

# **Semi-annual Report, 2006 of the PLLC „Panevėžio statybos trestas“**

**(prepared following the Rules on Periodic Disclosure of Information about  
Issuers' Activities and their Securities confirmed by the Securities Commission  
of the Republic of Lithuania)**

## I. GENERAL PROVISIONS

### 1. Accountable period

1st half year of 2006.

### 2. Main data about the issuer

Name of the issuer	Public Limited Liability Company „Panevėžio statybos trestas“
Authorised capital	16 350 000 Litas
Domicile address	P. Puzino g. 1, LT-35173 Panevėžys, Lithuania
Telephone	(8~45) 505 503
Fax	(8~45) 505 520
E-mail	<a href="mailto:pst@pst.lt">pst@pst.lt</a>
Legal-organisational form	Public limited liability company
Date and place of registration	October 30, 1993, Panevėžys City Board
Registration No.	AB 9376
Code in the Register of Enterprises	147732969
Administrator of the Legal Persons Register	State Enterprise Centre of Registers
Website	<a href="http://www.pst.lt">www.pst.lt</a>

### 3. Information about where and when one may get conversant with the report and other documents, based on which it was prepared and the name of the means of mass media.

The report and other documents, based on which it was prepared, are available at the domicile of the Public Limited Liability Company „Panevėžio statybos trestas“ at the address P. Puzino g. 1, Panevėžys, on working days from 8:00 to 16:00.

The notices of the Company, including information and other documents, related to the to-be-convened general meeting of shareholders, as well as the notices and information related to the reorganisation and liquidation of the Company, resolutions (decisions) of the general meetings of shareholders and the Board, other notices and documents, which following the laws of the Republic of Lithuania, the Articles of Association of the Company and resolutions (decisions) of the management bodies of the Company must be made communicated to all shareholders and/or other persons, shall be published in the daily „Lietuvos rytas“ and by the news agencies BNS and ELTA.

### 4. Persons responsible for the accuracy of information in the report

#### 4.1. The members of the management bodies, employees and the head of administration of the issuer responsible for the accuracy of information in the report

Vygantas Sliesoraitis, Chairman of the Board of the AB „Panevėžio statybos trestas“, tel. (8~45) 505 560.

Dalius Gesevičius, Director General of the AB „Panevėžio statybos trestas“, tel. (8~45) 505 502.

Dalė Bernotaitienė, Finance Director of the AB „Panevėžio statybos trestas“, tel (8~45) 505 507  
Rasa Kairienė, economist of the AB „Panevėžio statybos trestas“, tel. (8~45) 505 508.  
Fax No. of all responsible persons is: (8~45) 505 520.

#### 4.2. -----

**5. Declaration by the members of the issuer's managing bodies, employees, the head of the administration and the issuer's consultants that the information contained in the report is in accordance with the facts and that the report makes no omissions likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.**

In the name of the Public Limited Liability Company “Panevėžio statybos trestas”, we, Vyngantas Sliesoraitis, Chairman of the Board, Dalius Gesevičius, Director General and Dalė Bernotaitienė, Finance Director, hereby confirm that the information contained in the report is in accordance with the facts and that the report makes no omissions likely to have material effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities.

Chairman of the Board of the AB  
„Panevėžio statybos trestas“

Vyngantas Sliesoraitis

August 29, 2006

Director General of the AB „Panevėžio  
statybos trestas“

Dalius Gesevičius

August 29, 2006

Finance Director of the AB „Panevėžio  
statybos trestas“

Dalė Bernotaitienė

August 29, 2006

The Report was prepared in Panevėžys during August of 2006

## II. INFORMATION ABOUT THE ISSUER'S AUTHORISED CAPITAL AND SECURITIES ISSUED AND MEMBERS OF THE MANAGEMENT BODIES

### 6. Issuer's authorised capital

#### 6.1. Authorised capital registered in the Register of Enterprises

The authorised capital of the AB „Panevėžio statybos trestas“ registered in the Register of Legal Persons is equal to 16 350 000 Lit.

The structure of the authorised capital of the AB „Panevėžio statybos trestas“ as per types of shares is presented in the table below:

Type of share	Number of shares (pcs.)	Nominal value (Lt)	Total nominal value (Lt)	Share in authorised capital (%)
Ordinary registered shares (PVA) Issuing code - 101446	16 350 000	1	16 350 000	100,00
Total:	16 350 000	-	16 350 000	100,00

All shares of the AB „Panevėžio statybos trestas“ have been paid up and are offered for public trading on the stock exchange at the time of their issue.

#### 6.2. Information about projected increase of the authorized capital through the conversion or exchanging debt securities or derivative securities and securities for shares.

