3.984.685
Proceeds from loans and borrowings		
Repayments from loans and borrowings		-506.732
Payment of finance lease liabilities	-2.835.981	-3.089.670
Interest paid	-550.906	-534.770
Net cash used financing activities	-5.643.413	-8.115.857
Increase (decrease) in net cash flow	-7.290.495	-25.147.218
Cash and its equivalent at the beginning of the period	54.770.637	39.040.718
Cash and its equivalent at the end of the period	47.480.142	13.893.500

	Group	
	30 Sept. 2009	30 Sept. 2008
Cash flow from operating activities		
Net profit (loss)	-1.958.359	16.295.726
Elimination of other non-monetary items		
Depreciation and amortisation costs	5.708.417	4.880.629
Other non-monetary items	440.385	-257.679
	4.190.443	20.918.676
Change in inventories	3.798.739	1.615.736
Change in amounts receivable	41.691.129	-107.030.251
Change in prepayments	-440.346	-4.731.776
Change in other assets	4.513.076	11.823.414
Change in trade payables	-32.577.150	64.129.299
Change in prepayments received	10.031.955	-20.377.263
Change in provisions and other liabilities	-16.150.924	4.936.068
	15.056.922	-28.716.097
Elimination of results from financial and investing activities	3.279.116	2.431.041
Net cash from operating activities	18.336.038	-26.285.056
Cash flow from investing activities		
Acquisition of non-current assets (except investments)	-464.169	-1.864.822
Transfer of non-current assets (except investments)	171.188	106.249
Investment assignment		9.999
Loans issued	-6.160.412	-315.135
Loans recovered	50.002	510.216
Dividends and interest received	1.638.200	729.888
Net cash used in investing activities	-4.765.191	-823.605
Cash flow from financial activities		
Cash paid by minority interest		5.249.400
Dividends and tantjemes paid	-2.256.526	-4.008.002
Proceeds from loans and borrowings	1.852.637	4.953.548
Repayments from loans and borrowings	-12.220.746	-1.147.524
Payment of finance lease liabilities	-3.246.200	-3.591.764
Interest paid	-3.678.772	-2.929.611
Net cash from (used in) financing activities	-19.549.607	-1.473.953
Increase (decrease) in net cash flow	-5.978.760	-28.582.614
Cash and its equivalent at the end of the period	57.143.406	44.609.512
Cash and its equivalent at the end of the period	51.164.646	16.026.898

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group In Lit	Authorised 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 2008	16.350.000		3.636.299	1.642.718	122.291	53.820.670	75.571.978	7.869.553	83.441.531
Decrease in value of revaluated assets			-159.134			159.134		-1.834	-1.834
Decrease in reappraisal reserve								0	0
Paid up capital								5.249.400	5.249.400
Net profit (loss) for 2008						23.955.779	23.955.779	-7.658.219	16.297.560
Dividend						-3.760.500	-3.760.500		-3.760.500
Legal reserves formed				23.317		-23.317			0
Currency rate change					21.659		21.659		21.659
Balance as of 30 September 2008	16.350.000	0	3.477.165	1.666.035	143.950	74.151.766	95.788.916	5.458.900	101.247.816
Balance as of 31 December 2008	16.350.000	0	10.452.776	2.003.361	681.774	82.844.071	112.331.982	4.545.502	116.877.484
Decrease in reappraisal reserve			-583.176			583.176			0
Fixed assets revaluation									0
Postponed tax related liability									0
Paid up capital									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
Influence of currency rate change					1.275.243		1.275.243		1.275.243
Reserves formed				115.132		-115.132			0
Company transfer									0
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

Company

In Litas	Authorised capital	Share premium	FA revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as of 31 December 2007	16.350.000		3.296.761		1.635.030		48.195.936	69.477.727
Revaluation of fixed assets								0
Postponed tax related liability								0
Net profit (loss) for 2008			-119.295				37.728.061	37.608.766
Dividend							-3.760.500	-3.760.500
Increase (decrease) of authorised capital								0
Balance as of 30 September 2008	16.350.000	0	3.177.466	0	1.635.030	0	82.163.497	103.325.993
Balance as of 31 December 2008	16.350.000	0	9.705.028	0	1.635.030	0	93.372.055	121.062.113
Revaluation of fixed assets								0
Related postponed tax liability								0
Postponed profit tax related to revaluation of FA								0
Net profit (loss) for 2009 unrecognised			-525.880				525.880	0
Net profit (loss) for 2009							4.441.710	4.441.710
Dividend							-1.144.500	-1.144.500
Reserves formed								0
Reserves used								0
Increase (decrease) of authorised 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

