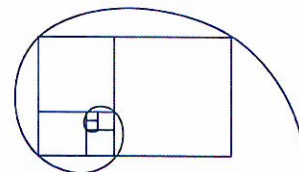


# ***PANEVĖŽIO STATYBOS TRESTAS AB***

## **Consolidated Interim Financial Statement and Consolidated Interim Report for Six Months of 2011**

**31 August 2011**

**Panevėžys**



Securities Commission of the Republic of Lithuania  
Konstitucijos Ave. 23, LT-08105 Vilnius

*Vilniaus vertybinių popierių birža AB*  
(Vilnius Stock Exchange)  
Konstitucijos Ave. 7, 15 Floor, LT-08105 Vilnius

## 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 2011 made in accordance with the International Financial Reporting Standards is true and shows the assets, liabilities, financial state, profit or loss of *Panevėžio statybos trestas AB* and the Company 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 annual report has been prepared for six months of the year 2011 that expired on 30 June 2011.

## 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. In addition to the mentioned activities, the Company rents premises and machinery.

#### 4. Information on the Company Group

As of 30 June 2011 the Company Group of *Panevėžio statybos trestas AB* consists of the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered 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, Tel. 8 45 464677
<i>Vekada</i> UAB	Electrical installation works	96	Marijonų Str. 36, Panevėžys Tel.: +370 45 461311
<i>Vilniaus papėdė</i> TŪB	Construction works	69	Švitrigailos Str. 8, Vilnius Tel.: +370 5 2609405
<i>Alinita</i> UAB	Ventilation and condition systems in buildings	100	Dubysos Str. 31, Klaipėda Tel.: +370 46 340363
KINGSBUD Sp.zo.o.	Wholesale in construction materials	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>PST Investicijos</i> UAB	Real estate development	68	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	Lvovo Str. 25, Vilnius
<i>Šeškinės projektai</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Sakališkės</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Kauno erdvė</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>Verkių projektas</i> UAB	Real estate development and sales	100	Lvovo Str. 25, Vilnius
<i>ISK Baltevro</i> market ZAO	Construction investment company	100	Chernyakhovsk Str. 6, Kaliningrad



## 5. Contracts with intermediaries in security public circulation

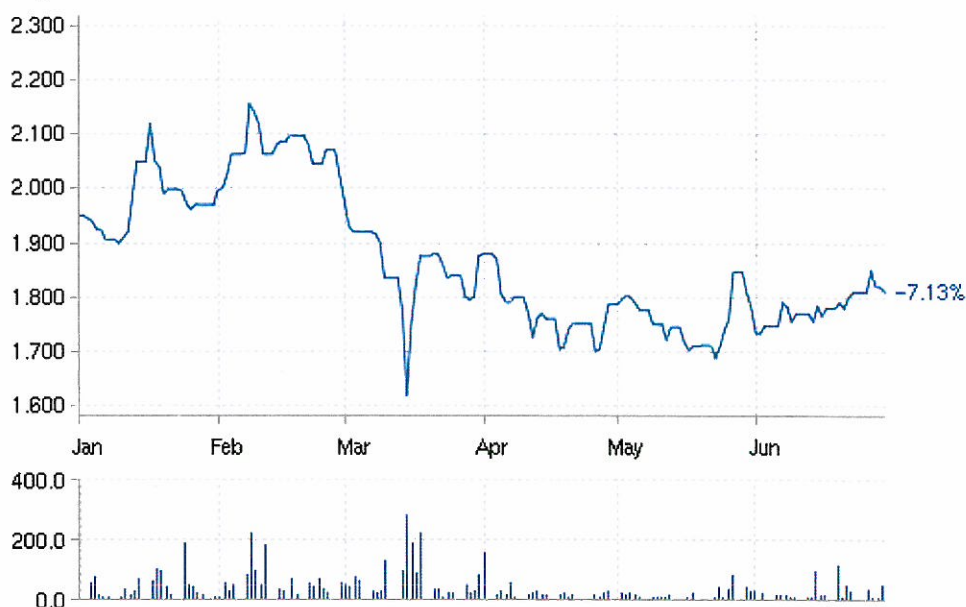
On 7 February 2006 the contract No.3792 was signed with the public limited liability company *NORD/LB bankas* located at Basanavičiaus Str. 26 in Vilnius. This company was authorized to perform accounting of securities issued and transferred to it, and management of personal security accounts.

## 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

### *Variation in the price of the company shares at the Stock Exchange for the first half of 2011 (EUR)*

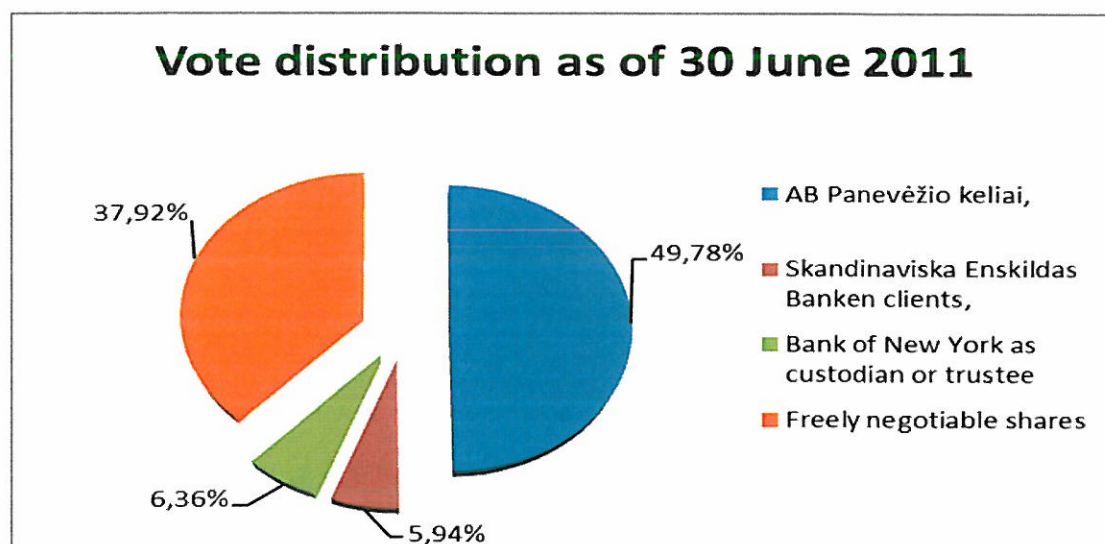


Last price 31 Dec. 2010	Highest price for the first half	Lowest price for the first half	Last price 30 June 2011
6.73 Lt	7.66 Lt	5.59 Lt	6.25 Lt

