

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and company financial statements for the year 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 the year 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	2009	2008
Non-current assets	73650975	61757462
Intangible assets	80009	287261
Tangible assets	28832083	34786471
Investments and amounts receivable in one year	44393475	24795793
Deferred tax assets	345408	1887937
Current assets	110815668	171959074
Inventories	4418046	8385119
Advance payments	4185396	3412379
Accounts receivable from buyers	47622898	103871477
Other current assets	654644	1519462
Cash and cash equivalents	53934684	54770637
TOTAL ASSETS	184466643	233716536

In Litas	Company	
EQUITY AND LIABILITIES	2009	2008
Equity	124723932	121062113
Share capital	16350000	16350000
Reserves	11350624	11340058
Retained profit (loss)	97023308	93372055
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	59742711	112654423
Amounts payable in one year and long term liabilities	7328058	11379016
Loans and borrowings	4323901	7148115
Warranty provision	1289640	1804644
Deferred taxes	1714517	2426257
Amounts payable in one year and short term liabilities	52414653	101275407
Loans and borrowings	2760113	3522594
Trade payables	17967773	60489169
Advance payments received	17798652	7525256
Profit tax payable	121446	5372137
Other liabilities	13766669	24366251
TOTAL EQUITY AND LIABILITIES	184466643	233716536

In Litas	Group	
	2009	2008
ASSETS		
Non-current assets	40227805	42500612
Intangible assets	234725	486123
Tangible assets	32412105	39265580
Other investment and amounts receivable in one year	6231338	78166
Other intangible assets	1349637	2670743
Current assets	172833244	243080438
Inventories	53811431	65309702
Advance payments	6176074	5979085
Accounts receivable from buyers	54466719	108447300
Other assets	2156974	6200945
Cash and cash equivalents	56222046	57143406
TOTAL ASSETS	213061049	285581050

In Litas	Group	
	2009	2008
EQUITY AND LIABILITIES		
Equity	100837101	112331982
Share capital	16350000	16350000
Reserves	12461301	12456137
Retained profit (loss)	71153962	82844071
Translation reserve	871838	681774
<i>Minority share</i>	-405236	4545502
<i>Grants and awards</i>	60563	
Amounts payable and liabilities	112568621	168703566
Amounts payable in one year and long term liabilities	19652516	21997805
Loans and other borrowings	15122085	16135788
Warranty provision	1362395	1861300
Deferred tax liabilities	1853180	2719481
Other liabilities	1314856	1281236
Amounts payable in one year and short term liabilities	92916105	146705761
Loans and borrowings	32563884	45554215
Trade payables	22255325	59886914
Advance payments received	18201667	8477483
Profit tax payable	122772	5554439
Other liabilities	19772457	27232710
TOTAL EQUITY AND LIABILITIES	213061049	285581050

Income Statement

Company				
EQUITY AND LIABILITIES In Litas	<i>Jan.-Dec. 2009</i>	<i>Jan.-Dec. 2008</i>	<i>Sept.-Dec. 2009</i>	<i>Sept.-Dec. 2008</i>
SALE	167704471	558902531	36116444	100576866
COST OF SALE	139789187	469762064	28503893	82186648
GROSS PROFIT (LOSS)	27915284	89140467	7612551	18390218
OPERATING EXPENSES	23484120	31514753	8360860	5925856
Sale	406102	614888	82845	140724
General and administration	23078018	30899865	8278015	5785132
TYPICAL OPERATING PROFIT (LOSS)	4431164	57625714	-748309	12464362
OTHER ACTIVITIES	-225596	317897	-87330	136390
Income	424335	547529	98643	173609
Expenses	649931	229632	185973	37219
FINANCIAL AND INVESTMENT ACTIVITIES	3921321	-24093	1518235	-46309
Income	4677335	1186712	1698052	581755
Expenses	756014	1210805	179817	628064
USUAL ACTIVITY PROFIT (LOSS)	8126889	57919518	682596	12554443
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	8126889	57919518	682596	12554443
PROFIT TAX	3320570	9304074	317987	1547766
NET PROFIT (LOSS)	4806319	48615444	364609	11006677