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### 7. Shareholders

The total number of shareholders as for June 22, 2006 was 873. Below is the table showing shareholders exercising right of ownership or holding more than 5 per cent of the authorised capital of the Company:

Shareholder's name, surname (company's name, type, domicile address, code in the Register of Enterprises)	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held (%)	Percentage of votes granted by the shares held on property ownership right (%)	Percentage of votes held together with the persons acting together (%)
AB Panevėžio keliai, S. Kerbedžio g. 7, Panevėžys, Company code: 147710353.	8 138 932	49,78	49,78	---
Aktsiaselts Suprema Securities Tartu mnt.2, 10145 Tallinn, Estonia Company code: 10144609	659 500	4,03	4,03	25,43
Suprema AS 1 Valnu street, Riga, LV-1050, Latvija	871 269	5,33	5,33	25,43

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Company code: 000329712

Hansabank customers Liivalaia street  
8 Tallinn, Estonia

2 626 919

16,07

16,07

25,43

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Company code: 10060701

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## 8. Securities, which do not denote participation in the authorised capital but circulation of which is regulated by the Law on Securities Market.

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## 9. Secondary trading in the securities of the issuer

The total of 16 350 000 of ordinary registered shares of the AB „Panevėžio statybos trestas” of 1 Litas in nominal value were included in the current trading list of the Vilnius Stock Exchange (VVPB). Since July 13, 2006 the total of 16 350 000 ordinary registered shares of the AB „Panevėžio statybos trestas” were admitted to the official trading list of the Vilnius Stock Exchange(VVPB).

Type of shares	Number of shares (pcs.)	Nominal value (Lt)	Total nominal value (Lt)	Issue Code
Ordinary registered shares (PVA)	16 350 000	1	16 350 000	101446

Trading in ordinary registered shares of the AB „Panevėžio statybos trestas“ on the central market of the Vilnius Stock Exchange (VVPB):

Period	Price (Lt)		Trading volume (Lt)	
	Highest	lowest	Highest	lowest
01-01-2006 to 31-03-2006	13.58	12.25	5624209.20	710.50
01-04-2006 to 30-06-2006	13.15	9.60	2547030.00	1411.00

Period	Recent sessions	
	price (Lt)	turnover (Lt)
01-01-2006 to 31-03-2006	13.08	392919.32
01-04-2006 to 30-06-2006	10.50	129394.80

## Capitalisation of securities

Date	Number of shares (vnt.)	Central market price (Lt)	Capitalisation (Lt)
31-03-2006	16 350 000	13,08	213 858 000
30-06-2006	16 350 000	10,50	171 675 000

## 10. Agreements with intermediaries of public trading in securities

On February 7, 2006 the agreement No.3792 was signed with the AB DnB NORD bankas, located at Basanavičiaus 26, Vilnius, which was assigned to carry out accounting of the securities issued and manage the personal securities accounts.

## 11. Members of management bodies:

The management bodies of the AB „Panevėžio statybos trestas“ are:

- general meeting of shareholders,
- board,
- director general.

**VYGANTAS SLIESORAITIS** – chairman of the board. Education - higher (KPI, 1977, engineering and economics, VU, 2001, international business and management). Holds 20000 shares of the Company (0,12 %). Holds 30% of the UAB „Giedrija“ shares. Chairman of the Board of the UAB „Skydmedis“, member of the board of the UAB „PST Investicijos“.

1994 to 2000 - AB bank Hermis – branch director, vice chairman of the board, in 2001 - AB Ūkio bankas – chairman of the board, 2002 to 2003 - AB Vilniaus bankas – branch director, advisor to the president.

Term in office - 04-2004 to 04-2008 .

No previous conviction.

**ANTANAS PAVALKIS** – vice chairman of the board. Education- higher ( KPI, 1959, road building engineering). 1986 to 1990 - deputy manager of the AB “PANEVĖŽIO STATYBOS TREŠTAS”, 1990 to 1991 – deputy director general, 1991 to 1992 - production director, 1992 to 1999 – director general of the Company. Since 1999 – president of the Company. Holds 100 shares (0 %) of the Company. Holds no shares in other companies.

Terms in office - 05-1999 to 05-2003

05-2003 to 04-2004

04-2004 to 04-2008

No previous conviction.

