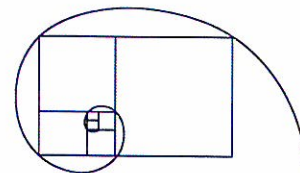


# ***PANEVĖŽIO STATYBOS TRESTAS AB***

## **Consolidated Interim Financial Statement and Consolidated Interim Report for Six Months of 2014**

**29 August 2014**

**Panevėžys**



## STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that based on the information available to us, the interim financial statement of the company and the group provided for the six months of the year 2014 made in accordance with the International Financial Reporting Standards is true and shows the assets, liabilities, financial state, profit or loss and cash flows of *Panevėžio statybos trestas* AB and the Group of *Panevėžio statybos trestas* AB in a correct manner, and that the review of business development and performance is indicated correctly in the interim report.

Dalius Gesevičius  
Managing Director  
*Panevėžio statybos trestas* AB

Dalė Bernotaitienė  
Finance Director  
*Panevėžio statybos trestas* AB

## 1. Reporting period

The consolidated interim report has been prepared for six months of the year 2014 expired on 30 June 2014.

## 2. 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

## 3. Character of the main activity of the issuer

The main area of activity of the Company and its subsidiaries (the Group) is designing and construction of buildings, constructions, installations and communications of various purposes both in and outside Lithuania, real estate development.

#### 4. Information on the Group

As of 30 June 2014, the Group of *Panevėžio statybos trestas AB* consists of the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
<i>Skydmedis UAB</i>	Construction: panel houses	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai UAB</i>	Construction	100	Tinklų Str. 7, Panevėžys, Tel. +370 45 464677
<i>Vekada UAB</i>	Construction: electrical installation	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Panevėžio statybos trestas AB and partner's Vilniaus papėdė TŪB</i>	Real estate development	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita UAB</i>	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
<b><u>Subsidiaries of PST investicijos UAB:</u></b>			
<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 Baltevomarket ZAO</i>	Real estate development	100	Pobeda Square 10, Kaliningrad



### 5. Contracts with intermediaries in security public circulation

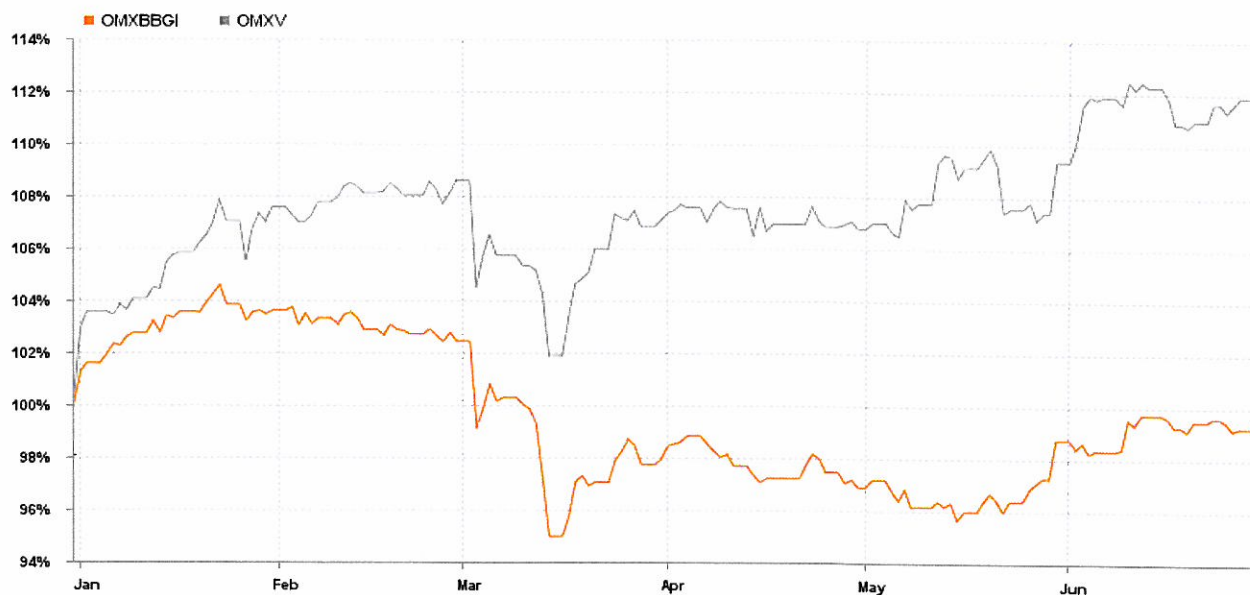
On 2 December 2013 after termination of the agreement with *DNB bankas*, AB *Panevėžio statybos trestas AB* signed the agreement for accounting for financial instruments with Financial Brokerage Company *Finasta AB*.

### 6. Data on trade in the securities of the issuer at the regulated markets

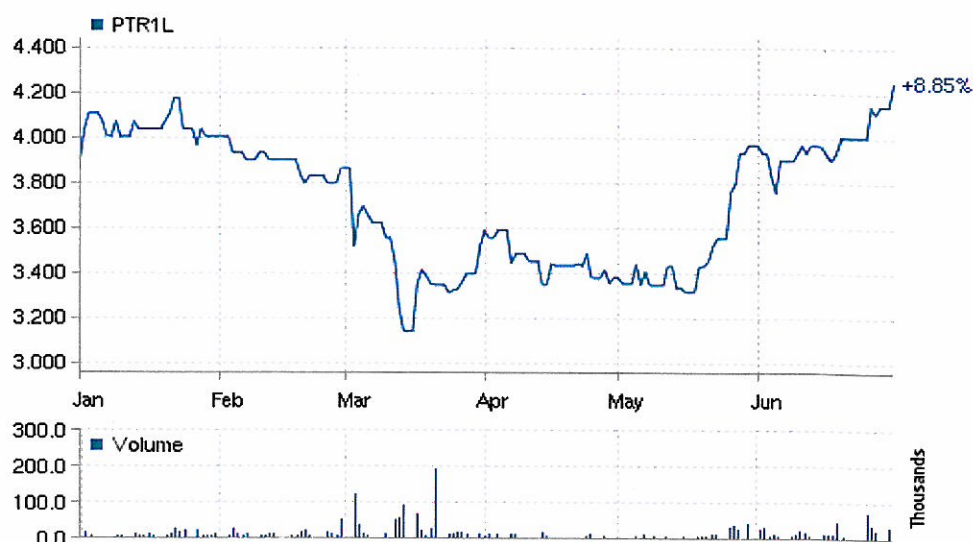
The ordinary registered shares of *Panevėžio statybos trestas AB*, 16 350 000 pcs., the par value of each being one Litas, have been included in the official list of the Vilnius Stock Exchange (VSE) since 13 July 2006.

