AB Panevėžio Statybos Trestas

Separate financial statements
for the year 2015

Contents

Company details

AB Panevėžio Statybos Trestas

Entity's code: 147732969
Telephone: +370 45 505 503
Telefax: +370 45 505 520
Address: P. Puzino 1, LT-35173 Panevėžys

Board

Remigijus Juodviršis, Chairman
Artūras Bučas
Virmantas Puidokas
Audrius Balčėtis
Vilius Gražys

Management

Dalius Gesevičius, Managing Director

Auditor

KPMG Baltics, UAB

Banks

AB DNB Bankas
AB SEB Bankas
Swedbank, AB
AB Šiaulių Bankas
AB Citadele Bankas
Pohjola Bank Plc Lithuania Branch
OAO KS EvrositiBank

KPMG Baltics, UAB
Konstitucijos Ave 29
LT-08105, Vilnius
Lithuania

Phone: +370 5 2102600
Fax: +370 5 2102659
E-mail: vilnius@kpmg.lt
Website: kpmg.com/lt

Independent Auditor's Report

To the Shareholders of AB Panevėžio Statybos Trestas

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements (hereinafter "the financial statements") of AB Panevėžio Statybos Trestas (hereinafter "the Company"), which comprise the separate statement of financial position as at 31 December 2015, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5–40.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company code: 111494971
VAT code: LT114949716

Opinion

In our opinion, the separate financial statements give a true and fair view of the unconsolidated financial position of AB Panevėžio Statybos Trestas as at 31 December 2015, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 31 of the financial statements, which describes that low oil and gas prices, geopolitical tensions and ongoing international sanctions worsened Russia's economy performance in 2015, which together with other events described in Note 31 may have an adverse effect on the performance and financial position of the Company. Currently, the extent of such effect cannot be estimated. Therefore, significant uncertainty exists that future business development in Russia may differ from the management's assessments.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the annual report of AB Panevėžio Statybos Trestas for the year ended 31 December 2015, set out on pages 41–92 of the financial statements, and have not identified any material inconsistencies between the financial information included in the annual report and the separate financial statements of AB Panevėžio Statybos Trestas as at and for the year ended 31 December 2015.

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Vilnius, the Republic of Lithuania
1 April 2016

Confirmation of the Company's responsible employees

To: Supervisory Service
BANK OF LITHUANIA
Žirmūnų St 151, LT-09128 Vilnius

Vilnius Stock Exchange
Konstitucijos 7, 15fl, LT-08105 Vilnius

This confirmation of responsible employees of AB Panevėžio Statybos Trestas concerning the audited separate financial statements and the annual report for the year 2015 is presented in accordance with the Law on Securities of the Republic of Lithuania (Official Gazette, 2077, No. 17-626; 2011, No. 145-6819) and with Regulations for Preparation and Presentation of Periodic and Additional Information approved by Resolution of the Board of the Bank of Lithuania No. 03-48 (Official Gazette, 2013, No. 25-1255).

By this confirmation of responsible employees we confirm that, as to our knowledge, the presented separate financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, the liabilities, the financial position, the result and cash flows of AB Panevėžio Statybos Trestas. The annual report fairly states the review of business development and activities, the Company's position and the description of main risks and uncertainties.

AB Panevėžio Statybos Trestas
Managing Director
Dalius Gesevičius

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ____________________

Separate statement of financial position

as at 31 December

In EUR

	Note	31 December 2015	31 December 2014 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,094,315	4,670,874
Intangible assets	13	69,256	33,993
Investment property	14	1,270,000	0
Investments in subsidiaries	15	5,848,248	7,765,601
Loans granted	16	325,068	121,955
Other assets		30,070	35,354
Deferred tax assets	11	246,745	224,102
Total non-current assets		**12,883,702**	**12,851,879**
Current assets			
Inventories	17	641,570	1,677,422
Trade receivables	18	10,884,408	17,815,632
Prepayments		609,785	225,653
Loans granted	19	8,588,146	8,461,916
Other assets	20	1,162,186	1,435,521
Advance income tax		1,208	101,991
Cash and cash equivalents	21	20,896,409	18,602,735
Total current assets		**42,783,712**	**48,320,870**
TOTAL ASSETS		**55,667,414**	**61,172,749**

**Refer to Note 29*

The notes on pages 10–40 are an integral part of these financial statements.

Managing Director	Dalius Gesevičius	01/04/2016
Chief Accountant	Danguolė Širvinskienė	01/04/2016

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ____________________

Separate statement of financial position (continued)

as at 31 December

In EUR

	Note	31 December 2015	31 December 2014 Restated*
EQUITY AND LIABILITIES			
Equity			
Share capital	22	4,741,500	4,735,287
Reserves	22	1,859,847	2,014,199
Retained earnings		31,609,648	32,206,158
Total equity		**38,210,995**	**38,955,644**
Non-current liabilities			
Warranty and other provisions	24	520,879	471,079
Deferred tax liabilities	11	244,643	271,882
Total non-current liabilities		**765,522**	**742,961**
Current liabilities			
Trade payables		10,889,317	13,271,581
Prepayments received	18	1,056,999	3,827,411
Current tax payable		182,225	461,157
Other liabilities	25	4,562,356	3,913,995
Total current liabilities		**16,690,897**	**21,474,144**
Total liabilities		**17,456,419**	**22,217,105**
TOTAL EQUITY AND LIABILITIES		**55,667,414**	**61,172,749**

**Refer to Note 29*

The notes on pages 10–40 are an integral part of these financial statements.

Managing Director	Dalius Gesevičius	01/04/2016 ____________
Chief Accountant	Danguolė Širvinskienė	01/04/2016 ____________

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ____________________

Separate statement of comprehensive income

for the year ended 31 December

In EUR

	Note	2015	2014 Restated*
Revenue		77,437,607	73,274,527
Cost of sales	5	(70,225,777)	(67,248,856)
Gross profit		**7,211,830**	**6,025,671**
Other income	9	625,317	585,909
Sales expenses	6	(195,133)	(161,110)
Administrative expenses	7	(5,398,004)	(2,230,382)
Other expenses	9	(283,556)	(254,993)
Result from operating activities		**1,960,454**	**3,965,095**
Finance income	10	733,418	703,437
Finance costs	10	(2,034,993)	(3,665,852)
Profit before income tax		**658,879**	**1,002,680**
Income tax	11	(330,641)	(448,823)
Net profit (loss)		**328,238**	**553,857**
Other comprehensive income			
Adjustment related to the adoption of euro under Lithuanian legislation		6,213	0
Revaluation of property, plant and equipment		0	(3,257)
Effect of deferred tax		0	0
Items that will never be reclassified to profit or loss		**6,213**	**(3,257)**
Items that are or may be reclassified to profit or loss		**0**	**0**
Total other comprehensive income		**0**	**(3,257)**
Total comprehensive income		**334,451**	**550,600**
Basic and diluted earnings per share	23	0.02	0.03

**Refer to Note 29*

The notes on pages 10–39 are an integral part of these financial statements.

Managing Director	Dalius Gesevičius	01/04/2016
Chief Accountant	Danguolė Širvinskienė	01/04/2016

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ________________

Separate statement of changes in equity

In EUR	Notes	Share capital	Compulsory reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 31 December 2013		**4,735,287**	**473,537**	**1,703,577**	**31,492,643**	**38,405,044**
Total comprehensive income for the year						
Restated net profit (loss)					553,857	553,857
Total other comprehensive income				(162,915)	159,658	(3,257)
Total restated comprehensive income for the year				(162,915)	713,515	550,600
Contributions by and distributions to owners of the Company						
Dividends to owners of the Company						
Total contributions by and distributions to owners of the Company						
Restated balance as at 31 December 2014		**4,735,287**	**473,537**	**1,540,662**	**32,206,158**	**38,955,644**
Total comprehensive income for the year						
Net profit (loss)					328,238	328,238
Total other comprehensive income		6,213		(154,352)	154,352	6,213
Total comprehensive income for the year		6,213		(154,352)	482,590	334,451
Contributions by and distributions to owners of the Company						
Dividends to owners of the Company					(1,079,100)	(1,079,100)
Total contributions by and distributions to owners of the Company					(1,079,100)	(1,079,100)
Balance as at 31 December 2015		**4,741,500**	**473,537**	**1,386,310**	**31,609,648**	**38,210,995**

The notes on pages 10–40 are an integral part of these financial statements.

Managing Director	Dalius Gesevičius	01/04/2016
Chief Accountant	Danguolė Širvinskienė	01/04/2016

Entity's code: 147732969
Address: P. Puzino 1, LT-35173 Panevėžys

Approved on
Minutes No. ____________

Separate statement of cash flows

for the year ended 31 December
In EUR

	Note	2015	2014 Restated
Cash flow from operating activities			
Net profit		328,238	553,857
Adjustments for:			
Depreciation and amortization	12,13	898,831	800,938
Result from disposal of property, plant and equipment		8,589	(22,718)
Income tax expense		330,641	448,823
Unrealized foreign currency gain		12,431	577,687
Other non-cash items		1,595,917	2,449,125
		3,174,647	4,807,712
Change in long-term receivables		2,171	11,713
Change in inventories		1,035,851	(941,232)
Change in trade receivables		6,931,224	(5,089,711)
Change in prepayments		(384,132)	906,027
Change in other assets		394,943	564,195
Change in trade payables		(2,382,264)	8,072,011
Change in prepayments received		(2,770,412)	(3,276,977)
Change in other liabilities		200,790	1,907,415
		6,202,818	6,961,153
Income tax paid		(636,237)	(249,205)
Net cash flows from operating activities		**5,566,581**	**6,711,948**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(2,414,727)	(851,198)
Disposal of property, plant and equipment		49,630	56,209
Acquisition of investments		0	(6,432)
Loans granted		(2,441,984)	(10,924,961)
Loans recovered		2,220,863	9,927,575
Dividends and interest received		431,958	358,810
Net cash flows used in investing activities		**(2,154,260)**	**(1,439,997)**
Cash flows from financing activities			
Dividends paid		(1,073,948)	(4,580)
Loans received		0	3,468
Loans repaid		0	(3,468)
Interest paid		(32,268)	(44,441)
Net cash flows used in financing activities		**(1,106,216)**	**(49,021)**
Net increase (decrease) in cash and cash equivalents		**2,306,105**	**5,222,930**
Cash and cash equivalents at 1 January		18,602,735	13,957,492
Effect of exchange rate fluctuations on cash held		(12,431)	(577,687)
Cash and cash equivalents at 31 December		**20,896,409**	**18,602,735**

The notes on pages 10–40 are an integral part of these financial statements.

Managing Director	Dalius Gesevičius	01/04/2016
Chief Accountant	Danguolė Širvinskienė	01/04/2016

Notes

1. Reporting entity

AB Panevėžio Statybos Trestas (hereinafter "the Company") was established in 1957. The entity's code is 147732969 and it is registered at P. Puzino 1, LT-35173 Panevėžys, the Republic of Lithuania. The ordinary registered shares of the Company have been on the Official Trading List of the Vilnius Stock Exchange (VSE) since 13 July 2006. The Company primarily is involved in construction of buildings, plant, equipment as well as other facilities and networks, etc. in Lithuania and abroad. The Company employed 783 employees as at 31 December 2015 (855 employees as at 31 December 2014).

The Company has the following branches in Lithuania: Genranga, Gerbusta, Pastatų Apdaila, Klaipstata, Stogas, Betonas and Konstrukcija. The Company also has a branch in Kaliningrad (Russia) and permanent establishments in the Republic of Latvia and the Kingdom of Sweden.

The main shareholders of the Company are:

- AB Panevėžio Keliai (49.78%);
- Swedbank AS (Estonia) clients (6.55%);
- Freely negotiable shares (43.67%).

These financial statements are the Company's separate financial statements. The Company also prepares consolidated financial statements for the Company and its subsidiaries. Details of subsidiary companies are disclosed in Note 15.

The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require Management to prepare a new set of financial statements.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter IFRSs).

Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings within property, plant and equipment and investment property, which are measured using the revaluation model. The Board is responsible for issuing separate financial statements.

Functional and presentation currency

The financial statements are presented in the national currency euro, which is the Company's functional currency.

On 1 January 2015 the Republic of Lithuania joined the eurozone and the Lithuanian national currency litas was replaced by the euro. As a result, AB Panevėžio Statybos Trestas converted its financial accounting to euros as from 1 January 2015. The financial statements for the current year were prepared and presented in euro. The comparative information of the previous financial year was converted into euro using the official exchange rate of LTL 3.4528 to EUR 1.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 11 – deferred taxes recognition;
- Note 12 – fair value of land and buildings, useful lives of property, plant and equipment;
- Note 15 – measurement of recoverable amounts of investments;
- Note 18 – impairment of trade receivables, construction contract revenue;
- Note 24 – measurement of warranty provision;
- Note 14 – fair value of investment property.

3. Significant accounting policies

Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate by the European Central Bank ruling at that date. The foreign currency gain or loss on monetary items is recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are translated to the functional currency at the exchange rate at the date that the asset or liability is recognized in statement of financial position. Foreign currency differences arising on translation are recognized in profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. The Company has no held-to-maturity investments, available-for-sale financial assets and financial assets at fair value through profit or loss.

Cash and cash equivalents comprise cash balances and call deposits with maturities of less than 3 months.

Non-derivative financial instruments are recognized initially at fair value plus (except for instruments stated at fair value through profit or loss) any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments (continued)

Financial instruments are recognized on the trade date. Financial assets are derecognized if the contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognized if they expire or are discharged or cancelled.

Loans and receivables are non-derivative financial assets and are not quoted in an active market. They are included into current assets except for maturities greater than 12 months. Loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment losses, if any. Current receivables are not discounted.

Loans and borrowings and other financial liabilities, including trade payables, are subsequently stated at amortized cost using the effective interest rate method. Current liabilities are not discounted.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments

The Company has no derivative financial instruments.

Property, plant and equipment

Items of property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are carried at revalued amount which is their fair value as at the revaluation date less subsequently accumulated depreciation and impairment. Revaluations are carried out regularly ensuring that the carrying amount of land and buildings do not significantly differ from their fair values as at reporting date. The fair value of land and buildings is established by certified independent real estate appraisers. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The revaluation reserve of land and buildings is reduced by an amount equal to the difference between the depreciation based on the revalued carrying amount and the depreciation based on the original cost of the land and buildings each year and is transferred directly to retained earnings.

In case of revaluation, when the estimated fair value of the assets exceeds their carrying value, the carrying value is increased to the fair value and the amount of increase is included into revaluation reserve of property, plant and equipment as other comprehensive income in equity. However, such increase in revaluation is recognized as income to the extent it does not exceed the decrease of previous revaluation recognized in profit or loss. Depreciation is calculated from the depreciable amount which is equal to acquisition cost less residual value of an asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are capitalized.

Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of the assets are the following:

- Buildings 8–40 years
- Plant and equipment 5–10 years
- Vehicles 5–10 years
- Fixtures and fittings 3–6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Intangible assets

Software and other intangible assets, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life is 3 years.

Investment property

Investment properties of the Company consist of buildings that are held to earn rentals or for capital appreciation, rather than for use in the production, or supply of goods, or services or for administration purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

Acquisition cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of raw materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs are capitalized in assets that comply with capitalisations requirements.

Investment property (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognized on the Company’s statement of financial position.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company’s contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade receivables in the statement of financial position. If payments received from customers exceed the income recognized, then the difference is presented as deferred income in the statement of financial position.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over the relevant period.

Impairment loss is recognized in profit or loss.

Impairment of financial assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount is the greater of the asset's value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

Provisions

A provision is recognized in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying construction services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Employee benefits

The Company does not have any defined contribution and benefit plans and has no share based payment schemes. Post-employment obligations to employees retired on pension are borne by the State.

Short-term employee benefits are recognized as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits. There are no long-term employee benefits.

Revenue

Construction contract revenue includes the initial amount agreed in the contract plus any variations in contract work and other payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in proportion to the stage of completion of the contract. The stage of completion is assessed by proportion of actual cost incurred and the budgeted cost of construction contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Finance income and costs

Finance income comprises interest income and dividend income. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the Company’s right to receive payment is established. Finance costs comprise interest expense and impairment losses recognized on financial assets. All borrowing costs are recognized using the effective interest method. Foreign currency gains and losses are reported on a net basis in profit or loss.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as convertible notes and share options granted to employees.

The Company has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment’s operating results are reviewed regularly by management of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment reporting (continued)

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

In 2015, the Company does not distinguish geographical segments, as the Company's income did not account for more than 10% of the total income in neither of foreign countries (in Russia, income accounted for 0.46% of the total income, in Latvia – 0.016%).

