

PANEVĖŽIO STATYBOS TRESTAS AB

CONSOLIDATED INTERIM FINANCIAL STATEMENT
for nine months of 2014

28 November 2014

Panevėžys

PANEVĖŽIO STATYBOS TRESTAS AB

Consolidated and Company Financial Statements for the Quarter Ending 30 September 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 nine 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 Lit
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 Drobužas

Irma Abromavičienė

Vilius Gražys

Management

Dalius Gesevičius, Managing Director

Separate statement of financial position

In Litas

ASSETS	30 Sept. 2014	31 Dec. 2013
Non-current assets	51,575,862	66,203,447
Intangible assets	140,244	130,408
Tangible assets	16,684,369	16,044,567
Investment and amounts receivable in one year	34,023,540	49,292,806
Deferred tax assets	727,709	735,666
Current assets	164,293,110	119,230,399
Inventories	4,908,159	2,541,914
Advance payments	5,457,524	3,907,464
Amounts receivable	76,898,840	41,678,743
Other current assets	41,832,917	22,909,853
Cash and cash equivalents	35,195,670	48,192,425
TOTAL ASSETS	215,868,972	185,433,846

EQUITY AND LIABILITIES	30 Sept. 2014	31 Dec. 2013
Equity	137,758,821	132,604,938
Share capital	16,350,000	16,350,000
Reserves	7,092,865	7,517,140
Retained profit (loss)	114,315,956	108,737,798
Translation reserve		
<i>Minority share</i>		
Amounts payable and liabilities	78,110,151	52,828,908
Amounts payable in one year and long term liabilities	2,469,357	2,335,947
Loans and borrowings	0	0
Warranty provision	1,506,210	1,297,928
Deferred tax liabilities	963,147	1,038,019
Amounts payable in one year and short term liabilities	75,640,794	50,492,961
Loans and borrowings	0	0
Trade payables	48,728,455	17,953,077
Prepayments received	16,527,679	24,530,030
Current tax payable	1,240,024	387,685
Other liabilities	9,144,636	7,622,169
TOTAL EQUITY AND LIABILITIES:	215,868,972	185,433,846

Consolidated statement of financial position

In Litas

ASSETS	30 Sept. 2014	31 Dec. 2013
Non-current assets	49,942,267	47,834,935
Intangible assets	443,714	489,792
Tangible non-current assets	24,887,199	23,783,810
Investment assets	20,319,031	20,319,031
Other investment and amounts receivable in one year	140,860	193,694
Other intangible assets	4,151,463	3,048,608
Current assets	229,255,533	184,588,792
Inventories	58,998,820	46,398,887
Advance payments	9,439,688	8,746,618
Amounts receivable	106,024,478	59,028,118
Other assets	12,492,538	11,725,373
Cash and cash equivalents	42,300,009	58,689,796
TOTAL ASSETS:	279,197,800	232,423,727

EQUITY AND LIABILITIES	30 Sept. 2014	31 Dec. 2013
Equity	125,284,857	120,202,384
Share capital	16,350,000	16,350,000
Reserves	9,173,840	9,461,106
Retained profit (loss)	97,973,685	93,407,957
Translation reserve	1,787,332	983,321
Minority share	4,141,426	4,351,600
Amounts payable and liabilities	149,771,517	107,869,743
Amounts payable in one year and long term liabilities	14,574,746	19,223,413
Loans and borrowings	9,310,990	13,590,812
Provisions	2,423,920	2,191,516
Deferred tax liabilities	2,469,497	2,348,801
Grants and subsidies	87,885	112,802
Other payable amounts	282,454	979,482
Amounts payable in one year and short term liabilities	135,196,771	88,646,330
Loans and borrowings	19,533,920	14,755,613
Trade payables	69,263,434	30,323,167
Prepayments received	29,350,956	25,718,989
Current tax payable	1,733,458	524,412
Other liabilities	15,315,003	17,324,149
TOTAL EQUITY AND LIABILITIES:	279,197,800	232,423,727