Share type	Number of shares (pcs.)	Par value (Litas)	Total par value (Litas)	Emission code
Ordinary registered shares (ORS)	16 350 000	1	16 350 000	101446

### Changes in *Panevėžio statybos trestas AB* and *OMX Baltic Benchmark GI* indexes for the first half of 2014



**Variation in the price of the Company shares at the Stock Exchange for the first half of 2014 (Litas)**

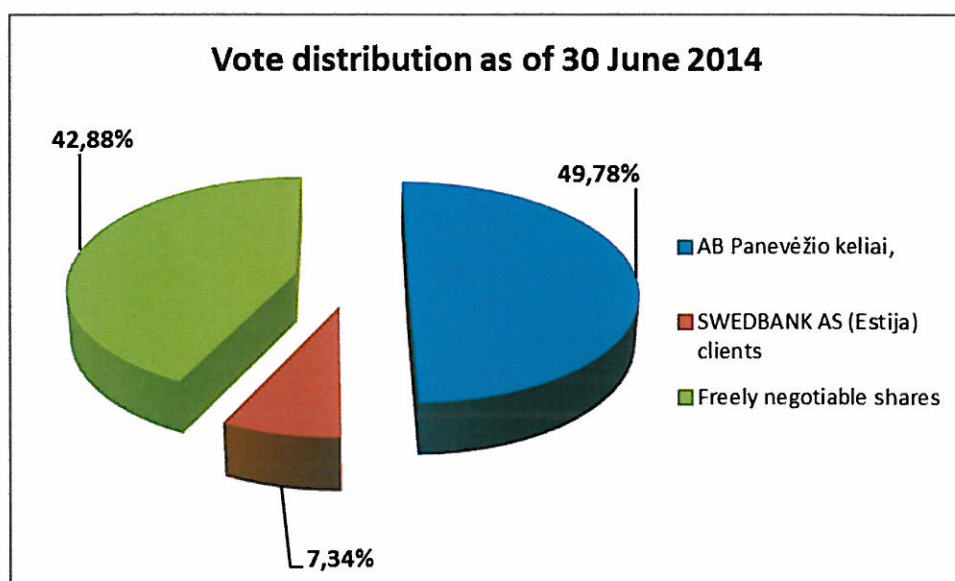


<i>Last price 30 June 2013</i>	<i>Average price for I half of 2014</i>	<i>Highest price for I half of 2014</i>	<i>Lowest price for I half of 2014</i>	<i>Last price 30 June 2014</i>
<i>3.94 Litas</i>	<i>3.68 Litas</i>	<i>4.25 Litas</i>	<i>3.11 Litas</i>	<i>4.25 Litas</i>

**7. Authorized capital of the Company and its structure**

As of 30 June 2014, the authorized capital of the Company is 16 350 000 Lit, it is divided into 16 350 000 ordinary registered shares (hereinafter referred to as ORS), the par value of one share being 1.00 Lit. 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 30 June 2014 the total number of the shareholders was 1954. The shareholders who under the ownership right hold or control more than 5 per cents of the authorized capital of the Company are as follows:

Full name 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 (%)
<i>Panevėžio keliai</i> AB S. Kerbedžio Str. 7, Panevėžys, Company code: 147710353	8 138 932	49.78	49.78	---
SWEDBANK AS (ESTONIA) clients Liivalaia 8, 15040 Tallinn, Estonia Company code: 10060701	1 200 473	7.34	7.34	---
Freely negotiable shares	7 010 595	42.88	42.88	---



Neither the Company nor any of its subsidiary companies or any other person who would act in his/her own name but in the favour and using the means of the Company has purchased any shares of the Company.

#### 8. Information on the performance results of the issuer

Referring to the unaudited data, during the first half of 2014 the Group of *Panevėžio statybos trestas* AB was on the income of 139.07 mln. Lit, that is by 5.8 per cents less than last year when the income of the Group amounted to 147.62 mln. Lit. For the first half of 2014 the net profit of the Group amounted to 5.6 mln. Lit, whereas for the first half of 2013 the Group had the loss in the amount of 2.94 mln. Lit.

Referring to the unaudited data, during the first half of 2014 *Panevėžio statybos trestas* AB was on the income of 100 mln. Lit, that is by 11 per cents less than last year. However, for the first



half of 2014 the net profit of the Company amounted to 4.8 mln. Litās, whereas for the first half of 2013 the Group had the loss in the amount of 1.1 mln. Litās.

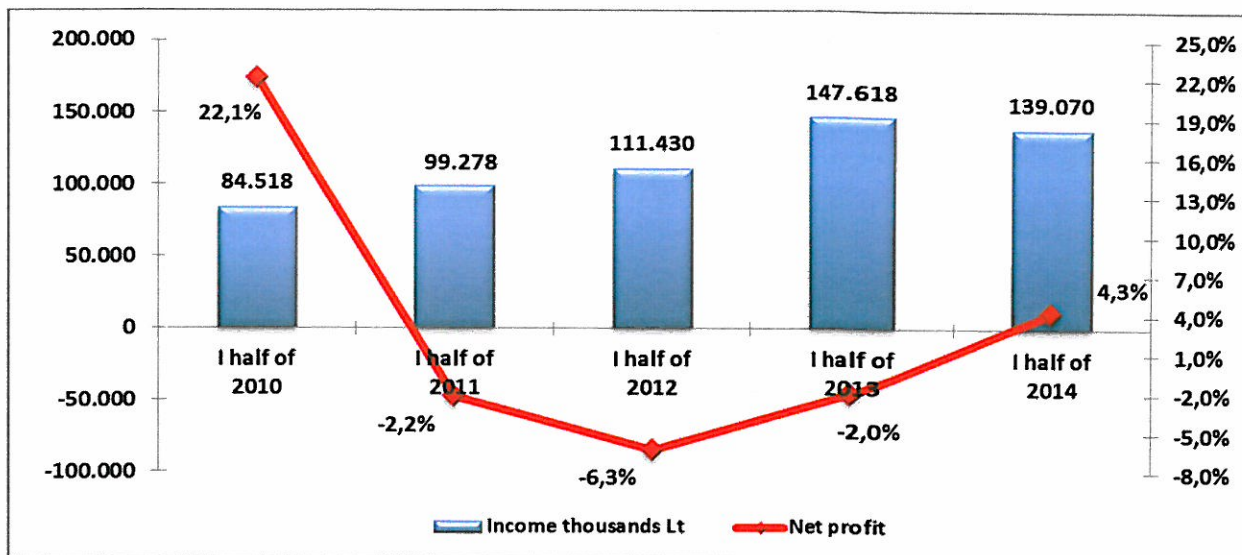
The net profit of the Company was conditioned by successful activities in the major projects: construction of Joint Centre for Life Sciences and Related Buildings at Saulėtekio Ave. 9, Vilnius, construction of Klaipėda City Head Police Headquarters and supplementary buildings (parking areas), construction of the Aviation Fuel Base (engineering infrastructure facilities, transportation lines – access roads, railway) at the Air Force Base of the Lithuanian Armed Forces (NATO project) in Šiauliai, construction of Sludge Treatment Plant in Tauragė.

