

PANEVĖŽIO STATYBOS TRESTAS AB

CONSOLIDATED INTERIM FINANCIAL STATEMENT

for three months of 2014

30 May 2014

Panevėžys

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and Company Financial Statements for the Quarter Ending 31 March 2014

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 Statements for three months of 2014 made in accordance with the International Financial Reporting Standards is true and shows the assets, liabilities, financial state, and profit or loss and cash flow 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

Main data about the issuer

Name of issuer	Public limited liability company <i>Panevėžio statybos trestas</i>
Authorized capital	16,350,000 Litas
Address of registered office	P. Puzino Str. 1, LT-35173 Panevėžys, Lithuania
Telephone	(+370 45) 505 503
Fax	(+370 45) 505 520
E-mail	pst@pst.lt
Legal-organization form	Public limited liability company
Registration date and place	30 October 1993, Panevėžys City Department
Registration No.	AB 9376
Code at the register of enterprises	147732969
VAT code	LT477329610
Administrator of legal entity register	State Enterprise Centre of Registers
Web address	www.pst.lt

Board

Remigijus Juodviršis, Chairman

Artūras Bučas

Gvidas Drobūžas

Irma Abromavičienė

Vilius Gražys

Management

Dalius Gesevičius, Managing Director

Separate statement of financial position

In Litas

ASSETS	31 March 2014	31 Dec. 2013
Non-current assets	56,490,575	66,203,447
Intangible assets	190,922	130,408
Tangible assets	16,277,098	16,044,567
Investment and amounts receivable in one year	39,283,203	49,292,806
Deferred tax assets	739,352	735,666
Current assets	128,508,927	119,230,399
Inventories	3,845,407	2,541,914
Advance payments	1,341,844	3,907,464
Amounts receivable	49,627,553	41,678,743
Other current assets	46,268,310	22,909,853
Cash and cash equivalents	27,425,813	48,192,425
TOTAL ASSETS	184,999,502	185,433,846

EQUITY AND LIABILITIES	31 March 2014	31 Dec. 2013
Equity	133,328,522	132,604,938
Share capital	16,350,000	16,350,000
Reserves	7,369,337	7,517,140
Retained profit (loss)	109,609,185	108,737,798
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	51,670,980	52,828,908
Amounts payable in one year and long term liabilities	2,413,325	2,335,947
Loans and borrowings		
Warranty provision	1,401,389	1,297,928
Deferred tax liabilities	1,011,936	1,038,019
Amounts payable in one year and short term liabilities	49,257,655	50,492,961
Loans and borrowings		
Trade payables	22,969,868	17,953,077
Prepayments received	18,349,191	24,530,030
Current tax payable	647,467	387,685
Other liabilities	7,291,129	7,622,169
TOTAL EQUITY AND LIABILITIES:	184,999,502	185,433,846

Consolidated statement of financial position

In Litas

ASSETS	31 March 2014	31 Dec. 2013
Non-current assets	49,334 742	47 834 935
Intangible assets	527 976	489 792
Tangible non-current assets	24,532 400	23 783 810
Investment assets	20,319 031	20 319 031
Other investment and amounts receivable in one year	177 336	193 694
Other intangible assets	3,777 999	3 048 608
Current assets	178,929 025	184 588 792
Inventories	48,047 974	46 398 887
Advance payments	6,338 779	8 746 618
Amounts receivable	70,399 963	59 028 118
Other assets	19,519 513	11 725 373
Cash and cash equivalents	34,622 796	58 689 796
TOTAL ASSETS:	228,263 767	232 423 727

EQUITY AND LIABILITIES	31 March 2014	31 Dec. 2013
Equity	121,341,145	120,202,384
Share capital	16,350,000	16,350,000
Reserves	9,302,290	9,461,106
Retained profit (loss)	94,111,923	93,407,957
Translation reserve	1,576,932	983,321
Minority share	4,276,753	4,351,600
Amounts payable and liabilities	102,645,869	107,869,743
Amounts payable in one year and long term liabilities	19,021,050	19,223,413
Loans and borrowings	14,186,951	13,590,812
Provisions	2,307,737	2,191,516
Deferred tax liabilities	2,193,456	2,348,801
Grants and subsidies	104,573	112,802
Other payable amounts	228,333	979,482
Amounts payable in one year and short term liabilities	83,624,819	88,646,330
Loans and borrowings	15,928,835	14,755,613
Trade payables	35,261,654	30,323,167
Prepayments received	19,353,181	25,718,989
Current tax payable	903,586	524,412
Other liabilities	12,177,563	17,324,149
TOTAL EQUITY AND LIABILITIES:	228,263,767	232,423,727