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of assets and liabilities in the statement of financial position as at 31 December 2015 does not differ significantly from their carrying amount.

Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in these financial statements to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

Changes in accounting policies (continued)

The following amendments to standards with effective date of 1 January 2015 did not have any impact on these financial statements:

- IFRIC 21 *Levies*
- Annual improvements to IFRSs
    - IFRS 1 *First-time Adoption of International Financial Reporting Standards*
    - IFRS 2 *Share-based Payment*
    - IFRS 3 *Business Combinations*
    - IFRS 8 *Operating Segments*
    - IFRS 13 *Fair Value Measurement*
    - IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*
    - IAS 24 *Related Party Disclosures*
    - IAS 40 *Investment Property*

Standards, interpretations and amendments to published standards that are not yet effective

A number of new amendments, standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these separate financial statements. Those which may be relevant to the Company, as well as management's judgements regarding the possible impact of initial application of new and revised standards and interpretations are set out below. The Company does not plan to adopt these amendments, standards and interpretations early.

(i) IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

The Company is not a party to any joint arrangements.

(ii) IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The Amendments to include the five, narrow-focus improvements to the disclosure requirements contained in the standard.

The Company expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Company.

(iii) IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Company does not expect the amendment to have any impact on the financial statements since it does not have any defined benefit plans that involve contributions from employees or third parties.

Standards, interpretations and amendments to published standards that are not yet effective (continued)

(iv) IAS 27 – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The amendments allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures.

The Company does not expect that the amendments, when initially applied, will have a material impact on the financial statements as the Company intends to continue to carry its investments in subsidiaries, associates or joint ventures at cost.

(v) Annual Improvements to IFRSs

The improvements introduce ten amendments to ten standards and consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after either 1 February 2015 or 1 January 2016, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the financial statements of the Company.

4. Financial risk management

Overview

The Company has exposure to the following risks: credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's trade receivables and loans granted.

The Company controls credit risk by credit policies and procedures. The Company has established a credit policy under which each new customer is analysed for creditworthiness before the standard payment terms and conditions are offered. Customers that fail to meet the benchmark creditworthiness may transact with the Company only on a prepayment basis.

The maximum exposure to credit risk can be specified as follows:

(in EUR)	2015	2014 Restated
Trade receivables	10,884,408	17,815,632
Current and non-current loans granted	8,588,146	8,583,872
Current and non-current other financial assets	1,239,554	1,400,000
Cash and cash equivalents	20,896,409	18,602,734
Total	**41,608,517**	**46,402,238**

Trade receivables:

(in EUR)	2015	2014
Municipalities and state institutions	1,028,566	5,634,603
Other	9,855,842	12,181,029
Total trade receivables	**10,884,408**	**17,815,632**

Credit risk (continued)

The largest credit risk related to trade receivables according to customers as at the reporting date:

(in EUR)	2015	%	2014	%
Client 1	1,738,118	16.0	2,610,692	14.7
Client 2	784,215	7.2	2,074,540	11.6
Client 3	621,894	5.7	1,599,244	9.0
Client 4	598,494	5.5	1,345,582	7.6
Client 5	506,584	4.6	1,322,561	7.4
Client 6	378,396	3.5	932,814	5.2
Client 7	351,164	3.2	672,917	3.8
Other clients	6,301,802	57.9	7,819,392	43.9
Impairment	(396,259)	(3.6)	(562,110)	(3.2)
Total	**10,884,408**	**100**	**17,815,632**	**100**

Trade receivables according to geographic regions:

(in EUR)	2015	2014
Local market (Lithuania)	10,832,628	16,536,952
Latvia	22,353	672,917
Russia	13,192	604,513
Sweden	16,235	1,250
Total	**10,884,408**	**17,815,632**

Ageing of trade receivables as at the reporting date can be specified as follows:

(in EUR)	2015	Impairment	2014	Impairment
Not overdue	7,976,083		14,569,493	
Overdue 0–30 days	1,756,655		300,110	
Overdue 30–90 days	918,036		198,482	
More than 90 days	629,893	396,259	3,309,656	562,110
Total	**11,280,667**	**396,259**	**18,377,741**	**562,110**

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Methodology used for establishing the allowance is reviewed regularly to reduce any differences between loss estimate and actual loss experience.

Cash and cash equivalents comprise cash on hand and at bank; therefore, the related credit risk is minimum.

Current and non-current other financial assets include term deposits at banks, amount receivable from the subsidiary and accrued receivable from the customer.

Although collection of loans and receivables could be influenced by economic factors, the management believes that there is no significant risk of loss to the Company beyond the impairment already recorded.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operating expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Payment terms of liabilities as at 31 December 2015, including calculated interest, as to the agreements, are presented below:

(In EUR)	Carrying amount	Contractual net cash flows	6 months or less	6–12 months	1–2 years	2–5 years
Liabilities						
Loans and borrowings	0	0	0	0	0	0
Trade creditors	10,889,317	10,889,317	10,889,317	0	0	0
Total	**10,889,317**	**10,889,317**	**10,889,317**	**0**	**0**	**0**

Payment terms of liabilities as at 31 December 2014, including calculated interest, as to the agreements, are presented below:

(in EUR)	Carrying amount	Contractual net cash flows	6 months or less	6–12 months	1–2 years	2–5 years
Liabilities						
Loans and borrowings	0	0	0	0	0	0
Trade creditors	13,271,581	13,271,581	13,271,581	0	0	0
Total	**13,271,581**	**13,271,581**	**13,271,581**	**0**	**0**	**0**

Market risk

Market risk is the risk that changes in market prices, such as changes in foreign currency rates and interest rates will affect the results of the Company or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at 31 December 2015 and 2014 the Company did not use any derivative financial instruments.

Currency risk. The Company is exposed to the risk of changes in foreign currency rates on sales, purchases and borrowings that are denominated in a currency other than the functional currency euro.

During the year, currency exchange rates in respect of the euro in 2015 and in respect of the litas in 2014 were as follows:

	31 December 2015	Average 2015	31 December 2014	Average 2014
1 EUR =	1.0000	1.0000	3.4528	3.4528
1 SEK =	0.1088	0.1069	0.3625	0.3798
1 RUB =	0.0125	0.0147	0.0503	0.0688

Market risk (continued)

The Company's exposure to foreign currency risk can be specified as follows:

Year 2015 (EUR)	EUR	RUB	GBP	SEK
Non-current loans granted	325,068			
Trade receivables	10,873,916	10,492		
Current loans granted	7,929,981	658,165		
Current and non-current other financial assets	1,093,550			
Cash and cash equivalents	20,810,577	3,139	7,671	75,022
Trade payables	(10,889,317)			
Total exposure	**30,143,775**	**671,796**	**7,671**	**75,022**

Year 2014 (EUR), restated	LTL	EUR	RUB	GBP	SEK
Non-current loans granted	121,955				
Trade receivables	15,191,070	2,020,049	604,513		
Current loans granted	6,233,402	1,751,391	477,124		
Current and non-current other financial assets		1,400,000			
Cash and cash equivalents	13,729,664	4,040,186	737,875	16,556	78,451
Trade payables	(13,127,112)	(62,291)	(82,177)		
Total exposure	**22,148,979**	**9,149,335**	**1,737,335**	**16,556**	**78,451**

The functional currency of the Company is euro. The Company faces the risk of changes in foreign currency rates on purchases and payable amounts as well as on sales and amounts receivable that are denominated in currencies other than euro.

With a decrease in the currency exchange rate of the Russian rouble by 0.005 points, the Company's profit would decrease by approximately EUR 265 thousand.

Interest rate risk. The Company's issued loans and borrowings are subject to variable interest rates linked to EURIBOR. No financial instruments are used to manage the risk. Taking into consideration the current level of issued and received loans, the change of interest rate would not have a material effect.

Variable interest rate financial assets and liabilities were as follows:

	Currency	2015	2014 Restated
Issued non-current loans	EUR	325,068	121,955
Issued current loans	EUR	7,929,981	7,984,793
Issued current loans	RUB	658,165	477,124
Total		**8,913,214**	**8,583,872**

With an increase in the interest rate by 0.5%, the Company's profit would increase by approximately EUR 47 thousand.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and proposes the level of dividends to ordinary shareholders based on the Company's financial results and strategic plans.

Operating risk management

The main operating risks of the Company include competition with other construction and contracting companies in the operating markets of the Company, reliability of subcontractors and other business partners, management of production capacities as well as attraction and retaining of experienced and qualified employees. Key management of the Company controls establishment of processes and procedures that mitigate the risks.

The Company's management ensures that its employees have appropriate expertise, experience and the latest knowledge to carry out the duties entrusted to them. The Company sends employees to training courses and organises internal training. The Company has internal controls in place to ensure the four-eye principle, where results of the person carrying out an operation are checked by another controller, by authorising the operation. The Company hires an external auditor for investigation of efficiency of internal processes; and schedules for audit of internal processes are being made by the internal auditor, and, as to recommendations received, processes are being reviewed and internal controls are strengthened. Also, the Company's Board and management meet regularly to discuss the matters related to performance of the Company, identification of operating risks as well as creation of plans for mitigation and elimination of the risks.

Major customer

Revenue from major customer of the Company in 2015 represents approximately EUR 21,893 thousand (2014: EUR 10,426 thousand) of the Company's total revenues.

5. Cost of sales

(In EUR)	2015	2014
Constructions sub-contractors	41,324,509	35,319,522
Raw materials and consumables	13,580,364	17,377,749
Personnel expenses	8,953,584	8,814,187
Depreciation	493,510	395,820
Amortization	25,550	24,441
Other costs	5,848,260	5,317,137
Total cost of sales	**70,225,777**	**67,248,856**

6. Sales expenses

(In EUR)	2015	2014
Advertising and similar expenses	169,527	122,971
Personnel expenses	25,606	38,139
Total sales expenses	**195,133**	**161,110**

7. Administrative expenses

(In EUR)	2015	2014
Personnel expenses	3,058,910	2,742,981
Purchased services for administration purposes	658,960	687,650
Depreciation	270,939	275,398
Tantiemes	215,987	0
Operating taxes	195,755	141,408
Support	165,270	31,771
Amortization	620	577
Impairment of trade receivables/reversal (-)	(19,847)	(2,478,313)
Other expenses	851,410	828,910
Total administrative expenses	**5,398,004**	**2,230,382**

8. Personnel expenses

(In EUR)	2015	2014
Wages and salaries	8,483,462	7,726,572
Compulsory social security contributions	2,685,777	2,406,929
Daily and illness allowances	678,058	977,000
Change in accrued vacation reserve and bonuses	173,971	488,883
Change in pension provision	22,000	0
Total personnel expenses	**12,043,268**	**11,599,384**
Included into:		
Cost of sales	8,953,584	8,814,187
Administrative expenses	3,058,910	2,742,982
Sales expenses	25,606	38,139
Other operating expenses	5,168	4,076
Total personnel expenses	**12,043,268**	**11,599,384**

9. Other income and expenses

(In EUR)	2015	2014
Change in fair value of investment property	271,015	0
Gain from disposed property, plant and equipment	23,594	41,345
Recovered insurance payments	12,134	155,480
Rent and other income	318,574	389,084
Total other income	**625,317**	**585,909**
Depreciation of rented premises and other expenses	(283,556)	(239,434)
Loss from disposed property, plant and equipment	0	(15,559)
Total other expenses	**(283,556)**	**(254,993)**
Total other income and expenses, net	**341,761**	**330,916**

10. Finance income and costs

(In EUR)	2015	2014 Restated
Interest income	380,736	442,500
Dividend income	352,682	260,937
Total finance income	**733,418**	**703,437**
Interest expense	(32,268)	(44,441)
Foreign currency exchange loss	(83,996)	(1,167,557)
Impairment of financial asset	(1,917,354)	(2,452,627)
Other expenses	(1,375)	(1,227)
Total finance costs	**(2,034,993)**	**(3,665,852)**
Total finance income and costs, net	**(1,301,575)**	**(2,962,415)**

11. Income tax

Income tax expense:

(In EUR)	2015	2014
Current tax expense	380,523	488,611
Change in deferred tax	(49,882)	(39,788)
Total income tax expense	**330,641**	**448,823**

11. Income tax (continued)

As of 1 January 2015, the Company applied a standard rate of 15% in Lithuania, a 20% rate in Russian Federation and a rate of 15% in Latvia (as of 1 January 2014: rate of 15% in Lithuania, a 20% rate in Russian Federation and a rate of 15% in Latvia).

Reconciliation of effective tax rate:

(In EUR)	2015		2014 Restated	
Profit for the year		328,238		553,857
Total income tax expense		330,641		448,823
Profit before tax		658,879		1,002,680
Income tax applying the Company's domestic tax rate	15.0%	98,832	15.0%	150,402
Effect of tax rates in foreign jurisdictions	13.0%	85,375	14.7%	147,648
Non-deductible expenses	51.9%	341,796	46.8%	469,069
Tax exempt income	(29.7%)	(195,362)	(31.7%)	(318,296)
	50.2%	**330,641**	**44.8%**	**448,823**

Deferred tax:

(In EUR)	2015		2014	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Impairment of trade receivables	396,259	59,439	562,110	84,316
Accrued bonuses	523,959	78,593	428,316	64,247
Vacation reserve	291,685	43,753	261,226	39,184
Warranty provision	498,879	74,832	471,079	70,662
Stock write-down to NRV	94,001	14,100	100,544	15,082
Pension provision	22,000	3,300	0	0
Total deferred tax assets		**274,017**		**273,491**
Not recognized deferred tax assets		**(27,272)**		**(49,389)**
Recognized deferred tax assets		**246,745**		**224,102**
Revaluation of land and buildings	1,630,953	244,643	1,812,544	271,882
Deferred tax liability		**244,643**		**271,882**
Deferred tax, net		**2,102**		**(47,780)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Part of deferred tax has not been recognized due to uncertainty of deferred tax realisation.

Change in deferred tax:

(In EUR)	2015	2014
Net deferred tax at 1 January	(47,780)	(87,568)
Recognized in other comprehensive income	0	0
Recognized in profit or loss	49,882	39,788
Net deferred tax at 31 December	**2,102**	**(47,780)**

12. Property, plant and equipment

(In EUR)	Land and buildings	Plant and equipment	Vehicles	Fixtures and fittings	Total
Cost (revalued carrying value of land and buildings)					
Balance at 1 January 2014	3,482,056	5,002,589	2,854,949	2,778,196	14,117,790
Additions	17,813	157,350	548,844	105,950	829,957
Disposals	(4,821)	(14,107)	(304,498)	(182,958)	(506,384)
Eliminated accumulated depreciation	(287,987)	0	0	0	(287,987)
Balance at 1 January 2015	3,207,061	5,145,832	3,099,295	2,701,188	14,153,376
Additions	18,138	663,474	560,303	112,476	1,354,391
Disposals	0	(207,334)	(344,641)	(131,166)	(683,141)
Eliminated accumulated depreciation	(284,050)	0	0	0	(284,050)
Revaluation	0	0	0	0	0
Balance at 31 December 2015	2,941,149	5,601,972	3,314,957	2,682,498	14,540,576
Depreciation and impairment losses					
Balance at 1 January 2014	0	4,410,130	2,520,861	2,539,972	9,470,963
Depreciation for the year	292,845	168,073	183,249	131,752	775,919
Impairment (reversal of impairment)	(3,501)	0	0	0	(3,501)
Depreciation of the assets disposed	(1,357)	(11,392)	(302,966)	(157,177)	(472,892)
Elimination of accumulated depreciation	(287,987)	0	0	0	(287,987)
Balance at 1 January 2015	0	4,566,811	2,401,144	2,514,547	9,482,502
Depreciation for the year	287,565	265,425	207,226	115,946	876,162
Impairment (reversal of impairment)	(3,501)	0	0	0	(3,501)
Depreciation of the assets disposed	0	(205,519)	(287,796)	(130,244)	(623,559)
Adjustments related to euro adoption	(14)	(209)	(83)	(987)	(1,293)
Elimination of accumulated depreciation	(284,050)	0	0	0	(284,050)
Balance at 31 December 2015	0	4,626,508	2,320,491	2,499,262	9,446,261
Carrying amounts					
At 1 January 2015	**3,207,061**	**579,021**	**698,151**	**186,641**	**4,670,874**
At 31 December 2015	**2,941,149**	**975,464**	**994,466**	**183,236**	**5,094,315**

12. Property, plant and equipment (continued)

Land and buildings are stated at revalued amount. The last external revaluation was performed as at 31 December 2013 based on the consulting on possible market prices of the Company's land and buildings provided by independent valuation company UAB Matininkai, having appropriate recognized professional qualifications and necessary experience in valuation of property at certain location and of certain category. Management performs valuation of PPA on an annual basis for financial reporting purposes. To verify management valuation, each five years external valuator is used.