*The performance results of Panevėžio statybos trestas AB Group and the Company are as follows (thousands Litās):*

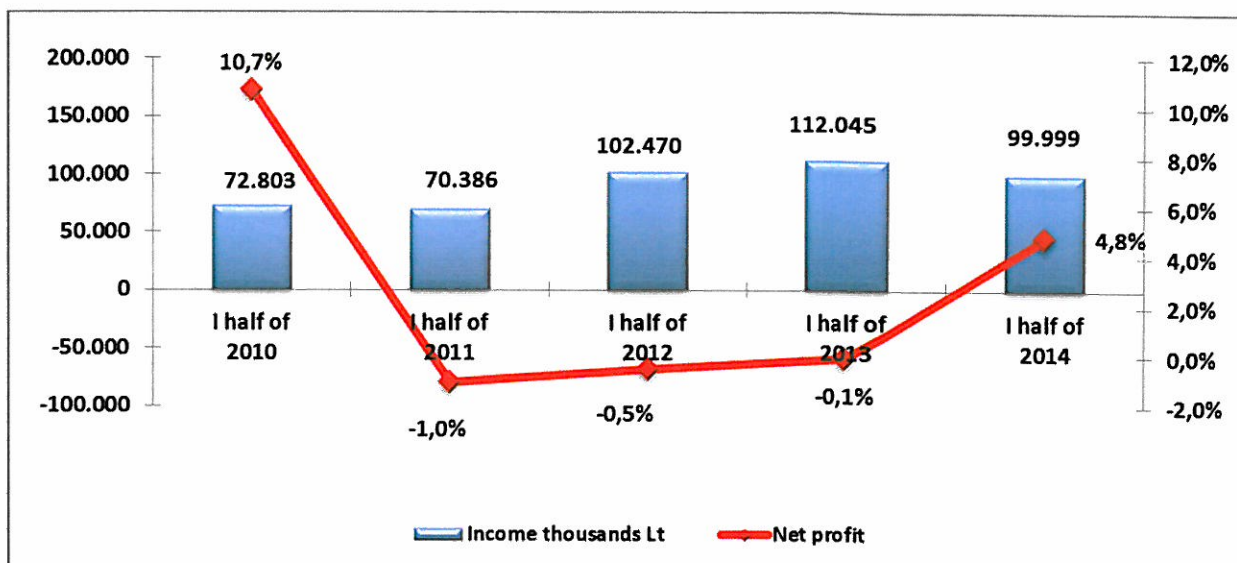
	Group			Company		
	<i>I half of 2012</i>	<i>I half of 2013</i>	<i>I half of 2014</i>	<i>I half of 2012</i>	<i>I half of 2013</i>	<i>I half of 2014</i>
<i>Income</i>	111 430	147 618	139 070	102 470	112 045	99 999
<i>Gross profit</i>	2 483	10 537	16 522	6 093	6 018	9 353
<i>Gross profit margin (per cent)</i>	2.23	7.14	9.45	5.95	5.37	9.35
<i>Net profit</i>	-7 032	-2 940	5 593	-522	-1 119	4 798
<i>Nets profit margin (per cent)</i>	-6.31	-1.99	4.02	-0.51	-1.00	4.8
<i>Profit per share (Litās)</i>	-0.41	-0.18	0.34	-0.03	-0.07	0.29
<i>Profit before taxes, interest, depreciation and amortization EBITDA</i>	-2 675	-1 330	8 542	3 207	458	6 952
<i>EBITDA margin (per cent)</i>	-2.40	-0.9	6.14	3.13	0.41	6.95
<i>Return on equity (per cent) (ROE)</i>	-6.69	-2.58	4.45	-0.40	-0.86	3.49
<i>Return on assets or asset profitability (ROA)</i>	-3.05	-1.37	2.30	-0.25	-0.60	2.46
<i>Return on investments (ROI)</i>	-6.07	-2.16	3.87	-0.40	-0.84	3.43
<i>Current liquidity ratio</i>	1.73	2.17	1.97	1.95	2.27	2.61
<i>Current liquidity ratio</i>	1.19	1.61	1.41	1.64	2.23	2.54
<i>General liquidity ratio</i>	0.86	1.19	1.12	1.74	2.28	2.39
<i>Asset to equity ratio</i>	0.46	0.53	0.52	0.63	0.70	0.7
<i>Book value per share</i>	6.43	6.98	7.69	7.94	7.97	8.4
<i>Ratio of share price and book value (P/BV)</i>	0.59	0.56	0.55	0.47	0.49	0.51



*Income and net profit variation for the Group:*



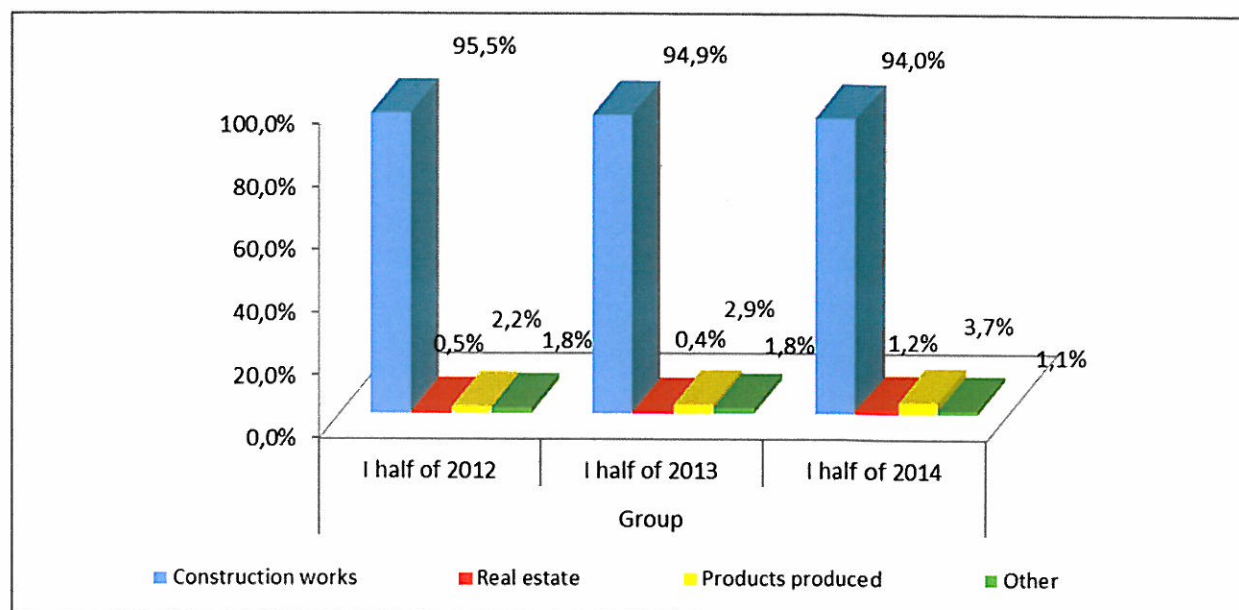
*Income and net profit variation for the Company:*



*Income by activity types:*

The operating income of the Company based on activity types is from building and erection activities. In the first half of 2014 the income from building and construction activities totalled 94%, the income from real estate amounted to 1.2%, made products amounted to 3.7% and other income amounted to 1.1%. In the first half of 2013 the income from building and construction activities totalled 94.9%, the income from real estate amounted to 0.4%, made products amounted to 2.29% and other income amounted to 1.8 %.