Separate statement of comprehensive income

In Litas

ITEM	31 March 2014	31 March 2013
SALE	40,199,857	45,350,879
COST OF SALE	35,847,317	44,159,020
GROSS PROFIT (LOSS)	4,352,540	1,191,859
OPERATING EXPENSES	2,637,421	2,781,360
Sale	95,056	65,158
General and administration	2,542,365	2,716,202
TYPICAL OPERATING PROFIT (LOSS)	1,715,119	-1,589,501
OTHER ACTIVITIES	-59,248	143,448
Income	236,574	441,756
Expenses	295,822	298,308
FINANCIAL AND INVESTMENT ACTIVITIES	-715,895	647,553
Income	311,003	719,566
Expenses	1,026,898	72,013
USUAL ACTIVITY PROFIT (LOSS)	939,976	-798,500
WINDFALL PROFIT		
LOSSES		
PROFIT (LOSS) BEFORE TAXATION	939,976	-798,500
PROFIT TAX	205,147	500,101
NET PROFIT (LOSS)	734,829	-1,298,601

Consolidated statement of comprehensive income

In Litas

ITEM	31 March 2014	31 March 2013
SALE	60,799,586	64,244,215
COST OF SALE	52,098,689	60,661,359
GROSS PROFIT (LOSS)	8,700,897	3,582,856
OPERATING EXPENSES	4,714,359	5,303,705
Sale	425,897	230,194
General and administration	4,288,462	5,073,511
TYPICAL OPERATING PROFIT (LOSS)	3,986,538	-1,720,849
OTHER ACTIVITIES	290,940	82,839
Income	913,135	416,720
Expenses	622,195	333,881
FINANCIAL AND INVESTMENT ACTIVITIES	-4,866,884	568,559
Income from other financial activities	37,759	747,937
Other expenses of financial activities	4,904,643	179,378
USUAL ACTIVITY PROFIT (LOSS)	-589,406	-1,069,451
WINDFALL PROFIT		
LOSSES		
PROFIT (LOSS) BEFORE TAXATION	-589,406	-1,069,451
PROFIT TAX	-687,389	437,477
NET PROFIT (LOSS)	97,983	-1,506,928
ATTRIBUTABLE TO SHAREHOLDERS	556,395	-1,273,670
ATTRIBUTABLE TO MINORITY INTEREST	-458,412	-233,258

Separate statement of changes in equity

In Litas

	Authorized capital	Non-current tangible asset revaluation reserve	Legal reserve	Deferred result	Total
Balance as of 1 January 2013	16,350,000	5,328,370	1,635,030	108,555,020	131,868,420
Unrecognised net profit (loss) for 2013		-66,630		66,630	0
Net profit (loss) for 2013				-1,298,601	-1,298,601
Balance as of 31 March 2013	16,350,000	5,261,740	1,635,030	107,323,049	130,569,819
Balance as of 31 December 2013	16,350,000	5,882,110	1,635,030	108,737,798	132,604,938
Non-current tangible asset revaluation		-11,245			-11,245
Unrecognized net profit (loss) for 2014		-136,558		136,558	0
Net profit (loss) for 2014				734,829	734,829
Balance as of 31 March 2014	16,350,000	5,734,307	1,635,030	109,609,185	133,328,522

Consolidated statement of changes in equity

In Litas

	Authorized capital	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 2013	16,350,000	5,909,097	2,050,013	200,429	91,510,925	116,020,464	4,940,669	120,961,133
Decrease in revaluation reserve		-78,958			78,958	0		0
Net profit (loss) for 2013					-1,273,670	-1,273,670	-233,258	-1,506,928
Currency rate change				-174,439		-174,439	-28,353	-202,792
Balance as of 31 March 2013	16,350,000	5,830,139	2,050,013	25,990	90,316,213	114,572,355	4,679,058	119,251,413
Balance as of 31 December 2013	16,350,000	7,394,717	2,066,389	983,321	93,407,957	120,202,384	4,351,600	124,553,984
Decrease in revaluation reserve		-147,571			147,571	0		0
Non-current tangible asset revaluation		-11,245				-11,245		-11,245
Net profit (loss) for 2014					556,395	556,395	-458,412	97,983
Currency rate change				593,611		593,611	383,565	977,176
Balance as of 31 March 2014	16,350,000	7,235,901	2,066,389	1,576,932	94,111,923	121,341,145	4,276,753	125,617,898