**GVIDAS DROBUŽAS** – member of the board. No membership in Company's capital. Membership in the activities and the capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
AB "PANEVĖŽIO KELIAI"	Board member	529 861, out of it 43197 pledged to the UAB „Dangu emulsija“	28,33	28,33
UAB "LAUKTUVĖS JUMS"	Board member	10 983	49,76	49,76
UAB "POKŠTAS"	Director	261	50,0	50,0
UAB "KELTECHA"		340	17,0	17,0
AB "KLOVAINIŲ SKALDA"		203 129	3,77	3,77
UAB "GELBERA"	Board member	34	34	34

UAB "EMULTEKA"		12	12,0	12,0
UAB "GUSTONIŲ Ž.Ū.T."	Board member	18 028	49,04	49,04
AB "KIRTIMŲ AUTOTRANSPORTAS"	Board member			
AB "IGNALINOS STATYBA"	Board member	91 351	37,93	37,93
UAB "TAMSUMA"	Board member	67	33,5	33,5
AB "PANEVĖŽIO STATYBOS TRESTAS"	Board member	-	-	-
AB "UKMERGĖS KELIAI"		10	-	-
UAB „PANEVĖŽYS“	Board member	155 768	49,52	49,52
AB "SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA"		21 470	9,36	9,36
UAB PST INVESTICIJOS	Board member	4118	0,025	-
UAB "PANODEN"	Chairman of the board			
UAB "PAKNOVUS"	Board member			
UAB "CONSTRUCTUS"	Board member	1 669	4,5	4,5
UAB "REALTUS"	Board member			
UAB "AUDROS RŪMAI"	Board member			
UAB „NAUJASIS UŽUPIS“	Board member			
UAB „VILNIAUS VAIZDAS“	Board member	50	50	50
UAB „CONVESTUS“	President, Board member	50 000	50	50
UAB „UPĖS SLĖNIS“		700 and 4410 debentures of the UAB „Upės slėnis“	50	50
UAB „ALPROKA“	Board member			

Terms in office: 05-1999 to 05-2003

05-2003 to 04-2004

04-2004 to 04-2008

No previous conviction.

REMIGIJUS JUODVIRŠIS – member of the board. Holds 300 336 shares of the Company, granting him 1,84 per cent of votes. Membership in the activities or capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL %	VOTES %
UAB "TERTIUS"		704 638	80	80
AB "PANEVĖŽIO KELIAI"	Board member	531 675, out of it	28,47	28,47

		43197 pledged to the UAB „Dangų emulsija		
UAB „LAUKTUVĖS JUMS“	Board member	11 069	50,15	50,15
UAB „POKŠTAS“		261	50	50
AB „KLOVAINIŲ SKALDA“	Board member	203 526	3,78	3,78
UAB „GERBERA“	Board member	34	34	34
UAB „KELTECHA“		340	17,0	17,0
UAB „EMULTEKA“		14	14,0	14,0
UAB „GUSTONIŲ ŽŪT“	Board member	18 027	49,04	49,04
AB „SPECIALIZUOTA KOMPLEKTAVIMO VALDYBA“		21 490	9,37	9,37
AB „IGNALINOS STATYBA“	Board member	91 351	37,93	37,93
UAB „TAMSUMA“	Chairman of the board	67	33,5	33,5
UAB „NAUJASIS UŽUPIS“	Chairman of the board			
UAB „PANEVĖŽYS“	Valdybos narys	155 832	49,52	49,52
AB „PANEVĖŽIO STATYBOS TRESTAS“	Board member	300 336	1,84	0
UAB „PANODEN“	Board member			
UAB „PST Investicijos“	Board member			
UAB „PAKNOVUS“	Board member	35	35	35
AB „KIRTIMŲ AUTOTRANSPORTAS“	Board member	-		
UAB „CONSTRUCTUS“	Board member	1 669	4,5	4,5
UAB „REALTUS“	Board member			
UAB „AUDROS RŪMAI“	Board member			
UAB „VILNIAUS VAIZDAS“	Board member	50	50	50
UAB „CONVESTUS“	President Chairman of the board	50 000	50	50
UAB „UPĖS SLĖNIS“		700 and 4410 debentures	35	35
UAB „ALPROKA“	Chairman of the Board	100 debenture		

Terms in office: 05-1999 to 05-2003

05-2003 to 04-2004

02-2005 to 04-2008



No previous conviction.

VILIUS GRAŽYS – member of the board. Education – higher (road construction and maintenance). Employed by the AB „Panevėžio keliai“: 1982 to 1987 - site manager, 1987 to 1993 – subdivision manager, 1993 to date - technical director. Membership in the activities of the companies below:

COMPANY NAME	CAPACITY	CAPITAL %	VOTES %
UAB „KELTECHA“		11	11
UAB „EMULTEKA“		11	11
UAB „BASS“		40	40
AB „PANEVĖŽIO STATYBOS TRESTAS“	Board member		
AB „PANEVĖŽIO KELIAI“	Board member	5.36	5.36
SIA „UNION ASPHALTECHNIK“	Board member		

Term in office – 02-2005 to 04-2008

No previous conviction.