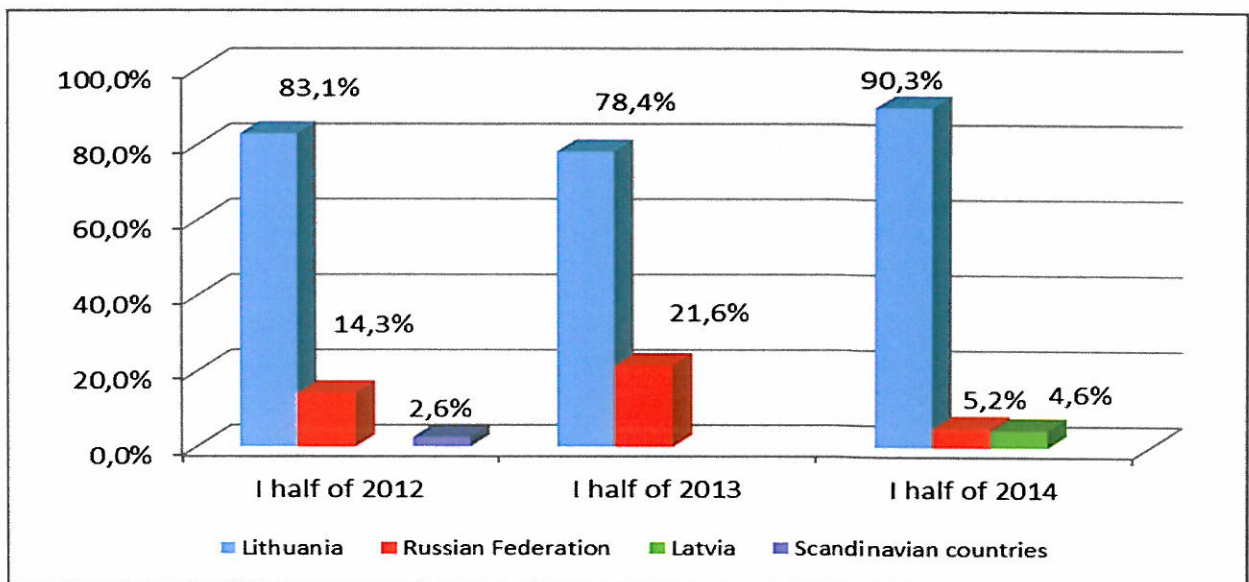
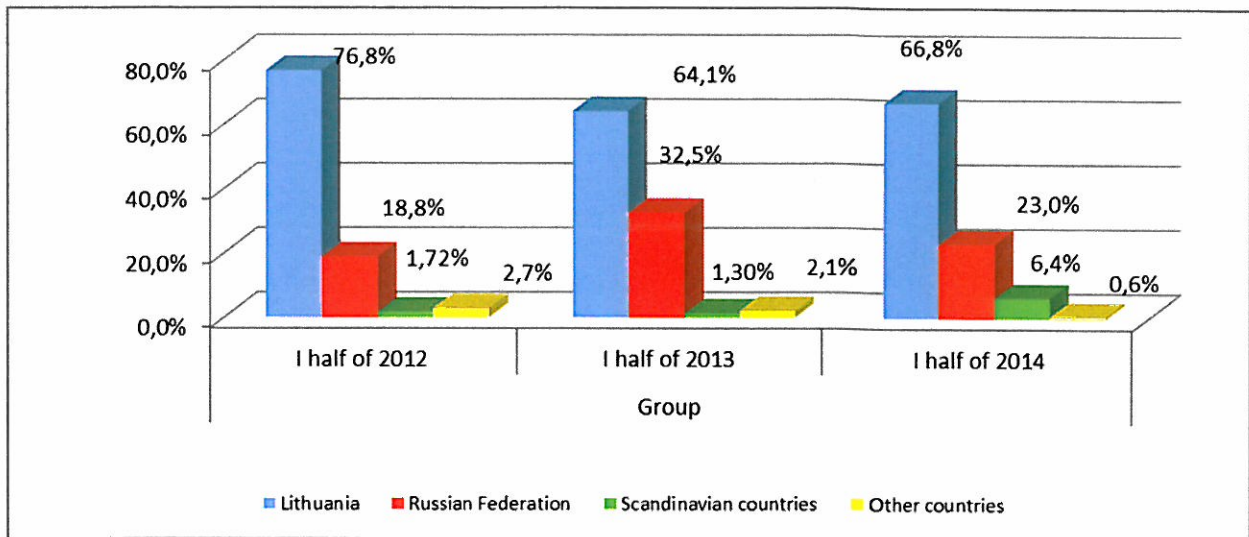
(mln. Litas)	Group			Company		
	I half of 2012	I half of 2013	I half of 2014	I half of 2012	I half of 2013	I half of 2014
Construction works	106.40	140.06	130.69	104.47	112.04	99.999
Real estate	0.52	0.65	1.64			
Products produced	2.47	4.22	5.15			
Other sale	2.03	2.69	1.59			



**Income by countries:**

(mln. Litas)	Group			Company		
	I half of 2012	I half of 2013	I half of 2014	I half of 2012	I half of 2013	I half of 2014
Lithuania	85.54	94.69	92.89	85.16	87.83	90.26
Russian Federation	20.94	47.98	31.93	14.62	24.22	5.16
Latvia			4.58			4.58
Scandinavian countries	1.92	1.92	8.86	2.70		
Other countries	3.03	3.03	0.82			

In the first half of 2014 the main activity of the Company was performed in Lithuania and made 90.3 % of all works carried out by the Company (78.4 % in the first half of 2013). The income of the Group from the works performed inside the country made 66.8 % of the income whereas in in the first half of 2013 it was 64.1 %.



**9. Essential events having taken place during the first six financial months of the year**

Panevėžio statybos trestas AB has signed the contract with Klaipeda University for designing and construction of a new dormitory. The total value of the contract amounts to approximately 10 mln. Litas. The project is going to be completed in 12 months.

The Company has signed the contract with Devold UAB regarding for the construction of a new textile factory in Panevėžys. The project value is about 39 mln. Litas and it is expected to be implemented in 12 months. The new factory, which will be equipped with modern geothermal heating system, will be located in Panevėžys FEZ in Janonio Street. The total area will be about 16 000 square meters.

Panevėžio statybos trestas AB has signed the contract with Ogyv UAB for reconstruction of the former hospital building complex to dwelling and office premises in Bokšto Street in Vilnius. The large - scope project the value of which amounts to tens of millions is expected to be



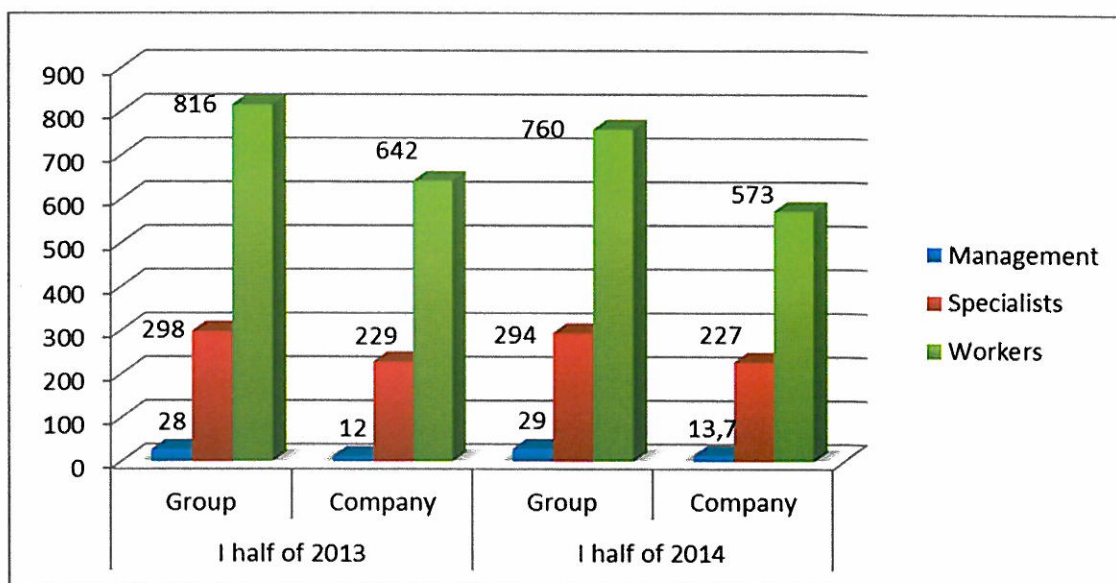
implemented in 3 years. Due to its historic and architectural value the building complex located in Vilnius old town is entered in the Lithuanian Register of Cultural Property.