The fair value of buildings and land equal to EUR 2,941 thousand is attributable to Level 3 under the hierarchy of fair value. The valuation was performed using the market comparison technique.

Significant unobservable data was used in fair value measurement, i.e. price per square meter/are. The fair value would increase with an increase in price per square meter/are and decrease with a decrease in price per square meter/are.

If the buildings and land were stated at cost model, their carrying amount as at 31 December 2015 would be equal to EUR 2,394 thousand (31 December 2014: EUR 1,505 thousand).

(In EUR)	2015	2014
Depreciation included into:		
Cost of sales	493,510	395,820
Operating expenses	275,940	281,123
Other expenses	103,211	98,977
Total depreciation	**872,661**	**775,920**

Land and buildings with a net carrying amount of EUR 2,072,359 as at 31 December 2015 are pledged to the banks (refer to Note 26). As at 31 December 2015, the Company had no leased property, plant and equipment.

13. Intangible assets

(In EUR)	Software	Other	Total
Cost			
Balance at 1 January 2014	257,127	5,729	262,856
Additions	21,242	0	21,242
Balance at 1 January 2015	278,369	5,729	284,098
Additions	60,300	1,051	61,351
Disposed and written off assets during the year	(622)	0	(622)
Balance at 31 December 2015	338,047	6,780	344,827
Amortization and impairment losses			
Balance at 1 January 2014	220,142	4,945	225,087
Amortization for the year	24,765	253	25,018
Balance at 1 January 2015	244,907	5,198	250,105
Amortization for the year	25,874	296	26,170
Disposed and written off assets during the year	(622)	0	(622)
Adjustments related to euro adoption	(81)	(1)	(82)
Balance at 31 December 2015	270,078	5,493	275,571
Carrying amount			
At 1 January 2015	**33,462**	**531**	**33,993**
At 31 December 2015	**67,969**	**1,287**	**69,256**

13. Intangible assets (continued)

(In EUR)	2015	2014
Amortization included into:		
Cost of sales	25,550	24,441
Administrative expenses	620	577
Total amortization	**26,170**	**25,018**

14. Investment property

(In EUR)	2015	2014
Balance at 1 January	0	0
Additions	998,985	0
Change in fair value	271,015	0
Balance at 31 December	**1,270,000**	**0**

During the year 2015, the Company acquired a 14-floor hotel *Panevėžys* in Panevėžys, 20% of which is rented out to third parties, and the rest of the hotel is not used. The Company has no detailed plans regarding the use of the remaining part of the building yet; however, the building is not planned to be used in the Company's activities; therefore, the whole building is classified as an investment property.

The fair value measurement has been determined by valuation of the building carried out by the independent property appraisers UAB Ober-Haus, having appropriate professional qualification and relevant valuation experience. While carrying out the valuation the discounted cash flows method was used (discount rate – 9%, exit yield – 7%). The change in fair value was stated under other income (refer to Note 9).

The identified fair value of the investment property of EUR 1,270 thousand was attributed to Level 3 under the fair value hierarchy.

At the end of the financial year, future minimum lease payments under non-cancellable lease agreements were the following: EUR 85 thousand payable in less than one year, EUR 121 thousand payable between one and five years (31 December 2014: 0, as the Company held no investment property). Revenue from lease in 2015 amounted to EUR 29 thousand (no lease revenue during 2014) and was stated under other income.

15. Investments in subsidiaries

(In EUR)	2015		2014	
Subsidiary	Ownership	Cost	Ownership	Cost
UAB PST Investicijos	68%	8,877,433	68%	8,877,433
OOO Baltlitstroj	100%	341,077	100%	341,077
UAB Vekada	96%	224,885	96%	224,885
UAB Skydmedis	100%	144,810	100%	144,810
UAB Alinita	100%	69,509	100%	69,509
UAB Metalo Meistrai	100%	23,604	100%	23,604
SIA PS Trests	100%	3,816	100%	3,816
TŪB Vilniaus Papėdė	0	0	69%	2,896
Kingsbud Sp.z.o.o	100%	1,268	100%	1,268
OOO Teritorija	87.5%	233	87.5%	233
AB PST Nordic	100%	6,432	100%	6,432
Impairment		(3,844,819)		(1,930,362)
Total investment		**5,848,248**		**7,765,601**

15. Investments in subsidiaries (continued)

Financial information about the subsidiaries can be specified as follows:

(In EUR)	Type of activities	Equity as at 31/12/2015	Net profit (loss) for 2015	Equity as at 31/12/2014	Net profit (loss) for 2014
UAB PST Investicijos (consolidated – see below)	Real estate development	3,940,008	(757,069)	3,581,286	(3,156,458)
OOO Baltlitstroj	Constructions	(682,724)	168,249	(958,798)	(2,054,690)
UAB Vekada	Constructions: electricity instalments	1,289,003	(374,080)	1,690,207	103,632
UAB Skydmedis	Constructions: wooden houses	982,407	405,006	852,401	367,140
UAB Alinita	Constructions: conditioning equipment	(532,719)	(599,763)	67,044	11,754
UAB Metalo Meistrai	Constructions	115,473	(499,988)	670,461	355,817
SIA PS Trests	Constructions	(220,986)	1,202	(222,187)	3,844
TŪB Vilniaus Papėdė	Real estate development	0	0	1,229	63
Kingsbud Sp.z.o.o	Constructions	69,221	54,368	14,570	(2,464)
AB PST Nordic	Constructions	2,144	(4,147)	6,068	858
OOO Teritorija	Real estate development	(418,486)	289,033	(849,790)	(1,141,287)

Based on the management’s assessment, the investments in SIA PS Trests and OOO Baltlitstroj are impaired; therefore, 100% impairment was recognized for these investments. The recoverable amount was calculated for the investment in UAB PST Investicijos (see below). After the calculations, the impairment of EUR 3,499,926 on the investment in the subsidiary UAB PST Investicijos was recognised due to significantly impaired ZAO ISK Baltevromarket. According to the management, other investments are not impaired.

When preparing the financial statements estimation of the recoverable amount of investment into UAB PST Investicijos was estimated taking recoverability of individual construction projects being developed. For each construction project under development a special purpose entity has been established and as at 31 December 2015 UAB PST Investicijos has the following special purpose subsidiaries:

(In EUR)	Ownership	Equity as at 31/12/2015	Net profit (loss) for 2015	Equity as at 31/12/2014	Net profit (loss) for 2014
ZAO ISK Baltevromarket	100%	(7,645,794)	(3,269,901)	(5,492,674)	(3,875,067)
UAB Verkių Projektas	100%	0	0	2,498,305	295,895
UAB Ateities Projektai	100%	261,403	(8,560)	269,964	(3,665)
UAB Kauno Erdvė	100%	0	0	(1,342,039)	(22,760)
UAB Sakališkės	100%	0	0	(1,387,835)	(31,322)
UAB Šeškinės Projektai	100%	1,245,052	19,748	1,225,304	28,101

15. Investments in subsidiaries (continued)

The calculation of recoverable amount is presented below:

(In EUR)	Ownership	Projects under development measured at fair values	Net liabilities	Net assets when managed projects are stated at fair value	Value of UAB PST Investicijos investments in subsidiaries	
ZAO ISK Baltevromarket	100%	9,258,219	(10,361,871)	(1,103,652)	(1,103,652)	(i)
UAB Ateities Projektai	100%	400,000	(138,597)	261,403	261,403	(ii)
UAB Šeškinės Projektai	100%	1,300,000	(54,948)	1,245,052	1,245,052	(ii)
Recoverable amount of UAB PST Investicijos investments in subsidiaries					402,803	
Other assets of UAB PST Investicijos					16,535,628	
Liabilities of UAB PST Investicijos					(9,030,333)	
Net assets of UAB PST Investicijos at fair value					**7,908,098**	
Number of shares owned by AB Panevėžio Statybos Trestas					68%	
The recoverable amount of UAB PST Investicijos attributable to AB Panevėžio Statybos Trestas					**5,377,507**	
Acquisition cost of the investment in UAB PST Investicijos in the financial statements as at 31 December 2015					**8,877,433**	
Calculated impairment					**(3,499,926)**	
Recognised in the financial statements:						
Recognised impairment as at 31 December 2014					(1,926,546)	
Recognised impairment in 2015					(1,573,380)	
Total recognised impairment as at 31 December 2015					**(3,499,926)**	

(i) A significant portion of the recoverable amount of the investment into UAB PST Investicijos is related to the real estate project being developed by ZAO ISK Baltevromarket in Kaliningrad. As early as of the beginning of 2013, the Board of UAB PST Investicijos considered the possibilities of selling this project. In 2014, a letter of intent was signed by UAB PST Investicijos and ZAO J&T bank regarding the sale of 100% of ZAO Baltevromarket shares. At the same time, financial due diligence was taking place followed by further negotiations not only on the sale of ZAO Baltevromarket, but also on future design and construction works. The due diligence was performed by Cushman & Wakefield company (Moscow, Russia). However, due to changes in the market situation in Russia, the negotiations were terminated in spring 2015. To support the recoverable amount, the Company has a market price estimate prepared by an independent property appraiser. According to the evaluation of the real estate expert CB Richard Ellis LLC (Moscow, Russia), the market value of the project developed by ZAO ISK Baltevromarket as at 31 December 2015 amounted to EUR 9,264,841 (RUB 738,380,000). The valuation of one of the land plots developed by ZAO ISK Baltevromarket was performed using the market comparison technique, based on which the value of the land plot was EUR 1,893,064; another land plot was evaluated using the discounted cash flows method, based on which the value of the land plot was EUR 7,371,777. Key inputs used by the valuator using the discounted cash flows method could be detailed as follows

- discount rate – 20%;
- exit yield – 12%;
- shopping centre area: annual rent prices – from 5.23 to 28.23 EUR/sq.m., occupancy rate – from 70% in the first year to 95% in the last year of the model for different premises.

(ii) The recoverable amounts of other projects have been estimated based on the consultations with the real estate appraiser Ober-Haus Nekilnojamas Turtas regarding potential market prices. In calculation of the prices of property, the discounted cash flow method was used (the discount rate of 15%).

16. Non-current loans granted

(In EUR)

	Interest rate	Maturity	2015	2014
UAB Metalo Meistrai	6-month EURIBOR + 2.0%	31/12/2017	325,068	121,955
Total			**325,068**	**121,955**

17. Inventories

(In EUR)	2015	2014
Raw materials and consumables	735,571	1,777,718
Goods for resale	0	249
Write-down to net realizable value	(94,001)	(100,545)
Total inventories	**641,570**	**1,677,422**

In 2015 and 2014, change in write-down of inventory to the net realizable value was stated under Operating expenses.

18. Trade receivables

(In EUR)	2015	2014
Trade receivables due from customers	9,531,601	15,698,925
Accrued receivables in accordance with the stage of completion	1,378,205	2,127,261
Trade receivables due from controlled companies	224,857	551,556
Impairment at the beginning of the year	(562,110)	(3,040,423)
Write-off, repayment of doubtful trade receivables	400,740	2,797,634
Additional impairment during the period	(234,889)	(319,321)
Impairment at the end of the year	(396,259)	(562,110)
Total trade receivables	**10,738,404**	**17,815,632**

As at 31 December 2015 aggregate costs incurred under construction contracts in progress and recognized profits, net of recognized losses, amounted to EUR 112,815,417 (2014: EUR 33,454,767). Progress billings under open construction contracts amounted to EUR 111,220,876 as at 31 December 2015 (2014: EUR 32,671,698). Billings in excess of costs incurred and recognized profits are presented as deferred income (disclosed in Note 25) and amounted to EUR 1,594,541 as at 31 December 2015 (2014: EUR 783,069).

As at 31 December 2015, trade receivables include retentions (retention – a fixed percentage of the total contract price which shall be repaid having delivered the construction after its completion and having presented the bank guarantee of the retained cash or warrantee document of the insurance company) of EUR 773,591 (2014: EUR 1,783,584) relating to construction contracts in progress.

For impairment of trade receivables refer to Note 4.

Prepayments received from customers amounted to EUR 1,056,999 as at 31 December 2015 (31 December 2014: EUR 3,827,411). As at the end of 2015, no construction contracts allowing for advances of EUR 3 million or more were signed.

19. Current loans granted

(In EUR)	Interest rate	Maturity	2015	2014 Restated
UAB PST Investicijos (loan)	6-month EURIBOR +2.2%	31/03/2016	4,534,836	4,424,702
UAB PST Investicijos (loan)	6-month EURIBOR +1.9%	31/03/2016	2,517,701	2,334,015
OOO Teritorija*	12% fixed	31/12/2015	1,171,480	1,659,875
Impairment of OOO Teritorija loan*	-	-	(526,080)	(526,080)
OOO Baltlitstroj (loan)	9% fixed	31/12/2016	658,165	477,124
Kingsbud Sp.z.o.o	1.67% fixed	30/04/2016	230,293	91,516
Other current loans	2% fixed	31/12/2016	1,750	764
Total			**8,588,145**	**8,461,916**

After the sale of UAB Verkių Projektas shares, UAB PST Investicijos repaid EUR 3,897,093 of the loan in January 2016.

Based on the Decision of the Director of the Supervision Service of the Bank of Lithuania dated 1 February 2016, the figures for the year 2014 in the financial statements were adjusted retrospectively having recognized the impairment of EUR 526,080 on the loan granted to OOO Teritorija (refer to Note 29).

**Until the reporting date the loans were not repaid. After the end of the financial year, the loan agreement with OOO Teritorija was extended until 1 April 2016.*

20. Other current assets

(In EUR)	2015	2014
Financial assets		
Receivable from the subsidiary OOO Baltlitstroj related to prepayment paid to the supplier for subsidiary	1,239,554	1,400,000
Impairment	(146,004)	0
Non-financial assets		
VAT overpayment	10,767	33,699
Accrued receivable from the customer	56,731	0
Other current assets	2,346	103,812
Total other current assets	**1,163,394**	**1,537,511**

21. Cash and cash equivalents

(In EUR)	2015	2014
Cash at banks	19,880,757	18,597,035
Cash on hand	15,208	5,700
Bank deposits	1,000,444	0
Total cash and cash equivalents	**20,896,409**	**18,602,735**

As at 31 December 2015 the Company had a two-day accumulative deposit bearing a 0.27% interest (the Company had no deposits as at 31 December 2014).

22. Capital and reserves

The Company's authorized share capital consists of 16,350,000 ordinary shares with a nominal value of 29 euro cents each. The Company's authorized share capital is fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. There were no changes in the share capital in 2015.

Reserves are as follows:

(In EUR)	2015	2014
Revaluation reserve	1,386,310	1,540,662
Legal reserve	473,537	473,537
Total reserves	**1,859,847**	**2,014,199**

The revaluation reserve relates to the revaluation of land and buildings and is equal to the carrying amount of revaluation less the related deferred tax liability.

Movement of revaluation reserve:

	2015	2014
Revaluation reserve at 1 January	**1,540,662**	**1,703,577**
Reversed revaluation for sold assets	0	(3,257)
Depreciation of revaluation reserve	(154,352)	(159,658)
Revaluation reserve at 31 December	**1,386,310**	**1,540,662**

Legal reserve is a compulsory reserve allocated in accordance with the legislation. An annual allocation of at least 5% of the net profit is required until the reserve is not less than 10% of the authorized share capital. The reserve cannot be paid out in dividends. As a result of the euro adoption, as at 31 December 2015 the legal reserve comprises 9.99% of the value of the authorized share capital. At the nearest shareholders meeting, the intention is to complete forming the legal reserve to 10% of the authorized share capital.

23. Earnings per share

(In EUR)	2015	2014 Restated
Net result for the year	328,238	553,857
Average number of shares	16,350,000	16,350,000
Basic and diluted earnings per share	**0.02**	**0.03**

24. Warranty provision

Warranty provisions are related to constructions built in 2011–2015. Based on the legislation of the Republic of Lithuania, the Company has a warranty liability for construction works. The term of liability from 5 to 10 years after delivery of construction works. Provision for warranties is based on estimates made from historical data of actually incurred costs of warranty repairs.

Change of provision for warranties is as follows:

	2015	2014
Provisions for warranties at the beginning of the period	**471,079**	**375,906**
Used and recognized under cost of sales	(164,745)	(102,931)
Accrued during the period	214,545	198,104
Provisions for warranties at the end of the period	**520,879**	**471,079**

25. Other liabilities (non-financial items)

(In EUR)	2015	2014
Deferred income in accordance with the stage of completion	1,594,541	783,069
Accrued vacation reserve	1,229,654	1,151,327
Payable salaries and related taxes	857,521	896,270
Salary bonuses for employees	523,960	428,316
Other liabilities	356,680	655,013
Total other liabilities	**4,562,356**	**3,913,995**

26. Contingencies

Guarantees to third parties of EUR 5,898,795, related to liabilities in the construction contracts of the Company, have been issued by the banks. The guarantees expire from 28 January 2016 until 22 December 2019.