Group				
ITEM	2009 01-12	2008 01-12	2009 09 - 12	2008 09 - 12
In Litas				
SALE	184685381	586086434	39476837	114569272
COST OF SALE	154896185	485421845	31350873	90600236
GROSS PROFIT (LOSS)	29789196	100664589	8125964	23969036
OPERATING EXPENSES	40833019	59200361	21493086	9518632
Sale	477691	814882	91558	194218
General and administration	40355328	58385479	21401528	9324414
TYPICAL OPERATING PROFIT (LOSS)	-11043823	41464228	-13367122	14450404
OTHER ACTIVITIES	-400604	-177105	-145283	-14863
Income	417072	282079	105248	115447
Expenses	817676	459184	250531	130310
FINANCIAL AND INVESTMENT ACTIVITIES	621485	-5261308	1945974	-2652345
Income	6392997	1518453	3357455	647778
Expenses	5771512	6779761	1411481	3300123
USUAL ACTIVITY PROFIT (LOSS)	-10822942	36025815	-11566431	11783196
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	-10822942	36025815	-11566431	11783196
PROFIT TAX	3033498	9897459	331650	1950566
NET PROFIT (LOSS)	-13856440	26128356	-11898081	9832630
ATTRIBUTABLE TO SHAREHOLDERS	-8903993	34661732	-9071794	10705953
ATTRIBUTABLE TO MINORITY INTEREST	-4952447	-8533376	-2826287	-873323

CASH FLOW STATEMENT

	Company	
	Jan.-Dec. 2009	Jan.-Dec. 2008
Cash flow from operating activities		
Net profit	4.806.319	48.615.444
Depreciation and amortisation costs	6.484.399	5.628.530
Profit (loss) from non-current asset transfer	-9.814	-71.758
Profit tax expense	3.320.570	9.304.074
Other non-monetary items	899.485	3.516.067
	<u>15.500.959</u>	<u>66.992.357</u>
Change in inventories	3.967.073	2.954.356
Change in buyer borrowings and other amounts receivable	56.248.580	6.199.536
Change in advance payments	-713.724	-984.471
Change in amounts receivable in one year	-106.258	58.236
Change in other assets	861.817	-751.474
Change in trade payables	10.273.396	-4.249.200
Change in prepayments received	-42.521.396	-38.237.286
Change in provisions and other liabilities	-12.699.192	2.970.595
	<u>30.811.255</u>	<u>34.952.649</u>
Profit tax paid	-8.418.396	-7.670.010
Net cash from operating activities	22.392.859	27.282.639
Cash flow from investing activities		
Acquisition of long term assets (excl. investment)	-438.922	-2.314.085
Transfer of long term assets (excl. investment)	57.281	108.687
Acquisition of investment		0
Loans issued	-17.550.927	-9.000
Loans recovered	9.045.538	117.450
Dividends and interest received	3.263.158	
Change in other financial assets	-10.983.035	0
Net cash used in investing activities	-16.606.907	-2.096.948
Cash flow from financial activities		
Dividends and bonuses paid	-2.271.930	-4.040.103
Proceeds from loans and other borrowings		0
Repayments from loans and other borrowings		-506.732
Payment of financial lease liabilities	-3.645.988	-4.070.786
Interest paid	-703.987	-838.151
Net cash used in financing activities	-6.621.905	-9.455.772
Increase (decrease) in net cash flow	-835.953	15.729.919
Impact of translation reserve on cash balance		
Cash and its equivalents in the beginning of the year	54.770.637	39.040.718
Cash and its equivalents at the end of the year	53.934.684	54.770.637

	Group	
	Jan.-Dec. 2009	Jan.-Dec. 2008
Cash flow from operating activities		
Net profit	-13.856.440	24.183.631
Elimination of non-monetary items:		
Depreciation and amortisation costs	7.519.689	7.627.161
Other non-monetary items	-1.123.152	20.040.831
Profit tax expenses	3.033.498	9.537.011
	-4.426.405	61.388.634
Change in inventories	11.498.271	-1.084.087
Change in amounts receivable from buyers	53.971.306	5.409.111
Change in advance payments	-191.415	-3.397.211
Change in other assets	4.047.351	-3.866.116
Change in trade payables	-37.631.589	-6.373.247
Change in advance payments received	9.724.184	-37.451.201
Change in provisions and other liabilities	-6.737.545	5.147.122
	30.254.158	19.773.005
Profit tax paid	-8.692.630	-8.823.801
Elimination of results from financial and investing activities	2.110.893	5.365.371
Net cash from operating activities	23.672.421	16.314.575
Cash flow from investing activities		
Acquisition of non-current assets (except investments)	-685.569	-1.584.376
Transfer of non-current assets (except investments)	213.967	158.230
Investment assignment		
Loans issued	-17.560.202	
Loans recovered	9.095.540	670.339
Dividends and interest received	3.240.863	
Net cash used in investing activities	-5.695.401	-755.807
Cash flow from financial activities		
Cash paid by minority interest	0	5.249.400
Dividends and bonuses paid	-2.271.930	-4.380.103
Proceeds from loans and borrowings	13.644.480	6.688.346
Repayments from loans and borrowings	-21.266.284	-718.178
Payment of financial lease liabilities	-4.038.548	-5.742.984
Interest paid	-4.966.098	-4.121.355
Net cash from financing activities	-18.898.380	-3.024.874
Increase (decrease) in net cash flow	-921.360	12.533.894
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 year	56.222.046	57.143.406