On the 1st of August *Panevėžio statybos trestas* AB has started reorganisation and establishing branches. The specialised subdivisions will be reorganised to three branches: *Betonas*, *Konstrukcija* and *Stogas* where production capacities will be concentrated. Reorganisation of the Company is aimed at reducing operating costs and creating a more efficient performance model, which would ensure independent participation in the market for the branches of the company. It is expected that this will allow increasing performance efficiency, improving quality of the rendered services and achieving even better results.

### 10. Employees

During the first half of 2014, the average number of employees in *Panevėžio statybos trestas* AB Group was 1080 with 814 employees working for the Company.

Number of employees on payroll	I half of 2013		I half of 2014	
	Group	Company	Group	Company
Management	28	12	29	14
Specialists	298	229	294	227
Workers	816	642	760	573



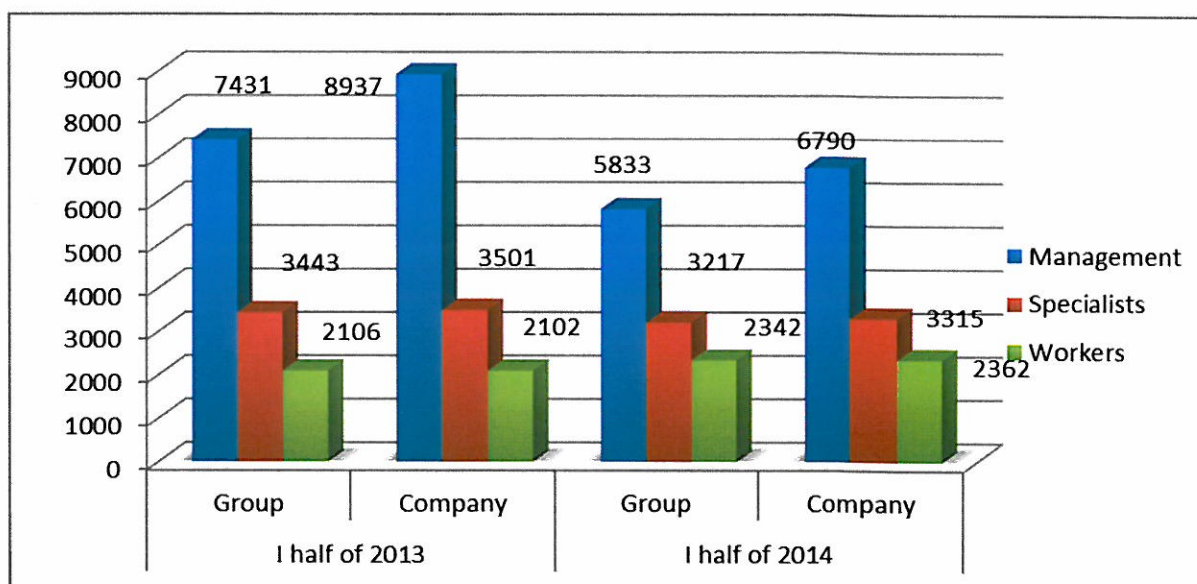


Employee grouping by education in *Panevėžio statybos trestas* AB Group:

Groups of employees	Payroll number	Higher university level education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Management	26	23	0	2	1	0
Specialists	297	232	11	44	9	1
Workers	792	44	17	198	439	94

Average gross wages:

Average salary/wage Litas	I half of 2013		I half of 2014	
	Group	Company	Group	Company
Management	7431	8937	5833	6790
Specialists	3443	3501	3217	3315
Workers	2106	2102	2342	2362



Employment agreements do not include any specific rights and obligations for employees or a part thereof.

### 11. Procedure for amendment of the Articles of Association of the issuer

The Articles of Association of the Company may be amended only by the General Meeting of the Shareholders by the qualified majority of votes that may not be less than 2/3 of all votes conferred by the shares held by the shareholders attending the meeting. The decision of the General Meeting of the shareholders regarding the amendment of the Articles of Association

shall be adopted in accordance with the procedure set forth in Article 27 or 30 of the Law on Companies of the Republic of Lithuania.

## 12. Bodies of the issuer

Referring to the Articles of Association of *Panevėžio statybos trestas* AB, the management bodies of the Company are the General Meeting of the Shareholders, the Board and the Managing Director. No Supervisory Board is formed in the company.

The power of the General Meeting of the Shareholders has no difference from the power of the General Meeting of the Shareholders set forth by the Law on Companies.

The Board of the Company consisting of five persons is elected by the General Meeting of the Shareholders for a period not longer than 4 years. At present the Board of the Company consists of four members. The procedure for election and withdrawal of a member of the Board has no difference from the procedure set forth by the Law on Companies.

The activities of the Board are managed by the Chairman of the Board. The Chairman of the Board is elected by the Board from the members of the Board.

The Board elects and removes from the office the manager of the Company – the Managing Director, fixes his salary, sets other terms of the employment contract, approves his job description, gives incentives and imposes penalties.

The manager of the Company is a single-person management body of the Company who organizes the current economic activities based on the authority granted.

### **The Board:**

REMIGIJUS JUODVIRŠIS – the Chairman of the Board. No membership in the capital of the company. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
<i>TERTIUS</i> UAB		704 638	80	80
<i>PANEVĖŽIO KELIAI</i> AB	Chairman of the Board	531 675	28.47	28.47
<i>LAUKTUVĖS JUMS</i> UAB	Chairman of the Board	11 069	50.15	50.15
<i>POKŠTAS</i> UAB		111	50	50
<i>KLOVAINIŲ SKALDA</i> AB		203 526	3.78	3.78
<i>GELBERA</i> UAB	Member of the Board	34	34	34
<i>KELTECHA</i> UAB	Member of the Board			
<i>EMULTEKA</i> UAB		14	14.0	14.0
<i>GUSTONIŲ ŽŪT</i> UAB	Member of the Board	1 085	50.28	50.28
<i>SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA</i> AB		21 490	9.29	9.29
<i>NAUJASIS UŽUPIS</i> UAB	Chairman of the Board			



<i>PST INVESTICIJOS UAB</i>	Member of the Board	16 407	4.4	4.4
<i>CONVESTUS UAB</i>	Chairman of the Board	50 000	50	50
<i>ALPROKA UAB</i>	Chairman of the Board			
<i>KAUNO TILTAI UAB</i>		492	0.31	0.31
<i>PANEVĖŽYS UAB</i>	Bankrupt	157 191	49.98	49.98

Term of office: November 2010 through November 2014

No previous convictions.