Property, plant and equipment, with a carrying amount of EUR 1,008,563 as at 31 December 2015 have been pledged to bank for the guarantee limit issued and guarantees issued by bank. The guarantee limit amounts to EUR 5,000,000, the used amount as at 31 December 2015 is EUR 4,734,452. The guarantee limit agreement is effective until 2 June 2017. On 16 March 2016, an additional agreement was signed on the increase of the guarantee limit to EUR 10,000,000.

Property, plant and equipment, with a carrying amount of EUR 1,063,796 as at 31 December 2015 have been pledged to bank for the guarantee limit issued. The guarantee limit amounts to EUR 2,896,200, the used amount as at 31 December 2015 is EUR 1,164,343. The guarantee limit agreement is effective until 31 July 2017 with the possibility to issue guarantees until 31 December 2015.

On 19 May 2015, a surety agreement was signed for a one-year period with the material supplier for the liabilities of a subsidiary in the amount of PLN 300,000.

The Company is involved in several court proceedings. As to management, the outcome of the proceedings will not have any significant effect on the financial statements.

27. Transactions with related parties

Related parties are defined as shareholders, employees, members of the Management Board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

The Company had sales and purchase transactions during 2015/2014 with subsidiaries, the parent company AB Panevėžio Keliai and with subsidiaries of AB Panevėžio Keliai. Transactions with related parties during 2015/2014 are as follows:

(In EUR)	Type of transaction	2015	2014
Sales:			
Companies under control			
UAB PST Investicijos	Interest and services	135,045	136,452
OOO Baltlitstroj	Goods, services, interest	165,170	403,078
UAB Metalo Meistrai	Goods, services, interest	142,166	106,371
UAB Vekada	Goods and services	106,637	120,955
UAB Skydmedis	Goods and services	82,015	54,009
UAB Alinita	Goods and services	114,586	86,174
OOO Teritorija	Services, interest	235,855	2,650,500
AB PST Nordic	Services	19,141	6,000
Kingsbud Sp.z.o.o	Interest, services	9,194	2,181
Other related companies			
AB Panevėžio Keliai	Goods, services	433,789	2,211,804
UAB Ukmergės Keliai	Goods and services	155,350	0
UAB Sostinės Gatvės	Services	6,621	671
UAB Aukštaitijos Traktas	Services	1,000	6,082
Other	Services	215	0
Purchases:			
Companies under control			
OOO Baltlitstroj	Goods and services	1,639	398
UAB Metalo Meistrai	Goods and services	201,401	210,662
UAB Vekada	Goods and services	2,309,529	1,973,454
UAB Alinita	Goods and services	2,132,761	1,865,951
UAB Skydmedis	Goods and services	19,062	24,321
UAB PST Investicijos	Goods and services	0	26,355
UAB Šeškinės Projektai	Services	174	174
AB PST Nordic	Services	80,600	38,400
SIA PS Trests	Services	67,177	54,408
Kingsbud Sp.z.o.o	Goods and services	586,377	565,126
Other related companies			
AB Panevėžio Keliai	Goods and services	687,567	587,575
UAB Aukštaitijos Traktas	Goods and services	6,924	99,651
UAB Keltecha	Goods and services	36,088	16,570
UAB Gelbera	Goods and services	25,883	34,248
UAB Convestus	Goods	1,400	0
UAB Sostinės gatvės	Goods and services	286,285	33,560
UAB Ukmergės Keliai	Goods and services	848	394

27. Transactions with related parties (continued)

(In EUR)	2015	2014
Amounts receivable:		
Companies under control		
UAB PST Investicijos	37	41
OOO Baltlitstroj	1,104,041	1,462,877
Kingsbud Sp.z.o.o	94,702	300
UAB Alinita	173,209	0
UAB Metalo Meistrai	155,050	23,183
OOO Teritorija	790	330,817
AB PST Nordic	16,235	1,250
UAB Skydmedis	42,628	15,275
Other related companies		
AB Panevėžio Keliai	7,229	102,954
UAB Aukštaitijos Traktas	0	3,049
UAB Ukmergės Keliai	131,968	0
Amounts payable:		
Companies under control		
UAB Vekada	312,099	751,911
UAB Šeškinės Projektai	0	18
SIA PS Trests	6,730	6,182
AB PST Nordic	15,375	5,313
Kingsbud Sp.z.o.o	4,222	249
UAB Alinita	0	470,648
Other related companies		
UAB Keltecha	6,951	12,614
UAB Gelbera	1,903	2,752
UAB Sostinės Gatvės	157,802	39,796
UAB Panevėžio Keliai	203,672	167,203
Loans receivable:		
UAB PST Investicijos	7,052,538	6,758,718
OOO Baltlitstroj	658,165	477,124
UAB Metalo Meistrai	325,068	121,955
OOO Teritorija	1,170,690	1,659,875
Kingsbud Sp.z.o.o	230,293	91,516

Wages, salaries and social insurance contributions, calculated to management for the year 2015, amounted to EUR 1,147,580 (2014: EUR 595,503).

28. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions in the main (or the most favourable) market independent on whether this price is directly observable or established using valuation techniques. Cash is attributed to Level 1, while receivables and financial liabilities are attributed to Level 2 in the fair value hierarchy.

28. Fair value of financial instruments (continued)

The following methods and assumptions are used by the Company to estimate the fair value of the financial instruments not carried at fair value.

31 December 2015

	Carrying amount	Fair value		
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Trade receivables	10,884,408	-	-	10,884,408
Loans granted	8,913,214	-	-	8,913,214
Other financial assets	1,239,554	-	-	1,239,554
Cash and cash equivalents	20,896,409	20,896,409	-	-
Total financial assets	**41,933,585**	**20,896,409**	**-**	**21,037,176**
Financial liabilities				
Trade payables	(10,889,317)	-	-	(10,889,317)
Total financial liabilities	**(10,889,317)**	**-**	**-**	**(10,889,317)**

31 December 2014 (restated)

	Carrying amount	Fair value		
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Trade receivables	17,815,631	-	-	17,815,631
Loans granted	8,583,872	-	-	8,583,872
Other financial assets	1,400,000	-	-	1,400,000
Cash and cash equivalents	18,602,735	18,602,735	-	-
Total financial assets	**46,402,238**	**18,602,735**	**-**	**27,799,503**
Financial liabilities				
Trade payables	(13,271,581)	-	-	(13,271,581)
Total financial liabilities	**(13,271,581)**	**-**	**-**	**(13,271,581)**

There were no transfers between levels of the fair value hierarchy in 2015 and 2014 at the Company.

Cash

Cash represents cash on hand stated at value equal to the fair value.

Receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other receivables with outstanding maturities shorter than six months with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial. This fair value is determined for disclosure purposes.

28. Fair value of financial instruments (continued)

Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreement. Fair value of shorter term financial liabilities with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial.

Fair values are categorised within different levels in a fair value hierarchy, which disclosed the significance of initial inputs used in the valuation techniques. The fair value hierarchy consists of these levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – original inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – original inputs for the asset or liability that are not based on observable market data (unobservable original inputs).

The Company has no financial assets and liabilities stated at fair value.

Financial instruments not measured at fair value

The main financial instruments of the Company which are not measured at fair value include trade and other receivables, trade and other payables. As to the Company's management, the carrying amounts of these financial instruments approximate their fair values, as borrowings costs are related to interbank borrowing interest rate EURIBOR, while other financial assets and liabilities are current; therefore, the changes in their fair values are insignificant.

29. Correction of errors

When preparing the financial statements, a mistake was found in the measurement of impairment for the loans granted, resulting from operations in Russia. The management reassessed the situation and decided to recognize impairment to reflect the uncertainties and risk arising from the Russian market, where the Company has projects. The decision was taken to correct the error retrospectively. It was corrected by restating all items of the separate financial statements for the previous financial year related to the error. The table below presents the effect of error correction on the Company's separate financial statements.

i) Separate statement of financial position

31 December 2014	**Before restatement**	**Restatement**	**After restatement**
Loans granted	8,987,996	(526,080)	8,461,916
Others	52,710,833	-	52,710,833
Total assets	**61,698,829**	(526,080)	**61,172,749**
Total liabilities	**22,217,105**	**-**	**22,217,105**
Total equity	**39,481,724**	(526,080)	**38,955,644**

The restatement was related to the impairment of the Russian subsidiary.

29. Correction of errors (continued)

ii) Separate statement of comprehensive income

For the year ended 31 December 2014	Before restatement	Restatement	After restatement
Finance costs	(3,139,772)	(526,080)	(3,665,852)
Others	4,219,709	-	4,219,709
Net profit (loss)	**1,079,937**	(526,080)	**553,857**
Total comprehensive income	**1,076,680**	(526,080)	**550,600**

30. Subsequent events

There were no subsequent events which would have an effect on the financial statements or require a disclosure.

31. Situation in Russia

The Company has significant business interest in Russia. Low oil and gas prices, geopolitical tensions and ongoing international sanctions deepened Russia's economic crisis for the year 2015. The significant drop down of rubble against the euro, the double digit inflation rate led to a fall in real Russian's wages and to higher import prices, thus hurting household spending. As a result, reduced consumer demand also hurt the consumer-oriented sectors of the economy. The continuing instability in the Russian business environment may have an adverse effect on the performance and financial position of the Company. Currently, the extent of such effect cannot be estimated. These separate financial statements reflect the management's current assessment of the impact of the Russia's business environment on the performance and financial position of the Company. Future business environment may differ from the management's assessments. No adjustments have been made in these separate financial statements in view of the effect of the events in Russia and other countries after the date of these separate financial statements.

Managing Director	Dalius Gesevičius	01/04/2016
Chief Accountant	Danguolė Širvinskienė	01/04/2016

PANEVEZIO STATYBOS TRESTAS AB
CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2015

1. ACCOUNTING PERIOD COVERED BY THE ANNUAL REPORT

The report covers the year 2015.

2. THE ISSUER AND ITS CONTACT DETAILS

Name of issuer	Public limited liability company *Panevezio statybos trestas*
Authorised capital	4,741,500 Euros
Address of registered office	P. Puzino Str. 1, LT-35173 Panevezys, Lithuania
Telephone	(+370 45) 505 503
Fax	(+370 45) 505 520
E-mail	pst@pst.lt
Legal-organisational form	Public limited liability company
Date and place of registration	30 October 1993, Panevezys City Board
Registration No.	AB 9376
Company Register code	147732969
VAT code	LT477329610
Administrator of Legal Entity Register	State Enterprise Centre of Registers
Website	www.pst.lt

3. PRINCIPLE NATURE OF ACTIVITIES OF THE ISSUER

The main area of activities of the company and its subsidiaries (Group) is designing and construction of buildings, structures, equipment and communications and other objects for various applications in and outside Lithuania, sale of building materials, and real estate development. In addition to the above activities, the company is engaged in rent of premises and mechanisms.

Vision - To become the acknowledge leader in the construction market, using the advanced technologies and ensuring quality as well as the agreed work completion terms.
Mission - While honestly fulfilling our obligations, developing long-term cooperation and proposing mature solutions in construction, we increase the value to shareholders and develop activities of the Company. We create the environment of higher quality to business, society and people.

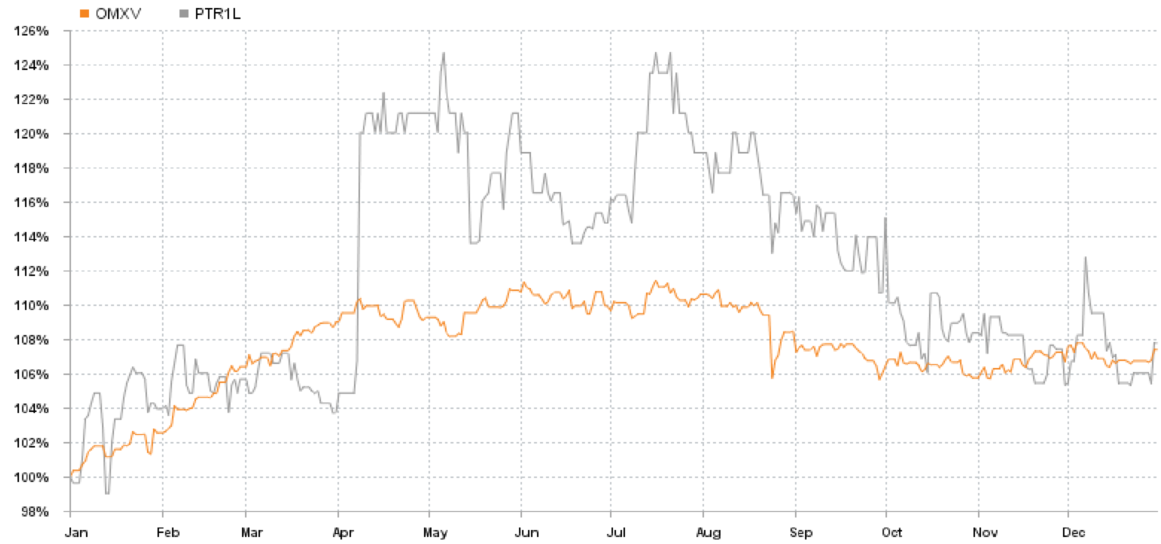
4. CONTRACTS WITH INTERMEDIARY OF PUBLIC TRADING IN SECURITIES

Since 2013 accounting for financial instruments has been assigned to Financial Brokerage Company *Finasta* AB.

5. DATA ON TRADING IN SECURITIES OF THE ISSUER IN REGULATED MARKETS

The ordinary registered shares of the *Panevezio statybos trestas* AB, totalling 16,350,000 pieces, the nominal value of each being 0.29 Euro, have been on the Official Trading List of the Vilnius Stock Exchange (VSE) since 13 July 2006.

Changes in Panevezio statybos trestas AB and OMX Baltic Benchmark GI indexes in 2015



Company share price variation at VSE for the period of 2011 through 2015 (in Euros)

Company share price variation at VSE in 2015 (in Euros)

Last price 31 Dec. 2014	*Average share price for 2015*	*Highest price for 2015*	*Lowest price for 2015*	*Last price 31 Dec. 2015*
0.858 EUR	*0.965 EUR*	*1.09 EUR*	*0.84 EUR*	*0.925 EUR*

Capitalization, mln. Euros				
2011	*2012*	*2013*	*2014*	*2015*
17.82	15.19	18.47	14.03	15.12

6. FAIR REVIEW OF THE COMPANY'S POSITION, PERFORMANCE AND DEVELOPMENT OF THE COMPANY'S BUSINESS, DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES IT FACES

Panevezio statybos trestas AB keeps on maintaining the position of one of the largest construction companies in Lithuania. The year 2015 was not easy for the company. The challenging competitive environment remained unchanged in the construction market. The still tense economic and geopolitical situation in the East had effect on the activities and financial results of the company. A number of Lithuanian companies are selling their services in the Scandinavian and neighbouring countries Latvia and Poland; therefore, the export trends of *Panevezio statybos trestas* AB Group are undergoing changes. In 2015 the branch in Kaliningrad Region and the representative office in Cherepovets were closed down. Over the reporting year the company started exporting to Sweden. The subsidiary company of *Panevezio statybos trestas* AB, *PST Nordic* AB, signed the construction contract with Åke Sundvall Byggnads AB.

Activities of the PST companies have significant effect on development of the infrastructure in the country, the implemented unique orders of national importance contribute to strengthening of the image of a responsible company among clients and business partners. The clients trust PST and value it as a builder experienced in large in scope and technologically complicated projects.

In 2015 construction of Sludge Treatment Plant to be used to treat waste water and utilise all sludge from Taurage Region was completed in Taurage District. Construction activities were successfully completed in Klaipeda County Police Headquarters. The project covered a new building of the headquarters together with a detention facility. The contracts awarded and signed in the year 2015 (construction of a new packaging production building for *Smurfit Kappa Baltic* UAB in Savanoriu Avenue, Vilnius, construction of a storage building with a garage and administration facilities in the area of Vilnius Airport for *Litcargus* UAB, reconstruction of the National M.K. Ciurlionis School of Art at T. Kosciuskos Street 11A, Vilnius, expansion of the shopping and leisure centre *Mega* and area landscaping for Baltic Shopping Centres AB, construction of a new storage building with offices at Liepkalnio Street 188, Vilnius for *Wirtgen Lietuva* UAB) let us hope that PST will keep on working with stable profit and at the same time maintain the high quality standard.

