

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and Company Financial Statements for Three Months Ending 31 March 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 Three 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 | 31 Mar. 2010 | 2009 |
| Non-current assets | 72239403 | 73650975 |
| Intangible assets | 59040 | 80009 |
| Tangible non-current assets | 27336336 | 28832083 |
| Financial assets | 44616954 | 44393475 |
| Other intangible assets | 227073 | 345408 |
| Current assets | 98045901 | 110829276 |
| Inventories | 4907603 | 4418046 |
| Advance payments | 2065374 | 4198396 |
| Accounts receivable in one year | 35101166 | 47623506 |
| Other current assets | 12419536 | 654644 |
| Cash and cash equivalents | 43552222 | 53934684 |
| TOTAL ASSETS | 170285304 | 184480251 |

| In Litas | Company | |
|---|------------------|------------------|
| EQUITY AND LIABILITIES | 31 Mar. 2010 | 2009 |
| Equity | 125204536 | 124731781 |
| Share capital | 16350000 | 16350000 |
| Reserves | 11175331 | 11350624 |
| Retained profit (loss) | 97679205 | 97031157 |
| Translation reserve | | |
| <i>Minority share</i> | | |
| Amounts payable and liabilities | 45080768 | 59748470 |
| Amounts payable in one year and long term liabilities | 6395499 | 7328058 |
| Loans and borrowings | 3717870 | 4323901 |
| Warranty provision | 989406 | 1289640 |
| Deferred tax liabilities | 1688223 | 1714517 |
| Other payable amounts | | |
| Amounts payable in one year and short term liabilities | 38685269 | 52420412 |
| Loans and borrowings | 2491208 | 2760113 |
| Trade payables | 12050275 | 17967020 |
| Prepayments received | 14877887 | 17798652 |
| Current tax payable | 39007 | 126597 |
| Other liabilities | 9226892 | 13768030 |
| TOTAL EQUITY AND LIABILITIES | 170285304 | 184480251 |

BALANCE SHEET

| In Litas | Group | |
|---------------------------------|---------------------|------------------|
| ASSETS | 31 Mar. 2010 | 2009 |
| Non-current assets | 38313523 | 40244322 |
| Intangible assets | 202103 | 234725 |
| Tangible non-current assets | 30778002 | 32412105 |
| Financial assets | 6266867 | 6247855 |
| Other intangible assets | 1066551 | 1349637 |
| Current assets | 161417692 | 172830335 |
| Inventories | 56366647 | 53811431 |
| Advance payments | 3190567 | 6189074 |
| Accounts receivable in one year | 45600989 | 54467327 |
| Other current assets | 9913116 | 2222936 |
| Cash and cash equivalents | 46346373 | 56139567 |
| TOTAL ASSETS | 199731215 | 213074657 |

| In Litas | Group | |
|---|---------------------|------------------|
| EQUITY AND LIABILITIES | 31 Mar. 2010 | 2009 |
| Equity | 101312270 | 101114316 |
| Share capital | 16350000 | 16350000 |
| Reserves | 12270731 | 12465122 |
| Retained profit (loss) | 72289219 | 71488724 |
| Translation reserve | 402320 | 810470 |
| Minority share | -914538 | -670604 |
| Amounts payable and liabilities | 99333483 | 112630945 |
| Amounts payable in one year and long term liabilities | 10586274 | 11575314 |
| Loans and borrowings | 6305906 | 6988316 |
| Provisions | 1955943 | 2248495 |
| Deferred tax liabilities | 1822890 | 1849184 |
| Grants and subsidies | 58650 | 60563 |
| Other payable amounts | 442885 | 428756 |
| Amounts payable in one year and short term liabilities | 88747209 | 101055631 |
| Loans and borrowings | 40427331 | 40697653 |
| Trade payables | 17187833 | 22254571 |
| Prepayments received | 15353523 | 18201667 |
| Current tax payable | 40333 | 127923 |
| Other liabilities | 15738189 | 19773817 |
| TOTAL EQUITY AND LIABILITIES | 199731215 | 213074657 |