Separate statement of comprehensive income

In Litas

ITEM	30 Sept. 2014	30 Sept. 2013	July through Sept. 2014	July through Sept. 2013
SALE	174,823,448	161,125,581	74,824,221	49,080,261
COST OF SALE	159,140,555	151,112,396	68,493,816	45,084,793
GROSS PROFIT (LOSS)	15,682,893	10,013,185	6,330,405	3,995,468
OPERATING EXPENSES	10,593,837	10,222,877	5,177,472	2,684,723
Sale	393,023	251,975	194,988	82,435
General and administration	10,200,814	9,970,902	4,982,484	2,602,288
TYPICAL OPERATING PROFIT (LOSS)	5,089,056	-209,692	1,152,933	1,310,745
OTHER ACTIVITIES	693,429	1,337,569	317,225	158,457
Income	1,327,042	2,244,916	477,154	340,005
Expenses	633,613	907,347	159,929	181,548
FINANCIAL AND INVESTMENT ACTIVITIES	626,618	-1,071,751	-602,313	-379,010
Income	1,980,945	1,376,037	404,164	129,838
Expenses	1,354,327	2,447,788	1,006,477	508,848
USUAL ACTIVITY PROFIT (LOSS)	6,409,103	56,126	867,845	1,090,192
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	6,409,103	56,126	867,845	1,090,192
PROFIT TAX	1,243,975	-224,862	500,551	-310,123
NET PROFIT (LOSS)	5,165,128	280,988	367,294	1,400,315

Consolidated statement of comprehensive income

In Litas

ITEM	30 Sept. 2014	30 Sept. 2013	July through Sept. 2014	July through Sept. 2013
SALE	249,572,376	222,127,552	110,502,550	74,509,301
COST OF SALE	222,067,591	203,947,810	99,519,370	66,866,307
GROSS PROFIT (LOSS)	27,504,785	18,179,742	10,983,180	7,642,994
OPERATING EXPENSES	17,168,835	15,533,093	7,560,715	4,047,191
Sale	1,401,650	830,546	636,362	314,890
General and administration	15,767,185	14,702,547	6,924,353	3,732,301
TYPICAL OPERATING PROFIT (LOSS)	10,335,950	2,646,649	3,422,465	3,595,803
OTHER ACTIVITIES	777,814	1,294,790	68,391	221,207
Income	1,686,127	2,284,792	462,492	413,795
Expenses	908,313	990,002	394,101	192,588
FINANCIAL AND INVESTMENT ACTIVITIES	-6,813,786	-5,799,749	-5,143,120	-2,246,194
Income from other financial activities	132,146	146,881	39,639	-84,113
Other expenses of financial activities	6,945,932	5,946,630	5,182,759	2,162,081
USUAL ACTIVITY PROFIT (LOSS)	4,299,978	-1,858,310	-1,652,264	1,570,816
WINDFALL PROFIT				
LOSSES				
PROFIT (LOSS) BEFORE TAXATION	4,299,978	-1,858,310	-1,652,264	1,570,816
PROFIT TAX	704,337	-1,049,036	344,790	-560,171
NET PROFIT (LOSS)	3,595,641	-809,274	-1,997,054	2,130,987
ATTRIBUTABLE TO SHAREHOLDERS	4,293,304	-188,971	-1,213,174	2,146,761
ATTRIBUTABLE TO MINORITY INTEREST	-697,663	-620,303	-783,880	-15,774

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		-181,386		181,386	0
Net profit (loss) for 2013				280,988	280,988
Re-adjustment value of sold revaluated asset		-164,969			-164,969
Dividend				-408,750	-408,750
Balance as of 30 September 2013	16,350,000	4,982,015	1,635,030	108,608,644	131,575,689
Balance as of 1 January 2014	16,350,000	5,882,110	1,635,030	108,737,798	132,604,938
Unrecognized net profit (loss) for 2014		-413,030		413,030	0
Net profit (loss) for 2014				5,165,128	5,165,128
Dividend				0	0
Re-adjustment value of sold revaluated asset		-11,245			-11,245
Balance as of 30 September 2014	16,350,000	5,457,835	1,635,030	114,315,956	137,758,821