## 7. Authorized capital of the company and its structure

As of 30 June 2011, 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 30 June 2011 the total number of the shareholders who under the ownership right held or controlled more than 5 percents of the authorized capital of the Company was 2552:

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 AB</i> S. Kerbedžio Str. 7, Panevėžys, Company code: 147710353	8,138,932	49.78	49.78	---
Skandinaviska Enskilda Banken clients Sergels Torg 2, Stockholm, Sweden 502032908101	971,462	5.94	5.99	---
Bank of New York as custodian or trustee for ING B One Wall Street, New York, NY 10286, USA GSP181305	1,040,000	6.36	6.36	---
Freely negotiable shares	6 199 606	37,92	37,92	---





The Company has not purchased its own shares, any of its subsidiaries has not purchased any shares of the Company and no other person who would act in his/her own name but in the favor 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 2011 the Company Group of *Panevėžio statybos trestas AB* was on the income of 99.3 mln. Litas, that is by 17.5 percents more than the same period last year when the income of the Company Group amounted 84.5 mln. Litas. The first half of the year 2011 was loss-making for the group. The before tax loss amounted 1,78 mln. Litas for the six months of the year.

Referring to the unaudited data, during the first half of 2011 *Panevėžio statybos trestas AB* was on the income of 70.4 mln. Litas, that is by 3.3 percents less than the first half last year. The Company was on the before tax loss of 0.532 mln. Litas.

The first half of the year 2011 was not successful. Due to rise of construction prices in 2009 and 2010, in the first half of 2011 the company had additional costs related to completion of projects financed from the EU funds because current construction prices differ from the ones that had been used in the tender when contracts were awarded. Furthermore, the following additional expenses incurred by the Company had effect on the negative result:

- when participating in tenders both in private and public sectors due to tender postponements, claims, suspension of awarded contracts in case of absence of financing;
- due to request of excess security measures (bonds) by purchasing organizations (customers), payment terms unfavorable to the company.

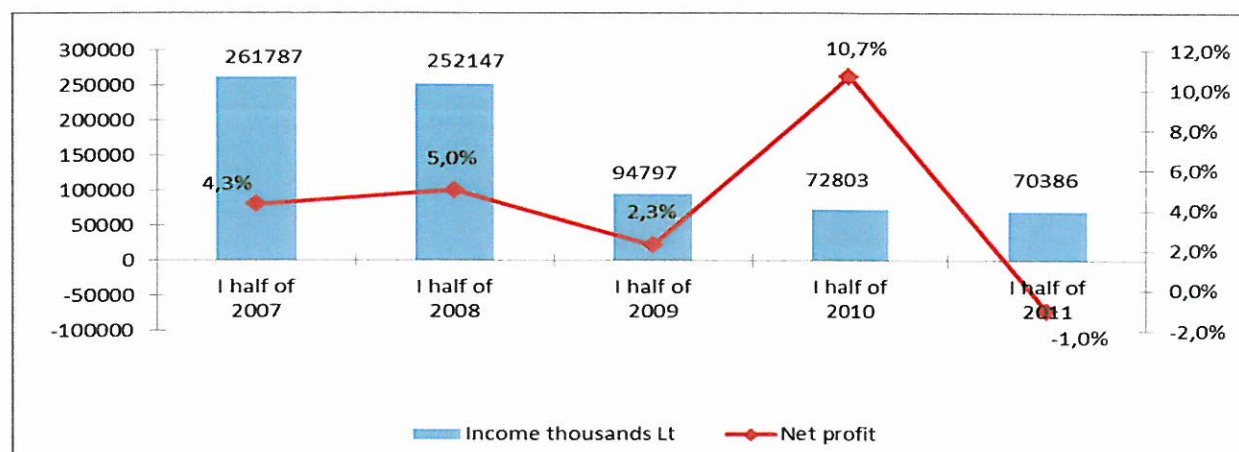
Maintenance of the real estate development company contributed to increase of the loss incurred by the group though it had no income during the first half of 2011.