#### Administration:

DALIUS GESEVIČIUS – head of the company administration, director general. Holds 105 635 shares of the company (0,6 % of the authorised capital). Education – higher, VISI, 1984, construction engineering. No membership in activities or authorised capital of other companies. 1999 to 2004 – AB „Panevėžio statybos trestas“ marketing director, 2004 to date – director general. Chairman of the board of the UAB „PST Investicijos“.

No previous conviction.

DANGUOLĖ ŠIRVINSKIENĖ – chief accountant of the Company. Holds no shares of the Company. No membership in activities or authorised capital of other companies. Education – higher (LŽUA, 1983, accounting, economics). 1996 to 2005 - UAB Krekenavos pašarai. Deputy chief accountant of the AB „Panevėžio statybos trestas“ since February 21, 2005, chief accountant since May 15, 2006.

No previous conviction.

**I. FINANCIAL STATUS**

The financial report of the AB „Panevėžio statybos trestas“ group, presented in this section, have been prepared following the International standards of finance accounting. The interim financial statements were not audited.

**12. Balance sheet:****CONSOLIDATED BALANCE SHEET, 01-01-2006 to 30-06-2006**

In LITAS

ASSETS	30-06-2006	31-12-2005	30-06-2005
<b><i>Long term assets</i></b>	<b>34484525</b>	<b>21211945</b>	<b>21134036</b>
<b>Intangible assets</b>	<b>269882</b>	<b>280316</b>	<b>268415</b>
Development			
Goodwill	121460	105671	94925
Patents, licenses	28081	41581	47170
Software	118813	131209	124138
Other intangible assets	1528	1855	2182
<b>Tangible assets</b>	<b>21652663</b>	<b>19876518</b>	<b>20296865</b>
Land	441543	290298	1646179
Buildings and structures	7956779	9412623	9673076
Facilities and equipment	5034022	3271788	2673315
Transportation means	2971355	2502865	1615633
Other equipment and tools	3531250	2972481	3257831
Unfinished construction	452535	119978	80944
Other tangible assets	79799	87565	97464
Investment assets	1185380	1218920	1252423
Land			
Buildings	1185380	1218920	1252423
<b>Financial assets</b>	<b>11808452</b>	<b>301583</b>	<b>568756</b>
Investment into subsidiaries and associated companies	11075461		
Loans to associated and subsidiary companies	431408		
Accounts receivable in one year	246083	246083	92174
Assets of deferred tax on profit	753528	753528	421082
Other financial assets	55500	55500	55500
<b>Current assets</b>	<b>154274716</b>	<b>76448409</b>	<b>62140201</b>
<b>Inventories, advance payments and contracts in progress</b>	<b>81715801</b>	<b>21254392</b>	<b>22924661</b>
Inventories	4692830	2688741	13410604
Raw materials and consumables	3013086	1469680	1833754
Finished products	19232	256447	9344166
Goods purchased for resale	1660512	962614	2232684
Inventories received from subsidiaries and parent companies			
Advance payments	2591752	2804056	1480600
Contracts in progress	74431219	15761595	8033457
<b>Accounts receivable in one year</b>	<b>64171099</b>	<b>22808409</b>	<b>34411397</b>
Trade debtors	63317451	21865813	33096145
Debts of subsidiaries and associated companies	60537		
Other account receivable	793111	942596	1315252
<b>Other current assets</b>	<b>3719501</b>	<b>4471580</b>	<b>1450000</b>
Other current assets	3719501	4471580	1450000
<b>Cash and its equivalent</b>	<b>4668315</b>	<b>27914028</b>	<b>3354143</b>
<b>Total assets:</b>	<b>188759241</b>	<b>97660354</b>	<b>83274237</b>