Separate statement of cash flows

In Litas

	Jan. through March 2014	Jan. through March 2013
Cash flow from operating activities		
Net profit (loss)	734,829	-1,298,601
Depreciation and amortization costs	657,246	730,680
(Profit) loss from transfer of long term assets	37,594	-141,582
Income tax expense	205,147	500,101
	<u>1,634,816</u>	<u>-209,402</u>
Change in inventories	-1,303,493	4,823,900
Changes in trade receivables	-7,948,810	-3,562,903
Change in prepayments	2,565,620	1,109,647
Change in amounts receivable after one year	98,722	-779,583
Change in other assets	-7,316,269	92,521
Change in trade payables	5,016,791	-9,284,533
Change in prepayments received	-6,180,839	6,030,258
Change in provisions and other liabilities	-60,678	-25,100
	<u>-13,494,140</u>	<u>-1,805,195</u>
Income tax paid	0	-163,666
Net cash from operating activities	<u>-13,494,140</u>	<u>-1,968,861</u>
Cash flow from investing activities		
Acquisition of long term assets (excl. investment)	-1,055,945	-165,337
Transfer of long term assets (excl. investment)	68,060	168,416
Acquisition of investments	-22,210	0
Loans issued	-8,577,614	663,019
Loans recovered	2,334,133	983,204
Dividends and interest received	12,035	0
Net cash used in investing activities	<u>-7,241,541</u>	<u>1,649,302</u>
Cash flow from financial activities		
Dividends paid	-2,255	0
Getting loans and borrowings	3,729	0
Repayments from loans and borrowings	-3,729	0
Payment of finance lease liabilities		-295,650
Interest paid	-28,676	-71,694
Net cash from (used in) financing activities	<u>-30,931</u>	<u>-367,344</u>
Increase (decrease) in net cash flow	<u>-20,766,612</u>	<u>-686,903</u>
Cash and its equivalent at the beginning of the period	48,192,425	17,892,250
Cash and its equivalent at the end of the period	<u><u>27,425,813</u></u>	<u><u>17,205,347</u></u>

Consolidated statement of cash flows

In Litas

	Jan. through March 2014	Jan. through March 2013
Cash flow from operating activities		
Net profit (loss)	97,983	-1,506,928
Elimination of other non-monetary items		
Depreciation and amortization costs	874,489	935,644
Other non-monetary items	-979,189	-523,603
	-6,717	-1,094,887
Change in inventories	-1,649,087	5,320,584
Change in amounts receivable	-11,371,845	1,084,924
Change in prepayments	2,407,839	3,956,532
Change in other assets	-7,756,701	81,835
Change in trade payables	4,938,487	-6,812,304
Change in prepayments received	-6,365,808	-514,454
Change in provisions and other liabilities	-5,362,231	-1,946,948
	-25,166,063	75,282
Elimination of results from financial and investing activities	969,857	-37,934
Net cash from operating activities	-24,196,206	37,348
Cash flow from investing activities		
Acquisition of non-current assets (except investments)	-1,369,821	-361,904
Transfer of non-current assets (except investments)	839,889	170,378
Acquisition of non-current investments	-22,210	0
Loans issued	0	0
Loans recovered	1,129	4,129
Dividends and interest received	37,759	27,616
Net cash used in investing activities	-513,254	-159,781
Cash flow from financial activities		
Dividends paid	-2,255	0
Proceeds from loans and borrowings	1,630,824	1,774,399
Repayments from loans and borrowings	-221,876	0
Payment of finance lease liabilities	-379,925	-108,003
Interest paid	-384,308	-168,120
Net cash from (used in) financing activities	642,460	1,498,276
Increase (decrease) in net cash flow	-24,067,000	1,375,843
Cash and cash equivalent in the beginning of the period	58,689,796	23,574,500
Cash and cash equivalent at the end of the period	34,622,796	24,950,343

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.