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

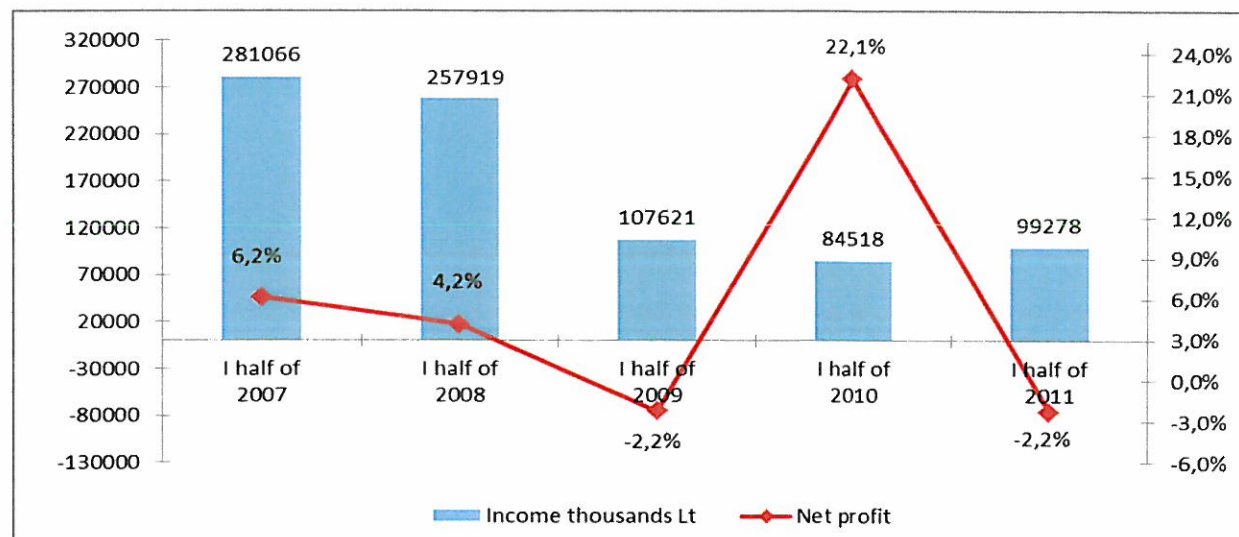
	Group			Company		
	<i>I half of 2009</i>	<i>I half of 2010</i>	<i>I half of 2011</i>	<i>I half of 2009</i>	<i>I half of 2010</i>	<i>I half of 2011</i>
<i>Income</i>	107.621	84.518	99.278	94.797	72.803	70.386
<i>Gross profit</i>	15.280	13.861	6.009	14.413	10.645	3.296
<i>Gross profit margin (per cent)</i>	14,2	16,4	6,05	15,2	14,62	4,68
<i>Net profit</i>	-2.388	18.711	-2,233	2.142	7.792	-734
<i>Nets profit margin (per cent)</i>	-2,2	22,14	-2,25	2,3	10,7	-1,04
<i>Profit per share (Litas)</i>	-0,05	0,94	-0,11	0,13	0,48	-0,04

Profit before taxes, interest, depreciation and amortization <b>EBITDA</b>	5403	24430	1595	7613	11834	2258
EBITDA margin (per cent)	5,02	28,91	1,61	8,03	16,25	3,21
Return on equity (percents) (ROE)	-2,15	16,26	-2,00	1,75	5,93	-0,56
Return on assets or asset profitability (ROA)	-0,98	9,52	-1,01	1,1	4,21	-0,35
Return on investments (ROI)	-1,77	13,26	-1,82	1,63	5,68	-0,55
Current liquidity ratio	1,88	2,99	1,88	2,14	2,5	1,85
Current liquidity ratio	1,32	2,28	1,43	2,07	2,41	1,75
General liquidity ratio	0,85	1,46	1,07	1,8	2,45	1,69
Asset to equity ratio	0,45	0,59	0,51	0,63	0,71	0,63
Book value per share	6,99	7,2	6,82	7,47	8,04	7,99
Ratio of share price and book value (P/BV)	0,32	0,54	0,92	0,3	0,47	0,78

**Income and net profit variation for the Company:**



**Income and net profit variation for the Group:**





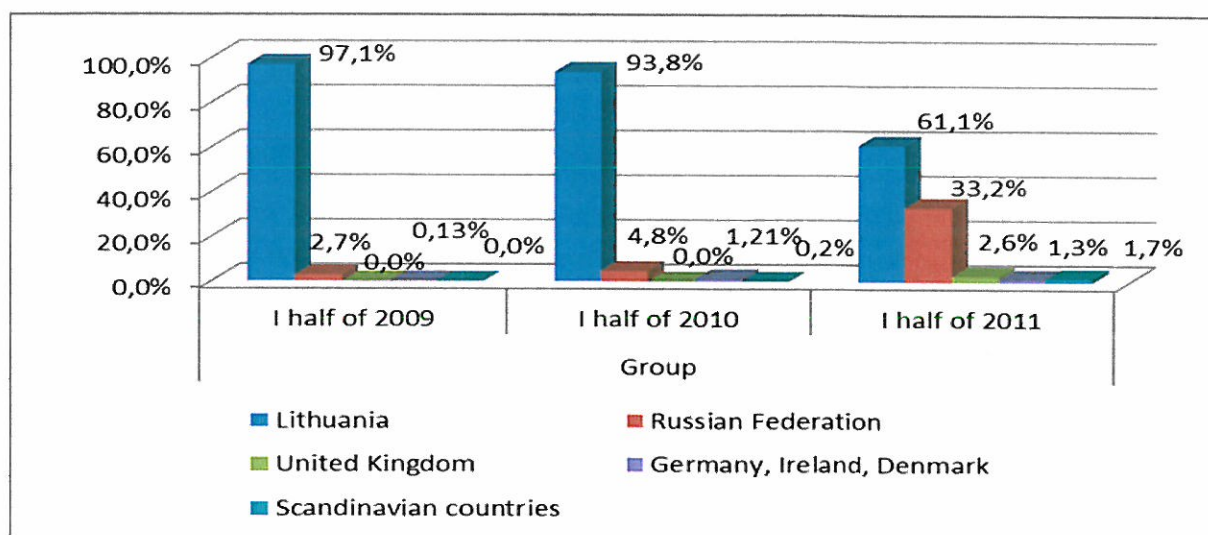
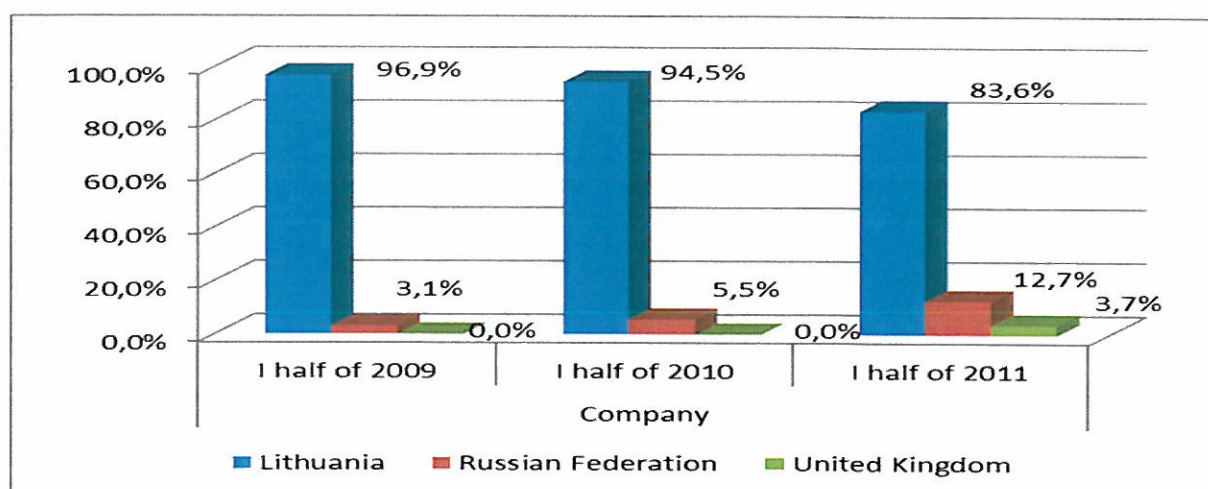
### Information on segments