In the yearly competition *Lithuanian Product of the Year* organized by the Lithuanian Confederation of Industrialist the company was awarded the gold medal for construction of Sludge Treatment Plant in Taurage.

In 2015 the following branches continued their operation in the structure of the company: *Gerbusta*, focusing on construction of engineering networks and landscaping, *Pastatu apdaila*, carrying out indoor and outdoor finishing works, *Betonas*, *Konstrukcija*, *Stogas* where production capacities were concentrated, Vilnius branch *Genranga*, performing general contracting activities and project management in Vilnius Region, and *Klaipstata*, performing general contracting activities and project management in Klaipeda Region. The company has permanent establishments in the Republic of Latvia and Kingdom of Sweden.

Risk factors related to the company activities:

- Shortage of qualified labour;
- Intense competition;
- Aggressive behaviour on the part of Russia and variation in the value of the Russian Rouble related thereto;
- Damping.

Other information on the types of risks arising to the Group and risk management is provided in the Notes to the Separate Financial Statements (Note 4) and the Notes to the Consolidated Financial Statements (Note 4).

7. INFORMATION ON SUBSIDIARIES OF THE COMPANY

As of 31 December 2015 the Company Group of *Panevezio statybos trestas* AB included the following companies:

Subsidiaries	Type of activities	Share controlled (per cent)	Registered address
Skydmedis UAB	Construction: panel houses	100	Pramones Str. 5, Panevezys Tel.: +370 45 583341
Metalo meistrai UAB	Construction	100	Tinklu Str. 7, Panevezys, Tel.: +370 45 464677
Vekada UAB	Construction: electrical installation	95.6	Marijonu Str. 36, Panevezys Tel.: +370 45 461311
Alinita UAB	Construction: conditioning equipment	100	Tinklu Str. 7, Panevezys Tel.+370 45 467630
KINGSBUD Sp.zo.o.	Mediation services	100	A. Patli 16-400, Suwalki, Poland
PS TRESTS SIA	Construction	100	Skultes Str. 28, Skulte, Marupes County, Latvia Tel.:+371 29525066
BALTILSTROIJ OOO	Construction	100	Sovetskij Ave. 43, Kaliningrad Tel.: 0074012350435
Teritorija OOO	Real estate development	87.5	Lunacharskovo Lane 43-27, Cherepovets Vologda County
AB PST Nordic	Construction	100	Krossgatan 25 162 50 Vällingby Stockholm
PST Investicijos UAB	Real estate development	68	Verkiu Str. 25C, Vilnius Tel.: +370 5 2728213
Subsidiaries of *PST investicijos* UAB:			
Ateities projektai UAB	Real estate development	100	Verkiu Str. 25C, Vilnius
Seskines projektai UAB	Real estate development	100	Verkiu Str. 25C, Vilnius
ISK Baltevromarket ZAO	Real estate development	100	Pobeda Square 10, Kaliningrad

***Skydmedis* UAB** (company code 148284718) was established and began its activities on 17 June 1999. The main activities of the company are production, construction and outfit of timber-frame/element houses.

In 2015 the company was on the income of 5,000 thousand Euros and made net profit in the amount of 405 thousand Euros. Compared to the year 2014 (4,301 thousand Euros), the annual turnover increased by 16.3 per cent. In 2015 the major part of income was received abroad: 67.58 per cent in Norway, 15.72 per cent in France, Switzerland and other countries. 16.7 per cent of income were received in Lithuania. At the end of 2015 *Skydmedis* UAB had 89 employees.

The main performance indicators of *Skydmedis* UAB are as follows:

	2013	2014	2015
Income from sales, thousand Euros	3,345.5	4,301.1	5,000.0
Net profit, thousand Euros	279.4	367.2	405.0
Net profitability	8.4%	8.5%	8.1%

Skydmedis UAB will keep on developing the *LEAN* system, the main aim of which is by using less resources to create the higher value to the client and increase compatibility of the company. The company is in the process of continuous improvement of designing, production, erection, quality and sales of timber-frame/element houses.

***Metalo meistrai* UAB** (company code 148284860) was founded on 16 June 1999 and started its activities on 1 July 1999. The company is engaged in fabrication of various metal structures and their elements.

In 2015 the company was on the income of 3,067 thousand Euros. Compared to the year 2014, the income of the company decreased by 36 per cent. In 2015 the company had a loss in the amount of 500 thousand Euros. The income of the company consisted of 38.3 per cent in Lithuania, 32.8 per cent in Norway and 28.9 per cent in other foreign countries (Germany and Sweden). At the end of 2015 the company had 70 employees.

The main performance indicators of *Metalo meistrai* UAB are as follows:

	2013	2014	2015
Income from sales, thousand Euros	3,180.8	4,801.3	3,067.0
Net profit, thousand Euros	-5	355.9	-500.0
Net profitability	-0.15%	7.41%	-16.30%

The company has the quality management system ISO 9001:2008 and the environmental management system ISO 14001:2004 introduced and received certificates according to EN 1090 *Execution of steel structures and aluminium structures* and ISO 3834-3 *Quality requirements for fusion welding of metallic materials*.

In 2016 the company will keep on producing steel structures and parts for these structures, increasing turnover and profitability, reacting to changes in the market. The main efforts will be focused on search of new purchase orders in Lithuania and abroad.

***Vekada* UAB** (company code 147815824) was established on 1 January 1963 as *Elektros montavimo valdyba* (Electrical Installation Department), later on 16 May 1994 it was re-registered as *Vekada* UAB. The main activities of the company are electrical installation works.

During the reporting year alongside with the usual electrical work the works related to low currents were carried out: video surveillance systems, security and fire alarm systems, control of engineering systems.

In 2015 the company was on the income of 3,040 thousand Euros, however had a loss in the amount of 385 thousand Euros. At the end of 2015 the company had 67 employees.

The main performance indicators of *Vekada* UAB are as follows:

	2013	2014	2015
Income from sales, thousand Euros	3,493.5	3,336.5	3,070.0
Net profit, thousand Euros	158.7	103.6	-385.0
Net profitability	4.5%	3.1%	-12.5%

The company has the occupational health and safety management system according to OHSAS 18001 introduced and keeps on improving it, the company keeps on implementing the quality management standard ISO 9001 and environmental management standard ISO 14001.

***Alinita* UAB** (company code 141619046) was established on 8 December 1997. The main activities of the company are installation of heating, ventilation and air-conditioning systems in buildings, installation of indoor water supply, sewerage and firefighting systems in buildings, designing and commissioning of indoor engineering systems.

In 2015 the company was on the income of 2,406.7 thousand Euros. The income increased by 5 per cent compared to 2014. In 2015 the company had 37 employees.

The main performance indicators of *Alinita* UAB are as follows:

	2013	2014	2015
Income from sales, thousand Euros	1,619	2,285.7	2,406.7
Net profit, thousand Euros	20.7	11.8	-600.0
Net profitability	1.3%	0.5%	-24.9%

In 2015 *Alinita* UAB participated in the tenders for subcontracting works in Sweden arranged by the Swedish construction company *Skanska*. In 2016 the company will keep on working with Skanska looking for potential clients in Sweden.

The company has the following standards introduced: ISO 9001, ISO 14001, OHSAS 18001. Compliance with the standards is periodically checked by the international certification company *BM TRADA*, the internal audits are periodically carried out by the team of *Panevezio statybos trestas* AB.

***Baltlitstroj* OOO** (company code 236006) was founded and started its activities on 20 October 2000. The main activity of the company is construction works.

In 2015 the company was on the income of 28,118 thousand Euros. In 2015 as well as in the previous years all activities of the company were carried out in the Kaliningrad Region. The major part of the income was from construction of the variety theatre in Svetlogorsk and construction of the waste water treatment plant in Neman. Completion of these projects is scheduled in 2016. In 2015 the company had 90 employees.

The main performance indicators of *Baltlitstroj* OOO are as follows:

	2013	2014	2015
Income from sales, thousands Euros	28,329	22,887.5	28,118.5
Net profit, thousands Euros	873.7	-2,054.6	-6.4
Net profitability	3.1%	-9.0%	-0.02%

***PST investicijos* UAB** (company code 124665689) was founded on 23 December 1998. The main activity of the company is preparation and sales of real estate. On 31 December 2015 the company group of *PST investicijos* UAB consisted of the parent company *PST investicijos* UAB and the following subsidiary companies: *Ateities projektai* UAB, *Seskines projektai* UAB, *Baltevromarket* ZAO ISK. In 2015 the company had 8 employees.

The main performance indicators of *PST investicijos* UAB Group are as follows:

	2013	2014	2015
Income from sales, thousand Euros	743.4	945.0	970.0
Financial and investment activities, thousand Euros	-676.6	-4,398.0	-45.0
Net profit, thousands Euros	-865.4	-3,156.0	-757.0
Net profitability	-116.4%	-334.0%	-78.0%

At the end of 2015 *PST Investicijos* UAB sold 100 per cent of the ordinary registered shares of *Verkiu projektas* UAB. *Verkiu projektas* UAB owns the office building *Ulonai Business Centre* located at Verkiu Street 25C, Vilnius. The shares were sold to the Estonian company *EfTEN Real Estate Fund III* AS. Losses are attributable to the price decline of *Baltevromarket* ZAO ISK shares related to changes in the exchange rate of the Russian Rouble in respect of the Euro and the situation in the changed real estate market.

In 2016 *PST investicijos* UAB is planning to keep on developing real estate projects.

Kingsbud Sp.zo.o. (company code 200380717) was founded on 11 August 2010. The main activities of the company are wholesale in construction materials.

In 2015 the company was on the income of 3,006 thousand Euros and had net profit in the amount of 55 thousand Euros. At the end of 2015 the company had 5 employees.

The main performance indicators of Kingsbud Sp.zo.o. are as follows:

	2013	2014	2015
Income from sales, thousand Euros	939	1,369	3,006.0
Net profit, thousand Euros	5.5	-2.5	55.0
Net profitability	0.6%	-0.2%	1.8%

In 2015 the decision was taken to establish the branch of Kingsbud Sp.zo.o. in Lithuania. On 27 March 2015 the Lithuanian branch of Kingsbud Sp.zo.o. was registered and started its activities in Vilnius. The main activities of the branch are wholesale in stoneware and glazed tiles for indoor and outdoor finishing.

Teritorija **OOO** (company code 3528202650). The company is involved in real estate preparation and sales.

In 2015 the company was on the income of 3,816.5 thousand Euros and had net profit in the amount of 289 thousand Euros. In 2015 the income of *Teritorija* OOO was from sales of apartments and construction in progress (foundation of the apartment building). The plans of the 2016 include sales of the remaining real estate and close down of the company.

PS TRESTS **SIA (**company code 400034953650) is involved in construction activities. The company has been registered since 22 May 2000.

To search for new markets and carry out construction activities in Latvia, in 2015 the company actively participated in tenders arranged by clients. The plans of the year 2016 include signing of contracts with clients and starting fulfilling the orders.

PST NORDIC **AB** (company code 556941-8568) was registered at the Swedish Company Register *Bolgasverket* on 12 April 2014.

The main area of the company activities is constriction of various types of buildings and structures in Sweden, Stockholm Region. The company performs civil works – erection of pre-fabricated concrete and steel structures, masonry, finishing.

In 2015 the company was in the process of the project search and had no income.

On 25 November 2015 the company signed the contract with Åke Sundvall Byggnads AB. Under this contract the company will carry out designing, delivery and erection of pre-fabricated concrete framework to be completed by 1 July 2016. The total value of the contract amounts to approximately 1.5 mln. Euros. The new apartment building will have 33 new apartments and the total area of the building will be as much as 5,000 square metres.

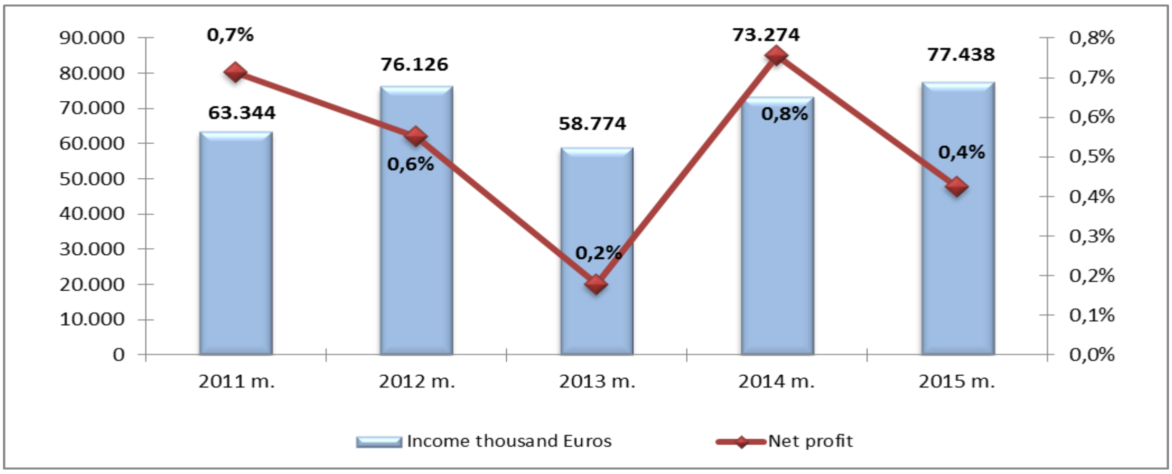
8. ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE, INFORMATION RELATED TO ENVIRONMENT AND EMPLOYEE MATTERS

In the year 2015 *Panevezio statybos trestas* AB (PST) Group was on the income of 121.217 mln. Euros, i.e. by 15 per cent more than in 2014 and had net profit in the amount of 1.996 mln. Euros. From the typical activities the Group had the profit in the amount of 3.155 mln. Euros.

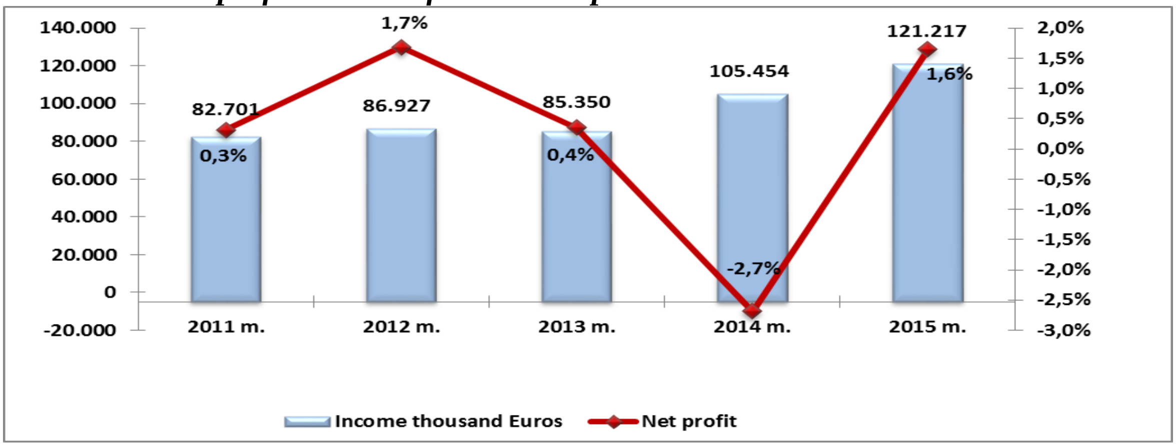
The PST Company had the net profit in the amount of 0.328 mln. Euros, and was on the income of 77.44 mln. Euros, i.e. by 5.7 per cent more than in 2014. From the typical activities the company had the profit in the amount of 1.619 mln. Euros, whereas in 2014 the profit from the construction activities amounted to 3.64 mln. Euros.

After mistakes were corrected in the Consolidated and Separate Financial Statements for 2014 following the decision by the Supervision Service of the Bank of Lithuania on use of international business and accounting standards taken after the investigation had been carried out in 2015, the loss of the Group amounted to 3.944 mln. Euros in 2014 and the net profit of the company amounted to 0.554 mln. Euros in 2014. The correction thereof is provided in the Notes to the Separate Financial Statements (Note 29) and the Notes to the Consolidated Financial Statements (Note 31).

Income and net profit variation for the Company:



Income and net profit variation for the Group:



All financial data in the present annual report have been calculated following the International Financial Accounting Standards (IFAS) and expressed in the national currency of Lithuania - the Euros.