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		-218,369			218,369			0
Re-adjustment value of sold revaluated asset		-164,969				-164,969		-164,969
Net profit (loss) for 2013					-188,971	-188,971	-620,303	-809,274
Influence of currency rate change				507,320		507,320	319,525	826,845
Dividend					-408,750	-408,750	-12,034	-420,784
Reserves formed			16,376		-16,376	0		0
Balance as of 30 September 2013	16,350,000	5,525,759	2,066,389	707,749	91,115,197	115,765,094	4,627,857	120,392,951
Balance as of 1 January 2014	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		-527,021			527,021	0		0
Net profit (loss) for 2014					4,293,304	4,293,304	-697,663	3,595,641
Revaluation of tangible fixed assets		-11,245				-11,245		-11,245
Influence of currency rate change				804,011		804,011	487,489	1,291,500
Dividend					-3,597	-3,597		-3,597
Reserves formed			251,000		-251,000	0		0
Balance as of 30 September 2014	16,350,000	6,856,451	2,317,389	1,787,332	97,973,685	125,284,857	4,141,426	129,426,283

Separate statement of cash flows
In Litas

	Jan. through Sept. 2014	Jan. through Sept. 2013
Cash flow from operating activities		
Net profit (loss)	5,165,128	280,988
Depreciation and amortization costs	2,050,575	1,943,299
(Profit) loss from transfer of long term assets	-65,147	-114,126
Income tax expense	1,243,975	-224,862
	8,394,531	1,885,299
Change in inventories	-2,366,245	6,583,794
Changes in trade receivables	-35,220,097	8,651,969
Change in prepayments	-1,550,060	855,157
Change in amounts receivable after one year	5,202	-388,034
Change in other assets	915,124	3,535,126
Change in trade payables	30,775,378	-14,101,359
Change in prepayments received	-8,002,351	17,632,223
Change in provisions and other liabilities	1,032,584	-9,915,932
	-6,015,934	14,738,243
Income tax paid	-635,943	-249,542
Net cash from operating activities	-6,651,877	14,488,701
Cash flow from investing activities		
Acquisition of long term assets (excl. investments)	-2,815,671	-2,209,352
Transfer of long term assets (excl. investments)	180,605	468,373
Acquisition of investments	-22,210	0
Loans issued	-25,953,204	-1,207,075
Loans recovered	21,249,455	4,857,091
Dividends and interest received	1,152,550	671,512
Net cash used in investing activities	-6,208,475	2,580,549
Cash flow from financial activities		
Dividends paid	-11,395	-403,359
Getting loans and borrowings	10,861	
Repayments from loans and borrowings	-10,861	
Payment of finance lease liabilities	0	-535,842
Interest paid	-125,008	-239,621
Net cash from (used in) financing activities	-136,403	-1,178,822
Increase (decrease) in net cash flow	-12,996,755	15,890,428
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	35,195,670	33,782,678

Consolidated statement of cash flows

In Litas

	Jan. through Sept. 2014	Jan. through Sept. 2013
Cash flow from operating activities		
Net profit (loss)	3,595,641	-809,274
Elimination of other non-monetary items		
Depreciation and amortization costs	2,725,807	2,580,287
Other non-monetary items	-1,109,645	-1,701,054
	5,211,803	69,959
Change in inventories	-12,599,933	10,547,145
Change in amounts receivable	-46,996,360	-7,345,499
Change in prepayments	-693,070	4,659,276
Change in other assets	-706,323	7,307,479
Change in trade payables	38,940,267	-741,893
Change in prepayments received	3,631,967	10,749,998
Change in provisions and other liabilities	-1,141,733	-9,012,833
	-14,353,382	16,233,632
Elimination of results from financial and investing activities	1,976,456	1,805,532
Net cash from operating activities	-12,376,926	18,039,164
Cash flow from investing activities		
Acquisition of non-current assets (excl. investments)	-3,482,510	-3,010,954
Transfer of non-current assets (excl. investments)	958,581	622,295
Acquisition of non-current investments	0	-2,185,558
Loans issued		
Loans recovered	3,387	12,387
Dividends and interest received	130,698	138,425
Net cash used in investing activities	-2,389,844	-4,423,405
Cash flow from financial activities		
Dividends paid	-14,992	-415,393
Proceeds from loans and borrowings	745,720	4,597,101
Repayments from loans and borrowings	-654,443	0
Payment of finance lease liabilities	-432,700	-597,031
Interest paid	-1,266,602	-1,421,830
Net cash from (used in) financing activities	-1,623,017	2,162,847
Increase (decrease) in net cash flow	-16,389,787	15,778,606
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	42,300,009	39,353,106