## CONSOLIDATED BALANCE SHEET, 01-01-2006 to 30-06-2006 (CONTINUED)

In LITAS

	30-06-2006	31-12-2005	30-06-2005
<b><i>Owners' equity</i></b>	<b>41643185</b>	<b>37902919</b>	<b>30314149</b>
<b>Capital</b>	<b>16350000</b>	<b>16350000</b>	<b>16350000</b>
Authorised (subscribed)	16350000	16350000	16350000
<b>Revaluation reserve (results)</b>	<b>3794377</b>	<b>4671344</b>	<b>5629217</b>
<b>Reserves</b>	<b>1619155</b>	<b>1435029</b>	<b>1435029</b>
Prescribed by the law	1619155	1435029	1435029
<b>Retained profit (loss)</b>	<b>19159555</b>	<b>14707636</b>	<b>6899903</b>
Current year profit (loss)	4636045	10494662	4201285
Previous year profit (loss)	14523510	4212974	2698618
<b>Minority share</b>	<b>720098</b>	<b>738910</b>	<b>757895</b>
<b><i>Grants, subsidies</i></b>			
<b><i>Amounts payable and liabilities</i></b>	<b>147116056</b>	<b>59757435</b>	<b>52202193</b>
<b>Amounts payable in one year and long term liabilities</b>	<b>51239131</b>	<b>3662526</b>	<b>8541069</b>
Financial debts	50387077	2810472	7593186
Leasing (financial lease) or similar liabilities	4725654	2704620	2487731
Credit institutions	45555571		5105455
Other financial debts	105852	105852	
Postponed taxes	852054	852054	947883
<b>Amounts payable in one year and short term Liabilities</b>	<b>95876925</b>	<b>56094909</b>	<b>43661124</b>
Portion of long term debts payable in current year	971022	1128166	430476
Financial debts	2400000	2407985	6265959
Credit institutions		2407985	6265959
Other debts	2400000		
Suppliers	41579589	18432087	21452425
Prepayments received	34060325	22914776	7557463
Profit tax liabilities	1820464	1675376	676803
Employment related liabilities	8537583	7869610	5139428
Provisions	2397932	189642	1558469
Other amounts payable and short term liabilities	4110010	1477267	580101
<b>Total owners' equity and liabilities:</b>	<b>188759241</b>	<b>97660354</b>	<b>83274237</b>

**13. Profit (loss) account:****CONSOLIDATED PROFIT (LOSS) ACCOUNT, 01-01-2006 to 30-06-2006**

in LITAS

	1st half of 2006	1st half of 2005
SALES	110771823	80394545
COST OF SALES	96302803	67047982
<b>GROSS PROFIT (LOSS)</b>	<b>14469020</b>	<b>13346563</b>
OPERATING COSTS	8818702	7192594
Sales	309720	793788
General and administrative	8508982	6398806
<b>PROFIT (LOSS) FROM TYPICAL ACTIVITIES</b>	<b>5650318</b>	<b>6153969</b>
OTHER ACTIVITIES	(210342)	(202864)
Revenue	37046	(30317)
Expenses	247388	172547
FINANCIAL AND INVESTING ACTIVITIES	(396178)	(1849107)
Revenue	57007	48734
Expenses	453185	1897841
<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>5043798</b>	<b>4101998</b>
<b>PRE-TAX PROFIT (LOSS)</b>	<b>5043798</b>	<b>4101998</b>
TAX ON PROFIT	1303532	169843
<b>NET PROFIT (LOSS)</b>	<b>3740266</b>	<b>3932155</b>
FALLING TO SHAREHOLDERS OF THE COMPANY	3759079	3997337
FALLING TO MINORITY SHARE	(18813)	(65182)
<b>PROFIT FALLING TO COMPANY'S SHAREHOLDERS PER SHARE (IN LITAS)</b>	<b>0,23</b>	<b>0,24</b>

## 14. Consolidated account of capital changes for the half year ending June 30, 2006:

	Authorised capital paid in full	Revaluation Reserve	Legal reserve	Accrued profit Profit	Equity share falling to the Company	Minority share	Total
<b>4. Balance as for January 01, 2005</b>	<b>16350000</b>	<b>5029438</b>	<b>1287090</b>	<b>4212974</b>	<b>26879502</b>	<b>823078</b>	<b>27702580</b>
Profit/loss (+/-) not recognized in Profit (loss) account		-203948		203948			0
9. Net profit/loss (+/-) of the accounting period				3997337		-65183	3932154
Dividend				-562690			-562690
Legal reserve made up			147939	-147939			0
<b>Balance as for June 30, 2005</b>	<b>16350000</b>	<b>4825490</b>	<b>1435029</b>	<b>7703630</b>	<b>30314149</b>	<b>757895</b>	<b>31072044</b>
<b>Balance as for January 01, 2006</b>	<b>16350000</b>	<b>4671343</b>	<b>1435029</b>	<b>14707636</b>	<b>37164008</b>	<b>738910</b>	<b>37902918</b>
Profit/loss (+/-) not recognized in Profit (loss) account		-876966		876966	0		0
Net profit/loss (+/-) of the accounting period				3759079	3759079	-18812	3740267
Legal reserve made up			184126	-184126			
<b>28. Balance as for June 30, 2006</b>	<b>16350000</b>	<b>3794377</b>	<b>1619155</b>	<b>19159555</b>	<b>40923087</b>	<b>720098</b>	<b>41643185</b>