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 2009 the following subsidiaries were functioning in the company: *Gerbusta*, *Pastatų apdaila* and *Genranga*. 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 30 September 2009 the Group includes the parent company and 8 subsidiaries:

Subsidiaries	Type of activities	Share controlled (per cent)	Headquarter 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 works	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
PS Trests SIA	Construction	100	Vietalvas Str. 5, Riga
Baltlitstroij OOO	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
<i>PST Investicijos</i> UAB	Real estate development	67	Konstitucijos Ave. 7, Vilnius Tel.: +370 5 2728213
<u>Subsidiaries of <i>PST investicijos</i> UAB:</u>			
<i>Ateities projektai</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Sakališkės</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius

<i>Kauno erdvė</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Gėlužės projektai</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
<i>Verkių projektas</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius
OOO ISK Baltevmarket	Construction investment company	100	Sovetskij Lane 43, Kaliningrad
<i>Smiltynių kalvos</i> UAB	Real estate development and sales	100	Konstitucijos Ave. 7, Vilnius

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	30 September 2009	31 Dec. 2008	30 September 2008
1 EUR	3.4528	3.4528	3.4528
10 RUB	0.7845	0.8334	0.9496

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 when the Company has the power to manage the financial and operating policies of the entity where the capital has been invested 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 remaining balance, transactions and unrealized profit (loss) of the operations between the companies the Group were eliminated from the financial statement.

Investments in Non-Current Assets

The investments of the Group related to acquisition of non-current tangible and intangible assets amounted 465,476 Litas in January through September 2009: *Panevėžio statybos trestas AB* acquired non-current assets for the amount of 406,881 Litas.

In January through September 2009 depreciation of non-currents assets of the Company amounted 4,918,494 Litas, whereas depreciation of non-currents assets of the Group amounted 5,708,417 Litas.

Financial assets of the Company are considered in the balance at the acquisition cost.

Loans

On 30 September 2009, *PST investicijos UAB* Company Group had long-term and short-term loans amounting 39,374,216 Litas including bank credits for the amount of 37,630,171 Litas. The interest rate of bank credits is 6 months Vilibor and 1.1 – 1.55%.

Guarantees, Sureties

On 30 September 2009 the warranty deeds granted by credit institutions for the liabilities of *Panevėžio statybos trestas AB* amounted 25,017,308 Litas, including 21,795,225 Litas for projects financed by the Environmental Project Financing Agency under the Ministry of Environment of the Republic of Lithuania.

On 21 July 2009 on the basis of Surety Agreement related to fulfillment of liabilities undertaken by *PST investicijos UAB* based on the Credit Agreement, *Panevėžio statybos trestas AB* paid in equivalent Litas 10,983,034 to *DnB NORD AB*.

Transactions with Associated Parties

The Board of *Panevėžio statybos trestas AB* adopted the resolution to give a target loan to *PST investicijos UAB* to cover administration costs, interest payable to banks, and land and real estate of *PST investicijos UAB*, to finance technical design of real estate project under development by OOO ISK Baltevro market on April through December 2009. The amount of the given loan is up to 5.84 mln. Litas. During the reporting period *PST investicijos UAB* was given the loan in the amount of 1.6 mln. Litas.

The Board of *Panevėžio statybos trestas AB* adopted the resolution to give a target loan of up to 10 mln. Litas to *Panevėžio keliai AB* for the period expiring on 2 January 2009. 6.2 mln. Litas were paid in July 2009.

Dividends

The annual General Meeting of the Shareholders of *Panevėžio statybos trestas AB* that took place on 15 May 2009 took 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 paid for the accounting period amounted 1,112,026 Litas.

Significant Changes in the Interim Financial Statement during the Reporting Period

There are no essential changes in the Financial Statement for the third quarter of 2009.

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

	Group		Company	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
Income	145208	471517	131588	458325
Cost price	123545	394822	111285	387575
Gross profit	21663	76695	20303	70750
Gross profit margin (per cent)	14.92	16.27	15.43	15.44
Net profit margin (per cent)	-1.35	3.46	3.38	8.21
EBIT (thousands Litass)	4423	27173	6893	44830
EBITDA (thousands Litass)	10131	32054	11811	48975
Profit per one share (Litas)	0.01	0.997	0.27	2.30
Return on equity (per cent) (ROE)	-1.74	17.01	3.57	36.26
Return on assets (ROA)	-0.85	4.62	2.31	12.56
Equity to asset ration	0.49	0.27	0.65	0.35
Current liquidity ratio	2.01	1.62	2.20	1.33
Book value of a share	7.04	6.19	7.61	6.34
Share price/book value ratio (P/BV)	0.68	0.72	0.62	0.70