The Company comprises the following branches: *Gerbusta*, *Pastatų apdaila*, *Genranga* and *Klaipstata*. These branches 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 Cherepovets, a branch in Kaliningrad and permanent establishments in Latvia and the Kingdom of Sweden. 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 2014, the Group includes the parent company and 11 subsidiaries:

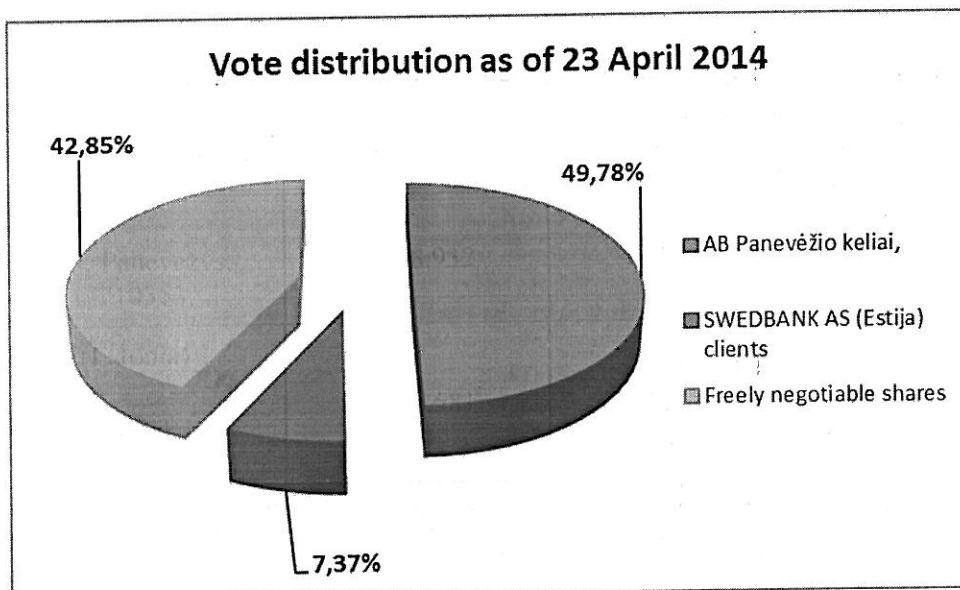
Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
<i>Skydmedis</i> UAB	Construction: panel houses	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai</i> UAB	Construction	100	Tinklų Str. 7, Panevėžys, Tel. +370 45 464677
<i>Vekada</i> UAB	Construction: electrical installation	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Panevėžio statybos trestas AB and partner's Vilniaus papėdė</i> TŪB	Real estate development	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita</i> UAB	Construction: conditioning equipment	100	Tinklų Str. 7, Panevėžys Tel.+370 45 467630
KINGSBUD Sp.zo.o.	Intermediation services	100	A. Patli 16-400, Suwalki, Poland

<i>PS TRESTS SIA</i>	Construction	100	Vietalvas Str. 5, Riga
<i>BALTILSTROIJ OOO</i>	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
<i>Teritorija OOO</i>	Real estate development	87,5	Lunacharskovo Lane 43-27, Cherepovets Vologda County
<i>PST Nordic AB</i>	Construction	100	Krossgatan 25 162 50 Vällingby Stockholm County
<i>PST Investicijos UAB</i>	Real estate development	68	Verkių Str. 25C, Vilnius Tel.: +370 5 2728213
<u>Subsidiaries of PST investicijos UAB:</u>			
<i>Ateities projektai UAB</i>	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Šeškinės projektai UAB</i>	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Sakališkės UAB</i>	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Kauno erdvė UAB</i>	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Verkių projektas UAB</i>	Real estate development	100	Verkių Str. 25C, Vilnius
<i>ISK Baltevro market ZAO</i>	Real estate development	100	Pobeda Square 10, Kaliningrad