GVIDAS DROBUŽAS – the Member of the Board member. No membership in the capital of the company. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL,%	VOTES, %
<i>PANEVĖŽIO KELIAI AB</i>	Member of the Board	473 236	25.33	25.33
<i>LAUKTUVĖS JUMS UAB</i>	Member of the Board	11 001	49.85	49.85
<i>POKŠTAS UAB</i>	Director	111	50.0	50.0
<i>KLOVAINIŲ SKALDA AB</i>		203 129	3.77	3.77
<i>GELBERA UAB</i>	Member of the Board	34	34	34
<i>EMULTEKA UAB</i>		12	12.0	12.0
<i>GUSTONIŲ ŽŪT UAB</i>	Member of the Board	1 057	48.98	48.98
<i>PANEVĖŽYS UAB</i>	Bankrupt	157 225	49.98	49.98
<i>SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB</i>		21 470	9.28	9.28
<i>PST INVESTICIJOS UAB</i>	Chairman of the Board, Director	12 644	2.9	2.9
<i>CONVESTUS UAB</i>	President, Member of the Board	50 000	50	50
<i>ALPROKA UAB</i>	Member of the Board			
<i>KAUNO TILTAI UAB</i>		492	0.31	0.31
<i>IOCO UAB</i>	Director	100 000	100	100
<i>TETRIUS UAB</i>		176 159	20	20
<i>PANODEN UAB</i>	Member of the Board			

Term of office: November 2010 through November 2014

No previous convictions

IRMA ABRAMAVIČIENĖ – the Member of the Board. Membership in the capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL,%	VOTES, %
<i>CONVESTUS UAB</i>	Internal auditor	-	-	-
<i>PANEVĖŽIO KELIAI AB</i>	Member of the Board			
<i>PANODEN UAB</i>	Member of the Board			
<i>UKMERGĖS KELIAI UAB</i>	Member of the Board			

Terms of office: November 2010 through November 2014

No previous convictions

VILIUS GRAŽYS – the Member of the Board. No membership in the capital of the company.

Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
AKVALDA UAB		500	33.33	33.33
EMULTEKA UAB		11	11	11
BASS UAB		40	40	40
PANEVĖŽIO STATYBOS TRESTAS AB	Member of the Board			
PANEVĖŽIO KELIAI AB	Member of the Board	101 735	5.45	5.45

Terms of office: November 2010 through November 2014

No previous convictions

ARTŪRAS BUČAS – the Member of the Board. No membership in the capital of the company.

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
DVARČIONIŲ KERAMIKA AB	Shareholder	356	0.0036	0.0036
PANEVĖŽIO KELIAI AB	Member of the Board			

Terms of office: November 2010 through November 2014

No previous convictions

#### Administration:

DALIUS GESEVIČIUS – Head of the Company Administration, Managing Director. Holds 25 015 shares of the Company. University education (1984, Vilnius Civil Engineering Institute), construction engineer. No previous convictions.

DANGUOLĖ ŠIRVINSKIENĖ – Chief Accountant of the Company, Holds no shares of the Company. University education (1983, Lithuanian Agricultural Academy), qualification of accountant-economist. No previous convictions.

#### Audit committee:

Following Article 52 of the Law on Audit of the Republic of Lithuania, the General Meeting of Shareholders of *Panevėžio statybos trestas AB* elects the audit committee. The audit committee consists of three members one of them being independent. The term of office of the audit committee is one year. The continuous term of office of a committee member cannot exceed 12 years.



The duties of the audit committee are as follows:

- 1) to monitor the financial reporting process;
- 2) to monitor the effectiveness of the company's internal control, internal audit where applicable, and risk management systems;
- 3) to monitor the carrying out of audit;
- 4) to monitor the independence and objectivity of the auditor or audit firm.

The audit committee at *Panevėžio statybos trestas AB* consists of the following members:

Lina Ragelienė – Deputy Chief Accountant of *Panevėžio statybos trestas AB*. Holds no shares of the Company.

Regina Sukarevičienė – Economist of *Panevėžio statybos trestas AB*. Holds no shares of the Company.

Irena Kriaučiūnienė – Independent Auditor. Auditor of *IDG auditoriai UAB*. Holds no shares of the Company.

### 13. Information announced in public

Since the beginning of the year 2014 up to the day of this report presentation the Company announced the following information in public through the system of OMX Client News Service:

<i>Title of announcement</i>	<i>Category of announcement</i>	<i>Language</i>	<i>Date</i>
<i>Panevėžio statybos trestas AB Is under Reorganisation</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>1 Aug.2014</i>
<i>Panevėžio statybos trestas AB Will Reconstruct Former Hospital in Vilnius Old Town</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>16 July 2014</i>
<i>Panevėžio statybos trestas AB Will Build a New Factory in FEZ Territory of Panevezys</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>8 July 2014</i>
<i>Panevėžio statybos trestas AB Will Build a New Dormitory in Klaipeda</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>1 Julit 2014</i>
<i>Notification on the transactions in issuer's securities concluded by the company manager</i>	<i>Notifications on transactions concluded by managers of the companies</i>	<i>Lt, En</i>	<i>27 June 2014</i>
<i>Notification on the transactions in issuer's securities concluded by the company manager</i>	<i>Notifications on transactions concluded by managers of the companies</i>	<i>Lt, En</i>	<i>25 June 2014</i>
<i>Unaudited Performance Results of Panevėžio statybos trestas AB Company and Group for the First Quarter of 2014</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>30 May 2014</i>
<i>Annual Information Approved by Annual General Shareholders Meeting of Panevėžio statybos testas AB</i>	<i>Annual information</i>	<i>Lt, En</i>	<i>30 April 2014</i>
<i>Resolutions of Annual General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>30 April 2014</i>

<i>Resolutions of Annual General Meeting of Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>8 April 2014</i>
<i>Convening of the Annual General Meeting of the Shareholders</i>	<i>Notification on material event</i>	<i>Lt, En</i>	<i>28 March 2014</i>
<i>Unaudited Performance Results of Panevėžio statybos trestas AB and Group for the Year 2013</i>	<i>Interim information</i>	<i>Lt, En</i>	<i>28 Feb. 2014</i>
<i>Investor's Calendar for 2014</i>	<i>Other information</i>	<i>Lt, En</i>	<i>15 Jan. 2014</i>

The content of the above listed announcements may be found on the website of the Vilnius Stock Exchange

<http://www.baltic.omxgroup.com/market/?currency=0&pg=details&instrument=LT0000101446&list=2>

and on the Company website <http://www.pst.lt>

#### **14. Information on compliance with the Governance Code**

The Company complies with the procedure of company management set forth by the Law on Companies of the Republic of Lithuania. The Company partially complies with the Governance Code applicable to the companies that are on the list of the Vilnius Stock Exchange. In accordance with the Articles of Association of the Company, the bodies of the Company are the General Meeting of the Shareholders, the Board and the Managing Directors. No Supervisory Board is formed in the Company. The annual report of the Company will include the more detailed explanation of how the Company complies with the recommendations of the Governance Code.

## 15. Financial statements

### Separate statement of financial position

In Litās

ASSETS	30 June 2014	31 Dec. 2013
<b>Non-current assets</b>	<b>51 102 113</b>	<b>66 203 447</b>
Intangible assets	163 451	130 408
Tangible non-current assets	16 163 426	16 044 567
Investment and amounts receivable in one year	34 041 653	49 292 806
Deferred tax assets	733 583	735 666
<b>Current assets</b>	<b>143 803 526</b>	<b>119 230 399</b>
Inventories	3 994 425	2 541 914
Advance payments	4 024 224	3 907 464
Amounts receivable	63 121 799	41 678 743
Other current assets	47 973 344	22 909 853
Cash and cash equivalents	24 689 734	48 192 425
<b>TOTAL ASSETS</b>	<b>194 905 639</b>	<b>185 433 846</b>