No segment reporting is provided in the financial statements as the Company and Group have one reportable operating segment that would account for 90% or more of the Company and Group income and assets.

*Geographical distribution of income (thousands Lt):*

(thousands Lt)	Group			Company		
	I half of 2009	I half of 2010	I half of 2011	I half of 2009	I half of 2010	I half of 2011
Lithuania	104,55	79,30	60,69	91,86	68,77	58,60
Russian Federation	2,93	4,04	32,98	2,93	4,04	8,89
United Kingdom	0,00	0,00	2,59	0,00	0,00	2,59
Scandinavian countries	0,14	1,02	1,34			
Other countries	0,00	0,16	1,68			

*Geographical distribution of income (percents):*



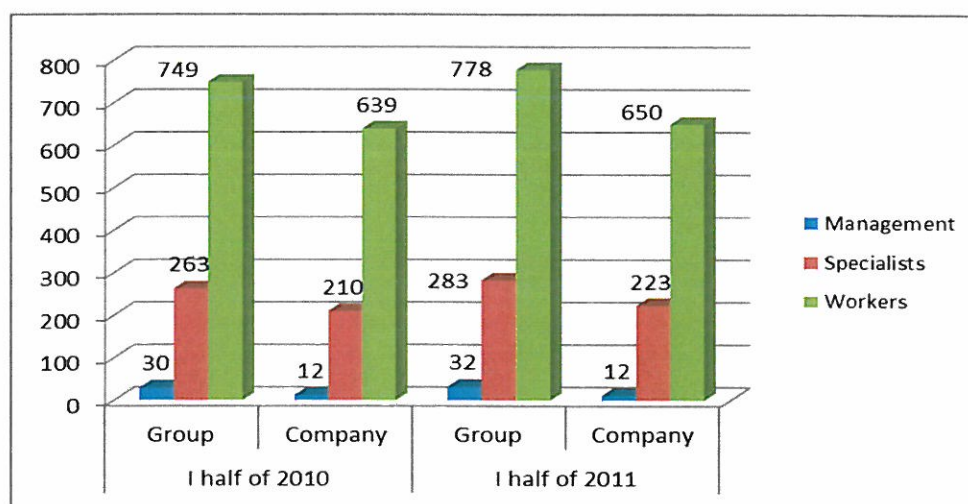
## 9. Essential events having taken place during the first six financial months of the year

On 31 March 2011 *Panevėžio statybos trestas AB* signed the contract with *Akmenės cementas AB* for the construction of a new production line. The estimated value of this Project is approximately 150 mln. Litas.

## 10. Employees

During the first half of 2011, the average number of employees in *Panevėžio statybos trestas AB* Group was 1202, whereas in the Company – 970 employees.

Number of employees on payroll	I half of 2010		I half of 2011	
	Group	Company	Group	Company
Management	30	12	32	12
Specialists	263	210	283	223
Workers	749	639	778	650

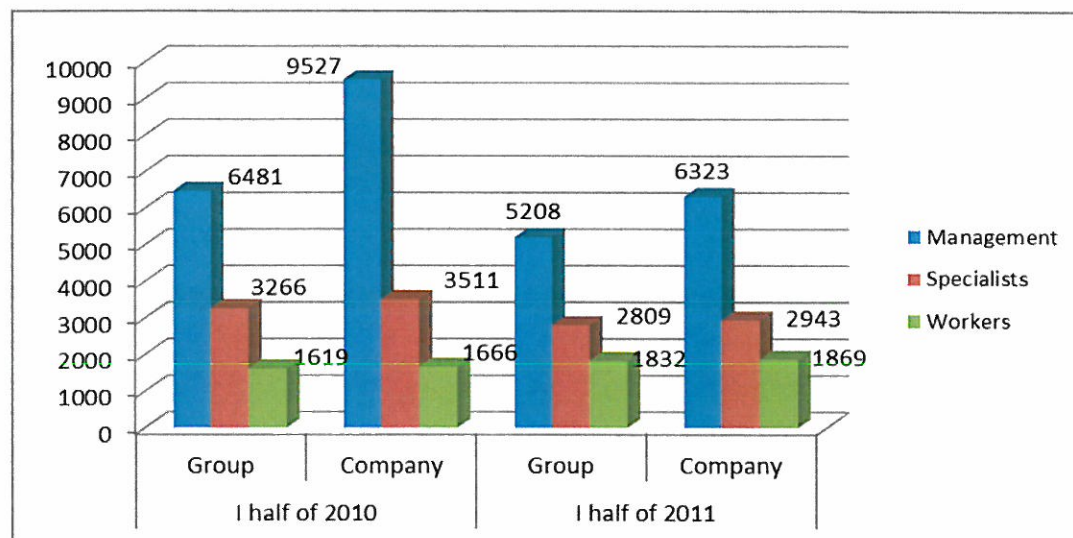


Employee grouping by education in *Panevėžio statybos trestas AB* Group:

Groups of employees	Payroll number	Higher university level education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Management	32	28	0	3	1	0
Specialists	295	212	10	56	16	1
Workers	875	19	18	145	542	151

Average gross wages:

Average salary/wage	I half of 2010		I half of 2011	
	Group	Company	Group	Company
Management	6481	9527	5208	6323
Specialists	3266	3511	2809	2943
Workers	1619	1666	1832	1869



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 UAB</i>		704,638	80	80
<i>PANEVĖŽIO KELIAI AB</i>	Member of the Board	531,675	28.47	28.47
<i>LAUKTUVĖS JUMS UAB</i>	Member of the Board	11,069	50.15	50.15
<i>POKŠTAS UAB</i>		261	50	50
<i>KLOVAINIŲ SKALDA AB</i>		203,526	3.78	3.78
<i>GELBERA UAB</i>	Member of the Board	34	34	34
<i>KELTECHA UAB</i>	Member of the Board			
<i>EMULTEKA UAB</i>		14	14.0	14.0
<i>GUSTONIŲ ŽŪT UAB</i>	Member of the Board	18,027	49.04	49.04
<i>SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB</i>		21,490	9.29	9.29
<i>IGNALINOS STATYBA UAB</i>	Member of the Board	91,351	37.93	37.93
<i>NAUJASIS UŽUPIS UAB</i>	Chairman of the Board			
<i>PANEVĖŽYS UAB</i>	Member of the Board	157,191	49.98	49.98
<i>PANEVĖŽIO STATYBOS TREŠTAS AB</i>	Chairman of the Board	0	0	0
<i>PANODEN UAB</i>	Member of the Board			
<i>PST INVESTICIJOS UAB</i>	Member of the Board	16,407	4.4	4.4
<i>KIRTIMŲ AUTOTRANSPORTAS AB</i>	Member of the Board	-		
<i>CONVESTUS UAB</i>	Vice-President, 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



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, %
PANEVĖŽIO KELIAI AB	Chairman of the Board	529,861	28.33	28.33
LAUKTUVĖS JUMS UAB	Member of the Board	11,001	49.85	49.85
POKŠTAS UAB	Director	261	50.0	50.0
KLOVAINIŲ SKALDA AB		203,129	3.77	3.77
GELBERA UAB	Member of the Board	34	34	34
EMULTEKA UAB		12	12.0	12.0
GUSTONIŲ ŽŪT UAB	Member of the Board	18,028	49.04	49.04
IGNALINOS STATYBA UAB				
PANEVĖŽIO STATYBOS TREŠTAS AB	Member of the Board	-	-	-
PANEVĖŽYS UAB	Member of the Board	157,225	49.98	49.98
SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA AB		21,470	9.28	9.28
PST INVESTICIJOS UAB	Chairman of the Board, Director	12,644	2.9	2.9
NAUJASIS UŽUPIS UAB	Member of the Board			
CONVESTUS UAB	President, Member of the Board	50,000	50	50
ALPROKA UAB	Member of the Board			
KAUNO TILTAI UAB		492	0.31	0.31
MEINORA UAB	Director	100	100	100
SERANA UAB	Director	100	100	100

Term of office: November 2010 through November 2014

No previous convictions

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

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL, %	VOTES, %
CONVESTUS UAB	Internal auditor	-	-	-

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 TREŠTAS 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 15 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 following members make the audit committee at *Panevėžio statybos trestas AB* – Roma Morozovienė (*Panevėžio statybos trestas AB*), Regina Sukarevičienė (*Panevėžio statybos trestas AB*) and Irena Kriaučiūnienė – an independent auditor.

### 13. Information announced in public

Since the beginning of the year 2010 up to the day of this report presentation the Company announced the following information in public through the system of OMX Client News Service:

Title of announcement	Category of announcement	Language	Date
<i>Panevėžio statybos trestas AB</i> to Expand Activities in Kaliningrad Area	Notification on material event	Lt, En	9 Aug. 2011
Performance Results for the First Quarter of 2011	Interim information	Lt, En	27 May 2011
The Ordinary General Meeting Approved 2010 Annual Information	Annual information	Lt, En	22 April 2011
Resolutions of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	22 April 2011
Resolutions of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	07 April 2011
Resolutions of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	01 April 2011
<i>Panevėžio statybos trestas AB</i> signed the contract with <i>Akmenės cementas AB</i>	Notification on material event	Lt, En	31 March 2011
Convening of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	22 March 2011
Performance Results for 2010	Interim information	Lt, En	23 Feb. 2011

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

### BALANCE SHEET

In Litas	Company	
ASSETS	30 June 2011	31 Dec. 2010
<b>Non-current assets</b>	<b>71,780,162</b>	<b>75,247,542</b>
Intangible assets	13,926	25,287
Tangible non-current assets	22,062,199	23,967,094
Investment and amounts receivable in one year	49,181,680	50,653,326
Deferred tax assets	522,357	601,835
<b>Current assets</b>	<b>136,210,788</b>	<b>111,336,306</b>
Inventories	7,626,959	2,232,619
Advance payments	8,550,391	856,186
Amounts receivable	55,916,305	36,184,693
Other current assets	15,741,094	31,215,288
Cash and cash equivalents	48,376,039	40,847,520
<b>TOTAL ASSETS</b>	<b>207,990,950</b>	<b>186,583,848</b>