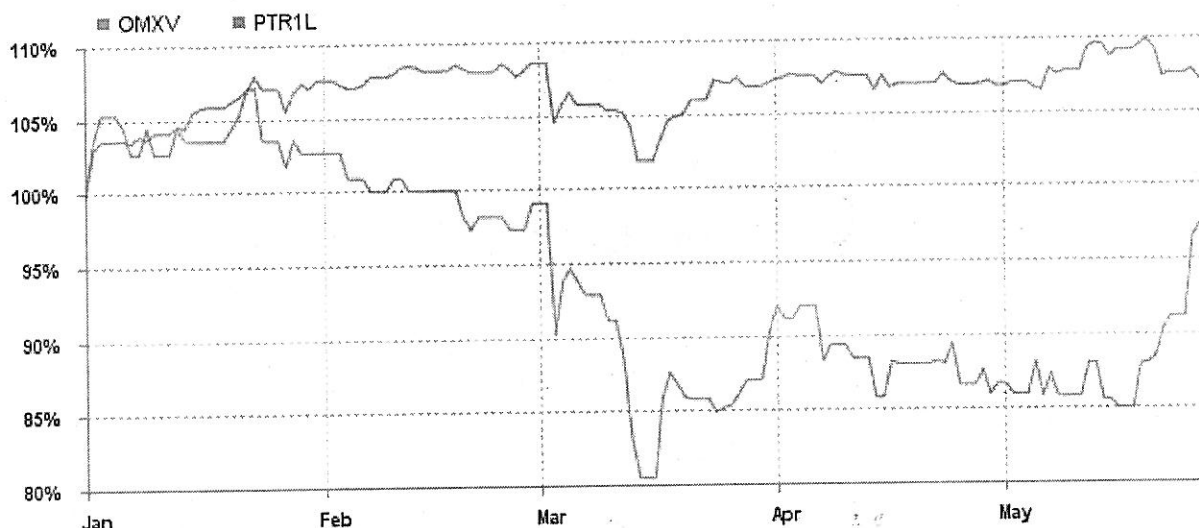
Authorized capital of the company and its structure

As of 31 March 2013, the authorized capital of the Company was 16,350,000 Litass, it was divided into 16,350,000 ordinary registered shares (hereinafter referred to as ORS), the par value of one share being 1.00 Litass. All shares are intangible and fully paid. The property right for the shares is proved by the record in the stock accounts. The shares of *Panevėžio statybos trestas AB* are traded at the Vilnius Stock Exchange. On 23 April 2014 the total number of the shareholders was 2007. The shareholders who under the ownership right held or controlled more than 5 per cents of the authorized capital of the Company are as follows:

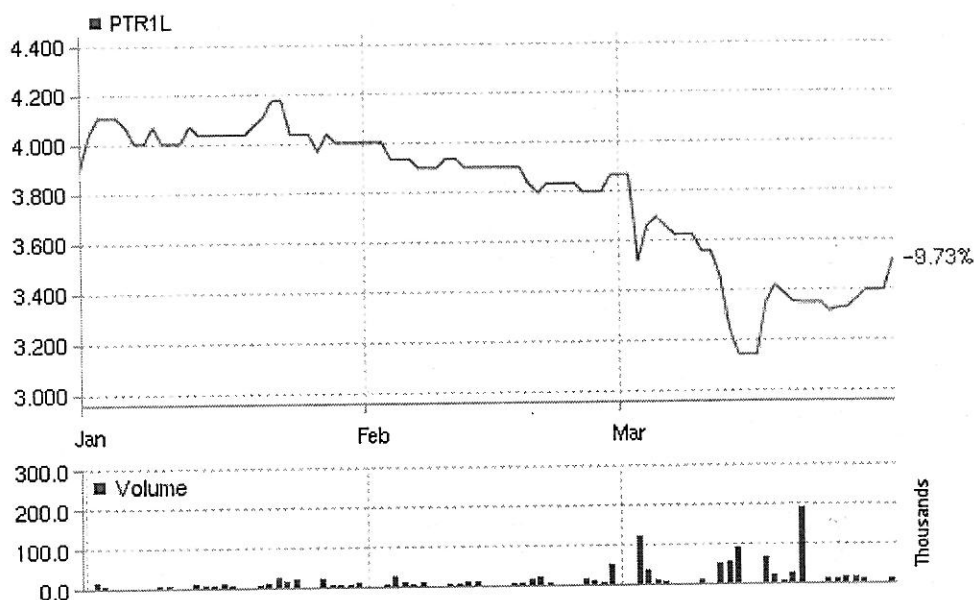
Name, surname of a shareholder (company name, type, headquarter address, company code)	Number of ordinary registered shares held by a shareholder under ownership right (pcs.)	Share of the authorized capital held (%)	Portion of votes granted by the shares held under the ownership right (%)	Portion of votes owned by the shareholder along with acting persons (%)
Panevėžio keliai AB S. Kerbedžio Str. 7, Panevėžys, Company code: 147710353	8,138,932	49.78	49.78	---
SWEDBANK AS (Estonia) CLIENTS Liivalaia 8, Tallin Estonia 10060701	1,204,581	7.37	7.37	---
Freely negotiable shares	7,006,487	42.85	42.85	---



Changes in Panevėžio statybos trestas AB and OMX Baltic Benchmark GI indexes for January through March 2014



Variation in price of the company shares at the Stock Exchange for January through March 2014 (in Litas)



<i>Last price 31 Dec. 2013</i>	<i>Average price for Jan. through March</i>	<i>Highest price for Jan. through March</i>	<i>Lowest price for Jan. through March</i>	<i>Last price 31 March 2014</i>
3.902 Litas	3.597 Litas	4.212 Litas	3.108 Litas	3.522 Litas

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 the annual financial statement.