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<u>Group</u> In Litas	Authorised capital	Revaluation reserve	Legal reserve	Translation reserve 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
Non-current asset revaluation		9.000.150				9.000.150	27.079	9.027.229
Change in revalued reserve and deferred tax		-366.328			366.328			0
Paid up capital							5.249.400	5.249.400
Net profit (loss) for 2008					32.778.216	32.778.216	-8.594.585	24.183.631
Dividend					-3.760.500	-3.760.500		-3.760.500
Translation reserve impact				559.483		559.483		559.483
Legal reserves formed			360.643		-360.643			0
Deferred tax liability		-1.817.345				-1.817.345	-5.945	-1.823.290
								0
Balance as of 31 December 2008	16.350.000	10.452.776	2.003.361	681.774	82.844.071	112.331.982	4.545.502	116.877.484
Change in revalued reserve and deferred tax		-11.456				-11.456		-11.456
Net profit (loss) for 2009					-8.849.623	-8.849.623	-4.950.738	-13.800.361
Dividend					-1.144.501	-1.144.501		-1.144.501
Translation reserve impact				190.064		190.064		190.064
Reserves formed			16.620		-16.620			0
Company incorporation					-1.679.365	-1.679.365		-1.679.365
Balance as of 31 December 2009	16.350.000	10.441.320	2.019.981	871.838	71.153.962	100.837.101	-405.236	100.431.865

Panevėžio statybos trestas AB Interim Financial Statement for 9 months of 2009

Company

In Litas

	Authorised capital	Share premium	Fixed asset revaluation	Financial reserve	Legal reserve	Other reserves	Deferred result	Total
Balance as of 31 December 2007	16.350.000				1.635.030		48.195.936	69.477.727
Fixed asset revaluation			3.296.761				321.175	0
Revaluation reserve increase			-321.175					8.411.802
Net profit (loss) for 2008			8.411.802					0
Dividends							-3.760.500	-3.760.500
Postponed tax related liability			-1.682.360				48.615.444	46.933.084
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							-711.740	0
Related postponed tax liability			711.740				701.174	0
Net profit (loss) for 2009 unrecognised			-701.174				4.806.319	4.806.319
Net profit (loss) for 2009							-1.144.500	-1.144.500
Dividends								0
Reserves formed								0
Reserves used								0
Increase (decrease) of authorised capital								0
Balance as of 31 December 2009	16.350.000	0	9.715.594	0	1.635.030	0	97.023.308	124.723.932

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.

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 31 December 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>Gelūžės 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 Baltevro market	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	31 December 2009	31 December 2008
1 EUR	3.4528	3.4528
10 RUB	0.79465	0.8334

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 704,472 Litas in 2009: *Panevėžio statybos trestas AB* acquired non-current assets for the amount of 438,922 Litas.

In January through December 2009 depreciation of non-currents assets of the Company amounted 6,484,399 Litas, whereas depreciation of non-currents assets of the Group amounted 7,519,689 Litas.

Loans

On 31 December 2009, *PST investicijos UAB* Company Group had long-term and short-term loans amounting 39,897,310 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 31 December 2009 the warranty deeds granted by credit institutions for the liabilities of *Panevėžio statybos trestas AB* amounted 13,910,667 Litas, including 11,243,558 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 fulfilment 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 1.5 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 2011. 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 1,118,033 Litas.

Significant Changes in the Interim Financial Statement during the Reporting Period

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

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

	Group		Company	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
Income	184685	586086	167704	558903
Cost price	154896	485422	139789	469762
Gross profit	29789	100664	27915	89140
Gross profit margin (per cent)	16,13	17,18	16,65	15,95
Net profit margin (per cent)	-7,50	4,13	2,87	8,70
EBIT (thousands Litas)	-5856	37841	8831	58757
EBITDA (thousands Litas)	1264	44472	15315	64386
Profit per share (Litas)	-0,54	2,0	0,29	2,97
Return on equity (per cent) (ROE)	-13,74	21,53	3,85	40,16
Return on assets or asset profitability (ROA)	-6,50	8,47	2,61	20,80
Equity to asset ration	0,47	0,39	0,68	0,52
Current liquidity ratio	1,86	1,66	2,11	1,70
Book value of a share	6,15	7,15	7,63	7,40
Share price/book value ratio (P/BV)	0,62	0,21	0,50	0,20