In Litas	Company	
EQUITY AND LIABILITIES	30 June 2011	31 Dec. 2010
<b>Equity</b>	<b>130,709,695</b>	<b>132,588,076</b>
Share capital	16,350,000	16,350,000
Reserves	10,404,040	10,754,627
Retained profit (loss)	103,955,655	105,483,449
Translation reserve		
<i>Minority share</i>		
<b>Amounts payable and liabilities</b>	<b>77,281,255</b>	<b>53,995,772</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>3,849,763</b>	<b>4,436,922</b>
Loans and borrowings	1,806,623	2,095,887
Warranty provision	486,387	731,694
Deferred tax liabilities	1,556,753	1,609,341
<b>Amounts payable in one year and short term liabilities</b>	<b>73,431,492</b>	<b>49,558,850</b>
Loans and borrowings	1,291,374	2,185,392
Trade payables	29,774,900	18,826,212
Prepayments received	31,067,898	14,107,720
Current tax payable	33,128	
Other liabilities	11,264,192	14,439,526
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>207,990,950</b>	<b>186,583,848</b>

## BALANCE SHEET

In Lit	Group	
ASSETS	30 June 2011	31 Dec. 2010
<b>Non-current assets</b>	<b>37,272,464</b>	<b>39,177,628</b>
Intangible assets	131,750	144,049
Tangible non-current assets	24,942,125	26,981,910
Other investment and amounts receivable in one year	10,336,817	10,109,516
Other intangible assets	1,861,772	1,942,153
<b>Current assets</b>	<b>183,353,455</b>	<b>159,597,741</b>
Inventories	43,429,218	38,006,600
Advance payments	10,135,566	3,524,674
Amounts receivable	66,364,263	37,760,979
Other assets	8,840,622	31,145,798
Cash and cash equivalents	54,583,786	49,159,690
<b>TOTAL ASSETS:</b>	<b>220,625,919</b>	<b>198,775,369</b>

In Lit	Group	
EQUITY AND LIABILITIES	30 06 2011	31 Dec. 2010
<b>Equity</b>	<b>111,541,077</b>	<b>114,038,887</b>
Share capital	16,350,000	16,350,000
Reserves	11,426,759	11,804,420
Retained profit (loss)	82,910,638	85,449,807
Translation reserve	853,680	434,660
<b>Minority share</b>	<b>4,359,764</b>	<b>4,820,707</b>
<b>Amounts payable and liabilities</b>	<b>104,725,078</b>	<b>79,915,775</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>6,798,046</b>	<b>20,546,478</b>
Loans and borrowings	3,192,548	16,645,051
Provisions	1,453,912	1,710,734
Deferred tax liabilities	1,679,434	1,732,022
Grants and subsidies	49,088	52,913
Other payable amounts	423,064	405,758
<b>Amounts payable in one year and short term liabilities</b>	<b>97,927,032</b>	<b>59,369,297</b>
Loans and borrowings	14,920,897	2,396,801
Trade payables	35,798,592	22,310,164
Prepayments received	31,900,666	16,995,547
Current tax payable	58,289	135,017
Other liabilities	15,248,588	17,531,768
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>220,625,919</b>	<b>198,775,369</b>



## PROFIT (LOSS) STATEMENT

In Litas	Company			
ITEM	Jan. through June 2011	Jan. through June 2010	April through June 2011	April through June 2010
SALE	70,386,095	72,803,369	42,463,340	52,570,759
COST OF SALE	67,090,226	62,158,308	42,624,575	43,949,228
<b>GROSS PROFIT (LOSS)</b>	<b>3,295,869</b>	<b>10,645,061</b>	<b>-161,235</b>	<b>8,621,531</b>
OPERATING EXPENSES	4,190,061	3,599,819	1,304,737	1,092,023
Sale	159,519	134,832	79,309	77,449
Recovery of doubtful debts	-1,717,080	-3,561,827	-1,534,551	-3,039,633
General and administration	5,747,622	7,026,814	2,759,979	4,054,207
<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>-894,192</b>	<b>7,045,242</b>	<b>-1,465,972</b>	<b>7,529,508</b>
OTHER ACTIVITIES	-32,579	-25,399	46,354	17,735
Income	505,922	330,808	248,931	177,783
Expenses	538,501	356,207	202,577	160,048
FINANCIAL AND INVESTMENT ACTIVITIES	394,439	1,615,273	80,989	484,537
Income	656,095	1,879,476	261,820	591,665
Expenses	261,656	264,203	180,831	107,128
<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>-532,332</b>	<b>8,635,116</b>	<b>-1,338,629</b>	<b>8,031,780</b>
WINDFALL PROFIT				
LOSSES				
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>-532,332</b>	<b>8,635,116</b>	<b>-1,338,629</b>	<b>8,031,780</b>
PROFIT TAX	201,549	843,293	43,062	712,712
<b>NET PROFIT (LOSS)</b>	<b>-733,881</b>	<b>7,791,823</b>	<b>-1,381,691</b>	<b>7,319,068</b>