## 15. Consolidated cash flow account for the half year ending June 30, 2006:

Items	First half of 2006	First half of 2005
<b>Cash flow from operating activities</b>		
Net profit (loss)	3740266	3932155
Depreciation and amortisation costs	1585560	1253147
Elimination of other non-monetary items	79268	343420
Decrease (increase) in inventories	(2004089)	(7026404)
Decrease (increase) in prepayments	212304	(352475)
Decrease (increase) in contracts in progress	(57445778)	13887488
Decrease (increase) in trade receivables	(41267154)	(5297876)
Decrease (increase) in other receivables	149485	2879897
Decrease (increase) in other current assets	752079	1450000
Increase (decrease) in trade payables and prepayments received	34049105	935488
Increase (decrease) in profit tax obligations	145088	(464405)
Increase (decrease) in employment obligations	696928	(1221350)
Increase (decrease) in appropriations	2208290	133439
Increase (decrease) in other payables and liabilities	2610207	(193053)
Elimination of results of financial and investing activities	400135	399107
<b>Cash flow from operating activities</b>	<b>(54088306)</b>	<b>10658578</b>
<b>Cash flow from investing activities</b>		
Purchase of long term assets (excl. Investment)	(1622886)	(1569323)
Transfer of long term assets (excl. investment)	59433	157269
Acquisition of long term investments	(11075461)	
Transfer of long term investment		
Granting of loans	(431408)	
Repaid loans		
Dividend, interest received	30592	1149
Other increase in cash flow from investing activities		
Other decrease in cash flow from investment activities		
<b>Net cash from investing activities</b>	<b>(13039730)</b>	<b>(1410905)</b>

(Continued on the next page)

(continued)

Items	First half of 2006	First half of 2005
<b>Cash flow from financial activities</b>		
Cash flow related to owners of the company	(6418)	0
Issue of shares		
Contributions of owners to cover the loss		
Purchase of own shares		
Dividends paid	(6418)	
Cash flow related to other financing sources	43888741	(9024709)
Increase in financial debts	45547586	
Obtaining of loans	45547586	
Issue of bonds		
Decrease of financial debts	(1668870)	(9069165)
Repayment of loans		(7744979)
Redemption of bonds		
Interest paid	(437870)	(408654)
Payments of leasing (financial lease)	(1231000)	(915532)
Increase of other obligations of the company		
Decrease of other obligations of the company		
Increase of other cash flow from financial activities	21636	46551
Decrease of other cash flow from financial activities	(11611)	(2095)
<b>Net cash flow from financial activities</b>	<b>43882323</b>	<b>(9024709)</b>
<b>Cash flow from extraordinary items</b>	<b>0</b>	<b>0</b>
Increase of cash flow from extraordinary items		
Decrease of cash flow from extraordinary items		
<b>Result of changes in currency rate on the balance of cash and its equivalents</b>		
<b>Increase (decrease) of net cash flow</b>	<b>(23245713)</b>	<b>222964</b>
<b>Cash and its equivalent at the beginning of the period</b>	<b>27914028</b>	<b>3131179</b>
<b>Cash and its equivalent at the end of the period</b>	<b>4668315</b>	<b>3354143</b>

## 16. Explanatory note:

### (1) General information:

AB „Panevėžio statybos trestas“ (hereinafter the Company) was established in 1957 and for a long time was the main construction company of the northern part of Lithuania. In 1991 it was registered as a state enterprise. On October 30, 1993 the Company was reorganised into a public limited liability company. Company code 147732969, VAT code LT477329610. Registration certificate No. 013732, certificate issued on 27-09-2004 by the Panevėžys branch of the State Enterprise Centre of Registers.

„Gerbusta“ and „Pastatų apdaila“ were the branches of the Company as for June 30, 2005. These branches carry out their own accounting and their data was included when preparing the reporting of the Company. The accounting of activities of the branches „Klaipstata“ and „Darmesta“ is done by the main company. The Company has a representative office in the city of Cherepovets and branches in Kaliningrad and St.Petersburg (Russia).

The main activities of the Company are: designing and construction of buildings, structures, facilities and communication for various applications in Lithuania and out of it. In addition to said activities the Company is also engaged in lease of premises and mechanisms, trade in building materials and other activities.

The AB „Panevėžio statybos trestas“ company group includes the following companies:

Subsidiaries	Type of activities	Shares held (%)	Domicile address
UAB „Skydmedis“	Production of wood constructions	100	Pramonės g. 5, Panevėžys
UAB „Metalų meistrai“	Production of metal constructions	100	Tinklų g. 7, Panevėžys
UAB „Vekada“	Electrical installation works	96	Marijonų g. 36, Panevėžys
TŪB „Vilniaus papėdė“	Construction works	69	Švitrigailos g. 8, Vilnius
UAB „Audros rūmai“	Real estate construction	67	Konstitucijos pr. 7, Vilnius
UAB „Alinita“	Air conditioning equipment	100	Dubysos g. 31, Klaipėda
UAB „Verkių projektas“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Inžinerinės veiklos centras“	Engineering activities	51	Ringuvos g. 61 a, Kaunas
PS Trests SIA	Construction	100	Vietalvas 5, Rīga
Baltstroijs OOO	Constuction	100	Sovetskij pr. 43, Kaliningrad
UAB „PST Investicijos“	Real estate construction	100	Konstitucijos pr. 7, Vilnius