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 30 September 2014, the Group includes the parent company and 11 subsidiaries:

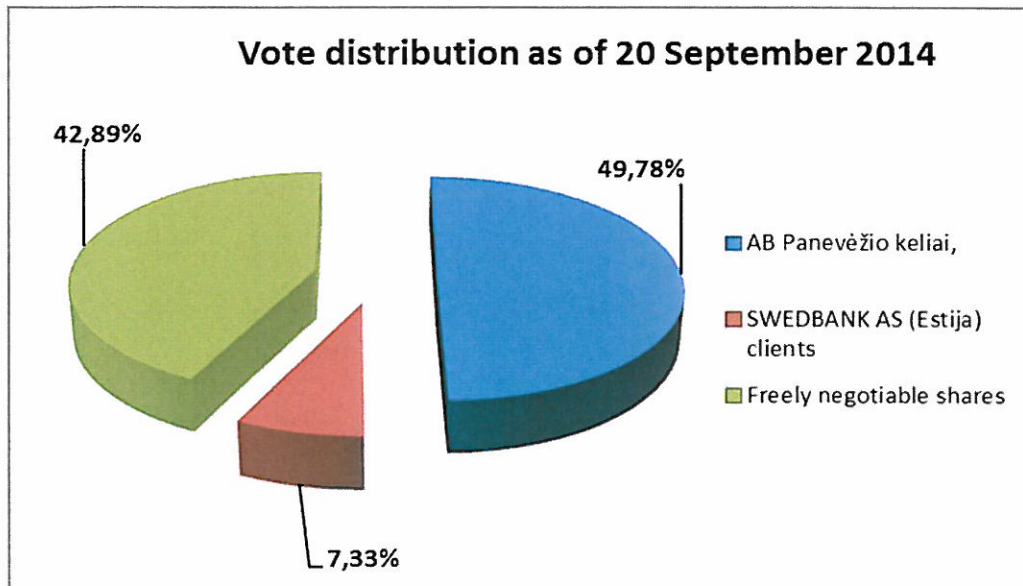
Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
<i>Skydmedis</i> UAB	Construction: panel houses	100	Pramonės Str. 5, Panevėžys Tel.: +370 45 583341
<i>Metalo meistrai</i> UAB	Construction	100	Tinklų Str. 7, Panevėžys, Tel.: +370 45 464677
<i>Vekada</i> UAB	Construction: electrical installation	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Panevėžio statybos trestas AB and partners' 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.z.o.o.	Intermediation services	100	A. Patli 16-400, Suwalki, Poland
<i>PS TRESTS</i> SIA	Construction	100	Vietalvas Str. 5, Riga

<i>BALTILSTROIJ</i> OOO	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
<i>Teritorija</i> OOO	Real estate development	87.5	Lunacharskovo Lane 43- 27, Cherepovets, Vologda County
<i>PST Nordic</i> AB	Construction	100	Krossgatan 25 162 50 Vällingby Stockholm County
<i>PST Investicijos</i> UAB	Real estate development	68	Verkių Str. 25C, Vilnius Tel.: +370 5 2728213
Subsidiaries of <i>PST investicijos</i> UAB:			
<i>Ateities projektai</i> UAB	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Šeškinės projektai</i> UAB	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Sakališkės</i> UAB	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Kauno erdvė</i> UAB	Real estate development	100	Verkių Str. 25C, Vilnius
<i>Verkių projektas</i> UAB	Real estate development	100	Verkių Str. 25C, Vilnius
<i>ISK Baltevomarket</i> ZAO	Real estate development	100	Pobeda Square 10, Kaliningrad

Authorized capital of the company and its structure

As of 30 September 2014, 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 20 September 2014 the total number of the shareholders who under the ownership right held or controlled more than 5 per cents of the authorized capital of the Company was 18,967:

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 (%)
<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, Tallin, Estonia 10060701	1,199,173	7.33	7.33	---
Freely negotiable shares	7,011,895	42.89	42.89	---