EQUITY AND LIABILITIES	30 June 2014	31 Dec. 2013
<b>Equity</b>	<b>137 391 527</b>	<b>132 604 938</b>
Share capital	16 350 000	16 350 000
Reserves	7 231 101	7 517 140
Retained profit (loss)	113 810 426	108 737 798
Translation reserve		
<i>Minority share</i>		
<b>Amounts payable and liabilities</b>	<b>57 514 112</b>	<b>52 828 908</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>2 455 131</b>	<b>2 335 947</b>
Loans and borrowings	0	0
Warranty provision	1 467 589	1 297 928
Deferred tax liabilities	987 542	1 038 019
<b>Amounts payable in one year and short term liabilities</b>	<b>55 058 981</b>	<b>50 492 961</b>
Loans and borrowings		
Trade payables	33 666 880	17 953 077
Prepayments received	11 071 605	24 530 030
Current tax payable	746 199	387 685
Other liabilities	9 574 297	7 622 169
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>194 905 639</b>	<b>185 433 846</b>



**Consolidated statement of financial position**

In Litās

ASSETS	<i>30 June 2014</i>	<i>31 Dec. 2013</i>
<b>Non-current assets</b>	<b>48 948 854</b>	<b>47 834 935</b>
Intangible assets	487 939	489 792
Tangible non-current assets	24 335 245	23 783 810
Investment property	20 319 031	20 319 031
Other investment and amounts receivable in one year	184 136	193 694
Other intangible assets	3 622 503	3 048 608
<b>Current assets</b>	<b>193 943 600</b>	<b>184 588 792</b>
Inventories	55 140 010	46 398 887
Advance payments	8 921 399	8 746 618
Amounts receivable	83 117 310	59 028 118
Other assets	16 027 682	11 725 373
Cash and cash equivalents	30 737 199	58 689 796
<b>TOTAL ASSETS:</b>	<b>242 892 454</b>	<b>232 423 727</b>

EQUITY AND LIABILITIES	<i>30 June 2014</i>	<i>31 Dec. 2013</i>
<b>Equity</b>	<b>125 799 864</b>	<b>120 202 384</b>
Share capital	16 350 000	16 350 000
Reserves	9 350 072	9 461 106
Retained profit (loss)	99 010 627	93 407 957
Translation reserve	1 089 165	983 321
<b>Minority share</b>	<b>4 487 445</b>	<b>4 351 600</b>
<b>Amounts payable and liabilities</b>	<b>112 605 145</b>	<b>107 869 743</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>14 201 642</b>	<b>19 223 413</b>
Loans and borrowings	9 310 990	13 590 812
Provisions	2 376 162	2 191 516
Deferred tax liabilities	2 183 116	2 348 801
Grants and subsidies	96 278	112 802
Other payable amounts	235 096	979 482
<b>Amounts payable in one year and short term liabilities</b>	<b>98 403 503</b>	<b>88 646 330</b>
Loans and borrowings	19 459 760	14 755 613
Trade payables	47 309 738	30 323 167
Prepayments received	17 060 362	25 718 989
Current tax payable	999 742	524 412
Other liabilities	13 573 901	17 324 149
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>242 892 454</b>	<b>232 423 727</b>



## Separate statement of comprehensive income

In Litas

ITEM	30 June 2014	30 June 2013	April through June 2014	April through June 2013
INCOME FROM SALE	99 999 227	112 045 320	59 799 370	66 694 441
COST OF SALE	90 646 739	106 027 603	54 799 422	61 868 583
<b>GROSS PROFIT (LOSS)</b>	<b>9 352 488</b>	<b>6 017 717</b>	<b>4 999 948</b>	<b>4 825 858</b>
OPERATING EXPENSES	5 416 365	7 538 154	2 778 944	4 756 794
Sale	198 035	169 540	102 979	104 382
General and administration	5 218 330	7 368 614	2 675 965	4 652 412
<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>3 936 123</b>	<b>-1 520 437</b>	<b>2 221 004</b>	<b>69 064</b>
OTHER ACTIVITIES	376 204	1 179 112	435 452	1 035 664
Income	849 888	1 904 911	613 314	1 463 155
Expenses	473 684	725 799	177 862	427 491
FINANCIAL AND INVESTMENT ACTIVITIES	1 228 931	-692 741	1 944 826	-1 340 294
Income	1 576 781	1 246 199	1 265 778	526 633
Expenses	347 850	1 938 940	-679 048	1 866 927
<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>5 541 258</b>	<b>-1 034 066</b>	<b>4 601 282</b>	<b>-235 566</b>
WINDFALL PROFIT				
LOSSES				
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>5 541 258</b>	<b>-1 034 066</b>	4601 282	<b>-235 566</b>
PROFIT TAX	743 424	85 261	538,277	-414 840
<b>NET PROFIT (LOSS)</b>	<b>4 797 834</b>	<b>-1 119 327</b>	<b>4 063 005</b>	<b>179 274</b>

**Consolidated statement of comprehensive income**

In Lit

ITEM	30 June 2014	30 June 2013	April through June 2014	April through June 2013
SALE	139 069 826	147 618 251	78 270 240	83 374 036
COST OF SALE	122 548 221	137 081 503	70 449 532	76 420 144
<b>GROSS PROFIT (LOSS)</b>	<b>16 521 605</b>	<b>10 536 748</b>	<b>7 820 708</b>	<b>6 953 892</b>
OPERATING EXPENSES	9 608 120	11 485 902	4 893 761	6 182 197
Sale	765 288	515 656	339 391	285 462
General and administration	8 842 832	10,970,246	4 554 370	5 896 735
<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>6 913 485</b>	<b>-949 154</b>	<b>2 926 947</b>	<b>771 695</b>
OTHER ACTIVITIES	709 423	1 073 583	418 483	990 744
Income	1,223 635	1 870 997	310 500	1 454 277
Expenses	514 212	797 414	-107 983	463 533
FINANCIAL AND INVESTMENT ACTIVITIES	-1 670 666	-3 553 555	3 196 218	-4 122 114
Income from other financial activities	92,507	230 994	54,748	-516,943
Other financial expenses	1 763 173	3 784 549	-3 141 470	3 605 171
<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>5 952 242</b>	<b>-3 429 126</b>	<b>6 541 648</b>	<b>-2 359 675</b>
WINDFALL PROFIT				
LOSSES				
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>5 952 242</b>	<b>-3 429 126</b>	<b>6 541 648</b>	<b>-2 359 675</b>
PROFIT TAX	359 547	-488 865	1 046 936	-926 342
<b>NET PROFIT (LOSS)</b>	<b>5 592 695</b>	<b>-2 940 261</b>	<b>5 494 712</b>	<b>-1 433 333</b>
ATTRIBUTABLE TO SHAREHOLDERS	5 506 478	-2 335 732	4 950 083	-1 062 062
ATTRIBUTABLE TO MINORITY INTEREST	86 217	-604 529	544 629	-371 271

Separate statement of changes in equity

In Litas	Authorized capital	FA revaluation	Legal reserve	Deferred result	Total
<b>Balance as of 1 January 2013</b>	16 350 000	5 328 370	1 635 030	108 555 020	131 868 420
Unrecognized profit (loss) for 2013		-135 400		135 400	0
Net profit (loss) for 2013				-1 119 327	-1 119 327
Dividend				-408 750	-408 750
Increase (decrease) of authorized capital				0	0
<b>Balance as of 30 June 2013</b>	16 350 000	5 192 970	1 635 030	107 162 343	130 340 343
<b>Balance as of 31 December 2013</b>	16 350 000	5 882 110	1 635 030	108 737 798	132 604 938
Revaluation of fixed assets		-11 245			-11 245
Unrecognized net profit (loss) for 2014		-274 794		274 794	0
Net profit (loss) for 2014				4 797 834	4 797 834
Increase (decrease) of authorized capital				0	0
<b>Balance as of 30 June 2014</b>	16 350 000	5 596 071	1 635 030	113 810 426	137 391 527