INCOME STATEMENT

| IN LITAS | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31 March 2010 | 31 March 2009 | 31 March 2010 | 31 March 2009 |
| SALES | 26149651 | 50470818 | 20232610 | 44458092 |
| COST OF SALES | 22771651 | 42652200 | 18209080 | 37878357 |
| GROSS PROFIT (LOSS) | 3378000 | 7818618 | 2023530 | 6579735 |
| OPERATING COSTS | 4001741 | 5552965 | 2507796 | 4234714 |
| Sales | 75053 | 128234 | 57383 | 117894 |
| General and administrative | 3926688 | 5424731 | 2450413 | 4116820 |
| PROFIT (LOSS) FROM TYPICAL ACTIVITIES | -623741 | 2265653 | -484266 | 2345021 |
| OTHER ACTIVITIES | -170529 | -86689 | -43134 | -10430 |
| Revenue | 99297 | 73587 | 153025 | 103280 |
| Expenses | 269826 | 160276 | 196159 | 113710 |
| FINANCIAL AND INVESTING ACTIVITIES | 1608267 | -2650548 | 1130736 | -177950 |
| Revenue | 2662340 | 417321 | 1287811 | 372009 |
| Expenses | 1054073 | 3067869 | 157075 | 549959 |
| PROFIT (LOSS) FROM ORDINARY ACTIVITIES | 813997 | -471584 | 603336 | 2156641 |
| EXTRAORDINARY INCOME | | | | |
| EXTRAORDINARY EXPENSES | | | | |
| PROFIT BEFORE TAXATION | 813997 | -471584 | 603336 | 2156641 |
| TAX ON PROFIT | 390722 | 315337 | 130581 | 541812 |
| NET PROFIT (LOSS) | 423275 | -786921 | 472755 | 1614829 |
| FALLING TO SHAREHOLDERS OF THE COMPANY | 606103 | 105713 | | |
| FALLING TO MINORITY SHARE | -182828 | -892634 | | |

CASH FLOW STATEMENT

| | Company | |
|---|--------------------|-------------------|
| | 31 March 2010 | 31 March 2009 |
| Cash flow from operating activities | | |
| Net profit (loss) | 472.755 | 1.614.829 |
| Depreciation and amortisation costs | 1.517.181 | 1.672.725 |
| Profit (loss) from transfer of non-current assets | -30.296 | -7.512 |
| Income tax expense | 130.581 | 140.517 |
| | 2.051.681 | 3.420.559 |
| Change in inventories | -489.557 | 3.252.148 |
| Change in amounts receivable | 12.522.340 | 24.169.744 |
| Change in prepayments | 2.133.022 | 483.196 |
| Change in amounts receivable after one year | -40.842 | 14.694 |
| Change in other assets | -7.229.143 | 1.346.377 |
| Change in trade payables | -5.916.745 | -26.316.651 |
| Change in prepayments received | -2.920.765 | -1.381.452 |
| Change in provisions and other liabilities | -5.185.080 | -8.971.294 |
| | -5.075.089 | -3.982.679 |
| Income tax paid | -507.333 | -226.531 |
| Net cash from operating activities | -5.543.882 | -4.209.210 |
| Cash flow from investing activities | | |
| Acquisition of long term assets (excl. investment) | -54.817 | -37.309 |
| Transfer of long term assets (excl. investment) | 84.648 | 32.285 |
| Acquisition of investments | 0 | |
| Loans issued | -4.313.241 | |
| Loans recovered | 0 | 139.673 |
| Dividends and interest received | 441.860 | 370.009 |
| Net cash used in investing activities | -3.841.550 | 504.658 |
| Cash flow from financial activities | | |
| Dividends paid | -63 | -896 |
| Proceeds from loans and borrowings | 0 | |
| Repayments from loans and borrowings | 0 | |
| Payment of finance lease liabilities | -874.936 | -1.123.073 |
| Interest paid | -122.031 | -183.935 |
| Net cash from (used in) financing activities | -997.030 | -1.307.904 |
| Increase (decrease) in net cash flow | -10.382.462 | -5.012.456 |
| Cash and its equivalent at the beginning of the period | 53.934.684 | 54.770.637 |
| Cash and its equivalent at the end of the period | 43.552.222 | 49.758.181 |

| | Group | |
|--|--------------------------|--------------------------|
| | 31 March 2010 | 31 March 2009 |
| Cash flow from operating activities | | |
| Net profit (loss) | 423.275 | -786.921 |
| Elimination of other non-monetary items | | |
| Depreciation and amortisation costs | 1.759.310 | 1.976.216 |
| Other non-monetary items | 151.052 | 184.953 |
| | <u>2.333.637</u> | <u>1.374.248</u> |
| Change in inventories | -2.555.216 | 3.382.646 |
| Change in amounts receivable | 8.866.338 | 23.598.538 |
| Change in prepayments | 2.998.507 | 1.386.936 |
| Change in other assets | -7.709.192 | 2.837.249 |
| Change in trade payables | -5.066.738 | -27.040.503 |
| Change in prepayments received | -2.848.144 | -1.711.231 |
| Change in provisions and other liabilities | -4.403.491 | -9.854.549 |
| | <u>-8.384.299</u> | <u>-6.026.666</u> |
| Elimination of results from financial and investing activities | 159.407 | 1.578.657 |
| Net cash from operating activities | -8.224.892 | -4.448.009 |
| Cash flow from investing activities | | |
| Acquisition of non-current assets (except investments) | -57.486 | -163.473 |
| Transfer of non-current assets (except investments) | 9.536 | 73.001 |
| Loans issued | | |
| Loans recovered | | 50.002 |
| Dividends and interest received | 431.554 | 383.329 |
| Net cash used in investing activities | 383.604 | 342.859 |
| Cash flow from financial activities | | |
| Cash paid by minority interest | | |
| Dividends and tantjemes paid | -63 | -896 |
| Proceeds from loans and borrowings | | 108.592 |
| Repayments from loans and borrowings | | |
| Payment of finance lease liabilities | -952.733 | -1.258.492 |
| Interest paid | -999.110 | -924.171 |
| Net cash from (used in) financing activities | -1.951.906 | -2.074.967 |
| Increase (decrease) in net cash flow | -9.793.194 | -6.180.117 |
| 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 | 46.346.373 | 50.963.289 |