# PROFIT (LOSS) STATEMENT

In Litas	Group			
ITEM	Jan. through June 2011	Jan. through June 2010	April through June 2011	April through June 2010
SALE	99,278,035	84,517,797	58.534.251	58,368,146
COST OF SALE	93,269,119	70,656,301	57.883.438	47,884,650
<b>GROSS PROFIT (LOSS)</b>	<b>6,008,916</b>	<b>13,861,496</b>	<b>650.813</b>	<b>10,483,496</b>
OPERATING EXPENSES	7,330,315	6,706,186	2.927.893	2,704,445
Sale	323,461	227,003	170.698	151,950
Recovery of doubtful debts	-1,717,080	-3,561,827	-1.534.551	-3,039,633
General and administration	8,723,934	10,041,010	4.291.746	5,592,128
<b>TYPICAL OPERATING PROFIT (LOSS)</b>	<b>-1,321,399</b>	<b>7,155,310</b>	<b>-2.277.080</b>	<b>7,779,051</b>
OTHER ACTIVITIES	-243,700	-278,434	-121.307	-107,905
Income	362,824	191,819	112.981	92,522
Expenses	606,524	470,253	234.288	200,427
FINANCIAL AND INVESTMENT ACTIVITIES	-217,106	12,966,426	-433.951	11,358,159
Income from other financial activities	269,113	4,133,847	-118.900	1,471,507
Profit due to loss of company control	0	10,005,556	0	10,005,556
Other financial expenses	486,219	1,172,977	315.051	118,904
<b>USUAL ACTIVITY PROFIT (LOSS)</b>	<b>-1,782,205</b>	<b>19,843,302</b>	<b>-2.832.338</b>	<b>19,029,305</b>
WINDFALL PROFIT				
LOSSES				
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>-1,782,205</b>	<b>19,843,302</b>	<b>-2.832.338</b>	<b>19,029,305</b>
PROFIT TAX	451,068	1,132,836	177.635	1,272,885
<b>NET PROFIT (LOSS)</b>	<b>-2,233,273</b>	<b>18,710,466</b>	<b>-3.009.973</b>	<b>17,756,420</b>
ATTRIBUTABLE TO SHAREHOLDERS	-1,772,329	15,389,429	-2.769.625	-967,900
ATTRIBUTABLE TO MINORITY INTEREST	-460,944	3,321,037	-240.348	18,724,320



## CASH FLOW STATEMENT

	Company	
	Jan. through June 2011	Jan. through June 2010
<b>Cash flow from operating activities</b>		
Net profit (loss)	-733,881	7,791,823
Depreciation and amortization costs	2,589,614	2,976,048
Profit (loss) from transfer of non-current assets	-127,429	-116,192
Income tax expense	201,549	843,293
	1,929,853	11,494,972
Change in inventories	-5,394,340	204,398
Change in amounts receivable	-19,731,610	-7,816,739
Change in prepayments	-7,694,205	2,797,611
Change in amounts receivable after one year	-98,719	-92,475
Change in other assets	23,875,549	-8,289,335
Change in trade payables	10,948,688	9,455,480
Change in prepayments received	16,960,178	-11,027,041
Change in provisions and other liabilities	-3,812,985	-2,543,638
	16,982,409	-5,816,767
Income tax paid	-1,270,197	-998,152
<b>Net cash from operating activities</b>	<b>15,712,212</b>	<b>-6,814,919</b>
<b>Cash flow from investing activities</b>		
Acquisition of long term assets (excl, investment)	-690,833	-403,093
Transfer of long term assets (excl, investment)	144,904	189,280
Acquisition of investments		
Loans issued	-10,688,504	-5,318,070
Loans recovered	4,908,445	
Dividends and interest received	655,771	738,280
<b>Net cash used in investing activities</b>	<b>-5,670,217</b>	<b>-4,793,603</b>
<b>Cash flow from financial activities</b>		
Dividends, share of profit paid	-1,129,922	-2,249,465
Proceeds from loans and borrowings		
Repayments from loans and borrowings		
Payment of finance lease liabilities	-1,183,282	-1,519,467
Interest paid	-200,272	-223,162
<b>Net cash from (used in) financing activities</b>	<b>-2,513,476</b>	<b>-3,992,094</b>
<b>Increase (decrease) in net cash flow</b>	<b>7,528,519</b>	<b>-15,600,616</b>
Cash and its equivalent at the beginning of the period	40,847,520	53,934,684
<b>Cash and its equivalent at the end of the period</b>	<b>48,376,039</b>	<b>38,334,068</b>

## CASH FLOW STATEMENT

	Group	
	Jan. through June 2011	Jan. through June 2010
<b>Cash flow from operating activities</b>		
Net profit (loss)	-2,233,273	18,710,466
Elimination of other non-monetary items		
Depreciation and amortization costs	2,994,431	3,448,773
Other non-monetary items	-100,225	-32,172
	<u>660,933</u>	<u>22,127,067</u>
Change in inventories	-5,422,618	-3,299,408
Change in amounts receivable	-28,603,284	-10,778,950
Change in prepayments	-6,610,892	3,694,762
Change in other assets	23,441,335	-8,813,691
Change in trade payables	13,488,428	8,858,617
Change in prepayments received	14,905,119	-10,887,384
Change in provisions and other liabilities	-2,617,827	-750,737
	<u>9,241,194</u>	<u>150,276</u>
Elimination of results from financial and investing activities	536,529	-10,056,701
<b>Net cash from operating activities</b>	<b>9,777,723</b>	<b>-9,906,425</b>
<b>Cash flow from investing activities</b>		
Acquisition of non-current assets (except investments)	-827,594	-435,608
Transfer of non-current assets (except investments)	10,413	43,994
Loans issued	-2,575,380	
Loans recovered	1,211,920	
Dividends and interest received	268,196	696,858
<b>Net cash used in investing activities</b>	<b>-1,912,445</b>	<b>305,244</b>
<b>Cash flow from financial activities</b>		
Dividends and share of profit paid	-1,129,922	-2,249,465
Proceeds from loans and borrowings	363,495	
Repayments from loans and borrowings		
Payment of finance lease liabilities	-1,291,902	-1,687,269
Interest paid	-382,853	-1,136,572
<b>Net cash from (used in) financing activities</b>	<b>-2,441,182</b>	<b>-5,073,306</b>
<b>Increase (decrease) in net cash flow</b>	<b>5,424,096</b>	<b>-14,674,487</b>
Cash and cash equivalent in the beginning of the period	49,159,690	56,139,567
<b>Cash and cash equivalent at the end of the period</b>	<b>54,583,786</b>	<b>41,465,080</b>