Consolidated statement of changes in equity

In Lit	Authorized capital	Revaluation reserve	Legal reserve	Influence of change in exchange rate	Accumulated profit	Losses per parent company share	Minority part	Total
<b>Balance as of 1 January 2013</b>	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		-160 055			160 055	0		0
Net profit (loss) for 2013					-2 335 732	-2 335 732	-604 529	-2 940 261
Dividend					-408 750	-408 750	-12 034	-420 784
Currency rate change				869 210		869 210	224 818	1 094 028
Reserves formed			16 376		-16 376	0		0
<b>Balance as of 30 June 2013</b>	16 350 000	5 749 042	2 066 389	1 069 639	88 910 122	114 145 192	4 548 924	118 694 116
<b>Balance as of 31 December 2013</b>	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						0		0
Revaluation of fixed assets		-11 245				-11 245		-11 245
Net profit (loss) for 2014		-350 789			5 857 267	5 506 478	86 215	5 592 693
Dividends					-3 597	-3 597		-3 597
Influence of currency rate change				105 846		105 846	49,628	155 474
Reserves formed			251 000		-251 000	0		0
<b>Balance as of 30 June 2014</b>	16 350 000	7 032 683	2 317 389	1 089 167	99 010 627	125 799 866	4 487 443	130 287 309

**Separate statement of cash flows**

In Litas

	<b>January through June 2014</b>	<b>January through June 2013</b>
<b>Cash flow from operating activities</b>		
Net profit (loss)	4 797 834	-1 119 327
Depreciation and amortization costs	1 353 747	1 343 893
Profit (loss) from transfer of non-current assets	-29 271	-141 573
Income tax expense	743 424	85 261
	<u>6 865 734</u>	<u>168 254</u>
Change in inventories	-1 452 511	6 799 078
Change in amounts receivable	-21 443 056	-3 639 737
Change in prepayments	-116 760	2 699 525
Change in amounts receivable after one year	9 299	-390 461
Change in other assets	-1 022 340	4 012 292
Change in trade payables	15 713 803	-8 150 519
Change in prepayments received	-13 458 425	4 486 418
Change in provisions and other liabilities	908 256	-7 185 303
	<u>-13 996 000</u>	<u>-1 200 453</u>
Income tax paid	-451 112	-249 542
<b>Net cash from operating activities</b>	<u>-14 447 112</u>	<u>-1 449 995</u>
<b>Cash flow from investing activities</b>		
Acquisition of long term assets (excl. investment)	-1 618 708	-526 667
Transfer of long term assets (excl. investment)	142 330	168 416
Acquisition of investment	-22 210	
Loans issued	-18 472 544	-1 138 019
Loans recovered	10 029 587	2 505 831
Dividends and interest received	949 837	589 506
<b>Net cash used in investing activities</b>	<u>-8 991 708</u>	<u>1 599 067</u>
<b>Cash flow from financial activities</b>		
Dividends, share of profit paid	-6 702	-398 145
Proceeds from loans and borrowings	10 861	0
Repayments from loans and borrowings	-10 861	0
Payment of finance lease liabilities		-478 918
Interest paid	-57 169	-148 373
<b>Net cash from (used in) financing activities</b>	<u>-63 871</u>	<u>-1 025 436</u>
<b>Increase (decrease) in net cash flow</b>	-23 502 691	-876 364
Cash and its equivalent at the beginning of the period	48 192 425	17 892 250
<b>Cash and its equivalent at the end of the period</b>	<u><u>24 689 734</u></u>	<u><u>17 015 886</u></u>

**Consolidated statement of cash flows**

In Litas

	<b>30 June 2014</b>	<b>30 June 2013</b>
<b>Cash flow from operating activities</b>		
Net profit (loss)	5 592 695	-2 940 261
Elimination of other non-monetary items		
Depreciation and amortization costs	1 802 138	1 759 080
Other non-monetary items	-1 144 128	-1 061 915
	<u>6 250 705</u>	<u>-2 243 096</u>
Change in inventories	-8 741 123	14 628 158
Change in amounts receivable	-24 089 192	-7 651 101
Change in prepayments	-174 781	7 077 637
Change in other assets	-4 272 799	6 700 137
Change in trade payables	16 986 571	-9 266 673
Change in prepayments received	-8 658 627	-2 517 864
Change in provisions and other liabilities	-3 757 643	-9 407 291
	<u>-26 456 889</u>	<u>-2 680 093</u>
Elimination of results from financial and investing activities	811 182	1 066 667
<b>Net cash from operating activities</b>	<b>-25 645 707</b>	<b>-1 613 426</b>
<b>Cash flow from investing activities</b>		
Acquisition of non-current assets (except investments)	-2 013 510	-1 055 511
Acquisition of long-term investments	-22 210	-1 853 371
Transfer of non-current assets (except investments)	802 072	320 436
Loans issued	0	0
Loans recovered	2 258	8 258
Dividends and interest received	83 329	153 604
<b>Net cash used in investing activities</b>	<b>-1 148 061</b>	<b>-2 426 584</b>
<b>Cash flow from financial activities</b>		
Dividends and share of profit paid	-10 299	-410,179
Proceeds from loans and borrowings	1 802 472	3,101,992
Repayments from loans and borrowings	-1 757 571	0
Payment of finance lease liabilities	-406 115	-308,938
Interest paid	-787 316	-339 538
<b>Net cash from (used in) financing activities</b>	<b>-1 158 829</b>	<b>2 043 337</b>
<b>Increase (decrease) in net cash flow</b>	<b>-27 952 597</b>	<b>-1 996 673</b>
Cash and cash equivalent in the beginning of the period	58 689 796	23 574 500
<b>Cash and cash equivalent at the end of the period</b>	<b>30 737 199</b>	<b>21 577 827</b>



## EXPLANATORY NOTE

### General information

*Panevėžio statybos trestas* AB (hereinafter “the Company”) was established in 1957 and for a long time 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 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 office in Cherepovets, a branch in Kaliningrad and permanent establishments in the United Kingdom of Great Britain and Northern Ireland, and the Kingdom of Sweden. The financial year of the Company is considered the 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.

### 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:

Currency	30 June 2014	31 Dec. 2013
1 EUR	3.4528	3.4528
100 RUB	7.5320	7.6727
10 PLN	8.3152	8.3218

## 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 Group are eliminated.

## Investment in non-current assets

During the first half of the year 2014, the investments of the Group in acquisition of non-current assets amounted to 2 013 510 Litass: *Panevėžio statybos trestas* AB acquired non-current assets for 1 527 708 Litass. During the first half of year 2014 the costs related to depreciation and amortization of assets of the Group amounted to 1 802 138 Litass, including 1 353 747 Litass accounted for in the Financial Statement of *Panevėžio statybos trestas* AB.

## Loans

As of 30 June 2014, the Group had loans amounting to 28 770 750 Litass, including 27 702 185 Litass as long-term and short-term credits of *PST investicijos* UAB Group.

## Guarantees, sureties

As of 30 June 2014, the guarantees of the liabilities of *Panevėžio statybos trestas* AB Group by credit institutions amounted to 58 290 539 Litass, including 52 008 880 Litass for performance guarantees issued for *Baltlitstroj* OOO.

## 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.