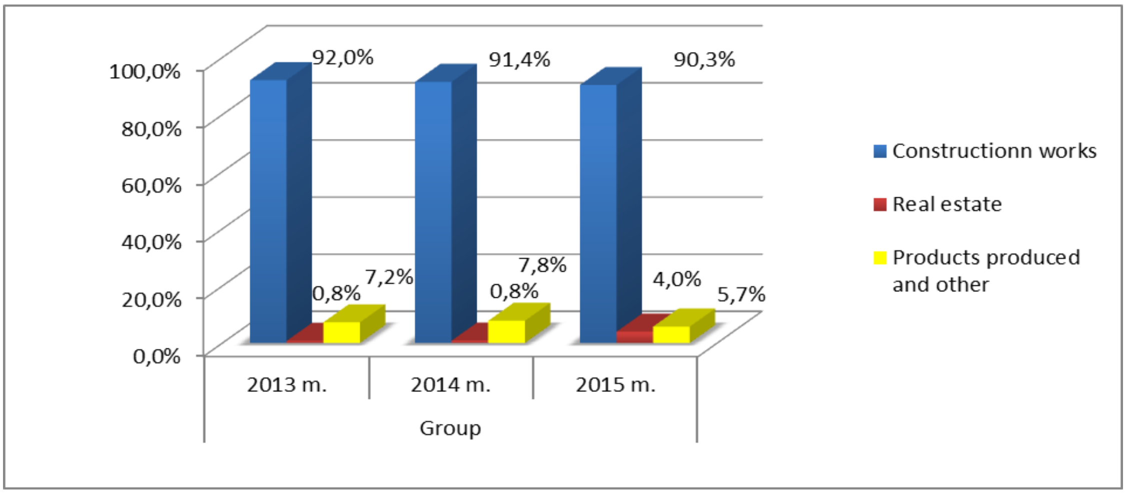
The results (in thousands Euros) of the parent company and the Group of Panevezio statybos trestas AB for the years 2013 through 2015 are as follows:

Group			Items	Company		
2013	**2014**	**2015**		**2013**	**2014**	**2015**
85,350	105,454	121,217	*Income*	58,774	73,274	77,438
77,284	95,582	109,278	*Cost*	55,107	67,249	70,226
8,066	9,872	11,939	*Gross profit*	3,667	6,026	7,212
9.45	9.36	9.85	*Gross profit margin (per cent)*	6.24	8.22	9.31
1,709	3,743	3,155	*Typical operating result*	19	3,634	1,619
2	3.55	2.60	*Typical operating result from turnover (per cent)*	0.03	4.96	2.09
1,842	-2,119	4,260	*Profit before taxes, interest, depreciation and amortization* ***EBITDA***	959	1,848	1,590
2.16	-2.01	3.51	*EBITDA margin (per cent)*	1.63	2.52	2.06
299	-3,944	1,996	*Net profit*	105	554	328
0.35	-3.74	1.65	*Nets profit (loss) margin (per cent)*	0.18	0.76	0.42
0.018	-0.241	0.12	*Profit (loss) per share (Euros)*	0.006	0.034	0.020
0.86	-11.44	5.52	*Return on equity (per cent)* ***(ROE)*** Net profit Equity capital	0.27	1.40	0.86
0.44	-5.07	3.02	*Return on assets or asset profitability* ***(ROA)*** Net profit Assets	0.2	0.90	0.59
0.72	-10.08	5.14	*Return on investments* ***(ROI)*** Net profit Assets – Current debt	0.27	1.38	0.84
2.08	1.65	2.11	*Current liquidity ratio* Current assets Current liabilities	2.36	2.27	2.59
1.56	1.23	1.78	*Critical liquidity ratio* Current assets - Inventories Current liabilities	2.31	2.20	2.52
0.52	0.44	0.55	*Asset to equity ratio*	0.72	0.64	0.69
2.13	2.11	2.21	*Book value per share*	2.35	2.41	2.34
0.53	0.41	0.42	*Ratio of share price and book value* ***(P/BV)***	0.48	0.36	0.40

__Income by activity types__

The main income of the company by activity types is from building and erection activities. In 2015 income of the Group from building and construction activities totalled 90.3%, income from made products and other income amounted to 5.7%, income from real estate amounted to 4%. In 2014 income of the Group from building and construction activities totalled 91.4%, income from real estate amounted to 0.8%, income from made products and other income amounted to 7.8%.

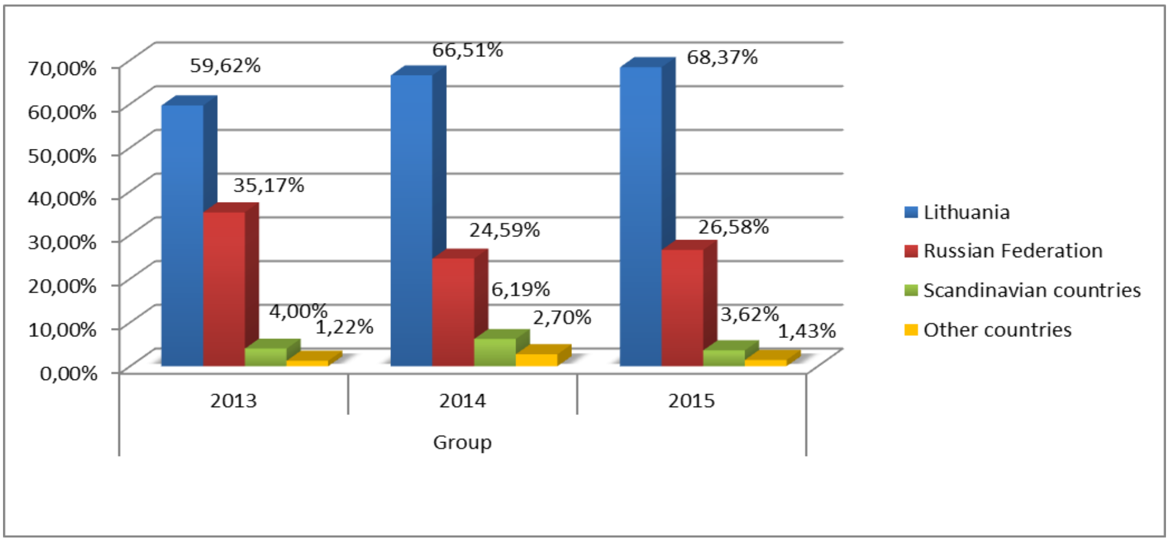
	Group			Company		
mln. Euros	2013	2014	2015	2013	2014	2015
Construction works	78.55	96.41	109.49	58.77	73.27	77.44
Real estate	0.64	0.86	4.79			
Made products and other income	6.16	8.19	6.94			

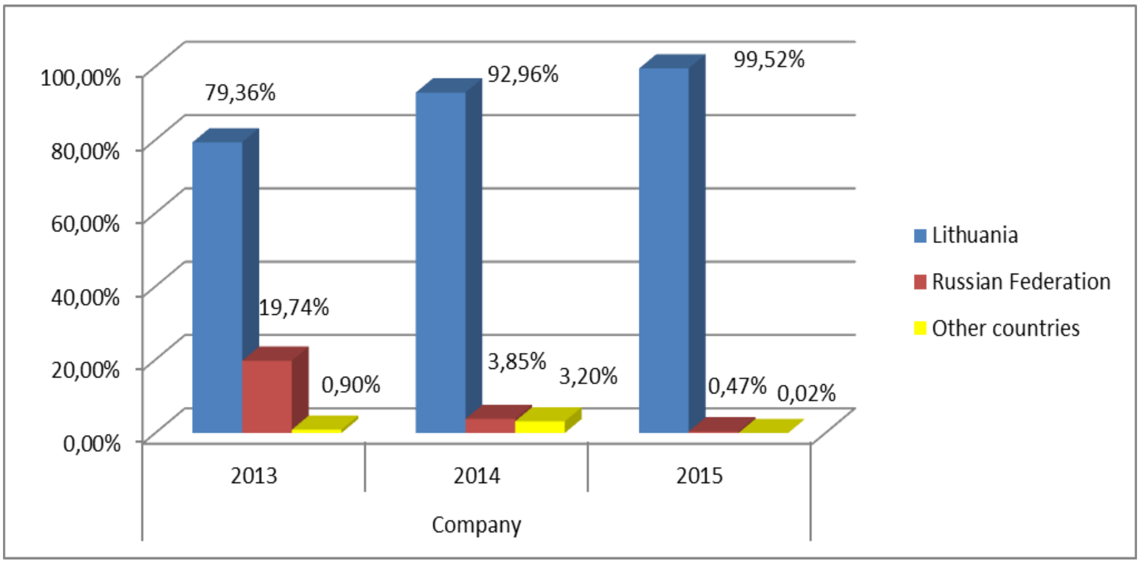


Operating income (mln. Euros) by countries:

	Group			Company		
mln. Euros	2013	2014	2015	2013	2014	2015
Lithuania	50.88	70.13	82.88	46.65	68.12	77.06
Russian Federation	30.02	25.93	32.22	11.60	2.82	0.36
Scandinavian countries	3.41	6.53	4.39			
Other countries	1.04	2.85	1.73	0.53	2.34	0.01

In the year 2015 the main activities of the company were performed in Lithuania and made 99.5% of all works carried out by the company (93% in 2014). The income of the Group from the works performed inside the country made 68.4% of the income whereas in 2014 it was 66.5%.





Environment protection

Quality, environment protection, occupational health and safety play a very important role in activities of PST. Quality (ISO 9001), environmental (ISO 14001) and occupational health and safety management systems introduced and available at the Company allow taking proper care of these factors. Assessments of professional risk are carried out, analyses are performed and measures for risk reduction or elimination are taken for each site. For the purposes of environment and resource protection and conserving, ensuring pollution prevention, in the beginning of each project the environmental plan including specific measures for control of significant aspects of environment protection and activities performed is prepared.

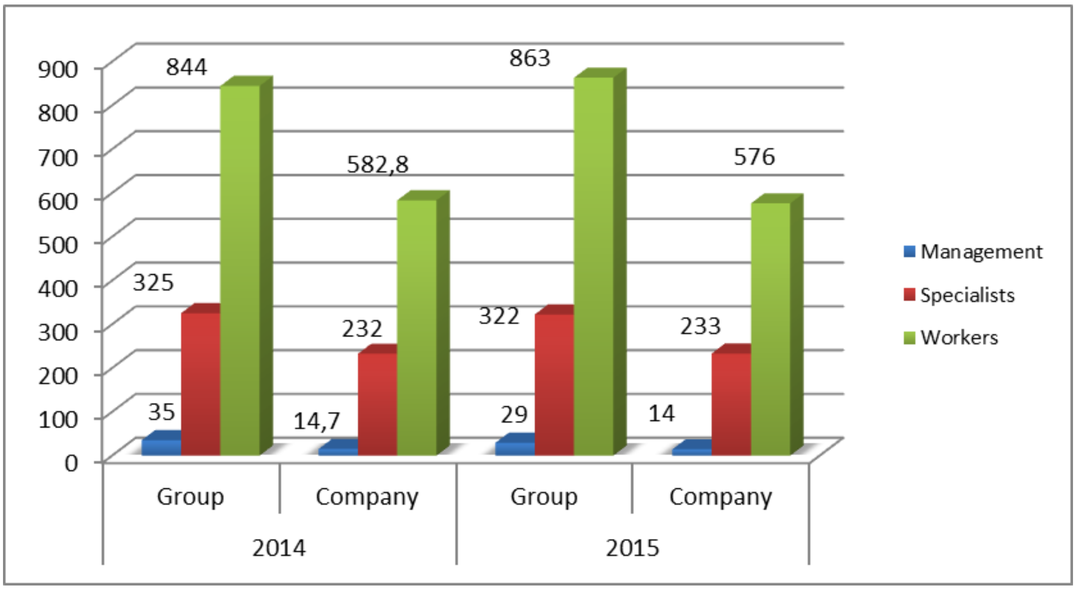
In 2013 the Lithuanian National Accreditation Bureau accredited the Construction Laboratory of the Company in accordance with LST EN ISO/IEC 17025:2005 for the period of 5 years, thus granting it the right to perform tests of building materials.

Employees

Professional, competent and responsible employees are the biggest asset of PST. Therefore, much attention is paid to motivation of employees: environment favourable for generation and implementation of new ideas is being created, and sharing of information is being promoted. Loyalty and constant training of employees allow the company achieving planned targets and earning particularly favourable appreciation of the customers. In modern environment competence of employees is one of the key factors describing the competitiveness of the company. While taking this factor into account, the company encourages employees in all organizational levels to learn and improve their skills. The employees are motivated not only by material incentives – competitive salaries, progressive bonus system but also by exceptional quality of working environment. In co-operation with IT professionals and following global technologies we continuously invest in creation, purchase of new software programs and their adapting in everyday activities.

As of 31 December 2015, the number of employees in the Group was 1,150, in the company – 783.

Number of employees on payroll	2014		2015	
	Group	Company	Group	Company
Management	35	15	29	14
Specialists	325	232	322	233
Workers	844	583	863	576

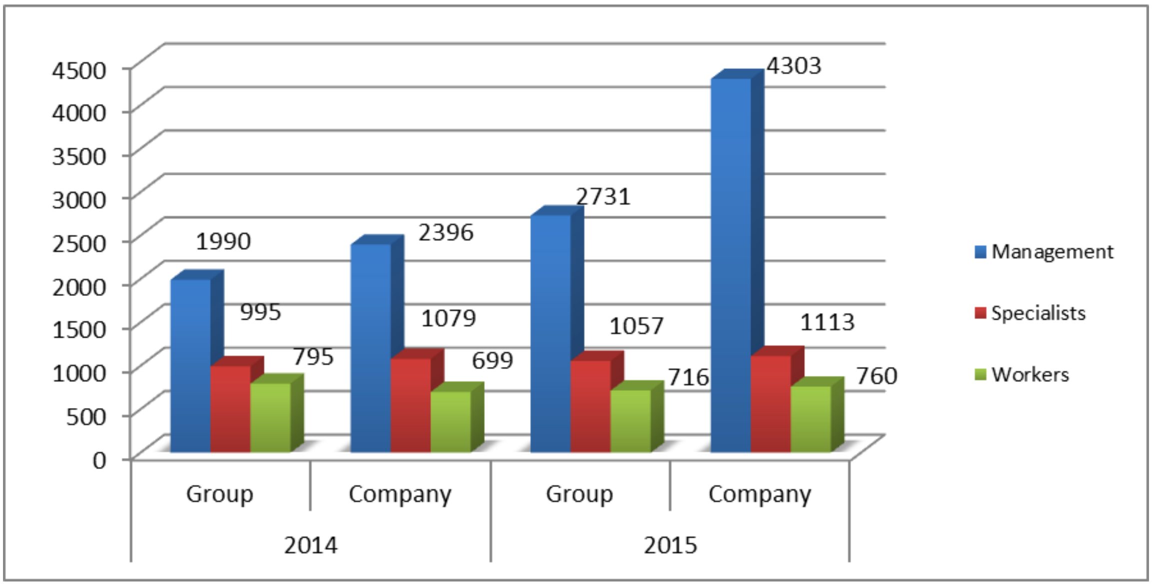


Education level of the Company employees for the end of the period:

Groups of employees	Payroll number	University education	Higher non-university education	Community college education	Secondary education	Incomplete secondary education
Management	38	30	3	5	0	0
Specialists	325	260	17	37	11	0
Workers	787	37	16	168	475	91

The average gross wage per employee per month:

Average wage per month, EUR	2014		2015	
	Group	Company	Group	Company
Management	1,990	2,396	2,731	4,303
Specialists	995	1,079	1,057	1,113
Workers	795	699	716	760



In the year 2015 following the decision of the Board the basic wage for the managers was increased, due to that the average pay increased by 50 per cent compared to 2014.

Employment contracts do not include any special rights or obligations of employees or some part of them.

In 2015 the company paid much attention to qualification improvement. Training in the company is done in three directions using:

1. Services of training arranging institutions (external training).
2. Services of higher education institutions (employee studies).

9. IMPORTANT EVENTS HAVING OCCURRED SINCE THE END OF THE PRECEDING FINANCIAL YEAR

On 3 February 2016 *Panevezio statybos trestas* AB received the decision taken on 1 February 2016 by the Director of the Supervision Service of the Bank of Lithuania regarding imposition of sanctions on *Panevezio statybos trestas* AB.

It has been established that in the annual financial statements of *Panevezio statybos trestas* AB for 2014 the amount of deferred tax asset is unreasonably increased, risk of the loans issued to subsidiary companies is measured inadequately and information provided in the explanatory note on the assumptions for recognition of the amount of deferred tax asset and on the risk of the loans granted is disclosed insufficiently.