#### *Subsidiaries of the UAB „PST investicijos“:*

UAB „Ateities projektai“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Sakališkės“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
UAB „Kauno erdvė“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius



UAB „Gėlužės projektai“	Real estate development and sales	100	Konstitucijos pr. 7, Vilnius
OOO ISK Baltevro market	Construction	100	Maršalo Vasilevskovo Sq. 2, Kaliningrad
UAB „Smiltynų kalvos“	Real estate development and sales	100	Konstitucijos pr.7, Vilnius

I. Financial statements of the PS Trests SIA and the Baltilstroij OOO were not consolidated into the financial reporting of the Group due to their insignificance to the Group.

## (2) Accounting principles:

### Basis for preparation of financial statements:

The financial statements included have been prepared following International Finance Accounting Standards.

The amounts in the financial statements are in the Lithuanian currency the Litas (Lt).

### Consolidation principles:

The financial statements include also the financial statements of the Company and subsidiaries (hereinafter the Group) .

The assets and liabilities of a subsidiary on the day of its acquisition are recorded at fair value. The minority shareholders' share is in the minority proportion of fair value of the assets and liabilities. The financial results of the subsidiaries acquired in the course of the accounting period are included into the consolidated profit (loss) account from the day of taking over the control or acquisition of such subsidiary company. Control shall mean the possibility to managing the financial and activity policy of the company, into which the investment has been made, seeking to receive benefit from it.

All material balances, transactions and not received profit (loss) in the between-group-company transactions have been eliminated from the financial statements.

## (3) Material changes in financial statements during the accounting period:

1. Financial assets increased: in the 2nd quarter of 2006 the subsidiary UAB „PST Investicijos“ acquired the OOO ISK Baltevro market, the construction company in Kaliningrad, which is registered in the consolidated balance sheet at acquisition selfcost.

2. Contracts in progress: this item went up with the AB „Panevėžio statybos trestas“ to 41,5 mio.Lt due to the prepayments received from the subcontractors in connection with the execution of the new projects started by the UAB „PST investicijos“.

3.Trade debtors: materially increased due to recording time of construction-erection jobs completed in June.

**(4) Information about business segments:**

A business segment is the singled out component of business, which includes production of related or unrelated products or rendering of related or unrelated services, business risk and profitability of which differs from other business components of the Group.

Parameters	Segments (types of activities)								For whole Group	
	Contracts for construction jobs		Sales of real estate		Products produced		Other			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	105724735	60018581	0	14630611	3364439	2465266	1682649	3280087	110771823	80394545
Expenses	99864617	58744942	595581	10286211	3186845	2293325	1474462	2916098	105121505	74240576
Profit from operations	5860118	1273639	-595581	4344400	177594	171941	208187	363989	5650318	6153969

**(5) Information about geographic segments :**

Geographic segments is the singled out component of business, which includes production of products or rendering services in certain geographic economic environment and the risk and profitability of which differs from other business components, executed in a different geographic economic environment.

Parameters	Segments (geographic)								For whole Group	
	Lithuania		Russian Federation		Germany		Iceland, Norway, Sweden			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	104565842	68494786	3516153	10265807	277949	348351	2411879	1285601	110771823	80394545
Expenses	99295851	62941144	3207263	9732612	270567	334038	2347824	1232782	105121505	74240576
Profit from operations	5269991	5553642	308890	533195	7382	14313	64055	52819	5650318	6153969

**(6) Main financial figures of the AB „Panevėžio statybos trestas” company group (thou. Lt)**

	<b>1<sup>st</sup> half of 2006</b>	<b>1<sup>st</sup> half of 2005</b>	<b>Increase (%)</b>
Revenue	110 772	80 394	37,8
Selfcost	96 303	67 048	43,6
Gross profit	14 469	13 346	8,4
Gross profit margin (%.)	13,1	16,6	
Net profit margin (%.)	3,4	4,8	
Profit per one share (in Lt)	0,23	0,24	
Return of equity (ROE) (%)	8,9	10,4	
Return on assets (ROA)	1,98	4,72	
Return on investment (ROI)	4,03	9,9	
Current liquidity ratio	1,61	1,42	
Book value of a share	2,55	1,90	
Share price/earnings ratio (P/E)	16,4	20,1	
Share price/book value ratio (P/BV)	4,12	3,79	
Expected value, mio.Lt	219,79	95,36	
Expected value/sales ratio (EV/S)	1,98	1,17	

**(7) Results**

The turnover of AB „Panevėžio statybos trestas“ (PST), one of the biggest construction companies of country, during the 1st half of this year was 111 mio Lt and was by 38 per cent higher compared to the same half of last year. Unaudited net profit of the Company for the 1st half year was 4 mio. Lt – the same it was during January to June of 2005.