# STATEMENT OF CHANGES IN EQUITY

## Company

	Authorized capital	FA revaluation	Legal reserve	Deferred result	Total
<b>Balance as of 31 December 2009</b>	16,350,000	9,715,594	1,635,030	97,031,157	124,731,781
Revaluation of fixed assets					0
Deferred tax related liability					0
Unrecognized profit (loss) for 2010		-350,586		350,586	0
Net profit (loss) for 2010				7,791,823	7,791,823
Dividend				-1,144,500	-1,144,500
Increase (decrease) of authorized capital					0
<b>Balance as of 30 June 2010</b>	16,350,000	9,365,008	1,635,030	104,029,066	131,379,104
<b>Balance as of 31 December 2010</b>	16,350,000	9,119,597	1,635,030	105,483,449	132,588,076
Revaluation of fixed assets					0
Related postponed tax liability					0
Deferred profit tax related to reappraisal of FA					0
Unrecognized net profit (loss) for 2011		-350,587		350,587	0
Net profit (loss) for 2011				-733,881	-733,881
Dividend				-1,144,500	-1,144,500
Reserves formed					0
Reserves used					0
Increase (decrease) of authorized capital					0
<b>Balance as of 30 June 2011</b>	16,350,000	8,769,010	1,635,030	103,955,655	130,709,695



Group

	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 2010</b>	16,350,000	10,445,141	2,019,981	810,470	71,488,724	101,114,316	-670,604	100,443,712
Decrease in revaluation reserve		-388,782			388,785	3		3
Deferred tax liability								0
Net profit (loss) for 2010					15,389,429	15,389,429	3,305,187	18,694,616
Dividend					-1,144,500	-1,144,500		-1,144,500
Currency rate change				-270,641		-270,641	-61,106	-331,747
Reserves formed			231		-231			0
								0
<b>Balance as of 30 June 2010</b>	16,350,000	10,056,359	2,020,212	539,829	86,122,207	115,088,607	2,573,477	117,662,084
<b>Balance as of 31 December 2010</b>	16,350,000	9,784,208	2,020,212	434,660	85,449,807	114,038,887	4,820,707	118,859,594
Decrease in revaluation reserve		-388,785			388,784	-1	1	0
Deferred tax liability						0		0
Net profit (loss) for 2011					-1,772,329	-1,772,329	-460,944	-2,233,273
Dividend					-1,144,500	-1,144,500		-1,144,500
Influence of currency rate change				422,046		422,046		422,046
Reserves formed			11,124		-11,124	0		0
Company transfer						0		0
								0
<b>Balance as of 30 June 2011</b>	16,350,000	9,395,423	2,031,336	853,680	82,910,638	111,541,077	4,359,764	115,900,841

## 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*, *Gemranga* 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 offices in Cherepovets, a subsidiary in Kaliningrad and a permanent establishment in the United Kingdom of Great Britain and Northern Ireland. 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.

### 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 2011	31 Dec. 2010
1 EUR	3.4528	3.4528
10 RTUB	0.8546	0.8554
1 LV	4.8703	4.8643
1 PLN	0.8624	0.8716
1 GBP	3.8429	4.0494

## 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 half of 2011 the investments of the Group in acquisition of non-current assets amounted to 827,594 Litas: *Panevėžio statybos trestas AB* acquired non-current assets for 690,833 Litas. During the year 2011 the costs related to depreciation and amortization of assets of the Group amounted to 2,994,431 Litas, including 2,589,614 Litas accounted for in the Financial Statement of *Panevėžio statybos trestas AB*.

## Loans

As of 30 June 2011 the loans of the Company Group of *PST investicijos UAB* amounted to 14,623,654 Litas including short-term bank credits totaling 13,526,734 Litas. For using credits *SEB AB* is paid the interest rate 1 month VILIBOR + 1.1%, for other loans the interest rate is 3 months VILIBOR and the interest margin is 1.9%.

## Guarantees, sureties

As of 30 June 2011 the guarantees of the liabilities of *Panevėžio statybos trestas AB* issued by credit institutions amounted to 26,813,412 Litas, 25,504,712 Litas of which cover performance bonds.

On 29 April 2011 an Agreement of Financial Liability Limit was signed with *DnB Nord bankas*. On the basis of this agreement the Performance Bond for the amount of 14,708,193 Litas has been issued to *Akmenės cementas AB*.

## Transactions with associated parties

As per resolution adopted by the Board of *Panevėžio statybos trestas AB* on 20 July 2009, the time limit for *Panevėžio keliai AB* to repay the loan in the amount of 10 mln. Litas was extended until 11 January 2013.

As per resolution adopted by the Board of *Panevėžio statybos trestas AB* on 30 March 2010, *PST investicijos UAB* had been given a loan amounting 8,235,491 mln. Litas for financing of the projects under development by the subsidiary companies of *PST investicijos UAB*. The time limit for the loan repayment is 31 March 2012.



On 22 July 2011 the Board of of *Panevėžio statybos trestas AB* decided to give the loan to *PST investicijos UAB* in the amount of 3,000,000 Litas for financing of the project under development of *Verkių projektas UAB*. The time limit for the loan repayment is 1 September 2014.

### **Dividends**

The Annual General Meeting of the Shareholders of *Panevėžio statybos trestas AB* that took place on 22 April 2011 made the decision to pay dividends in the amount of 1,144,500 Litas (0.07 Litas per share) and the share of profit in the amount of 2,000,000 Litas. By 30 June 2011 dividends amounting 1,109,899 Litas were paid. As of 31 August 2011, no payment of the share of profit was made.

### **Significant changes in the interim financial statement during the reporting period**

During the first half of 2011 the group incurred the loss amounting 2.2 mln. Litas, whereas during the first half of 2010 made profit in the amount of 18.7 mln. Litas. Due to rise of construction prices in 2009 and 2010, this year the parent company earned a relatively low gross profit margin of 4.68 % as it was in the process of earlier contract award finalization and had additional construction costs. On the other hand profit amounting 10 mln. Litas in 2010 is attributable to loss of control in the companies of *PST investicijos UAB* – *Gelūžės projektai UAB* ir *Smiltynų kalvos UAB*.

Due to payment terms agreed with the customers that were unfavourable to the company, there was increase in trade receivables and at the same time trade payables.