The company was instructed to publish a notification that by the decision taken by the Director of the Supervision Service of the Bank of Lithuania *Panevezio statybos trestas* AB was warned:

- about the infringement of Article 21 (5) of the Law on Securities of the Republic of Lithuania;
- that the financial statements of *Panevezio statybos trestas* AB for 2014 do not comply with the provisions of IAS 12 *Income Taxes* and IAS 39 *Financial Instruments: Recognition and Measurement*.

Information on important events after the end of the financial year is provided in the Notes to the Separate Financial Statements (Note 30) and the Notes to the Consolidated Financial Statements (Note 32).

10. INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES PERFORMED BY THE COMPANY

The company signed the Co-operation Agreement with Vilnius Gediminas Technical University. Together with the Department of Reinforced Concrete and Masonry Structures the company participated in the project *Creation of Cast-in-Situ Hollow Concrete Floor Slab and its Connection to Columns* carried out by the University. The company created, manufactured and delivered plastic elements to make the slab lighter to the scientists of Vilnius Gediminas Technical University, manufactured the samples of floor slabs for testing purposes. The scientists of Vilnius Gediminas Technical University performed the research: made required calculations and carried out necessary tests, prepared technique for calculation of such floor slabs. The University submitted the report on calculation technique to the company.

The company performs research of construction service demand and real estate development market. The company registered in Sweden started carrying out construction activities.

The company keeps on successfully introducing innovative technologies in its activities. PST aims that not only sites had state-of-the-art equipment but preparation and work planning for future projects was done especially fluently. For that purpose investments are made in the modern designing software and equipment. The company purchased the directional drilling equipment, thus making the range of trenchless technology services wider. The company keeps on improving design preparation using not only the currently available software but also a new software package, which allows the complete designs covering its all parts in the environment of BIM (Building Information Modelling). The principles of Building Information Modelling have already been started to be used on-sites for performance of construction works.

11. PERFORMANCE PLANS AND FORECASTS OF THE COMPANY

The construction market is likely to increase in the year 2016. To remain competitive the company has to be resourceful and creative in the construction business. PST aims to remain one of the largest companies in Lithuania and to search for new possibilities implementing innovative conceptions. Next year both PST and PST Group are planning to continue the work started and implement new ambitious projects in Lithuania and abroad, in the Scandinavian and Latvian markets.

12. AUTHORISED CAPITAL OF THE ISSUER AND ITS STRUCTURE

As of 31 December 2015 the authorised capital of the company amounted to 4,741,500 Euros divided into 16,350,000 ordinary registered shares (ORS) the nominal value of each share being 0.29 Euros. All shares are non-certificated and fully paid. The proof of ownership is the record in the securities accounts.

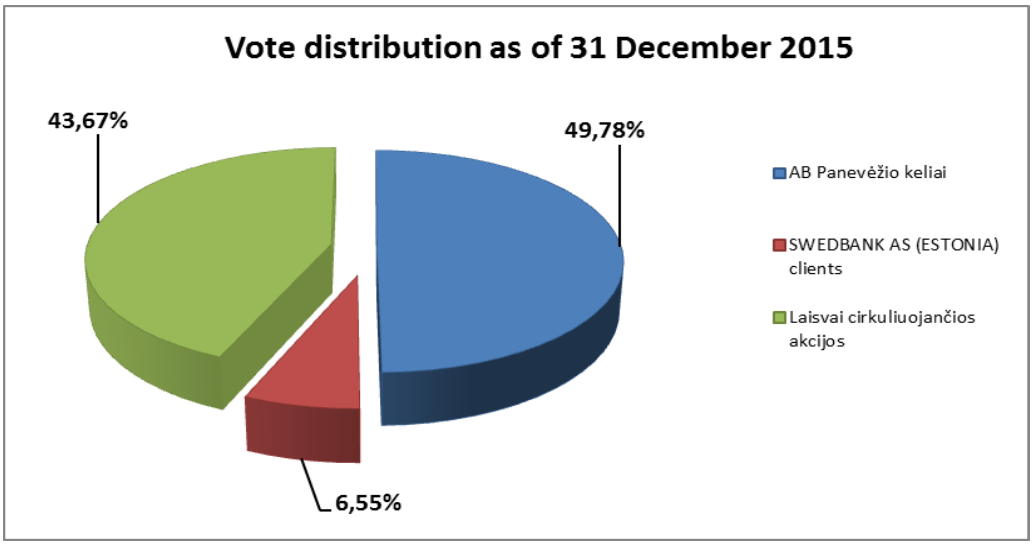
The composition of the issuer’s authorised capital is as follows:

Share type	Number of shares (pcs.)	Par value (Euros)	Total par value (Euros)	Emission code
Ordinary registered shares (ORS)	16,350,000	0.29	4,741,500	101446

INFORMATION ON THE SHAREHOLDERS OF THE ISSUER

As of 31 December 2015, the number of shareholders holding or controlling more than 5 per cents of the authorised capital of the company was 1,783:

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 ownership right (%)	Portion of votes owned by the shareholder along with acting persons (%)
Panevezio keliai AB S. Kerbedzio Str. 7, Panevezys Company code: 147710353	8,138,932	49.78	49.78	---
Clients of SWEDBANK AS (Estonia) Liivalaia 8, 15040 Tallinn, Estonia	1,071,508	6.55	6.55	---
Freely negotiable shares	7,139,560	43.67	43.67	---



None of the shareholders of the issuer has any special control rights. All shareholders have equal rights prescribed by Section 4 of the Law on Companies of the Republic of Lithuania.

The number of shares carrying votes at the general meeting of shareholders of *Panevezio statybos trestas* AB is 16,350,000.

13. DIVIDENDS

The decision to pay dividends is taken and the amount to be paid as a dividend is set by the General Meeting of the Shareholders. The company pays the allocated dividends within 1 month from the date when decision on profit appropriation has been taken.

The persons who were the shareholders of the company at the end of the tenth business day from the General Meeting of the Shareholders that had adopted the relevant decision are entitled to the dividends.

Dividends are taxable in accordance with the Law on Income Tax of Individuals and Law on Corporate Income Tax of the Republic of Lithuania.

The General Meeting of Shareholders of *Panevezio statybos trestas* AB that took place on 26 April 2012 made the decision to pay no dividends for the year 2011.

The General Meeting of Shareholders of *Panevezio statybos trestas* AB that took place on 25 April 2013 made the decision to pay dividends in the amount of 118,382 Euros for the year 2012. The dividends were paid by *DNB bankas* AB in accordance with the agreement signed.

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

The General Meeting of Shareholders *Panevezio statybos trestas* AB that took place on 30 April 2015 made the decision to pay dividends in the amount of 1,079,100 Euros for the year 2014. As of 31 December 2015, 99.4 per cent of dividends were paid.

	Profit of financial year allocated for dividends				
	2008	2009	2010	2012	2014
Total amount allocated for dividends, Euros	331,470	331,470	331,470	118,382	1,079,100
Dividends per share	0.0203	0.0203	0.0203	0.0072	0.066
Ratio of dividends to net profit, %	2.4%	23.8%	11.3%	28.2%	164.8%
Dividend profitability (dividends per share / share price as of the end of the period), %	4.7%	1.8%	1.0%	0.8%	7.7%

14. ALL RESTRICTIONS OF SECURITY TRANSFER

Not relevant.

15. DESCRIPTION OF MAIN INVESTMENTS MADE DURING THE REPORTING PERIOD INCLUDING THEIR AMOUNT

Investments of the Group for acquisition of non-current assets in the year 2015 amounted to 2,631,214 Euros. *Panevezio statybos trestas* AB acquired non-current assets for 2,414,727 Euros. In 2015 depreciation and amortization costs of non-current assets amounted to 1,177,761 Euros in the Group including 898,831 Euros accounted for in the Financial Statements of *Panevezio statybos trestas* AB.

All investments are provided in the Notes to the Separate Financial Statements (Note 15).

16. ALL AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE ISSUER AND WHICH MAY RESTRICT TRANSFER OF SECURITIES AND (OR) VOTING RIGHT

None

17. AUTHORIZATIONS OF ISSUER'S BODIES TO ISSUE AND PURCHASE ISSUER'S SHARES

None

18. PROCEDURE FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE ISSUER

The Articles of Association of the Company may be amended on by the General Meeting of Shareholders by at least 2/3 majority vote of the total votes of the shareholders attending the meeting. The resolution amending the Articles of Association shall be adopted in the procedure set forth in Articles 27 or 30 of the Law on Companies of the Republic of Lithuania.

19. MANAGEMENT BODIES OF THE ISSUER

Referring to the Articles of Association of *Panevezio statybos trestas* AB. the management bodies of the company are the General Meeting of Shareholders, the Board and the Managing Director. The Supervisory Council shall not be formed in the Company.

The competence of the General Meeting of Shareholders shall not be different from that of the competence specified in the Law on Companies.

The Board of the Company consisting of five members shall be elected by the General Meeting of Shareholders for a period not longer than 4 years. At present there are five members in the Board. The procedure of electing and dismissing the members of the Board shall not different from that prescribed by the Law on Companies.

The Board is led by the Chairman of the Board. The Board shall elect the Chairman from the members of the Board.

The Board shall elect and dismiss the Head of the Company – Managing Director, fix his salary, set other terms and conditions in the employment contract with him, approve his job description, give incentives and impose penalties. The Managing Director shall organize the activities of the company.

The Board:

REMIGIJUS JUODVIRSIS – 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	POSITION	NUMBER OF SHARES	CAPITAL,%	VOTES, %
Tertius UAB		704,638	80	80
Panevezio keliai AB	Member of the Board	531,675	28.47	28.47
Lauktuves jums UAB	Chairman of the Board	11,069	50.15	50.15
Pokstas UAB		111	50	50
Klovainiu skalda AB		470,421	8.74	8.74
Emulteka UAB		14	14.0	14.0
Gustoniu ZUT UAB	Member of the Board	1,085	50.28	50.28
Specializuota komplektavimo valdyba AB		21,490	9.29	9.29
Naujasis Uzupis UAB	Chairman of the Board	-	-	-
PST investicijos UAB	Member of the Board	16,407	3.32	3.32
Convestus UAB		50,000	50	50
Alproka UAB	Chairman of the Board	-	-	-
Kauno tiltai UAB		492	0.31	0.31

Term of office: November 2014 through November 2018

No previous convictions.

VIRMANTAS PUIDOKAS – the Member of the Board. Membership in the capital of the companies below:

COMPANY NAME	POSITION	NUMBER OF SHARES	CAPITAL,%	VOTES, %
Panevezio keliai AB	General Director	66,769	3.57	3.57
Panevezio statybos trestas AB	Member of the Board	-	-	-
Skalduva UAB	Director	42	42	42
Klovainiu skalda AB	Member of the Board	541,785	10.1	10.1
Avia invest UAB		10,000	100	100
Istros aviaparkas UAB		2,000	100	100
Akvalda UAB		750	50.00	50.00
Emulteka UAB		9	9	9

Term of office: November 2014 through November 2018

No previous convictions

AUDRIUS BALCETIS – the Member of the Board. Membership in the capital of the companies below:

COMPANY NAME	CAPACITY	NUMBER OF SHARES	CAPITAL,%	VOTES, %
Panevezio keliai AB	Member of the Board	-	-	-
Panevezio rysiu statyba UAB	Director	279,507	27	27
Linas AB		33,634	0.14	0.14
PST investicijos UAB	Member of the Board	-	-	-

Terms of office: April 2015 through November 2018

No previous convictions

VILIUS GRAZYS – 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		750	50	50
Emulteka UAB		11	11	11
Betono apsaugos sistemos UAB		40	40	40
PST investicijos UAB	Member of the Board	-	-	-
Panevezio keliai AB	Technical Director	83,058	4.45	4.45

Terms of office: November 2014 through November 2018

No previous convictions

ARTURAS BUCAS– 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, %
Dvarcioniu keramika AB	Shareholder	356	-	-
Panevezio keliai AB	Member of the Board	-	-	-

Terms of office: November 2014 through November 2018

No previous convictions

Administration:

DALIUS GESEVICIUS (personal code 35807220337) – Head of the Company Administration, the Managing Director. Holds 30,015 shares of the Company. University education (VISI, 1984), Construction Engineering, Master Degree in Management and Business Administration.

No previous convictions.

DANGUOLE SIRVINSKIENE (personal code 46110160082) – Chief Accountant of the Company. Holds no shares of the Company. University Education (LZUA, 1983), Accounting - Economics.

No previous conviction.

In 2015 neither the members of the Board nor the top managers of *Panevezio statybos trestas* AB were granted loans, guarantees, warranties or asset transfers,

Information on the sums calculated to the top managers over the reporting period (Euros):

In 2015 neither the members of the Board nor the top managers of *Panevezio statybos trestas* AB were granted special benefits.

Information on salaries for the top managers of the issuer in 2015

thousand Euros	2015
Members of the Board (bonuses and salary)	243
Average per member of the Board	49
Administration (Managing Director and Chief Accountant)	208
Average per member of Administration	104

Audit committee

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

The duties of the audit committee are as follows:

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

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

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

Regina Sukareviciene **–** Economist of *Panevezio statybos trestas* AB. Holds no shares of the Company.

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

20. ALL MATERIAL AGREEMENTS TO WHICH THE ISSUER IS A PARTY AND WHICH WOULD COME INTO EFFECT, BE AMENDED OR TERMINATED IN CASE OF CHANGE IN THE ISSUER'S CONTROL, ALSO THEIR IMPACT EXCEPT THE CASES WHERE THE DISCLOSURE OF THE NATURE OF THE AGREEMENTS WOULD CAUSE SIGNIFICANT DAMAGE TO THE ISSUER

None

21. ALL AGREEMENTS OF THE ISSUER AND THE MEMBERS OF ITS MANAGEMENT BODIES OR THE EMPLOYEE AGREEMENTS PROVIDING FOR A COMPENSATION IN CASE OF THE RESIGNATION OR IN CASE THEY ARE DISMISSED WITHOUT DUE REASON OR THEIR EMPLOYMENT IS TERMINATED IN VIEW OF THE CHANGE OF CONTROL OF THE ISSUER

None.

22. INFORMATION ON SIGNIFICANT TRANSACTIONS BETWEEN THE RELATED PARTIES

All transactions between the related parties are provided in the Notes to the separate Financial Statements (Note 27) and the Notes to the Consolidated Financial Statements (Note 28).

23. INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The information regarding compliance with the corporate governance code is presented in the Appendix 1 to the Annual Report.

24. PUBLICLY DISCLOSED INFORMATION

Description of notification	Category of notification	Language	Date
PST Investicijos UAB Has Sold the Shares of its Subsidiary Company, *Verkiu projektas* UAB	Notification on material event	Lt, En	31 Dec. 2015
Panevezio statybos trestas AB Will Build a Storage Building in Vilnius	Notification on material event	Lt, En	7 Dec. 2015
Unaudited Performance Results of *Panevezio statybos trestas* AB and the Group for Nine Months of 2015	Interim information	Lt, En	27 Nov. 2015
PST Nordic AB Is Starting Activities in Sweden	Notification on material event	Lt, En	25 Nov. 2015
Draft Resolutions of Extraordinary General Meeting of Shareholders	Notification on material event	Lt, En	18 Nov. 2015
Draft Resolutions of Extraordinary General Meeting of Shareholders	Notification on material event	Lt, En	27 Oct. 2015
Panevezio statybos trestas AB Has Signed the Contract with *Baltic Shopping Centers* AB	Notification on material event	Lt, En	16 Oct. 2015
Convening of Extraordinary General Meeting of Shareholders	Notification on material event	Lt, En	16 Oct. 2015
Decision of the Bank of Lithuania on Results of Investigation Related to Information Disclosure by PST	Notification on material event	Lt, En	9 Sept. 2015
Panevezio statybos trestas AB Has Acquired Hotel *Panevezys*	Notification on material event	Lt, En	31 Aug. 2015
Unaudited Performance Results of *Panevezio statybos trestas* AB and the Group for the First Half of 2015	Interim information	Lt, En	28 Aug. 2015
Klaipeda County Police Headquarters	Other information	Lt, En	4 Aug. 2015
Procurement of Hotel *Panevezys*	Notification on material event	Lt, En	23 July 2015
Panevezio statybos trestas AB Will Reconstruct National M.K. Ciurlionis School of Art	Notification on material event	Lt, En	10 June 2015
Panevezio statybos trestas AB Will Build Storage Facilities at Vilnius Airport	Notification on material event	Lt, En	2 June 2015
Unaudited Performance Results of *Panevezio statybos trestas* AB and the Group for the First Quarter of 2015	Notification on material event	Lt, En	29 May 2015
Panevezio statybos trestas AB Will Build Packing Production Facilities in Vilnius	Notification on material event	Lt, En	29 May 2015
Close down of the Branch of *Panevezio statybos trestas* AB in Kaliningrad	Notification on material event	Lt, En	6 May 2015
Annual Information Approved by Annual General Shareholders Meeting of *Panevezio statybos trestas* AB	Annual information	Lt, En	30 April 2015
Resolutions of Annual General Meeting of Shareholders	Notification on material event	Lt, En	30 April 2015
Draft Resolutions of Annual General Meeting of Shareholders	Notification on material event	Lt, En	16 April 2015
Close Down of the Representative Office of *Panevezio statybos trestas* AB in Cherepovets	Notification on material event	Lt, En	14 April 2015
Addition to Agenda of Annual General Meeting of Shareholders	Notification on material event	Lt, En	8 April 2015
Resolutions of Annual General Meeting of Shareholders	Notification on material event	Lt, En	8 April 2015
Resignation of the Member of the Board of *Panevezio statybos trestas* AB	Notification on material event	Lt, En	1 April 2015
Convening of the Annual General Meeting of the Shareholders	Notification on material event	Lt, En	27 March 2015
Unaudited Performance Results of *Panevezio statybos trestas* AB and the Group for 2014	Interim information	Lt, En	27 Feb. 2015

All notifications of *Panevezio statybos trestas* AB to be made public in accordance with the legal requirements are announced following the timelines prescribed by the laws and legal acts of the Republic of Lithuania. Information on the material events of the company is presented through the information system of *NASDAQ OMX Vilnius* Stock Exchange (Globe Newswire) and published on the website of the Company.