The financial results kept on growing during the first half of this year. Exclusive growth was recorded in June when the monthly turnover reached 34 mio.Litas.

The greatest part of the turnover during the first half of the year – 106 mio.Litas – accounted for construction and erection works. Compared to the same period of the last year the turnover in this segment went up 1.7 times. Sales of real estate did not take place this year as the land plot in the Šeškinė area of Vilnius expected to be sold was not sold. Real estate sales during the 1st half last year were 15 mio.Litas.

Operation expenses during the accounting period were 7,9 per cent of the revenue, operation expenses during the 1st half last year were 9 per cent.

**(8) Investment**

During the first half of this year the AB „Panevėžio statybos trestas“ company group invested more than 4,7 mio Litas into machinery and mechanisms and purchasing of production-organisational means.

**(9) Information about loans**

Receiver of credit	Credit line provider	Repayment date	Credit limit	Credit amount as for 30-06-2006	Interest rate
AB „Panevėžio statybos trestas“	AB „Hansabankas“	01-03-2008	10 000 000	8 532 886	6 mnths. VILIBOR + 1 %
AB „Panevėžio statybos trestas“	AB SEB Vilniaus bankas	30-01-2008	10 000 000	1 006 376	6 mnths VILIBOR + 1,1 %
UAB „PST investicijos“	DnB NORD	27-04-2008	4 164 124 USD	4 148 000 USD	6,32
UAB „Gėlužės projektai“	DnB NORD	20-04-2008	24 200 000	19 455 264	6 mnths VILIBOR + 1,05% (to be reviewed on 01-06 and 01-12)
UAB „Kauno erdvė“	AB SEB Vilniaus bankas	28-05-2008	10 710 000	5 144 388	6 mnths. VILIBOR + 1,1% (to be reviewed on 29-05 and ir 29-11)

**15. Information about audit:**

Statements for 1st half of 2006 presented have not been audited.

#### IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

##### 16. Material events in the issuer's activity

The general meeting of shareholders took place on 24-04-2006. It approved the Report on Company's Activities for 2005, Financial Statements of the Company for 2005, agreed to the Company auditor's conclusion on the Financial Statements for 2005. The meeting also resolved to approve the increase of the authorised capital of subsidiary UAB „Sėkmės šaltinis“ by subscribing for newly issued 45 723 shares of 100 Lt in nominal value. Acquisition of shares of the UAB „Sėkmės šaltinis“ was effected by making the following non-monetary contribution toward partial payment for said shares: transferring 1 742 ordinary registered shares of the UAB „Audros rūmai“ (company code 125673614) of 1000 Litas in nominal value, the total value of which was 1 672 320 Litas. This non-monetary contribution was assessed by an independent assets valuator (Valuation report dated January 9, 2006).

The extraordinary general meeting of shareholders took place on 30-06-2006. At this meeting the new edition of Articles of Association of the Company was approved (one of the items in new revision is that the Board shall consist of five members). It was resolved to undertake the obligations to the AB DnB NORD bank to act as surety in the event the UAB „Sėkmės šaltinis“ (UAB „PST investicijos“) failed to meet its obligations as per Credit Line Agreement, entered between the AB DnB NORD bank and the UAB „Sėkmės šaltinis“ (UAB „PST investicijos“) the total credit amount being USD 4 250 000.

The resolution not to elect the sixth member of the Board in view of the revised and confirmed Articles of Association. Election of the new Board is expected to take place at the extraordinary general meeting of shareholders.

On 28-06-2006 the application and the documents were filed with the Vilnius Stock Exchange for admission of the ordinary registered shares of the AB „Panevėžio statybos trestas“ into the Official Trading List. The contract for listing of securities in the official trading list of securities was signed with the AB „Vilniaus vertybinių popierių birža“ on July 3, 2006.

Notices about material events are delivered to the Lithuanian Securities Commission, Vilnius Stock Exchange, Central Depository of Securities, daily „Lietuvos rytas“, news agencies BNS, ELTA and communicated on the website of the Company <http://www.pst.lt/lt>.

##### 17. Court or third party (arbitration) proceeding

Court of arbitration proceedings, which might have impact on issuer's financial status over the accountable period (sanctions applied, compensation for damage payable, etc.) were not taking place.