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 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 reappraisal reserve | | | -194.392 | | | 194.392 | | -1.146 | -1.146 |
| Net profit (loss) for 2009 | | | | | | 105.713 | 105.713 | -891.755 | -786.042 |
| Dividend | | | | | | | | | 0 |
| Legal reserves formed | | | | | | | | | 0 |
| Currency rate change | | | | | 376.136 | | 376.136 | | 376.136 |
| | | | | | | | | | 0 |
| Balance as of 31 March 2009 | 16.350.000 | 0 | 10.258.384 | 2.003.361 | 1.057.910 | 83.144.176 | 112.813.831 | 3.652.601 | 116.466.432 |
| 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 reappraisal reserve | | | -194.391 | | | 194.392 | 1 | | 1 |
| Net profit (loss) for 2010 | | | | | | 606.103 | 606.103 | -182.828 | 423.275 |
| Dividend | | | | | | | | | 0 |
| Influence of currency rate change | | | | | -408.150 | | -408.150 | -61.106 | -469.256 |
| Reserves formed | | | | | | | | | 0 |
| Company transfer | | | | | | | | | 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 |

Panevėžio statybos trestas AB Interim Financial Statement for 3 months of 2010

Company
In Litas

| | Authorised capital | Share premium | FA revaluation | Financial reserve | Legal reserve | Other reserves | Deferred result | Total |
|--|-----------------------|------------------|-------------------|----------------------|------------------|-------------------|--------------------|-------------|
| Balance as for 31 December 2008 | 16.350.000 | | 9.705.028 | | 1.635.030 | | 93.372.055 | 121.062.113 |
| Net profit (loss) 2009 unrecognised | | | -175.293 | | | | 175.293 | 0 |
| Net profit (loss) 2009 | | | | | | | 1.614.829 | 1.614.829 |
| Reserves formed | | | | | | | | 0 |
| Balance as for 31 March 2009 | 16.350.000 | 0 | 9.529.735 | 0 | 1.635.030 | 0 | 95.162.177 | 122.676.942 |
| 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 unrecognised | | | -175.293 | | | | 175.293 | 0 |
| Net profit (loss) 2010 | | | | | | | 472.755 | 472.755 |
| Dividend | | | | | | | | 0 |
| Balance as of 31 March 2010 | 16.350.000 | 0 | 9.540.301 | 0 | 1.635.030 | 0 | 97.679.205 | 125.204.536 |

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 December 2008 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 2010 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> 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 |
| 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 | 100 | Konstitucijos Ave. 7, |

| | sales | | 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 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 March 2010 | 31 Dec. 2009 |
|----------|---------------|--------------|
| 1 EUR | 3.4528 | 3.4528 |
| 10 RUB | 0.86978 | 0.79465 |

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.

Loans

On 31 March 2010 *PST investicijos* UAB Company Group had bank credits amounting 37,630,171 Litas. The interest rate of the credits is 1-6 months Vilibor + 1.1 – 1.85%.

Guarantees, Sureties

On 31 March 2010 the warranty deeds granted by credit institutions for the liabilities of *Panevėžio statybos trestas AB* amounted 18,540,509 Litas.

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.

Significant Changes in the Interim Financial Statement during the Reporting Period

There were no significant changes in the financial statements for the first quarter of 2010.

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

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31 March 2010 | 31 March 2009 | 31 March 2010 | 31 March 2009 |
| Income | 26150 | 50471 | 20234 | 44458 |
| Cost price | 22772 | 42652 | 18209 | 37878 |
| Gross profit | 3378 | 7819 | 2024 | 6580 |
| Gross profit margin (per cent) | 12.92 | 15.49 | 10.00 | 14.80 |
| Net profit margin (per cent) | 1.62 | -1.56 | 2.34 | 3.63 |
| Earnings before taxes and interest, EBIT (thousands Lit) | 1813 | 452 | 725 | 2341 |
| Earnings before taxes, interest, depreciation and amortisation EBITDA (thousands Lit) | 3572 | 2428 | 2242 | 4014 |
| Profit per one share (Lit) | 0.04 | 0.01 | 0.03 | 0.10 |
| Return on equity (per cent) (ROE) | 0.42 | -0.70 | 0.38 | 1.32 |
| Return on assets (ROA) | 0.21 | -0.32 | 0.28 | 0.82 |
| Return on investment (ROI) | 0.38 | -0.57 | 0.36 | 1.21 |
| Current liquidity ratio | 1.82 | 1.90 | 2.53 | 2.15 |
| Book value of a share | 6.14 | 7.12 | 7.66 | 7.50 |
| Share price/book value ratio (P/BV) | 0.67 | 0.20 | 0.54 | 0.19 |