Managing Director Dalius Gesevicius

Disclosure form by *Panevėžio statybos trestas* AB concerning compliance with the Governance Code for the companies listed at the Vilnius Stock Exchange

Following Paragraph 3, Article 21 of the Law on Securities of the Republic of Lithuania and Clause 24.5 of the Listing Rules of *NASDAQ OMX Vilnius* AB, the public limited liability company *Panevėžio statybos trestas* (hereinafter "the Company") hereby discloses its compliance with the Governance Code for the companies listed at *NASDAQ OMX Vilnius* and its specific provisions or recommendations. In the event of non-compliance with the Code or certain provisions or recommendations thereof, it is indicated which specific provisions are not complied with and the reasons of such non-compliance and in addition to that any explanatory information prescribed in this form is also provided.

Summary of Corporate Governance Report:

Panevėžio statybos trestas AB in principle complies with the recommendatory Governance Code for the companies listed at *NASDAQ OMX Vilnius*. Referring to the Articles of Association of the Company, the governance bodies of the Company include the General Shareholders' Meeting, the Board and the Managing Director. According to the Law on Companies of the Republic of Lithuania, either two (supervisory and management) or one collegial management body may be set up in the Company at the discretion of the Company. No Supervisory Board is set up in the Company. Following the Articles of Association of the Company, the Board is set up of 5 members, which are elected for the period of for years. The members of the Board represent the shareholders and perform the supervisory and control functions. Only the Audit Committee, which is elected for the period of one year, is formed in the Company. The functions of the Nomination and Remuneration Committees are performed by the Board.

The system of the corporate governance ensures fair treatment of all shareholders, including minority and foreign shareholders, and protects the rights of the shareholders.

The Company complies with the Manager Remuneration Policy approved by the Board. The Manager Remuneration Policy is an internal and confidential document, which is not made public.

The management system of the Company ensures that any information on all essential issues, including financial situation, operation and company management, is disclosed in a timely and accurate manner.

The audit company is proposed by the Board and elected by the Shareholders' Meeting, thus ensuring independence of the conclusions and opinion provided by the audit company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO / NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company's strategy and objectives are made public on the website http//www.pst.lt and in the notifications for the Vilnius Stock Exchange, periodic notifications to the BNS news agency, notifications in the newspapers and at the press conferences.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Board of the Company is responsible not only for the strategic management of the Company but also analyses and evaluates the material on all issues of the Company activities presented by the managers: implementation of activity strategy, activity arrangement, financial status, etc.

1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	As the Law on Companies of the Republic of Lithuania provides for the possibility to elect only one either collegial supervision or management body, the collegial management body, the Board, and one-person management body, the Managing Director, are set up in the Company. The collegial supervisory body – the Supervisory Board is not set up.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The supervision of the Company's activities and the responsibility and control of the Chief Executive Officer are ensured by the Board, which analyses and evaluates the material on all items of the Company operation presented by the Chief Executive Officer.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The Company in principle complies with this recommendation, though only one collegial management body, the Board, is set up, however the authority assigned to the Board by the Articles of Association essentially matches the authority assigned to the Supervisory Board.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	Yes	

[1] Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure supervision of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.6 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	Yes	The Board consists of 5 members and this number is considered to be sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	As the Law on Companies of the Republic of Lithuania provides for the possibility to elect only one either collegial supervision or management body, the collegial management body, the Board, is set up in the Company. The Supervisory Board is not set up.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Chairman of the Board represents the main shareholder and has never been the Chief Executive Officer of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	Though there are no independent members of the Board at the Company, the Board ensures objective and fair monitoring of the Company's management bodies as well as representation of minority shareholders.

[2] Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

[3] Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes/No	Information on the positions taken by the members of the board or their participation in other companies' operation is continuously collected and compiled, and at the end of every year it is revised and presented in the reports prepared by the Company.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	The information on the composition of the Board is provided in the semi-annual and annual reports prepared by the Company.
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes	The Board is formed considering the Company's structure and activities, the experience of its members, diversity of knowledge related to the Company activities allow doing the work properly.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	The new members are introduced with the Company and the regulations of the Board. The members of the Board constantly participate at various refresher courses and seminars where they collect information about the essential changes in the legislation regulating the Company's activities.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	No	Historically the Company exhibits the situation that the sufficiency of the independent members has not been considered. As the trading of the Company shares takes place actively and the minority shareholders take an active part in the management of the Company, the Company will seek implementation of this principle.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) he/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) he/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) he/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) he/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);	No	All five members of the Board are related to the largest shareholder – *Panevėžio keliai* AB. The candidates to become the members of the Board are proposed to the Shareholders' Meeting by *Panevėžio keliai* AB, which holds 49.78 per cent of the authorised capital of the Company.

[4] The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

[5] It should be noted that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

5) he/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) he/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) he/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) he/she has not been in the position of a member of the collegial body for over than 12 years; 9) he/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	Not applicable	The recommendation provided in 3.7 is not complied with.
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	The practice of independence assessment and disclosure for the members of the Board is not applied at the Company. The recommendation provided in 3.7 is not complied with.

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	The practice of independence assessment of and disclosure for the members of the Board is not applied at the Company. The recommendation provided in 3.7 is not complied with.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6]. The general shareholders' meeting should approve the amount of such remuneration.	Yes	The Shareholders' Meeting approves the amount of tantiemes allocated to the members of the Board. Referring to the International Accounting Standards, tantiemes for the members of the Board are attributed to operating expenses of the Company.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	Yes	Once a quarter the Board hears out the report of the Chief Executive Officer and the Finance Director of the Company, analyses their activities, evaluates its effectiveness and provides recommendations, if required. The Board analyses, evaluates the draft Annual Financial Statement and draft Profit (Loss) Statement of the Company, and presents them to the General Shareholders' Meeting.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	Though historically the Company exhibits the situation that the sufficiency of the independent members has not been considered, based on the data available to the Company, all members of the Board act in good will in respect of the Company, they are guided by the interests of the Company and not those of their own or any third parties, the principles of good faith and reasonableness.

[6] It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.

[7] See Footnote 3.

[8] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The members of the Board participated at the meetings of the Board and each of them devoted sufficient time to perform the duties as a member of the Board. In all meetings of the Board taken place in 2015 there was quorum prescribed by the legislation. The members of the Board participating at the meeting are recorded in the Minutes of the Meeting. 13 meetings of the Board took place in 2015. Three members of the Board participated in all meetings of the Board and two members of the Board participated in 12 meetings.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The management bodies of the Company follow the principles of communication with the shareholders established by the laws.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Not applicable	Transactions with the members of managing bodies are not concluded. Only usual activity transactions are concluded with the main shareholder.

[9] It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The collegial management body, which to a wide extent is dependent on the main shareholder acting in a similar business, passes decisions considering the interests only of the Company. The Company provides the Board with sufficient resources required for their function performance, and the employees of the Company who are responsible for the areas of operation under discussion participate at the meeting of the Board and present all necessary information.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	The collegial body of the Company's management is the Board performing the functions of Nomination Committee and the Remuneration Committees. The Board chooses and approves the candidacy of the Chief Executive Officer of the Company – Managing Director, and agrees with the candidacies of Directors of the Company proposed by the Managing Director. It continuously evaluates their experience, professional capabilities and implementation of the Company's strategic goals, hears out their reports. The Board selects the candidate for the external audit and provides proposals to the General Shareholders' Meeting for approval. On 30 April 2015 the Audit Committee was elected during the Annual General Shareholders' Meeting.

[10] In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

[11] The Law on Audit of the Republic of Lithuania (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to, the public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes/No	See commentary on the recommendation provided in 4.7. The recommendation is implemented to the extent it is related to the activities of the Audit Committee in the Company.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes	See commentary on the recommendation provided in 4.7. The Audit Committee is composed of three members. One member conforms to the requirements for independence. The Audit Committee is elected for the period of one year.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	See commentary on the recommendation 4.7. The authority, rights and duties of the Audit Committee are determined by the Rules of the Audit Committee following the applicable legislation, and the authority, rights and duties of the Audit Committee are approved by the General Shareholders' meeting. The authority, rights and duties of the Audit Committee do not differ from those determined by the legislation. The approved rules of the Audit Committee are made public on the Company's website.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	See commentary on the recommendation provided in 4.7. Applicable to the Audit Committee. The members of the Board, Chief Executive Officer, Finance Director, Company employees may be invited to the meetings of the Audit Committee.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) properly consider issues related to succession planning; 5) review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	Not applicable	The Nomination Committee is not formed. The collegial management body of the Company, the Board, performs the function of the Nomination Committee. (See commentary on the recommendation provided in 4.7.)
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;	Not applicable	The committee is not formed. The collegial management body of the Company, the Board, performs the function of the Nomination Committee. (See commentary on the recommendation 4.7.)

4) periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		

4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) at least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. the committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.	Yes	On 30 April 2015 the Audit Committee was elected during the Annual General Shareholders' Meeting. The Audit Committee is composed of three members, one of which is independent. The Audit Committee organizes its work following the rules of the Audit Committee approved at the Shareholders' Meeting.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	There is no practice for assessment of internal activities and informing about that available at the Company.

Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The meetings of the Board are chaired by the Chairperson. The Board Secretary assists in arranging the work of the Board.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[12].	Yes	The meetings of the Company's collegial body, the Board, are carried out based on the periodicity approved in advance and in accordance with the planned agendas.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	Three days before to the meeting date each member of the Board can familiarize himself/herself with the documents of the meeting, reports, and draft resolutions.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	The Company is not able to implement this recommendation because the Supervisory Board is not set up.

[12] The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The Company's capital consists of ordinary registered shares granting equal personal and non-property rights to their owners.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	The Articles of Association do not assign the decision making to the General Shareholders' Meeting if they are related to the long-term assets, the balance sheet value of which is higher than 1/20 of the Company's authorized capital, investment transfer, rent, mortgage, purchase, etc.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	The place, date and time of the General Shareholders' Meeting are chosen in a manner ensuring the possibilities to all shareholders to effectively participate at the Shareholders' Meeting. The shareholders are informed about the convening of the General Shareholders' Meeting in public and no later than 21 days prior to the Shareholders' Meeting are allowed to familiarize themselves with the draft resolutions.
6.5. If possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	The notices on the General Shareholders' Meeting to be convened, draft resolutions and documents proposed by the Board to the General Shareholders' Meeting as well as the resolutions adopted and documents approved are made public and are accessible on the Company's website. All information and documents for investors are made public in both Lithuanian and English through the information system of *NASDAQ OMX Vilnius* and on the Company's website.

[13] The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorized capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Each shareholder can participate in the meeting in person or delegating the participation to some other person. The Company allows the shareholders voting by filling in the general voting ballot as prescribed by the law.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	The Company does not comply with the provisions of this recommendation as it is not possible to ensure text protection and identify the signature of a voting person. Furthermore, in the Company's opinion, so far there was no need for any modern technologies at the Shareholders' Meeting for the purposes of participation and voting via electronic means of communication.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The members of the management bodies act in such a manner that there was no conflict of interests, therefore in practice there was not a single event thereof.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Not applicable	No transactions are concluded with the members of the Company's management bodies.

7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The Company observes the rules for the directors' remuneration, which are approved by the Board. The Company does not make the remuneration policy public as it is an internal and confidential document of the Company.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	Recommendations provided in 8.1 are not complied with.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) an explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) an explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) sufficient information on deferment periods with regard to variable components of remuneration; 6) sufficient information on the linkage between the remuneration and performance; 7) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this code; 10) sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this code; 11) sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) a description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) remuneration statement should not include commercially sensitive information.	No	Recommendations provided in 8.1 are not complied with.

8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	The contracts with the Chief Executive Officers are executed and approved by the Board. These contracts are confidential and their content as well as provisions thereof are not made public.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) the remuneration and advantages received from any undertaking belonging to the same group; 3) the remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) if permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) the number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) the number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) the number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) all changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme	No	Recommendations provided in 8.1 are not complied with.

during the relevant financial year; 2) when the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component (s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Yes	On 8 December 2015 the Board approved the new rules for the directors' remuneration defining evaluation criteria of their performance results.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Yes	
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	Not applicable	The Company did not pay any variable components of remuneration which had been awarded on the basis of data which subsequently proved to be manifestly misstated.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	No	Termination payments are paid following the laws of the Republic of Lithuania.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	No	Termination payments are paid following the laws of the Republic of Lithuania.

8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	Recommendations provided in 8.1 are not complied with.
8.13. Shares should not vest for at least three years after their award.	Not applicable	Recommendations provided in 8.1 are not complied with. The directors are not remunerated in shares.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	Recommendations provided in 8.1 are not complied with. The directors are not remunerated in shares, share options or any other right to purchase the Company's shares.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	Recommendations provided in 8.1 are not complied with. The directors are not remunerated in shares, share options or any other right to purchase the Company's shares.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	Recommendations provided in item 8.1 are not complied with. The directors are not remunerated in shares, share options or any other right to purchase the Company's shares.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	Recommendations provided in item 8.1 are not complied with.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	Not applicable	Recommendations provided in item 8.1 are not complied with.

8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not applicable	There is no scheme anticipating remuneration of directors in shears, shear options or any other right to purchase shears or be remunerated on the basis of share price movements adopted at the Company.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: 1) grant of share-based schemes, including share options, to directors; 2) determination of maximum number of shares and main conditions of share granting; 3) the term within which options can be exercised; 4) the conditions for any subsequent change in the exercise of the options, if permissible by law; 5) all other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	Not applicable	
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	Not applicable	
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	Not applicable	

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	Not applicable	

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company respects all rights of the stakeholders, allows the stakeholders to participate in corporate governance in the manner prescribed by law. Detailed information on scheduled events of the shareholders is made public following the procedure prescribed by law, the investors (shareholders) have sufficient opportunities to familiarize themselves with the relevant information and vote in adopting decisions.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on: 1) the financial and operating results of the company; 2) company objectives; 3) persons holding by the right of ownership or in control of a block of shares in the company; 4) members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) material foreseeable risk factors; 6) transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) material issues regarding employees and other stakeholders; 8) governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The information mentioned in this recommendation is disclosed in notifications of material events through the information disclosure and distribution system *Globenewswire* used by NASDAQ OMX, on the Company's website, in the Company's annual and intermediate information statements to the extent required by the legislation and international accounting standards valid in the European Union.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes/No	See the commentary to recommendation 3.2, principle III. The Company does not prepare and make public the remuneration statement – see the commentary on recommendation 8.1, principle VIII.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes/No	

10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The Company presents the information through the information disclosure system *Globenewswire* used by NASDAQ OMX in the Lithuanian and English languages at the same time. The Company does not disclose any information that might have effect on the price of its securities in the comments, interviews or any other ways before such information is announced through the information system of the Stock Exchange.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The Company plans to sign a contract with *Vilniaus vertybinių popierių birža*, AB (Vilnius Stock Exchange) regarding the creation of the column for the link with the investors in the website of the Company where all information published by the information disclosure and distribution system *Globenewswire* used by NASDAQ OMX will also be published on the Company's website.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	

Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	The audit of annual financial statement and annual report is conducted by the independent audit company.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	In 2015 the firm of auditors provided services in tax consulting.