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



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



<i>Last price 31 Dec. 2013</i>	<i>Average share price for Jan. through Sept.</i>	<i>Highest price for Jan. through Sept.</i>	<i>Lowest price for Jan. through Sept.</i>	<i>Last price 30 Sept. 2014</i>
3.902 Litas	3.807 Litas	4.420 Litas	3.108 Litas	3.798 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	30 September 2014	31 December 2013
1 EUR	3.4528	3.4528
100 RUB	0.0692	0.0767
1 SEK	0.3750	0.0385
10 PLN	0.8250	0.8322

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 nine months of the year 2014, the investments of the Group in acquisition of non-current assets amounted to 4,174,509 Litass: *Panevėžio statybos trestas AB* acquired non-current assets for 2,724,671 Litass. During nine months of year 2014 the costs related to depreciation and amortization of assets of the Group amounted to 2,725,807 Litass, including 2,050,575 Litass accounted for in the Financial Statement of *Panevėžio statybos trestas AB*.

Loans

As of 30 September 2014, the Group had loans amounting to 28,844,910 Litass, including 27,670,986 Litass as long-term and short-term credits of *PST investicijos UAB* Group.

Guarantees, sureties

As of 30 September 2014, the guarantees of the liabilities of *Panevėžio statybos trestas AB* Group issued by credit institutions amounted to 56,803,305 Litass, including 47,754,583 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.

Significant changes in the interim financial statement during the reporting period

Referring to the unaudited data, during nine months of the year 2014 *Panevėžio statybos trestas AB* (PST) Group was on the income of 249.6 mln. Litass, that is by 12.4 per cents more than last year, and had net profit in the amount of 3.6 mln. Litass. The PST Company was on the income of 174.8 mln. Litass and had net profit in the amount of 5.2 mln. Litass.

Drop in exchange rate of the Russian Rouble had a significant negative effect on the results of both – Company and Group of *Panevėžio statybos trestas AB*. For this reason the loss of the Group in financial activities related to the change in the exchange rate amounted to 5.7 mln. Litas, whereas that of PST amounted to 1.2 mln. Litas.

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

	Group			Company		
	Jan.-Sept. 2012	Jan.-Sept. 2013	Jan.-Sept. 2014	Jan.-Sept. 2012	Jan.-Sept. 2013	Jan.-Sept. 2014
<i>Income</i>	211,177	222,126	249,572	184,538	161,126	174,823
<i>Gross profit</i>	16,568	18,180	27,505	10,346	10,013	15,683
<i>Gross profit margin (per cent)</i>	7.85	8.18	11.02	5.61	6.21	8.97
<i>Net profit</i>	2,159	-809	3,596	336	281	5,165
<i>Nets profit margin (per cent)</i>	1.02	-0.36	1.44	0.18	0.17	2.95
<i>Profit per share (Litas)</i>	0.15	-0.05	0.22	0.02	0.017	0.32
<i>Profit before taxes, interest, depreciation and amortization EBITDA</i>	7,830	2,144	8,293	4,882	2,239	8,585
<i>EBITDA margin (per cent)</i>	3.68	0.97	3.32	2.65	1.39	4.91
<i>Return on equity (per cent) (ROE)</i>	1.90	-0.70	2.87	0.26	0.21	3.75
<i>Return on assets or asset profitability (ROA)</i>	0.84	-0.34	1.29	0.15	0.15	2.39
<i>Return on investments (ROI)</i>	1.72	-0.60	2.50	0.25	0.21	3.68
<i>Current liquidity ratio</i>	1.73	1.87	1.70	1.84	2.21	2.17
<i>Acid test (Quick) ratio</i>	1.29	1.40	1.26	1.66	2.17	2.11
<i>General liquidity ratio</i>	0.82	0.97	0.84	1.52	2.14	1.76
<i>Asset to equity ratio</i>	0.44	0.48	0.45	0.60	0.68	0.64
<i>Book value per share</i>	6.97	7.08	7.66	8	8.05	8.43
<i>Ratio of share price and book value (P/BV)</i>	0.51	0.59	0.50	0.44	0.52	0.45