The following currency rates were used when preparing the interim financial statement:

Currency	31 March 2014	31 March 2013
1 EUR	3.4528	3.4528
100 RUB	7.0360	8.6984
10 PLN	8.2782	8.2451

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

During the first quarter of the year 2014, the investments of the Group in acquisition of non-current assets amounted to 2,061,821 Litai: *Panevėžio statybos trestas AB* acquired non-current assets for 1,004,946 Litai. During the first quarter of year 2014 the costs related to depreciation and amortization of assets of the Group amounted to 874,489 Litai, including 657,246 Litai accounted for in the Financial Statement of *Panevėžio statybos trestas AB*.

Loans

As of 31 March 2014, the loans of the Company Group of *PST investicijos UAB* amounted to 27,852,454 Litai including short and long term bank credits totaling 23,240,574 Litai.

Guarantees, sureties

As of 31 March 2014 the guarantees of the liabilities of *Panevėžio statybos trestas AB* by credit institutions amounted to 6,680,515 Litai, 4,701,385 Litai of which were issued performance guarantees.

Transactions with associated parties

There were no significant transactions made with any associated parties.

Dividends

The Annual General Meeting of the Shareholders of *Panevėžio statybos trestas AB* that took place on 30 April 2014 took the decision to pay no dividends.

Significant changes in the interim financial statement during the reporting period

Referring to the unaudited data, during three months of 2014 the Group of *Panevėžio statybos trestas AB* (PST) was on the income of 60.8 mln. and had the net profit in the amount of 98 thousand Litas. Though typical operating profit amounts to 4 mln. Litas, the loss of 4.5 mln. Litas due to drop in the exchange rate of the Russian Rouble had negative effect on the net profit.

The performance results of Panevėžio statybos trestas AB Group and the Company (in thousands Litas):

	Group			Company		
	31 March 2012	31 March 2013	31 March 2014	31 March 2012	31 March 2013	31 March 2014
<i>Income</i>	44,876	64,244	60,800	40,466	45,351	40,200
<i>Gross profit</i>	-824	3,583	8,701	2,372	1,192	4,353
<i>Gross profit margin (per cent)</i>	-1.84	5.58	14.31	5.86	2.63	10.83
<i>Net profit</i>	-4,044	-1,507	98	274	-1,299	735
<i>Nets profit margin (per cent)</i>	-9.01	-2.35	0.16	0.68	-2.86	1.83
<i>Profit per share (Litas)</i>	-0.26	-0.09	0.006	0.02	-0.08	0.05
<i>Profit before taxes, interest, depreciation and amortization EBITDA</i>	-1.840	34	669	1.917	4	1.626
<i>EBITDA margin (per cent)</i>	-4.10	0.05	1.10	4.74	0.01	4.04
<i>Return on equity (per cent) (ROE)</i>	-3.78	-1.32	0.08	0.21	-0.99	0.55
<i>Return on assets or asset profitability (ROA)</i>	-1.95	0.67	0.04	0.14	-0.66	0.40
<i>Return on investments (ROI)</i>	-3.43	-1.12	0.07	0.21	-0.98	0.54
<i>Current liquidity ratio</i>	1.87	2.03	2.14	1.91	2.11	2.61
<i>Acid test (Quick) ratio</i>	1.20	1.44	1.57	1.59	2.04	2.53
<i>General liquidity ratio</i>	1.12	1.07	1.18	2.14	1.99	2.58
<i>Asset to equity ratio</i>	0.52	0.51	0.53	0.68	0.67	0.72
<i>Book value per share</i>	6.55	7.01	7.42	7.99	7.99	8.15
<i>Ratio of share price and profit (P/E)</i>	-16.7	-42.7	587.7	255.8	-49.6	78.4
<i>Ratio of share price and book value (P/BV)</i>	0.65	0.56	0.47	0.54	0.49	0.43